The most significant institutions of Inter-governmental cooperation in India were a product of Nehruvian developmental state. In his book, *The Discovery of India*, Jawaharlal Nehru had pointed out to the necessity of encouraging cooperation between provincial governments in the economic and industrial sphere. In the speech to introduce the 1946 Objective Resolution before the Constituent Assembly, Nehru reiterated that there ought to be a ‘measure of uniformity’ in regard to apparatus and machinery of Government. Nevertheless, according to him, the degree of uniformity at the Central level was to be contemplated in cooperation and in consultation with the States. The important Inter-governemntal institutions in India are Planning Commission, National Development Council and the Inter-State Council. The Planning Commission was set up as a national advisory body to provide expertise in drawing up national developmental plans. The National Development Council plays an indispensable role in providing a decentralize character to national planning and approve the developmental plans of Planning Commission. Similarly, the Inter-State Council plays an effective in resolving the disputes between centre and the states and among the states. This body provides a forum for the discussion of Federal issues....constitutes a bridge between principles and proposals.
PLANNING COMMISSION

The Planning Commission is now entering a new phase in its life. From a highly centralised planning system, the Indian economy is gradually moving towards indicative planning where planning commission is to concern itself with the building of a long term strategic vision of the future and decide on national priorities. It is to work out sectoral targets and provide promotional stimulus to the economy to grow in a desired direction. The Planning Commission has to play an integrative role in the development of a holistic approach to the policy formulation in critical areas of human and economic development. In the social sector, schemes which require coordination and synthesis like rural health, drinking water, rural energy needs, literacy and environment protection have yet to be subjected to coordinated policy formulation¹. It has presently led to a multiplicity of agencies. An integrative approach can lead to better results at much lower costs. The emphasis of the commission much lower costs. The emphasis of the commission now is on maximising the output by using our limited resources optimally. Instead of looking for more increase in plan outlays, the effort now is to took for increase in the efficiency of utilisation of the allocations being made. The priorities, programme and strategies of the plan, therefore, have to take into account all these factors.

The Planning Commission is an advisory body to the Government. It takes the initiative in suggesting new policies and programmes and also coordinates those originating from other agencies of Government. It is a via media between an administrative department, which is too closely involved in day-to-day problems and lacks the perspective and detachment which planning requires, and a purely research institute, which is out to touch with the various political, economic and administrative problems that must be taken fully into consideration if the plan is to be realistic and effective. In practice, however, the commission plays a decisive role in the affairs of the land. This is also to be expected in view of the membership of the commission, where the power structure in Government is faithfully represented. Besides, its role has become nearly decisive in view of the some political party, namely the congress, remaining in power at the centre as well as states for nearly thirty years since independence\(^2\).

The Planning Commission is neither a Constitutional body nor even a statutory one. It owes its existence to an executive order of the Central Government. Its influence on the determinations of the Central Government as well as on Union-State relationships (particularly financial) has, however, steadily grown and it has emerged to wield grown and it has emerged to wield considerable influence on both the centre and the states.

As regards its impact, there are two totally different points of view. On the one hand, it is said that it functions as a super cabinet and, on the other, that it is ineffective as its voice is not always acceptance and it has no effective voice in the implementation of plans. Both comments appear to be based on a misapprehension of the role of a planning body in a parliamentary democracy. It might therefore be useful to stress the more important aspects of the position, the Planning Commission occupies vis-a-vis the Union and the State Governments³.

When a plan is under preparation the strategy of the plan, the financial resources for it, the broad pattern and inter-sector allocations are settled by the Cabinet and National Development Council at a number of meetings, on the basis of proposals worked out by the Planning Commission in close consultation with the Union Ministries and State Governments and the other bodies mentioned⁴. Within this framework, allocations are made by the Planning Commission according to priorities, after consultations with Ministries and State Governments which extends over several weeks⁵. In fixing priorities, the Planning Commission examines projects and programmes in the perspective of economy as a whole. In the nature of things these allocations, which inevitably mean

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reduction of the demands of Ministries and State Governments, have to be accepted at the best possible in the circumstances. To this extend, the Planning Commission has an important role.

There is also another point. Priorities are not always fixed on purely economic grounds. Conflicting claims arise which have to be reconciled. There are for example claims of different region for special treatment. Then questions arise as to how for, in particular programmes, regard should be had to social as opposed to economic factors. The place assigned to cottage and small scale industries in the plans form the point of view of employment is an instance in point. Then there are broad considerations of social justice - the scope of land reform, labour laws, etc. In such cases decisions have to be taken through democratic processes from time to time. But the Planning Commission should work out the cost to the nation in economic terms, so that such decisions might be taken with full knowledge of the facts. As developmental processes gain in strength, decisions may be expected to be taken more and more on national considerations.

Other difficult issues also arise in planning. One of them is what credit should be taken for improvements in standards of administrative and technical efficiency in the period of the plan? Here again, there can be no rigid criteria. On the one hand, there

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6 Ibid., p.212.
should be steady improvements in efficiency. On the other, the standards aimed at should not be unrealistic. In this again, the Planning Commission has to form its views after detailed discussions with all concerned\(^8\). Allied to this is the extent of public cooperation that can be expected especially community effort in agriculture. Here again there are imponderables on which the Planning Commission has to take views based largely on those of the Governments concerned. As has been well said 'A wide experience of men and affairs and a strong "feel" for what, with the human instruments will and will not work are needed here'.

There are, further, issues relating to price policies on the effectiveness of which the success of plans depends. On these, there is much room for differences of approach. It is an important duty of the Planning Commission to study price levels and their effects on the economy and submit proposals from time to time for maintaining a stable level of prices\(^9\).

The Planning Commission has to make proposals in regard to social change - institutional changes and changes in attitudes and outlooks. It has also to suggest improvements in administration - policies and methods - whenever in its view there are called for. On these matters again there is need for frequent exchanges of views with the union and state ministers and mutual understanding.

\(^8\) Ibid., p.234.
\(^9\) J.Peter meekison, *Inter-Governmental Relations in Federal Countries*, Institution of Social Sciences, Ottawa, New Delhi, p.3.
When all this is said, the responsibility for implementing projects and programmes must rest with the union and state governments within their respective spheres of competence. The Planning Commission may advise but cannot claim that its advice should be accepted. Nothing is more fatal to good government than confusion of responsibility.

What has been said above shows the variety and complexity of the issues that arise in finding solutions to the problems of social and economic growth lacing the nation. In this difficult task, the roles of the planning commission and the governments are supplementary\textsuperscript{10}. The Planning Commission, viewing questions in the context of the economy as a whole and not being saddled with everyday problems of administration, can give useful assistance to ministers in the formulation of projects and policies. The aim is that the commission and ministers should work together in close collaboration sharing their knowledge and experience. In this process, the principle that the Planning Commission should not give publicity to its differences with the Union and State Governments is useful and salutary. Once a plan is accepted in Parliament it becomes a national plan which all should accept. It is in the spirit that methods and procedures are evolved and conventions established.

PERFORMANCE OF PLANNING COMMISSION

First Plan (1951-1956)

The first Indian Prime Minister, Jawahar Lal Nehru presented the first five year plan to the Parliament of India on December 8, 1951. The total plan budget of 206.8 billion INR (23.6 billion USD in the 1950 exchange rate) was allocated to seven broad areas:

- Irrigation and energy: 27.2%
- Agriculture and Community Development: 17.4%
- Transport and Communications: 24%
- Industry: 8.4%
- Social Services: 16.64%
- Land Rehabilitation: 4.1%
- Other: 2.5%

The official verdict on the first five year plan was that it was a great success, that for the most part its goals had been reached and often substantially exceeded. A more realistic verdict would be that it was "good in parts". In the private sector the investment target was fulfilled and production was substantially increased; but "in the public sector the performance was very patchy". During the first year plan the net domestic product went up by 15 percent. The monsoons were good and there were relatively high crop yields, boosting exchange reserves and per capita income, which went up 8 percent.

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Lower increase of per capita income was due to rapid population growth. Many irrigation projects were initiated during this period, including the Bhakra Dam, Hirakud Dam, and Metlur Dam in South India. The World Health Organisation, with the Indian Government, addressed children’s health and reduced infant mortality, contributing to population growth.

At the end of the plan period in 1956, five Indian Institutes of Technology (IITs) were started as major technical institutions. University Grant Commission was set up to take care of funding and take measures to strengthen the higher education in the country.

Contracts were signed to start five steel plans; however these plants did not come into existence until the middle of the next five year plan.

**Second Five Year Plan (1956-1961)**

Reflecting the optimistic assessment of economic possibilities, the second five year plan called for a public expenditure more than double that of the first plan period (about $9.2 billion) and for an increase of about 75 per cent in investment in private sector.

During the second five year plan, the focus was on industry, especially heavy industry. Domestic production of industrial products was encouraged, particularly in the development of public sector. The plan followed the Mohalanobis model, an economic development model developed by the Indian statistician Prasanta Chandra Mahalanobis in 1953. The plan attempted to determine the
optimal allocation of investment between productive sectors in order to maximize long run economic growth.

Hydroelectric power projects and five Steel Mills at Bhilai, Durgapur, and Jamshedpur were established. Coal production was increased. More railway lines were added in the north east.

The atomic energy commission was formed in 1957 with Homi-J-Bhabha as the just chairman. The Tata Institute of Fundamental Research was established as a research institute. In 1957 a talent search and scholarship program was begun to find talented young students to train for work in nuclear power.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Items</th>
<th>First Plan</th>
<th>Second Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Outlay</td>
<td>Per cent</td>
<td>Total Outlay</td>
</tr>
<tr>
<td>1</td>
<td>Agriculture and Community Development</td>
<td>291</td>
<td>15</td>
</tr>
<tr>
<td>2</td>
<td>Large and medium irrigation</td>
<td>310</td>
<td>16</td>
</tr>
<tr>
<td>3</td>
<td>Power</td>
<td>260</td>
<td>13</td>
</tr>
<tr>
<td>4</td>
<td>Village and small scale industry</td>
<td>43</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Industry and mineral</td>
<td>74</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>Transport and communication</td>
<td>523</td>
<td>27</td>
</tr>
<tr>
<td>7</td>
<td>Social services and others</td>
<td>459</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>1960</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

During Second Five Year Plan the actual public sector outlay was Rs. 4,672 crore which included Rs. 3,731 crore as government investment and the remaining Rs. 941 crore as government outlay. Besides an investment of about Rs. 3,100 crore was estimated for the private sector. In other words, the investment amount of the second plan Rs. 6831 crore (including both public sector outlays).

During second plan the National Income increased at a rate of 3.9 percent per annum, but per capita income growth rate was only 1.9 percent per annum. The reason for not achieving the 25 percent national income growth was the adoption of hypothetical and much optimistic estimate for capital output ratio. Mahalonobis model gave this ratio as 2 : 1, but in practice it was estimated to be 3.40 : 1 (on 1980-81 prices). During second plan, 24 per cent of the total outlay (i.e. Rs. 1090 crore) was mobilised as foreign assistance. This plan was severely hindered by the rising inflation rate in the economy. During this plan, price level increased by 30 per cent, against a decline of 13 per cent during first plan.

The second plan ran into serious difficulties, and midway in the plan period the targets had to be reduced. It fell short of its targets by about 30 per cent. The unemployment picture was darker at the end of plan than at the beginning, and not much progress had been made in reducing 'inequalities in income and wealth'. India's need for foreign exchange was during the second plan period was

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greater than was anticipated. The expenditures in the public sector during the period of the second plan were nevertheless more than twice those of the first plan.

**Third Plan (1961-1966)**

The third plan stresses on agriculture and improving production of rice but the brief Sino-Indian War in 1962 exposed weaknesses in the economy and shifted the focus towards defense. In 1965-1966, the Green Revolution in India advanced agriculture. The War led to inflation and the priority was shifted to price stabilization. The construction of dams continued. Many cement and fertilizer plants were also built. Punjab begun producing an abundance of wheat.\(^\text{14}\)

Many primary schools were started in rural areas. In an effort to bring democracy to the grassroots level, Panchayat elections were started and the states were given more development responsibilities.

State electricity boards and state secondary education boards were formed. States were made responsible for secondary and higher education state road transportation corporations were formed and local road building became a state responsibility. Gross Domestic Product rate during this duration was lower at 2.7% due to 1962 Sino-Indian War and Indo-Pakistan War of 1965.

In general, the performance of the third plan was not at all satisfactory. The national income increased by less than half the 5

per cent per year which was the goal; except in one year agriculture production did not increase at all; larger amounts of food grains had to be imported; and industrial production was lower than had been expected.

By the end of the third plan everything seemed to be going wrong, and many Indian and foreign observes were referring to "the crisis in Indian Planning" and were insisting that a drastic reorientation was needed in both planning procedures and national policies to give a fresh boost to the flagging development efforts.\textsuperscript{15}

Table 4.2

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Items</th>
<th>Expenditure Plan</th>
<th>Actual Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total Outlay</td>
<td>Per cent</td>
</tr>
<tr>
<td>1</td>
<td>Agriculture and Community Development</td>
<td>1068</td>
<td>14</td>
</tr>
<tr>
<td>2</td>
<td>Large and medium irrigation</td>
<td>650</td>
<td>9</td>
</tr>
<tr>
<td>3</td>
<td>Power</td>
<td>1012</td>
<td>13</td>
</tr>
<tr>
<td>4</td>
<td>Village and small scale industry</td>
<td>264</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Organised industry and mineral</td>
<td>1520</td>
<td>20</td>
</tr>
<tr>
<td>6</td>
<td>Transport and communication</td>
<td>1486</td>
<td>20</td>
</tr>
<tr>
<td>7</td>
<td>Social services and others</td>
<td>1500</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>7500</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>


**Annual Plans (1966-67 to 1968-69)**

The third five year plan expired on 31 March, 1966 and the fourth plan should have ordinarily commenced from 1 April, 1967. A draft outline was, in fact, brought out in August 1966. But the finalisation of the plan was delayed due to severe stresses which had been developing in the economy since the last year of the third plan. In the intervening period, the economy was geared to the policy of annual plans for the years 1966-67 to 1968-69. In September, 1967, the Planning Commission was reconstituted which decided to have an Annual plan for 1968-69 as well, and to start the fourth five year plan from 1969-70. Thus the intervening period (1966-67 to 1968-69) between the expiry of the third plan and the beginning of the fourth plan, pertains to the Annual Plans.

During the first two Annual Plans there was little improvement in the overall economic situation of the country. In the 1966-67 plan, national income rose by only 1.1 per cent due to a severe drought. In the 1967-68 plan, it rose by a per cent mainly as a result of improvement in agricultural production, whereas in 1968-69 it was 1.1 per cent higher than in 1966-67.

During these three years the price level continued to rise. On the whole the three annual plans (1966-68) were instrumental in uplifting the economy from the morass of 1965-66 to which it had fallen in the last year of the third plan. They helped in increasing

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agricultural production and overcoming recession and paved the way for starting the fourth plan by removing strains and stresses in the economy. They kept up the tempo of development initiated by the earlier plans. The provision for a large outlay each year silenced the critics who characterised this period from 1966 to 1968 as one of a plan holiday. But despite larger outlays, actual achievements fell short of targets due to delays in implementation and contraction, revision of cost estimates and under-utilisation of capacity.

The Fourth Plan (1969-74)

The plan defined the broad objectives of planning as ‘rapid economic development accompanied by continuous progress towards equality and social justice and the establishment of a social and economic democracy. It emphasized the need for refashioning socio-economic institutions in order to bring about rapid economic development oriented towards establishing social justice and for the strengthening of democracy in its social and economic aspect.

At this time Indira Gandhi was the Prime Minister. The Indira Gandhi government nationalized 19 major Indian banks. In addition, the situation in East Pakistan (now independent Bangladesh) was becoming dire as the Indo-Pakistan war of 1971 and Bangladesh liberation war took place. Funds earmarked for the industrial development had to be used for the war effort17. India also performed the smiling Buddha underground nuclear test in 1974, partially in

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response to the United States deployment of the Seventh Fleet in the Bay of Bengal to warm India against attacking West Pakistan and widening the war.

The total outlay envisaged in the fourth plan was Rs. 24,882 crores. Of this, public sector outlay was Rs. 15,902 crores but the actual outlay was Rs. 15,779 crores.

**Table 4.3**

The Various Items of Public Sector Outlay in Fourth Plan (1969-1974)

(Rs. in Crores)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Items</th>
<th>Expenditure Target</th>
<th>Actual Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total Outlay</td>
<td>Per cent</td>
</tr>
<tr>
<td>1</td>
<td>Agriculture and Community Development</td>
<td>2728</td>
<td>17.2</td>
</tr>
<tr>
<td>2</td>
<td>Large and medium irrigation</td>
<td>1087</td>
<td>6.8</td>
</tr>
<tr>
<td>3</td>
<td>Power</td>
<td>2448</td>
<td>15.4</td>
</tr>
<tr>
<td>4</td>
<td>Village and small scale industry</td>
<td>293</td>
<td>1.8</td>
</tr>
<tr>
<td>5</td>
<td>Industry and mineral</td>
<td>3338</td>
<td>21.0</td>
</tr>
<tr>
<td>6</td>
<td>Transport and communication</td>
<td>3237</td>
<td>20.4</td>
</tr>
<tr>
<td>7</td>
<td>Social services and others</td>
<td>2771</td>
<td>17.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>15902</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>


The fourth plan was a well through out document. It was a big and bold plan in terms of it targets and outlays. But it was by no means an over-ambitious plan if we were to take into consideration the 5.6 per cent growth rate in agriculture, 8 to 10 percent in industry and 5.7 per cent for the economy as a whole.
The Fifth Plan (1974-1979)

The fifth five year plan was formally launched on April 1974 with total outlay of Rs. 39,322 crores. The actual amount of expenditure during the five year period was Rs. 39,426.2 crores.

The two strategic objectives of the fifth plan were removal of poverty and attainment of economic self-reliance. The fifth plan achieved an average annual growth rate of 5.2 per cent in national income at 1970-71 prices which was highest as compared to the earlier five year plans. But the growth rate of per capita income was 2.92 per cent on the average due to high growth rate of population.'Agricultural production grew at an annual rate against the target rate of 3.3 per cent. The growth rate to industrial production was 6.2 per cent which equaled the rate postulated in the plan. But the growth rate of electricity generated during the plan was 9 per cent which was more than the targeted rate of 8.2 per cent. These was remarkable price stability during the plan period for prices rose by only 4.1 per cent per annum.

Despite these achievement on the domestic front the external front continued to witness deterioration in the balance of payments position. Imports grew at an average rate of 19.6 per cent and exports at 18.3 per cent per annum. Exports growth was sluggish in the wake of recessionary situation and protectionist tendencies in the major developed countries. Although the overall performance of
the economy was satisfactory, the plan filed to make any impact on the basic problems of poverty and unemployment.

**Sixth Plan (1980-1985)**

It is called the Janata Government Plan, the sixth plan marked a reversal of the Nehruvian Model. When Rajiv Gandhi was elected as the Prime Minister, the young Prime Minister aimed for rapid industrial development, especially in the area of information technology\(^{18}\). Progress was slow however, partly because of caution on the part of labour and communist leaders.

In the sixth five plan, the main emphasis was on progressive reduction on the incidence of poverty and unemployment and also in regional inequalities. Greater stress had been laid on the speedy development of indigenous sources of energy and infrastructural sectors of coal, energy, irrigation and transport. High priority had been given to agriculture and rural development and allied agricultural activities like animal husbandry, dairying, fisheries and also the forestry sector with accent on development and conservation. Substantial outlays have been allocated for expansion in core sectors and also for cottage, village and small industries as well as for programmes to provide minimum needs.

The Indian National Highway system was introduced for the first time and many roads were widened to accommodate the increasing traffic tourism also expanded.

Table 4.4
Sectoral Outlay of Public Sector in Sixth Plan (1980-1985)
(Rs. in Crores)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Item</th>
<th>Total Outlay</th>
<th>Per cent</th>
<th>Total Outlay</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Agriculture</td>
<td>5695</td>
<td>5.9</td>
<td>6624</td>
<td>6.1</td>
</tr>
<tr>
<td>2</td>
<td>Rural Development</td>
<td>5364</td>
<td>5.5</td>
<td>6997</td>
<td>6.4</td>
</tr>
<tr>
<td>3</td>
<td>Special Area Programme</td>
<td>1480</td>
<td>1.5</td>
<td>1580</td>
<td>1.4</td>
</tr>
<tr>
<td>4</td>
<td>Irrigation and Food Control</td>
<td>12160</td>
<td>12.5</td>
<td>10930</td>
<td>10.0</td>
</tr>
<tr>
<td>5</td>
<td>Energy</td>
<td>26535</td>
<td>27.2</td>
<td>30751</td>
<td>28.1</td>
</tr>
<tr>
<td>6</td>
<td>Industrial Mineral</td>
<td>15018</td>
<td>15.4</td>
<td>16948</td>
<td>15.5</td>
</tr>
<tr>
<td>7</td>
<td>Transport</td>
<td>12412</td>
<td>12.7</td>
<td>14209</td>
<td>13.0</td>
</tr>
<tr>
<td>8</td>
<td>Communication, Information and Broadcasting</td>
<td>3314</td>
<td>3.2</td>
<td>3469</td>
<td>3.2</td>
</tr>
<tr>
<td>9</td>
<td>Science and Technology</td>
<td>865</td>
<td>0.9</td>
<td>1020</td>
<td>0.9</td>
</tr>
<tr>
<td>10</td>
<td>Social Services</td>
<td>14035</td>
<td>14.4</td>
<td>15917</td>
<td>14.6</td>
</tr>
<tr>
<td>11</td>
<td>Others</td>
<td>802</td>
<td>0.8</td>
<td>848</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>97500</strong></td>
<td><strong>100.00</strong></td>
<td></td>
<td><strong>109292</strong></td>
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</tr>
</tbody>
</table>


The sixth plan also marked the beginning of economic liberalization. Price controls were eliminated and ration shops were closed. This led to an increase in food prices and an increased cost of living. Family planning was also expanded in order to prevent over population. In contrast to China’s harshly enforced one child policy, Indian policy did not rely on threat of force. More prosperous areas of
Indian adopted family planning more rapidly than less prosperous areas which continued to have a high birth rate.

**7th Five Year Plan (1985-89)**

The five year plan was the come back vehicle of the Indian National Congress Party in power. The primary aim of the five year plan was to upgrade the industrial sector and enable India to establish itself as one of the developed countries of the world. This plan was released under the National Development Council of India.

The objective of the 7th five year plan was to generate more scope of employment for the people of India, to produce move in terms of food which would lead to an overall increase in productivity. This plan started off on a string ground since the foundation for economic development was laid by the 6th five year plan. The sixth five year plan had already paved the way for economic development by increasing the production in the agricultural and industrial sector, curbing the rate of inflation and maintaining a balance in the transaction of goods, services and money. Therefore, the 7th five year plan had a strong base on which it could built the superstructure of industrial development for the betterment of India's economic position. This plan strove to achieve socialism and expand the production of energy.

The basic issues on which this plan put stress were:

1. Introduction and application of modern technology.
2. Justice meted out to people from various social stratas.
(3) Improving the position of the weak in the Indian society.
(4) Development of agriculture.
(5) Reducing poverty in India.
(6) Assuring the essentials of food, shelter and clothing to the people.
(7) Striving to achieve independence as per the Indian economy is concerned.
(8) Help the small as well as large farmers to increase their productivity.

This time Indian Government was adamant to achieve self sufficiency in the economic and production sector. They endeavoured to develop on the factors that ensure a persistent growth in the economy. The rate of employment was anticipated to rise by 4% every year and the labour force was anticipated to glow by 39 million at the end of the fifth year.

Overall improvement was the aim of Seventh Five Year Plan. Therefore care was taken to establish a harmony in all the sectors that are contained in an economy. Special care was taken to spread education among girls, enhance telecommunication within the country. The government of India also strove to maintain a balance in the economy and by scribing a balance within export and import.

**PERIOD BETWEEN 1989-91**

1989-91 was a period of political instability in India and hence no five year plan was implemented. Between 1990 and 1992, there
were only Annual Plans. In 1991, India faced a crisis in foreign exchange (Forex) reserves, left with reserves of only about $1 billion (US). Thus, under pressure, the country took the risk of reforming the socialist economy\(^\text{19}\). P.V. Narsima Rao (28 June 1921-23 December, 2004) also called father of Indian Economic Reforms was the twelfth Prime Minister of the Republic of India and head of Congress Party, and led one of the most important administrations in India’s modern history overseeing a major economic transformation and several incidents affecting national security. At that time Dr. Manmohan Singh (currently Prime Minister of India) launched India’s free market reforms that brought the nearly bankrupt nation back from the edge. It was the beginning of privatisation and liberalisation in India.

**Eighth Plan (1992-1997)**

The basic objective of the period was the modernization of industrial sector. This plan focused on technical development. Through this plan the reduction of deficit and foreign debt was aimed at. The rectification of certain flawed plans and policies were also done under this five year plan. During this period only India received a coveted opportunity to become a member of World Trade Organization on January 1, 1995\(^\text{20}\).

Agriculture happens to be the largest contributor to the GDP of India. In fact two third of the work force was dependent on


agriculture. Industries also made use of agricultural produce as inputs in their production process.

Self sufficiency in agricultural production was the top priority during India’s eighth five year plan since most of the population depended on that. Production of food increased to 176.22 million from 51 million which was a huge leap in comparison to the previous year\textsuperscript{21}.

The 8th Five Year Plan projected a GDP growth rate of 5.6% growth rate. The achievements show that the GDP shot up to a whopping 6.3% during the 8th Five Year Plan and 4.3% during the 7th Five Year Plan. Hence the 8th Five Year Plan had overshooted its target the target set for the current account deficit during the 7th Five Year Plan was fixed at 2.4% while it was set at 1.6% during 8th Five Year Plan.

The 8th plan had been more successful in this regard as the deficit was reduced by 0.7% in the 8th Five Year Plan and by only 0.1% in the 7th Five Year Plan. With regard to domestic savings as a percentage of GDP the 8th Five Year Plan reached 24.4% while in 7th Five Year Plan the figure was 20.2%. As far as the contribution of export earnings is concerned the 8th Five Year Plan contributed 10.1% to the GDP while the 7th year plan contributed 9.9% to the GDP. The import volume as a percentage of GDP was also more during the 8th Five Year Plan (10.9%) compared to the 7th Five Year

\textsuperscript{21} \textit{Ibid.}, pp.106-107.
Plan (10.3%). In a nutshell the 8th Five Year Plan was more successful in meeting its objectives as compared to the previous five year plan\textsuperscript{22}.

According to the then Prime Minister and the Chairman of the Planning Commission, Mr. P.V. Narsimha Rao, the another main objective of the Eighth Plan was the human development in various aspects. To achieve this fundamental objective, sufficient employment opportunities were created so as to:

- Achieve the goal of full employment by the end of the century.
- To impose restrictions on population explosion.
- To pervade the primary education so as to eliminate the literacy.
- To make provisions for primary health facilities.
- Growth and diversification of agricultural activities to achieve self-sufficiency in food.
- To strengthen the basic infrastructure in order to support the development process on a sustainable basis.

The Ninth-plan began on April 1, 1997 with the accepted fact that the removal of the problem of unemployment is essential in accelerating the pace of economic development.

### Table 4.5
GROWTH PERFORMANCE IN THE FIVE YEAR PLANS

<table>
<thead>
<tr>
<th></th>
<th>Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>First Plan (1951-56)</td>
<td>2.1</td>
</tr>
<tr>
<td>2</td>
<td>Second Plan (1956-61)</td>
<td>4.5</td>
</tr>
<tr>
<td>3</td>
<td>Third Plan (1961-66)</td>
<td>5.6</td>
</tr>
<tr>
<td>4</td>
<td>Fourth Plan (1969-74)</td>
<td>5.7</td>
</tr>
<tr>
<td>5</td>
<td>Fifth Plan (1974-79)</td>
<td>4.4</td>
</tr>
<tr>
<td>6</td>
<td>Sixth Plan (1980-85)</td>
<td>5.2</td>
</tr>
<tr>
<td>7</td>
<td>Seventh Plan (1985-90)</td>
<td>5.0</td>
</tr>
<tr>
<td>8</td>
<td>Eighth Plan (1992-97)</td>
<td>5.6</td>
</tr>
<tr>
<td>9</td>
<td>Ninth Plan (1997-2002)</td>
<td>6.5</td>
</tr>
</tbody>
</table>


Taking into consideration the past weaknesses, the 9th five year plan endeavoured to formulate fresh actions to initiate improvement in the overall economic and social sectors of the nation. To this effort, there was mutual contribution from the general population of India as well as the governmental agencies. This joint public and private attempt ultimately assured development of the Indian economy.

**Primary Objectives of the 9th Five Year Plan:**

1. Industrialization at a rapid pace.
2. Reduction in poverty level.
3. Gaining self-sufficiency on local resources.
4. Complete employment for all countrymen.
Price stabilization should be initiated to hasten up the rate of growth of the Indian economy.

Control the ever-increasing rate of population.

Creating an independent market, for enhancing private financial investments.

Promotion of social events like conservation of specific benefits for special social groups, female empowerment, etc.

Achieving self-sufficiency in food production.

Generation of equal opportunities for employment and taking steps to reduce poverty.

**Table 4.6**

**RECENT GROWTH OF THE INDIAN ECONOMY**

<table>
<thead>
<tr>
<th></th>
<th>Eighth Plan</th>
<th>Ninth Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Agriculture</td>
<td>4.69</td>
<td>2.06</td>
</tr>
<tr>
<td>2 Manufacturing</td>
<td>7.58</td>
<td>4.51</td>
</tr>
<tr>
<td>3 Services</td>
<td>7.54</td>
<td>7.78</td>
</tr>
<tr>
<td>4 Total</td>
<td>6.68</td>
<td>5.35</td>
</tr>
</tbody>
</table>


**Tenth Plan (2002-2007)**

The primary aim of the 10th five year plan is to renovate the nation extensively, making it competent enough with some of the fastest growing economies across the globe. It also intends to initiate an economic growth of 10% on an annual basis. In fact, this decision
was taken only after the nation recorded a consistent 7% GDP growth, throughout the past decade.

The 7% growth in the Indian GDP is considered to be considerably higher than the average growth rate of GDP in the world. This enabled the Planning Commission of India to extend the GDP limit further and set goals, which will drive India to become one of the best industrial countries in the world, to be clubbed and recognized with the world’s best industrialised nation\(^{23}\).

### Table 4.7

**ROLE OF AGRICULTURE IN GROWTH**

<table>
<thead>
<tr>
<th>Year</th>
<th>Share of Agriculture in GDP</th>
<th>Share of Non-food in Rural Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973-74</td>
<td>44.0</td>
<td>25.1</td>
</tr>
<tr>
<td>1983</td>
<td>38.7</td>
<td>34.4</td>
</tr>
<tr>
<td>1993-94</td>
<td>32.9</td>
<td>36.8</td>
</tr>
<tr>
<td>1999-2000</td>
<td>26.9</td>
<td>40.6</td>
</tr>
</tbody>
</table>


Like all other five year plans, the 10th five year plan is also devised, executed and supervised by the Planning Commission of India\(^{24}\).

**Chief Objectives of 10th Five Year Plan**

(1) Reduction of poverty ratio by 5 percentage points by 2007;

(2) Providing gainful and high quality employment at least to the addition to labour force.

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\(^{24}\) Ibid., P.12.
(3) All children in India in school by 2003; all children to complete five years of schooling by 2007;

(4) Reduction in gender gaps in literacy and wage rates by at least 50% by 2007;

(5) Increase in literacy rates to 75% with the Tenth Plan Period (2002-03 to 2006-07).

(6) Reduction of infant morality rate (IMR) to 45 per 1000 live births by 2007 and to 28 by 2012;

(7) Reduction of Maternal Morality Ratio (MMR) to 2 per 1000 live births by 2007 and to 1 by 2012.

(8) Increase in forest and tree cover to 25 per cent by 2007 and 33 per cent by 2012;

(9) All villages to have sustained access to potable drinking water within plan period.

(10) Cleaning of all major polluted rivers by 2007 and other notified stretches by 2012;

(11) Economic growth further accelerated during this period and crosses over 8% by 2006.

Eleventh Plan (2007-2012)

The Eleventh plan has the following objectives:

(1) **Income and Poverty**

Accelerate GDP growth from 8% to 10% and then maintain at 10% in the 12th plan in order to double per capita income by 2016-17.
- Increase agricultural GDP growth rate to 4% per year to ensure a broader spread of benefits.
- Create 70 million new work opportunities.
- Reduce educated unemployment to below 5%.
- Raise real wage rate of unskilled workers by 20%.
- Reduce the headcount ratio of consumption poverty by 10 percentage points.

(2) Education
- Reduce dropout rates of children from elementary school from 52.2% in 2003-04 to 20% by 2011-12.
- Develop minimum standards of educational attainment in elementary school, and by regular testing monitor effectiveness of education to ensure quality.
- Increase literacy rate for persons of age 7 years or more to 85%.
- Lower gender gaps in literacy to 10 percentage points.
- Increase the percentage of each cohort going to higher education from the present 10% to 15% by the end of the plan.

(3) Health
- Reduce infant mortality rate to 28 and maternal mortality ratio to 1 per 1000 live births.
- Provide clean drinking water for all by 2009 and ensure that there are no slip-backs.
• Reduce malnutrition among children of age group 0-3 to half its present level.

• Reduce anaemia among women and girls by 50% by the end of the plan.

(4) **Women and Children**:

• Raise to sex ratio for age group 0-6 to 935 by 2011-12 and to 950 by 2016-17.

• Ensure that at least 33% of the direct and indirect beneficiaries of all government schemes are women and girl children.

• Ensure that all children enjoy a safe childhood, without any compulsion of work.

(5) **Infrastructure**

• Ensure electricity connection to all villages and BPL households by 2009 and round-the-clock power.

• Ensure all-weather road connections to all habitation with population 1000 and above (500 in hilly and tribal areas) by 2009, and ensure coverage of all significant habitation by 2015.

• Connect every village by telephone by November, 2007 and provide broadband connectivity to all villages by 2012.

• Provide homestead sites to all by 2012 and step up the pace of house construction for rural poor to cover all the poor by 2016-17.
(6) **Environment**

- Increase forest and tree cover by 5 percentage points.
- Attain WHO standards of air quality in all major cities by 2011-12.
- Treat all urban waste water by 2011-12 to clean river waters.
- Increase energy efficiency by 20 percentage points by 2016-17.

**ROLE AND PERFORMANCE OF NATIONAL DEVELOPMENT COUNCIL**

The National Development Council plays a vital role in the process of Indian Planning and Development. It provides a forum in which the Union Ministers and Chief Ministers of States discuss the plans at important stages in their formulation. Plans are also approved at its meetings after their completion and before they are presented to the Parliament and the State Legislatures. In this way the national character of the Plans is emphasised. The Council also considers social and economic policies affecting the country from a social point of view, so that where necessary uniformity may be secured. In these ways, it gives a lead to the Country on broad issues of policy and promotes collective thinking and joint action on matters of national importance.

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The National Development Council held its first meeting in November 1952. Meetings ordinarily last for two days. The first meeting concerned the Draft Report on the First Five-Year Plan. The different stages of the Second Five-Year Plan were examined at four meetings beginning from May 1955, at which the Plan-frame and tentative framework were considered, and ending in May 1956, at which the final report was accepted. The Council considered proposals relating to the Third Five-Year Plan at six meetings in March, April and September 1960 and January, March and May 1961. At the earlier meetings, financial resources, patterns of development and allocations to various sectors were considered on the basis of papers circulated by the Commission. The Draft Outline was approved at the meeting of September 1960 and the Report of the Third Plan in May 1961. Other meetings considered progress report on Plans, agriculture problems, problems relating to community development, land reforms, co-operative policy, etc. In view of the importance of agriculture production and price policy, two special meetings of National Development Council were held to consider these questions. The importance of the issues that are placed before the Council from time to time is thus clear. It may be mentioned that between 1955 and 1958 for about three years, a standing committee consisting of 9 to 12 States had been constituted by the National Development Council. This body held together six meetings. In 1958, the Standing Committee was discontinued as,
under the reorganization of States, the total number of States had been reduced and there was no need for a smaller body.

Five special committees in important subjects were created by the National Development Council at its 21st meeting on Oct 27-28, 1964. Which are as follows:

1. Committee on Agriculture and Irrigation
2. Committee on Industry, Power and Transport
3. Committee on Social Services
4. Committee on Development of Hill Areas
5. Committee on Resources

To give final shape to the fourth Five-Year Plan, seven meetings of National Development Council were held beginning from 1964-1970. Prof D.R.Gadgil presented the ‘Approach Paper of fourth Five-Year Plan’ to National Development Council on May 1968. The Council decided that the this Plan aimed at to step up the tempo of development activity to the extent compatible with maintaining stability and progress towards self-reliance. So as decided by the National Development council the main objective of the fourth Five-Year Plan was a rapid increase in the standards of living of the people through measures which also promotes equality and social justice.

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The National Development Council had decided at the time of the Fourth Plan that Centrally Sponsored Schemes would be limited in total value to 1/6th or 1/7th of the quantum of Central Plan assistance to the States. The Council had also directed that these schemes should conform to one or other of the following criteria viz.

(a) They should relate to demonstrations, pilot projects survey and research, or

(b) They should have a regional or inter-State character, or

(c) They should be such as to require lump sum provisions to be until broken down territorially, or

(d) They should have an overall significance from the all-India angle\textsuperscript{27}.

The National Development Council endorsed the proposal that the Fourth Five Year Plan should cover the period 1969-70 to 1973-74. The Council noted the need for making larger effort in raising resources. The Planning Commission’s suggestion to merge agriculture income-tax with general income-tax was discussed. It was decided that the Commission should set up a Committee to study the question of mobilisation of additional resources from the rural sector. The Council also decided to set up Regional Committees to go into the question of electricity and water rates. The Council recognised the need for stabilisation of agricultural prices and the

\textsuperscript{27} Ibid., p.25
building up of buffer stocks. Regarding the principles governing the allocation of Central assistance to States, the Council decided that these questions will be reviewed after the recommendations from the Administrative Reforms Commission on these matters were received. The Council endorsed the proposal to reorganise the Committee on Plan Projects and its incorporation in a composite Evaluation Wing of the Planning Commission.

The Council considers proposals related to the fifth Five Five-Year Plan in five meetings from May 30-31, 1972 to February 24-25, 1979. The Council decided that removal of poverty and attainment of self-reliance will be the main priority areas of fifth Five-Year Plan. Regarding the centrally Sponsored Schemes, It is estimated by the National Development Council at its 33rd meeting that the total cost during the plan period (1978-83) of all existing Centrally Sponsored Schemes (and Central sector schemes of a similar nature) in the areas of agriculture and rural development, education, health, power, transport, housing etc., would be about Rs. 6,000 crores. The amount of Central assistance to the State Plans in the form of block loans/grants would be approximately Rs. 10,350 crores. Thus in all Rs. 16,350 crores approximately would be made available by the Centre for plan outlays in the States. A limited number of the present Centrally-Sponsored / Central-Sector Schemes may continue to be funded 100% by the Centre. These might include Family Welfare, Malaria Eradication, inter- State power lines, post-matric
scholarships for the Scheduled Castes and experimental or pilot schemes initiated by the Centre which have not yet established their utility. 100% Central funding would also be needed in cases where a scheme is initiated by the Centre after the States’ Five-Year Plans have been finalized\textsuperscript{28}.

Due importance was given to the Family Welfare Programme by the National Development Council, which is being started by Ministry of Health and Family Welfare. In its meeting held on February 24-25 1979, the Council stated that the Family Welfare Programme embraces all the principal areas of human welfare. It will be wrong to leave it only to the Ministry of Health and Family Welfare in the Centre and their counterparts in the States. It is essential that all Ministries and Departments of the Government of India as well as of the States give due importance to this Programme and work for its furtherance.

As decided by the National Development Council, the core of the sixth Five-Year Plan is the revised 20-Point Programme, which was discussed at 36\textsuperscript{th} meeting of the Council on March 14, 1982. The National Development Council focused attention on 20-Point Programme, which included social and economic programmes included in the sixth plan. The Minister of Planning Shri S.B.Chavan, addressing the National Development Council stated that while the thrust continued to be on ameliorating the living

conditions of the less privileged sections of the population, the programme as a whole will aim at all round development in productivity. So all Union Ministers and Chief Ministers of the States should provide personal direction and guidance to ensure that the objectives of programme were achieved and adequate arrangements made for monitoring its progress and mobilize required financial resources. Four meetings of National Development Council from August 30-31, 1980 to July 12-13, 1984 were held with a view to give a final shape to the sixth Five-Year Plan.29

The draft of the seventh Five-Year Plan was presented to National Development Council on November 8-9, 1985 for approval. Food, work and Productivity were the three inter-related main objectives of the Plan. These objectives were set within the framework of growth, equity, social justice and the pursuit of self reliance. The provision of productive employment had to be the major objective in the Seventh Plan, combined with a significant reduction in poverty. This was sought to be achieved through accelerated growth of agriculture and rural development especially in the less-developed areas and with particular emphasis on the eastern region where agricultural productivity was low, and poverty endemic.

The National Development Council met under the Chairmanship of the Prime Minister Shri Rajiv Gandhi to consider the document: “National Policy on Education-1986 - A Presentation”

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prepared by the Ministry of Human Resource Development, at its 39th meeting held on 29th April 1986. The Prime Minister observed that having Education in the Concurrent List, it is the Joint responsibility of the Centre and State Government to fully involved in the implementation of the “New Education Policy”. He stressed that Education cannot be separated from development.

The draft of the eighth Five-Year Plan was approved at the 41st meeting of the National Development Council held on June 18-19 1990. National Development Council approved that the main priority areas of the Plan will be agriculture, human resource development and promotion of efficiency and higher productivity. The Plan recognizes” Human Development” as core of all developmental efforts.

National Development Council had decided in its 43rd meeting to set up five committees which are:

1. Committee on population control,
2. Committee on employment generation,
3. Committee on literacy,
4. Committee on decentralised planning
5. Committee on austerity.
6. Committee on Medical Education

The recommendations of the committees contained useful recommendations for implementation by the Centre and the States.

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and thus formed meaningful inputs for the formulation, implementation and evaluation of important plan schemes and programmes. These committees represents a marked improvement in the role and effectiveness of the National Development Council. Recommendations of the Austerity Committee on functioning of State Electricity Boards were critically examined by the National Development Council on April 5, 1993. Since power is essential to all development, National Development Council agreed that top priority should be given for pursuing programmes of all round improvement of this sector. It was accordingly decided to set up a National Development Council Committee on Power. This Committee will inter-alia examine measures to make State Electricity Boards economically viable by recasting tariffs, improving efficiency and considering delinking of distribution from generation. The Prime Minister expressed his confidence that the Committee on Power would be no exception.

The National Development Council approved the Ninth Five Year Plan 1997-2002 document as placed before the Council on February 19, 1999 at its forty eighth meeting. The National Development Council endorsed the recommendations of the National Development Council Committee on Power and urged the Union and the State Governments to implement these recommendations on priority. The meeting took note that the Union Government and the several State Governments had already started implementing some of
the recommendations of the National Development Council Committee. While appreciating the concerns surrounding the periodic revision of administered prices of essential commodities it was felt that though the interests of the farmers and the consumers, particularly of poorer sections of the society, must certainly be the primary concern, yet the macro-economic imperatives of fiscal stabilization and control of inflation, which hurts the poor more than others, cannot be ignored. A balance has to be struck in taking such decisions. The National Development Council decided to set up a Sub-Committee under the chairmanship of the Deputy Chairman, Planning Commission, with members drawn from Central Ministries and States to go into the criteria for allocation of funds under major rural poverty alleviation schemes\textsuperscript{31}.

The National Development Council unanimously approves the Draft Approach Paper to the Tenth Five Year Plan at its 49\textsuperscript{th} meeting. Further, it directs the Planning Commission to prepare the Tenth Plan on the basis of the approach that irrigation, agriculture infrastructure, drinking water, urban infrastructure, state highways and bridge construction would be the basic priority areas of the Plan. National Development Council approved Rs-17,000 crores as Railway Safety Fund to spend during the Tenth Five-Year Plan\textsuperscript{32}. National Development Council is of the view that revival of the economy is our


basic priority. The Centre and State Government should together take steps to end the crisis of investment—both public and private. The suggestions and comments that have been received from the Members will be carefully considered in the course of preparing the Plan. The National Development Council also unanimously endorses the decision to grant special category status to Uttaranchal. The National Development Council takes note of the Report of the National Development Council Sub-Committee on the Criterion for Allocation of Funds under Major Rural Poverty Alleviation Programmes and the status of the National Development Council Sub-Committee on Transfer of Centrally Sponsored Schemes. It directs the Planning Commission to take note of the many suggestions made by the Chief Ministers on identifying more schemes for transfer to the States with flexibility and take further necessary steps to finalize the reports by an early date.

At its meeting held on December 21, 2002, the National Development Council unanimously endorsed setting up of the four Empowered Sub-Committees of the National Development Council viz.:

(i) Empowered Sub-Committee on Governance Reforms with special reference to E Governance;

(ii) Empowered Sub-Committee on Removal of Barriers to Internal Trade;
(iii) Empowered Sub-Committee on creating an Investor-Friendly Climate; and

(iv) Empowered Sub-Committee on Financial and Administrative Empowerment of Panchayati Raj Institutions.

The Draft Approach of the eleventh Five-Year Plan was finalized at the 52nd meeting of the National Development Council. Prime Minister Dr. Manmohan Singh announces that Planning Commission will have to devise innovative plans to ensure that minorities, particularly the Muslim Minority, are empowered to share equitably in the fruits of development. They must have the first claim on sources.

National Development Council meeting discussed the details of a new agricultural strategy to ensure the 11th Plan’s (2007-12) to raise agriculture growth to 4 per cent at its meeting held on May 29, 2007. This is the growth rate that is sought in order to ensure the government’s over-all growth of 9 plus as envisaged in the 11th Plan strategy. The Council announces that Centre’s assistance would be supplementary in nature and State would also have to contribute to the new scheme. To achieve a four per cent annual growth in the farm sector during the 11th plan the NDC adopted a resolution that announced that Rs.25,000 crore should be given under Additional Central Assistance Scheme over four years to States to invest more in agriculture. The 11th Five Year Plan was approved by the NDC

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Dec 19, 2007 with an outlay of Rs.36.44 trillion ($910 billion at the then exchange rate) with the central theme - "Towards Faster and More Inclusive Growth". The Council has decided that the 11th Five-Year Plan, which has been formulated with the aim of making economic growth more inclusive, proposes to reduce poverty by ten percentage points, generate seven crore new employment opportunities and reduce unemployment among educated persons to less than five per cent. The Plan will also focus on the education sector by increasing the outlay to 19 per cent of the Central budgetary support from less than eight per cent in the previous Plan.

At its latest meeting held on July 24, 2010 for Mid-Term Appraisal of the 11th Plan (2007-12), serious concerns was paid by the Council over the performance of the farm sector. A discussion paper prepared by the plan panel identified five specific areas of constraints. Besides agriculture, the other four areas of concern highlighted were: Management of water resources, power generation targets, issues of urbanization and specific problems of tribal development. The paper suggested a sharp cut in the taxes on agriculture produce to less than 1 percent, better cooperative credit, crop diversification, better seeds, soil-based nutrients and more water. The paper also identified availability and management of water as a challenge in equal measure, especially for agriculture that uses 78 percent of this resource, and called for major reforms in the irrigation system and use of groundwater. The paper also sought to
warn that urban poverty will be another major problem that the country will face. Already some 350 million people live in urban areas, and remain underserved by utilities, and the number will double in 25 years. The note by the plan panel also said that the country's tribes, who account for 8.2 percent of the population had not benefited adequately from India's development. Taking literacy as a yardstick, the paper said while this measure of human development had increased from 8.53 percent in 1961 to 47.1 percent now, the gap with the general population was still high at 18 percentage points. It said even though the tribal sub-plan incorporated into the planning process was an important instrument for flow of adequate funds for such areas, the implementation had not been satisfactory, both at the central and state levels. Accordingly, the paper said, the plan panel has initiated a consultative process to prepare an action plan that will address a range of development and security measures, with an assurance of adequate funding by the finance ministry.

These are the main decisions taken by National Development Council in its Fifty Five meetings held so far. Since 1952 till date, the National Development Council has met 55 times. The National Development Council serves as one of the key organizations of the planning system in India. It symbolizes the Federal Approach to Planning and is the instrument for ensuring that the planning system adopts a truly national perspective. The National
Development Council has experienced numerous ups and downs in its fortune. Its status has been determined by prevailing political climate and the support provided to it by the government in power at the Centre and the effectiveness of the pressures exerted by the state governments. Notwithstanding the vicissitudes that it has faced during the past six decades, its continuing presence in the apex policy structure has always been felt.

ROLE AND PERFORMANCE OF INTER-STATE COUNCIL

Whilst law seeks to provide a just denouement to any conflict, it must not be forgotten that it must also provide the most efficient judgment as well. Therein lies the advantage of any alternate dispute resolution system-it permits the parties an adequate opportunity to reach a solution that will serve the most number of persons. The importance of such a mechanism in a modern legal society cannot be emphasized enough. In the field of Constitutional Law and inter-state disputes, such a forum where states can proceed to discuss and attempt to negotiate their aspirations so as to arrive at an efficient and just answer owes its basis to Article 263 of the Indian Constitution which provides for the establishment of an Inter-State Council.

Following a provision in Article 263 of the Constitution, recommendations of the Administrative Reforms Commission in

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34 Mahendra Prasad Singh, “Federal Division of Responsibilities in India”, *Indian Journal of Federal Studies*, Hamdard University, New Delhi, January 2004,
1969 and the Sarkaria Commission on Center-State Relations, the Inter-State Council (ISC) was created in 1990, and has become a forum where political and economic issues of joint concern can be collectively – the State Council is merely advisory, and has been viewed as weak institution – especially since central governing coalitions give regional parties more direct say in policy, still it has formalized collective discussion and approval of several important matters impinging on India’s federal arrangements, including tax sharing and inter-state water disputes. It took several far-reaching decisions. It also takes a significant decision at its seventh meeting to transfer all the powers of legislation under the Constitution from the Union list to the Concurrent list. The Inter-State Council accepted the Sarkaria Commissions recommendations that Laws in respect of subjects in the Concurrent List should be made, as a matter of convention, only after active consultation with the State Governments except in cases of extreme urgency. This is because laws enacted by the Union, particularly those relating to matters in the Concurrent list, are enforced through the machinery of the States and consultation is essential to secure uniformity. The Government of West Bengal and Tripura, which demanded a review of the Concurrent list in the light of the need to decentralize powers, welcomed the decision as a step forward.

The Inter-State Council also accepted the Sarkaria Commission recommendations relating to the qualification and the
role of a Governor. It agreed that Governor should be an eminent personality who is not connected with the politics of the state concerned and that persons belonging to minority communities should also be considered for gubernatorial posts. It accepted the Sarkaria Commission recommendation that the centre-state consultation process in the matters of appointed Governors should be made obligatory through a Constitutional amendment.

While states that are pivotal, and hence politically powerful in a coalition government at the center may be able to directly extract concessions from the central government (as the government of Andhra Pradesh appears to have done in some cases in the previous national government), this does not make the ISC redundant. The potential role of the ISC is precisely to provide an alternative to such ad hoc bargaining. Furthermore, bargaining over durable changes in rules governing the federation is quite different from bargaining over specific instances. For example, the ISC was an important forum for gaining acceptance of the change in tax sharing recommended by the Tenth Finance Commission. More recently, it has also been a place where an important change in the rules governing inter-state water disputes has been approved by the states. Clearly, tax reform, changes in the way that states borrow, policies toward FDI, and regulation of sectors such as power are all areas where the ISC can provide a less public, more focused forum for
bargaining over issues that jointly affect the center and the states than is possible in either house of parliament.

**WORKING OF INTER-STATE COUNCIL**

**TABLE 4.8**

Meetings and Agenda items of the Inter-State Council

1st meeting of Inter-State Council held on 10.01.1990

<table>
<thead>
<tr>
<th>Agenda Item No.</th>
<th>Subject</th>
</tr>
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<tbody>
<tr>
<td>1.</td>
<td>Report of Sarkaria Commission on Centre-State Relations</td>
</tr>
<tr>
<td>2.</td>
<td>Levy of Tax on Inter-State consignment of goods</td>
</tr>
<tr>
<td>3.</td>
<td>Transfer of additional excise duties from man-made fabrics to the textile fibers/Yarn Stag</td>
</tr>
<tr>
<td>4.</td>
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2nd meeting of Inter-State Council held on 15.10.1996

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<td>2.</td>
<td>Methodology for examination of 44 recommendations of Sarkaria Commission on Centre-State financial relations, 11 recommendations on which there was no consensus in the Sub-committee and one recommendation relating to Centre-state relations in the sphere of education.</td>
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3. Methodology for examination of the recommendations of Sarkaria Commission relating to emergency provisions including Article 356.

4. Appointment of High-Level Committee.

**3rd meeting of Inter-State Council held on 17.07.1997**

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**4th meeting of Inter-State Council held on 28.11.1997**

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**5th meeting of Inter-State Council held on 22.01.1999**

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**6th meeting of Inter-State Council held on 20.05.2000**

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7. Chapter XVIII of Sarkaria Commission Report on “Trade, Commerce and Intercourse within the Territory of India”

8. Action Taken Report on the issues decided and raised/discussed in the fifth meeting of the Inter-State Council held on the 22nd January, 1999


10. Removal of Restrictions on Movement of Essential Commodities


### 7th meeting of Inter-State Council held on 16.11.2001

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7. Chapter XX of Sarkaria Commission Report on miscellaneous matters – Language, UTs and High Court Judges

8. Implementation Report on the decisions taken by Inter-State Council in its earlier meetings.

8th meeting of the Inter-State Council held on 27-28.8.2003

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9th meeting of Inter-State Council on 28.06.2005

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### 10th meeting of Inter-State Council held on 09.12.2006

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In the ten meetings of Inter-State Council held so far, the Council has taken final view on all the 247 recommendations made by Sarkaria Commission on Centre-State Relations. Out of these 247 recommendations, 180 have been implemented, 65 have not been accepted by the Inter-State Council / Administrative Ministries / Departments concerned and only 02 recommendations are still at different stages of implementation 35.

To conclude, the Inter-State Council has become an active forum for free and healthy discussions on issues that have a bearing on the Centre-State and Inter-State relations. Such Interaction nurtures a strong federal spirit. It also protects the autonomy of the States without sacrificing national unity, integrity and constitutional imperatives. The Council has strengthened the bond of partnership between the Union and the States, which is the mainstay of our democratic polity and also main requirement for achieving India’s

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speedy, all-round development\textsuperscript{36}. The end of one-party rule at the Centre has inaugurated a process of harmonization of regional aspirations within an overarching national outlook.

In a coalition era, there is a need to strengthen the consensus and cooperation between Centre and the States. The dream of India being a strong, prosperous, progressive and self-confident Country can be realized only through a healthy partnership between strong Centre and the strong States. The Union Government is expected to provide the overall guidance to the Nation and the State Governments are expected to play an important role in supplementing the efforts of the Union Government in nation-building activities. The Inter-State Council has played a very important role in eliminating tensions between the Union and the States and building consensus model for the success of Federalism in India\textsuperscript{37}.

In the recent regional roundtables on Indian federalism culminating into the fourth International Conference on federalism hosted by Inter-State Council Secretariat of India, the following two points were discussed in context of making Inter-State Council more consequential as well as more autonomous from the Union home Ministry, Government of India. Firstly, the presidential order of May 28, 1990 that established the inter-State Council omitted clause A of Article 263 of the constitution which reads as follows: “Inquiring into

\textsuperscript{36} N.K.Singh, Address the State of the Union, \textit{Indian Express}, September 10, 2006.

and advising upon disputes which have arisen between the States”. This omission, it was felt, has taken out of the purview of the Inter-State Council, a very important power of formally instituting an inquiry into an inter-state dispute. In the long run, political settlement of disputes is not only more long lasting but it also reduces the burden on judiciary whose cutting edge may be blunted by over use.

Secondly, the location of the Inter-State council Secretariat in the Union Home Ministry tends to make it into an organ of central government rather than an autonomous federal agency. Two alternative sites for its location were considered, namely the Cabinet Secretariat and the Rajya Sabha Secretariat. It was felt that the latter would be more appropriately autonomous ground as the Rajya Sabha is the representative Chamber of the states of India.

A few procedural reforms like holding regular and preferably in-camera meetings with advanced agenda, preparatory groundwork and flexible and consensual rules of business are important in this regard\(^{38}\).

\(^{38}\) Internet: [http://www.jamiahamdard.edu/cfs/jour4-1_5.htm](http://www.jamiahamdard.edu/cfs/jour4-1_5.htm). December 7, 2007.