

ERIM REPORT OF THE STUDY TEAM ON

THE MACHINERY FOR PLANNING



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SUBMITTED TO THE

ADMINISTRATIVE REFORMS
COMMISSION



Interim Report of the Study Team

ON

**Machinery for Planning at the National
Level**

STUDY TEAM ON THE MACHINERY FOR PLANNING

Administrative Reforms Commission,
I.I.P.A. Building, Indraprastha Estate,
Ring Road, New Delhi-1.

R. R. Morarka,
Chairman, Study Team

March 30, 1967.

Dear Mr. Chairman,

As desired by the Administrative Reforms Commission, I enclose herewith the Interim Report of our Study Team relating to "the Machinery for Planning at the National Level". The scope and limitations of this Interim Report are explained in the Introduction. We hope to submit our final Report in the course of the next few months.

The Study Team wishes to express its gratitude to a number of individuals and organisations that have helped it in conducting its work. We would like to mention in this connection the Research Unit on Planning of the Indian Institute of Public Administration and especially Dr. S. K. Goyal, Senior Research Associate in the Unit, and the staff of the Administrative Reforms Commission. We are also grateful to the Planning Commission and its Deputy Chairman, Members as well as officials for their cooperation both by way of providing information and giving evidence, and to the large number of officials and non-officials who kindly gave evidence before us.

Yours sincerely,
R. R. Morarka.

Shri K. Hanumanthaiya,
Chairman,
Administrative Reforms Commission,
Government of India,
New Delhi.

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INTRODUCTION

(0.11) Our Study Team has been given the task of studying the machinery for planning at all levels, i.e., "planning organisation and procedures at the Centre and in the States and relationship of the Planning Commission at the Centre and the planning agencies in the States with other agencies". The Study Team is expected, in regard to this subject, "to ascertain facts, locate the principal problem areas, examine solutions for the problems and make recommendations for the consideration of the Administrative Reforms Commission."

(0.12) The subject allotted to us has wide scope and it overlaps that of other Study Teams such as those dealing with the Machinery for the Central Government, Centre-State relations and Financial Administration. We are attempting to maintain coordination with the working of these related Study Teams.

(0.13) In the actual conduct of our work, we had the advantage that the Indian Institute of Public Administration placed the staff and the work done by its Research Unit on Planning at the disposal of the Study Team. As this Unit had already been studying the working of the Planning Commission in cooperation with the Planning Commission, our task was very much facilitated. On the other hand, very little material and data were available about the planning machinery and procedures in the States. We had therefore specially to collect such information from the States. As the States were busy with the formulation of the Five Year Plan, there was some delay in doing this. We also visited a number of States for the purpose of collecting first-hand material and interviewing the senior officials and ministers concerned for the purpose of ascertaining their experience and views. Further work regarding the States is continuing and we hope to complete the collection of data as well as their analysis in the near future.

(0.14) As regards material and data on planning at the national level, in addition to the data already available with the IIPA Research Unit, we requested the Planning Commission to supply us with further data as required by us. We held discussions with the heads of divisions and other senior officials in the Planning Commission. We also had the benefit of the views of a number of senior officials in different ministries and other Central Government

agencies, Members of the Planning Commission and a number of prominent non-officials. Our discussions with State officials and ministers also helped us to understand the working of the national planning machinery to some extent. We also conducted a survey of technical personnel in the Planning Commission; data so collected are being analysed and the results will be used for our final report.

(0.15) It is however necessary that our recommendations about the Planning machinery at the Centre and certain basic problems connected with its organisation should be made available to the Administrative Reforms Commission at an early date. The Planning Commission has been functioning with a reduced membership for some months. The idea of reconstituting and reorganising the Planning Commission has been under the consideration of Government for quite some time. The Government therefore has requested the Administrative Reforms Commission to make available its recommendations on this subject urgently, so as to make it possible for Government to reconstitute the Planning Commission. We are therefore submitting this Interim Report on the Machinery for Planning at the national level.

(0.16) There are certain aspects about the detailed organisation of the Planning Commission, its procedures of work, personnel policy etc., that we are not dealing with in this Interim Report. We are also not dealing in this report with the planning machinery and organisation required to be created in the Union Ministries and other sectoral agencies at the Centre, the planning machinery and procedures in the States and at lower levels, and various aspects of the problem of Centre-State relations in planning. These we shall deal with in our final report. The report deals with such aspects as are directly related to the reconstitution of the Planning Commission.

CHAPTER I

The Functions of a National Planning Agency in the Indian Context

Need for Planning

(1.11) We assume that the necessity of National Planning for social and economic development of the country is fully recognised and accepted. It is evident to us that planning is necessary in a country like India because we need our economy to grow at a rate higher than what it would without a plan. In the pre-planning period it is estimated that the rate of economic growth in India was negligible and that the economy was largely stagnant. The rate of economic growth and the growth of capital assets and skills has picked up since Independence and especially in the last 17 years, though the actual rate has varied from time to time. Given the rate of increase in population and the very low per capita income that prevail in the country, it is essential to have a growth rate of about 5% per annum and, to attempt to raise the rate further as early as possible.

The Indian Context

(1.21) We also assume that the following Directive Principles of State Policy which are reiterated in the Resolution setting up the Planning Commission will continue to be accepted as guiding national planning, viz., that "the State shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice, social, economic and political, shall inform all the institutions of the national life", and shall direct its policy towards securing, among other things:

- "(a) that the citizens, men and women equally, have the right to an adequate means of livelihood;
- (b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good;
- (c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment."

(1.22) This means that planning in India has to aim not only at a sufficiently high rate of growth, with all that it implies in terms of capital formation, proportions of investment in different sectors and balanced sectoral growth, but also balanced regional growth

and a continuous movement towards equality and welfare. The plans have to ensure an increasingly better supply of food and other essentials of life and also an increasing supply of social amenities and services such as education and health services, drinking water, housing and sanitation. At the same time, in keeping with our democratic Constitution, this has to be achieved without regimentation. We are not only a democracy but also a federation and recently we have also accepted a pattern of decentralised democracy, the *Panchayati Raj*. Different subjects and functions are thus under the jurisdiction of different governmental authorities, some under the Union Government, some under State Governments and some under the *Panchayati Raj* institutions. Similarly, we have a mixed economy in which the public sector, the cooperative sector, and private sector—both corporate and individual—all play a part in different spheres of economic life. It is therefore clear that planning has to be so organised as to take note of this whole complex of political, economic and social conditions that obtain in the country. Because we have, and expect to continue to have, a mixed economy, it is neither necessary nor desirable that our plans should cover everything. There are a number of things that will be happening in the economy, a number of products and services will be produced and exchanged, without their entering the national plan in any significant way.

'Indicative' or 'Centralised' Planning?

(1.31) Planning in India, while it need not and cannot be comprehensive, centralised and regimented planning, cannot also be purely what has come to be known as 'indicative' planning on the lines of the planning prevalent in countries like France. The conditions as well as the objectives of planning in France are significantly different than those in India. France already had a well developed economy. It had a high per capital income, a well-organised capital goods industry and a complex of industrial organisations which were capable of taking up the challenge of sectoral growth and meet it on their own responsibilities. It should not be forgotten that French planning really started in the post-war period with a view to bringing about the reconstruction of the French economy which had been considerably dislocated by the war and also to bring about necessary rationalisation and mechanisation in key sectors which had been stagnant, to some extent, even in the inter-war period. The main necessity was to create an atmosphere in which entrepreneurs and professionals operating in different sectors of the economy would be encouraged to think in terms of attain-

ing a certain rate of economic growth. French planning played a threefold role in this process: (i) to work out the feasible rate of growth, to indicate the implications of this rate for major sectors of the economy and to bring these to the notice of the major authorities involved, whether in the private or public sector; (ii) to bring related interests in the different economic sectors together for a discussion of the inter-related problems both for the purpose of preventing bottle-necks and deadlocks by mutual communication and for creating confidence about the general possibility of growth in the economy and, (iii) to decide on the principle instruments—fiscal, monetary and others—that were to be used by the Government for the purpose of securing the growth of the economy according to the plan. One should not forget that the last has been of quite considerable importance. There is quite a large public sector in France and the public sector enterprises are expected to follow the plan policies faithfully. The public sector also controls quite a significant part of French banking and insurance and therefore, through the use of these and also through traditionally accepted discriminatory fiscal instruments, the Government in France can encourage or discourage, as the case may be, developments in the private sector according to the advice given by the Planning Commission. Even French planning is, therefore, not purely 'indicative'.

(1.32) As a matter of fact, the dichotomy that is sometimes drawn between 'indicative' and 'physical' planning is often exaggerated. Communist planning was not total even in the past. In more recent years, as a result of economic reform, greater play is being allowed to the market forces even though the essential aspects of economic growth and functioning are governed through the national plans. On the other hand, as mentioned earlier, even in countries like France, planning is not merely indicative; it is more direct in certain cases, specially in the public sector, and also through the use of certain controlling instruments that are available to Government.

(1.33) It is quite obvious that in India, planning is apt to be a mixture of physical and indicative types. With a very large private sector, including agriculture which provides 45% or so of our national product, with a growing cooperative sector, an increasing growth of small industry, artisans and trade and with a significant private corporate sector operating in the fields of industry, commerce and banking, Indian plans cannot but be 'indicative' to a significant extent. But even in these spheres of economic activity,

as in the case of France, the Plan will have to devise appropriate instruments for the purpose of ensuring that certain types of growth are encouraged and others discouraged.

The Nature of Indian Planning

(1.41) Planning in our context will have to use different instruments for different sectors and for different purposes according to the nature of the sector, the governmental authority dealing with it and the manner in which and the extent to which it has to be developed. Planning may be promotional, regulatory and indicative (the emphasis as among the three varying from sector to sector) in fields like private industrial sector, commerce, agriculture and social services or direct and physical, as in the case of the public sector. There has been a tendency in the past to emphasise regulations and physical controls as almost inevitable instruments of planning and there has not always been adequate appreciation of the limitations of these and the worthwhile use that can be made of the market and the price mechanism. The use of material and non-material incentives has also not always been recognised adequately and the limitations of National Planning arising out of the federal character of our Constitution have also tended to be ignored or at least blurred, largely because of the fact that for most of this period from 1950 onwards we have had the same party in power all over the country. This last is already changing. The importance of assigning an appropriate role to market forces and the price mechanism is already accepted in our planning process. The exact manner in which lessons from the past will be learnt and instruments adjusted or newly devised to meet our requirements is a matter that we shall to some extent deal with later. While Indian Planning has never been and should never become totalitarian, centralised and regimented, it cannot also be purely 'indicative'.

(1.42) In certain spheres where new skills have to be generated, new resources discovered, new organisations set up and a new complex of industrial, financial or agricultural organisations established, planning cannot but be detailed in character. Because we have to raise the rate of economic growth, and also the rate of capital formation in spite of our low per capita incomes, the State in India cannot but play a larger role than that played by the State in countries like France, U.K. or U.S.A. On the other hand, because of our being a parliamentary democracy, a federation and a mixed economy, the nature of our plans and planning cannot but be significantly different from that in the Communist countries. It would

not therefore be appropriate to take the example of the planning machinery and procedures in any of these countries as a model for the appropriate planning machinery for India.

Role of Our Plan Agency

(1.51) The National Planning Agency in the Indian context should be in a position to work out the overall framework of growth, which it will prepare in consultation with the governmental authorities concerned after providing these latter with well-worked out alternative of development possibilities with their implications. After working out this basic framework, it would also indicate the institutional changes required for attaining the major objectives of the National Plan, the role that different agencies—governmental and non-governmental—would have to play, the extent and the manner in which development would be carried out in different periods of time by different agencies and the instruments that will have to be used for ensuring that development takes place as much as possible according to the Plan. It will in this process have to be the interlinking agency between different authorities—public and private, among different interrelated industries, between the Federal and State Governments and among different State Governments. It will also have to be in a position to keep close watch over the actual development of the economy, provide timely warnings and make recommendations for changes in policy or in implementing measures where it finds that developments are not taking place according to the Plan and also revise the Plan from time to time as necessary. While doing all this, it should also have the resilience to learn from its own experience and to bring about improvements in its organisation and techniques so as to carry out its task in an increasingly efficient manner.

(1.52) India has its own problems and has to find solutions to these problems according to her own conditions and her own native genius. Moreover, we are not starting from a clean slate. And some of the institutions created and the results attained through them have been of undoubted value. It can of course be said that we could have done better; but then this can be said about any institution in any country at any time. We realise, however, that a time arises in the case of any institution when a critical look at its organisation and working is necessary. This task we attempt in the following chapters of the Report.

CHAPTER II

The Overall Planning Set-Up

The Present Set-Up

(2.11) The Constitution of India includes the subject of 'social and economic planning' in the concurrent list. The legal basis for national planning for the country as a whole could therefore have been provided through a Parliamentary statute on the subject. This was not done, as we shall suggest later, for good reasons. The discussion on planning machinery in 1949, before the setting-up of the Planning Commission, had envisaged the creation of a National Economic Council which would work as an organ of inter-governmental cooperation in the economic and social fields. When the Draft Outline of the First Plan was being discussed, the importance of creating a body of this kind was specially stressed by some State Chief Ministers and the Planning Commission recommended that a National Development Council should be created as a forum at which "from time to time the Prime Minister of India and the Chief Ministers of States can review the working of the plan and of its various aspects."* It seems to have been felt that a consultative body of this kind which would provide a common forum for discussion and establish a convention of cooperative endeavour would be better than a statutory body. The Government of India therefore set up by a Resolution the National Development Council in August, 1952.

(2.12) The National Development Council is used as the highest forum for discussing and, in an indirect way, giving directions for the formulation of national plans and policies. It is an advisory and reviewing body which does not have any constitutional or legal status; its composition, in a sense, is a source of its prestige as the highest deliberative body in the field of planning.

(2.13) The Planning Commission, which was set up by a Resolution of the Government of India in 1950, is the operating body specifically meant for the purpose of formulating "a plan for the most effective and balanced utilisation of the country's resources".

*The First Five Year Plan—A Draft Outline, p. 253.

While it is a body which has been created by the Government of India, by convention it has acted as a servicing agency for the National Development Council. It would not be incorrect to say that in many respects it has acted as a body standing somewhere between the Union and the State Governments.

(2.14) Below the Planning Commission, at the State levels, there is no uniform pattern regarding planning machinery. In most of the States, there is either a full scale department or a division of a department (usually the Finance Department) whose principal responsibility is to look after planning. The planning machinery in the States, however, continues to be somewhat inadequate in character. This obviously needs to be remedied. We shall deal with this problem in our next report.

National Development Council—Its Composition and Working

(2.21) The National Development Council is an advisory and reviewing body set up "to strengthen and mobilise the effort and resources of the nation in support of the Plan, to promote common economic policies in all vital spheres, and to ensure the balanced and rapid development of all parts of the country."* Its functions are:

- (i) to review the working of the National Plan from time to time;
- (ii) to consider important questions of social and economic policy affecting National Development; and
- (iii) to recommend measures for the achievement of the aims and targets set out in the National Plan, including measures to secure the active participation and cooperation of the people, improve the efficiency of the administrative services, ensure the fullest development of the less advanced regions and sections of the community, and through sacrifice borne equally by all citizens, build up resources for National development.

(2.22) It is composed of the Prime Minister of India, the Chief Ministers of all States and the Members of the Planning Commission. Union Ministers who are concerned with the problems that are being discussed by the Council and also other State Ministers concerned with State Plans, specially the Ministers for Planning and Finance, are usually invited to attend the meetings of the Council.

*Government of India Resolution No. 62/CF/50 of August, 1952.

The recommendations of the Council are submitted to the Central and State Governments.

(2.23) At one stage it was felt that the Council was too large a body for effective discussion of problems; therefore, and also with the object of making it possible for meetings to be held more frequently, a Standing Committee of the Council was created in 1954. This was to consist of the Members of the Planning Commission and the Chief Ministers of nine States. It was also decided that the Chief Ministers of one or more of the remaining States could also be invited to attend the meetings of the Committee. The Standing Committee as such functioned somewhat effectively at the time of the formulation of the Second Five Year Plan and held four meetings for this purpose between January, 1955, and January, 1956. Since then, however, not many meetings of the Standing Committee have been held, there being only one meeting each held in 1957 and 1958. A meeting of the Standing Committee was then held after a gap of five years in 1963.

(2.24) The Council as a whole has met more frequently at the time of the formulation of the Five Year Plan; meetings for reviewing the progress of the Plan have been less frequent. Thus only one meeting each was held in 1952, 1953 and 1954. There were two meetings in 1955 and three in 1956. There were three meetings again in 1960 and two in 1961 when the Third Five Year Plan was being finalised. There was only one meeting in 1962, two in 1963 and one each in 1964, 1965 and 1966.

Its Effectiveness in the Past

(2.31) The Council was set up only after the Draft Outline of the First Plan had been published. By the time its first meeting was held in November, 1952, the work regarding the formulation of the First Five Year Plan had been largely completed. It could only consider the draft Plan at the final stage. But it discussed the problems relating to the Second Five Year Plan at a number of meetings. Similarly, problems relating to the basic approach for the Third Five Year Plan were discussed by it, the intention of the Planning Commission being, as indicated by its representative in November, 1958, that the Council should be associated with the consideration of the Third Five Year Plan from its earlier stages.

(2.32) The Council has also discussed from time to time other special problems relating to the Plan and generally to economic

development like land reforms, price policy, food policy, employment policy, community projects and National Extension Service, the role and scope of the public sector, manpower requirements, etc. Occasionally, it has given a lead or at least helped through its deliberations to bring to fruition certain proposals, such as that regarding the replacement of the Sales Tax in respect of certain commodities by Union Excise Duties. The Council is consulted when certain new plan activities are to be organised involving both the Centre and the States. Thus the Committee on Plan Projects, which was to make a study of projects and schemes both in the Centre and in the States, came to be set up on the basis of discussion in the Council. The National Development Council has occasionally appointed sub-Committees for formulating policies on important problems. Such sub-Committees were appointed on the problems of land reform, food policy and savings.

(2.33) When Shri Lal Bahadur Shastri became the Prime Minister and when the formulation of the Fourth Plan was in its initial stages, he felt that the National Development Council was not being consulted adequately either in the formulation or in the review of our Plans. He therefore suggested that the National Development Council should meet more frequently than had been the case in the past. At the meeting of the National Development Council in 1964 over which he presided, it was also decided to set up sub-Committees of the National Development Council to go into different aspects of the Fourth Plan. This was to enable the States to feel a greater sense of participation in the formulation of the National Plan. In our discussions with different States we found that this move was very much appreciated both at the political and the official levels. As one Chief Minister put it, the National Development Council had many times merely been used to 'rubber stamp' the decisions that had already been taken by the Planning Commission. This was partly because of the towering personality of Shri Jawaharlal Nehru, and partly also because of the manner in which the National Development Council functions. It has not infrequently been the case that important documents to be considered by the National Development Council become available to its members only a couple of days before the meeting is to begin. This makes it impossible for the participants to have the proposals appropriately studied by their advisers and they can do very little except to make general comments. The sub-Committees of the National Development Council created for discussing different aspects of the Fourth Plan were 26 HA—2.

therefore welcomed by State Governments and some of the sub-Committees, at least for some time, worked quite well. The work of some of these sub-Committees has not borne as much fruit as it might otherwise have been expected to do.

The Emerging Political Set-Up and Its Impact

(2.41) The importance of having a Planning Agency which is clearly and obviously seen by the State Governments to be a National agency—common to the Union and State Governments—and not purely a Central agency was recognised even in the past. As the federal character of our Union gets to be more and more emphasised, with different political parties in power in different States and at the Centre, a Planning Agency able to evoke responsive cooperation and enjoy the confidence of the various States is imperative. It is important that the Planning Agency, though appointed by and working very closely with the Union Government, should be accepted, as has been the case to some extent in the past, by the States as an agency that stands somewhat midway between the Union and the States and is a common National agency advising both.

(2.42) In the future set up of planning in the country, the National Development Council may have to play a much greater and effective role as distinguished from the past. In the newly emerging political and constitutional set up in the country, the National Development Council needs to be developed as the most important instrument for ensuring all India support for a National Plan. The necessity of making special efforts to carry the States with the Centre was recognised even before the recent General Election, as indicated by the suggestions made by the late Prime Minister Lal Bahadur Shastri. In the present context, the National Development Council should clearly be visualised as the supreme political body giving broad guidance relating to the formulation of the National Plan. It has sometimes been suggested that the National Development Council needs to be converted into a statutory organisation in order to give it a clear mandate and authority for carrying out its functions. We think that this will not be useful. The roles of the Union and the State Governments have been defined in the Constitution and the National Development Council as such cannot take decisions, even if it is a statutory body, which will necessarily be accepted or binding on all parties concerned. Questions may also arise about the exact composition or the manner in which decisions are to be taken, which may reduce the effectiveness of the body as

a forum for common consultation, co-operative endeavour and the evolution of a national consensus. We believe that much more will be achieved by pursuing and further developing healthy conventions for making the National Development Council more effective.

(2.43) This means that the Council should operate more continuously. Its working should be much more systematised than has been the case in the past. In matters relating to overall National Planning and, specially, Central-States or inter-State relations in Planning, and plan programmes related to the State subjects, the Planning Commission should seek guidance from the National Development Council. In order to make the National Development Council operationally a more effective body, it may be necessary to have sub-Committees of the National Development Council appointed from time to time, and specially at the time of formulating a Five Year Plan. There should also be counterparts of these Committees, at the official levels so that there is adequate consultation, communication and therefore mutual understanding and cooperation between the States and the Union in all matters pertaining to Planning.

The Federal Structure and the Planning Commission

(2.51) If the above approach is accepted, a question may be raised as to whether the composition of the Planning Commission as it has existed and developed in the last 17 years is quite appropriate. We are dealing with this question in the next chapter of this Report. The Planning Commission needs to be clearly seen and accepted by the States as an agency that is not entirely an integral part of the Union Government but is an objective and independent body of experts. From that point of view, it may be useful not to have too close an integration between the Union Government, and the Planning Commission. On the other hand, it cannot be forgotten that the National Plan as such has a great deal to do with the functions specifically allotted to the Union Government under our Constitution. The basic frame-work of the Plan would have to be based on macro-economic considerations and these will have to be largely guided and directed by the Union Government which is in charge of monetary policy, foreign trade and balance of payments, foreign exchange, foreign aid and most of the important fiscal instruments. Moreover, a very significant part of planned development will relate to other subjects also directly under the control of the Union Government such as, large scale industries, minerals, railways,

shipping, inter-state communications and inter-state transport. Power is in the Concurrent List and, with recent technological developments, planning in that sector may increasingly have to be Centrally guided.

(2.52) We understand that the problem of Centre-State financial relations is being examined by the Reforms Commission and by its various Study-teams, and we shall have something to say on it in our next report. Since no scheme of devolution can take care of the problems of all States, the Union Government will continue to play a vital role in providing development finance required by the States. Because of many reasons the Commission is bound to work much more closely with the Union Government than with the State Governments. This makes it all the more necessary that the set-up should be so organised that confidence is created in the States that the Commission is not just a creature of the Union Government, subservient to its political wishes and unwilling to take a stand based on expertise and equity.

The Planning Commission and the Union Government

(2.61) As we have mentioned above, it is our view that the Planning Commission should in future genuinely become an expert advisory body, as was originally contemplated. As a result of various historical factors into which we need not enter, the Commission has got unduly involved in the executive and decision-making process of the Union Government. While it is true that it is not easy to make a clear distinction between political and techno-economic decisions in Planning, this can be done in broad terms. The appropriate function of the Planning Commission should be to work out a few broad alternative plans of development, analyse their main implications and seek guidance from the Union Cabinet regarding which one of these the Government supports. While the Members of the Commission may undoubtedly have their preferences as among these alternatives, and may even plead for what they consider to be the best alternative, the decision on this choice should essentially be that of the political authority, namely, the Cabinet. Unfortunately in the past, partly because of the Prime Minister, the Finance Minister and other important Union Ministers being Members of the Commission, this has not been the manner in which basic plan decisions were taken. While discussions and consultations at ministerial as well as official levels have been quite frequent, and important problems relating to plan alternatives and policies have been discussed in full meetings of the Planning Commission with Minister-Members, including the Prime

Minister, participating, references to the Cabinet on clearcut alternatives have been rare. Usually, the Cabinet has been presented with a fully worked out document—even at the stage of the preliminary memorandum—and the only alternatives possible for the Cabinet were either to accept or reject it. With senior Ministers including the Prime Minister already involved in the recommendations made, there was hardly any possibility of the Cabinet seriously attempting any major modifications, leave alone thinking of rejection.

(2.62) This practice should now be changed. The Commission should pose well worked out alternatives for the consideration of the Cabinet and decisions on basic choices should be clearly obtained. We understand that the Study-team on the Machinery of Central Government has already recommended that it may be useful to have such matters discussed at least initially in a sub-Committee of the Cabinet. We endorse this suggestion but recommend that there should be a special Cabinet sub-Committee on Planning. In addition to the Prime Minister and the Finance Minister, one or two other ministers should be its members and ministers dealing with particular sectors may be associated with it whenever necessary. This sub-Committee should be mainly responsible for providing guidance to the Planning Commission on matters requiring political decisions.

(2.63) The Commission has also got involved in executive decision making in other ways. It was understandable if at the time of formulating the First Five Year Plan, not all the projects and programmes included in it could be properly examined before their inclusion. However, even in the subsequent plan formulations, this situation has continued and sometimes worsened. Union Ministries and other sectoral agencies under the Union Government have not been equipped with technical and planning cells which would continuously work out possible projects and programmes in operationally concrete terms and carry out feasibility studies so as to have a number of alternative projects with their data ready for examination when a plan is being formulated; and therefore it has not infrequently happened that projects and programmes have been included in the Plan without sufficient knowledge about their technical and economic implications. Not only has this led to delayed implementation and upsetting of the plan balances, but it has also made it almost necessary that even after a project or programme has been included in the Plan, the Planning Commission has got to be consulted at different stages when the Government is taking decisions about it.

This has increased enormously the number of references on executive decisions which the Planning Commission has to deal with.

(2.64) A practice has also grown up under which the Planning Commission's views are ascertained before any major economic matters—not only those relating to plan policy—are considered by the Cabinet. While we realise the utility of the Planning Commission being kept in touch with major developments and important executive decisions, we do not see much purpose in the Commission getting directly involved in day to day decision making, even in respect of plan programmes and projects. In our view, this work has detracted from the advisory and expert character of the Commission and has adversely affected its capacity to carry out its appropriate functions effectively.

(2.65) In our view, these developments are unhealthy and whatever their historical background and justification, should be brought to an end. We hope that an appropriate structure of technical and planning agencies will be created in the ministries and sectoral organisations under the Union Government so that detailed work of formulating projects and programmes will be conducted efficiently and continuously.* This would provide a proper basis for plan formulation and the inclusion of projects and programmes in a Plan would be based on appropriate techno-economic data. The Commission will examine these at the time of plan formulation and, once a project or programme is included in the Plan, the Commission should not look into it again except if some major changes in its scope or costs become necessary. It should keep track of the actual progress of major projects and programmes but will have very little to do with the actual executive decisions about them at various stages.

(2.66) On the other hand, we expect that the Commission will give much more attention to its main tasks, such as working out the implications of alternative modes of growth, the policy implications of the selected plan alternative, ensuring coordination among different sectors and regions so as to reduce imbalances, to the minimum, and keeping track of actual developments so as to evaluate and appraise performance with a view to:

- (i) suggesting improvements in implementation; and
- (ii) making revisions in the plans and programmes whenever found necessary.

*We shall deal with this matter further in our final report.

Planning Commission and the State Governments

(2.71) As in the case of the Union Government, so also in the case of State Governments, the Planning Commission has got involved in a number of matters which are neither necessary nor desirable for a planning agency to undertake. Because of the dependence of States on the Central Government for development finance, a practice has grown up under which the Planning Commission, in cooperation with Central ministries, attempts to guide the detailed formulation of State development plans and programmes even in spheres which under the Constitution are entirely within the State spheres. This has been further helped by the failure of States to create appropriate planning and technical agencies which will help them to formulate their own development plans on a sound technoeconomic basis. The result has been that the Planning Commission and the Central Government have sometimes exceeded their authority, not only indicating broad national priorities and overall guidelines for development programmes in sectors like agriculture and social services, but have also attempted to lay down standard schemes in these spheres. Because the availability of Central assistance was made dependent on the States adopting these schemes, the States have willy-nilly accepted them, whether they were suitable to their own requirements or not.

(2.72) On the other hand, instances have not been lacking where States have taken a very short-sighted view of development priorities, undertaken projects not originally included in the Plan or pressed for inclusion of uneconomic projects for political and other considerations, diverted funds and spread them among a number of projects thus prolonging periods of project completion and delaying the availability of benefits from projects. The Planning Commission and Central ministries have not always been successful in stopping such tendencies, partly because of inadequate or late information and partly because of the forceful personalities and political weight of the State authorities concerned.

(2.73) We have been considering this whole problem of Centre-State relations in the field of development planning. As we have already mentioned, the Study Teams on Centre-State relations and Financial Administration are also giving thought to this problem. We have not yet reached a stage when we can make final recommendations on this matter and shall deal with it in our final Report. It is however clear that the Planning Commission cannot escape responsibility for indicating national priorities and advising State

Governments regarding the manner in which State Plans should be formulated so as to ensure their observance. On the other hand, the Planning Commission itself has recognised that there are limitations to the extent to which standardised patterns and schemes of development should be enforced on all the States. Major modifications in the number of patterns existing in the past have already been made and this process will probably have to go much further. The Planning Commission should use Central financial assistance as an instrument for influencing State development plans and programmes only in a few crucial areas.

(2.74) There is also the related question of the relationship between the Finance Commission and the Planning Commission. The distinction between the assistance provided through devolution recommended by the Finance Commission and the assistance recommended by the Planning Commission has in practice led to many anomalies. On the other hand, with the present organisation of these two bodies, it is not possible for either of them to take over the functions of the other. In any case, as long as the Planning Commission is to play a crucial role in advising the Union Government regarding the National Plan and therefore regarding Central assistance, it cannot on the one side escape the responsibility of examining State plans and programmes, State needs and State resources and advising the State Governments about their Plans and, on the other, of advising the Union Government about the extent and manner of assistance to be provided to the States. The exact procedures and organisational devices for carrying out these functions properly are matters that we propose to discuss in our final Report. We may however observe that the role that the Planning Commission will have to play in this respect further emphasises that it should be an independent and expert body.

CHAPTER III

The Planning Commission—Functions and Composition

Original Appointment.

(3.11) The Resolution setting up the Planning Commission described its functions* as below :

- (i) making an assessment of resources and investigating the possibility of augmenting them;
- (ii) formulating a plan for the most effective and balanced utilisation of the country's resources;
- (iii) on a determination of priorities, defining the stages in which the plan should be carried out and proposing the allocation of resources for the due completion of each stage;
- (iv) indicating the factors tending to retard economic development and determining conditions to be established for the successful execution of the plan;
- (v) determining the nature of the machinery necessary for successful implementation of each stage of the plan in all its aspects;
- (vi) periodically appraising the progress achieved and recommending the adjustment of policies and measures which such appraisal may indicate; and
- (vii) making such other recommendations as appear to it to be appropriate either for facilitating the discharge of duties assigned to it or, on consideration of the prevailing economic conditions, current policies, measures and development programmes, or on an examination of such specific problems as may be referred to it for advice by Central or State Government.

*For details see Appendix to this Chapter which reproduces the original Resolution.

It was made clear that the Commission would be essentially an advisory body and would act in close understanding and consultation with the ministries of the Central Government and the Governments of the States. The responsibility for taking and implementing decisions would rest with the Central and State Governments.

(3.12) As stated above, the Commission was constituted by a Resolution of the Government of India and it continues to exist on that basis. There is no specific constitutional or statutory instrument which supports its operation even though it has assumed unique stature and importance in the administrative and governmental organisation of the country.

(3.13) The Advisory Planning Board which had reported in 1946 had suggested the setting-up of a small full-time Planning Commission composed of between three and five members. It has suggested that no minister should be a member of the Planning Commission and that it should be a non-official body the nature of whose membership would not fluctuate with changes in political fortunes. The membership was to be between three and five and the composition was suggested as follows:

(a) five members:

- (i) a person of standing with general experience of public affairs, who would be the Chairman;
- (ii) two non-officials with knowledge and experience of industry, agriculture or labour;
- (iii) a government official with knowledge and experience of finance and general administration;
- (iv) a person eminent in the field of science and technology;

or

(b) three members:

- (i) a person of standing with general experience of public affairs, who would be the Chairman;
- (ii) a non-official with knowledge and experience of industry;
- (iii) a government official preferably with some experience of finance.

(3.14) The actual composition of the Commission as it was originally set up was largely along these lines. The Prime Minister was appointed as Chairman and constituted the only link with the Cabinet. It should be noted, however, that in the actual resolution,

Shri Jawaharlal Nehru was mentioned by name as Chairman and the appellation, Prime Minister, was not mentioned. All the other members appointed at that time were full-time members. The Deputy Chairman was a Congress Party political worker with experience of labour organisation, labour administration and later as Labour Minister in a State. Of the other four members, one was a distinguished administrator, the second was a former Governor of the Reserve Bank, the third was a person with wide knowledge of business and industry, and the fourth was a constructive worker, with special experience of agricultural administration. It will be seen that while none of them was a purely political appointee or a narrow specialist, each one was in a position to contribute to thinking in one or the other areas of the country's development.

Changing Composition—1950 to 1966—Ex-Officio Members

(3.21) This position has however undergone a substantial change in these 17 years. It started with one of the members, Shri C. D. Deshmukh, being appointed Finance Minister. As he had been very intimately associated with the whole process of setting up the Planning Commission, it was decided that he should continue to be a Member of the Commission. Since then, by convention, the Finance Minister is appointed *ex-officio* member of the Commission, in charge of the financial resources section of the Commission. A little later, Shri G. L. Nanda who had been full-time Deputy Chairman till then, was appointed as Minister for Irrigation and Power, in addition to being Deputy Chairman. It was also decided that there should be a Minister for Planning, mainly to act as the spokesman of the Commission in Parliament and Shri Nanda was also given that portfolio. Since then the Minister for Planning has always been an *ex-officio* member of the Commission. It was Shri Nanda from 1951 to 1963, Shri B. R. Bhagat from 1963 to 1966, and Shri Asoka Mehta for the last one year or so.

(3.22) In addition to the Finance Minister and the Minister for Planning, other Ministers have also been appointed from time to time as Members of the Commission. A practice also grew under which once a Minister was appointed as a Member—or a Member became a Minister—his membership continued till he ceased to be a Minister. Thus Shri G. L. Nanda was a Member right from the inception of the Planning Commission till his resignation from Government in 1966. He continued to be a Member not only when he was Deputy Chairman but also when he was Minister of Irrigation and Power, Minister for Labour and Employment and then

Minister for Home Affairs. Shri V. K. Krishna Menon was appointed as a Member when he became a Minister without portfolio in 1956 and continued to be a Member after becoming Minister of Defence till the time he resigned as a Minister. Shri Swaran Singh was appointed as Member of the Commission when he was Minister for Food & Agriculture in 1963 and continued as a Member even after he gave up that portfolio. Shri C. Subramaniam was appointed as a Member of the Commission when he became Minister for Food and Agriculture. Shri T. T. Krishnamachari was appointed as a Member of the Commission in 1962 as Minister without Portfolio and continued to be a Member till he resigned from the Cabinet in 1966.

(3.23) Thus from having only the Prime Minister as Chairman and the link between the Commission and the Cabinet, at the end of 1966 the Commission had come to a position where the Home Minister, Finance Minister, Minister for Food and Agriculture, Minister for Steel and, for some time, even the Minister for External Affairs were members of the Commission. Even quite recently, when the Home Ministership underwent a change and Shri G. L. Nanda resigned as Home Minister and as Member of the Planning Commission, Shri Y. B. Chavan who succeeded him was appointed as Member of the Planning Commission.

Minister-Members

(3.31) A question has been raised whether the existence of so many ministers as members of the Planning Commission serves any real purpose. It may appear that originally even Shri Jawaharlal Nehru's association was considered necessary not only by virtue of his being Prime Minister but also because of the pioneering role he had played in creating consciousness of the importance of planning in the country. He had been the Chairman of the National Planning Committee set up by the Indian National Congress in 1937 and had continued to take interest in the whole subject of planning. To some extent, as mentioned earlier, Shri Deshmukh's continuance as a Member after becoming Finance Minister could be justified on similar grounds. Gradually, however, the original idea of having a Planning Commission composed mainly of persons who were specially interested in, or devoting considerable time to planning seems to have given way to having a body which would be able to carry conviction with different ministries, with State Governments and in the country as a whole by having powerful Central ministers associated with it. It was stated that, in the Indian context, planning must be closely connected with the administration if it was not

to risk becoming a mere academic exercise. It was therefore thought desirable that senior ministers should continue to be associated with the Commission.

(3.32) In practice, it has been found that the Prime Minister as well as the Finance Minister have increasingly found it difficult or unnecessary to associate themselves too closely with the working of the Planning Commission. Even Shri Jawaharlal Nehru found it increasingly difficult to attend meetings of the Planning Commission in later years. Shri Deshmukh seems to have attended the Commission meetings somewhat regularly. His successors did not think it necessary that they should be too closely associated with the Commission except when matters directly affecting financial resources were to be discussed. As regards other minister-members, their participation varies from individual to individual and from time to time. It would not be wrong however to say that their participation in the working of the Commission has been sporadic and has not led to a regular interchange of experience and understanding among minister and non-minister members of the Commission.

(3.33) The association of Minister-Members with the Planning Commission has sometimes been justified on special grounds. It has been said, for example, that the association of Ministers who are dealing with important developmental sectors makes for realistic planning; co-ordinated thinking and cooperative endeavour for planned development become much more easily possible than if they were not so associated. The Minister for Food and Agriculture was appointed as a Member of the Planning Commission because of the feeling that, agriculture being one of the most important development sectors, the Minister dealing with it should be a Member of the Planning Commission. The association of Shri G. L. Nanda was, as mentioned earlier, more in his personal capacity; he continued to be a Member even when he ceased to be Minister for Planning mainly because it seems to have been felt that, with his long association with the Planning Commission, he should continue to be a Member. He however could not devote much time to participate in the work of the Commission after he became Home Minister. His successor has again been appointed recently as Member of the Planning Commission. In our view, the appointment of Ministers to membership of the Planning Commission had no clear rationale, nor were the Minister-Members, in view of their pre-occupations, able to attend the meetings of the Commission very regularly or make a significant contribution to the effective deliberations of the Commission.

(3.34) The Commission has also not adequately discharged the other function of evaluating progress and suggesting modifications in plan programmes, policies and implementing instruments. We shall deal with this question in the next chapter more fully. It is our view that the fact that the Planning Commission has so many Minister-Members and that it gets involved in the normal decision-making of Government, has detracted the Commission from its being effective in plan appraisal and evaluation. We think that this function is an extremely important one for a planning agency and the unfortunate position which has developed because of special reasons needs to be rectified as early as possible.

(3.35) Having some Minister-Members also creates an atmosphere in which the Planning Commission cannot function effectively as a team. Persons become ministers not so much because of their expertise as because of their political position. On the other hand, persons should be appointed as Members because of their expertise. They have different functions to perform and it is better that they perform them in their own separate and appropriate agencies. Taking account of all these considerations, we recommend that a firm decision should be taken that no Minister of the Union Cabinet will normally be a Member of the Commission.

The Finance Minister

(3.41) It has been said that the association of the Finance Minister as Member of the Planning Commission stands on a different footing. The Finance Minister has been a Member of the Commission almost from its inception. It has been said that this close association of the Finance Minister, who is expected to look after the subject of financial resources in the Commission, is of great value and importance to the realistic and successful operation of the Planning Commission. It is said that, unless the Finance Minister is closely associated with basic plan decisions such as the overall outlay proposed and major economic policies, the Plan would prove to be merely an academic exercise. It is the Finance Minister who has to take the responsibility for mobilisation of financial resources, internal and external, and there is no point in the Planning Commission preparing a Plan unless the Finance Minister is ready to undertake responsibility for supporting the required measures for mobilising necessary resources and other policies. The operation of the Plan also requires decisions about major investments and outlays in the Central sector and the grant of Central

assistance to States for developmental purposes. This again is ultimately the responsibility of the Ministry of Finance and it is therefore pointed out that it is better that the Finance Minister is closely associated with the Commission's thinking on these matters as a Member of the Commission. This would keep the Commission's overall thinking more realistic and would reduce the possibility of conflicts.

(3.42) As against this, it has been pointed out that crucial decisions about resource mobilisation and economic policies for development plans have to be taken not merely by the Finance Minister but by the Cabinet as a whole. The extent to which mobilisation is necessary and possible depends not merely on what the Finance Minister and his advisers consider appropriate, but also upon the nature of development desired and expected and, in this latter question, other Cabinet Ministers have as important a role to play as the Finance Minister. It has been said that leaving it purely to the Finance Minister to guide the Planning Commission in these matters would not be sound because the Finance Minister and his Ministry are usually prone to take a cautious view of what resource mobilization is possible. A countervailing force to the Finance Ministry's view point is provided by the different sectoral ministries, who would press for investments and other outlays in their own sectors. The decision about financial mobilisation and plan outlay should therefore quite appropriately be not so much that of the Finance Minister, but of the Union Cabinet as a whole. It is therefore suggested that what is important is that the Planning Commission seeks guidance from the Union Cabinet on the investments and outlays that it can assume as practicable in a given plan period. The Finance Minister would no doubt be one of the most important Ministers in helping the Cabinet to make up its mind on the subject; but if the Finance Minister alone is singled out among Cabinet Ministers to be associated with the Planning Commission, only one view point in the Cabinet will be represented on the Commission.

(3.43) Moreover, as mentioned earlier, it does not seem as if the Finance Ministers in recent years have been participating in the normal thinking and deliberation of the Commission so as to make their membership of the Commission really meaningful. When differences have arisen between the Planning Commission and the Finance Minister regarding the size of the Plan and the possibility of mobilising financial resources, the differences have

been resolved, to the extent that they have been resolved and not merely postponed, by private discussions between the Deputy Chairman and the Finance Minister, or through the good offices of the Prime Minister, rather than by the Finance Minister sitting with other Members of the Commission in a full-scale give and take in the meetings and discussions of the Commission.

(3.44) On balance, therefore, we recommend that it is not necessary for the Finance Minister to be singled out for membership of the Planning Commission. He should however be kept closely in touch with the thinking of the Planning Commission and there should continue to be a great deal of communication of ideas as well as information between his Ministry and the appropriate units of the Planning Commission. As an important Member of the Cabinet, and perhaps of a Cabinet Committee on Planning if one is set up, the Finance Minister would undoubtedly influence major plan decisions more than most of the other Ministers. But this does not seem to require his membership of the Planning Commission. If one or two professional economic experts are appointed as Members of the Planning Commission, as we suggest later, there would always be a question as to whose voice really represents the Planning Commission, that of the expert-Member or that of the Finance Minister. The Member would stand by his expertise but the Finance Minister would have the importance of his status and position in the Government. Conflicts between them can easily arise. As we are emphasising throughout this Report, we would like the Planning Commission to become in reality what in theory it was always supposed to be, an expert Advisory Body with the final decision-making squarely left in the hands of the Cabinet. It is therefore appropriate that the Commission's thinking on economic and related matters should be represented by an expert Member and not by the Finance Minister who may or may not be an expert in economic and financial matters.

The Prime Minister

(3.51) As regards the Prime Minister, the position is somewhat different. Shri Jawaharlal Nehru's association with the Planning Commission as its Chairman certainly helped the Commission to be accepted as an important part of the policy making organs in our governmental machinery. With the personal interest and vision he combined with his unquestioned national leadership, his Chairmanship helped the Commission and the planning process to be firmly established in the country. The question is whether it is

now necessary to have the Prime Minister as the *ex-officio* Chairman of the Commission. As mentioned earlier, even Shri Jawaharlal Nehru in his later years had found it difficult to participate to any significant extent in the working of the Commission, though on crucial issues and at critical moments he did intervene. His successors did not have much time, because of various immediate problems that they faced, to devote to the working of the Commission. Leaving aside these special circumstances, however, it has been said that the Planning Commission would never have the necessary status and importance in the political and administrative counsels of the country if the Prime Minister is not associated with the Commission as its Chairman.

(3.52) It has been pointed out that the Prime Minister is not merely the first among equals; in a federal country like ours, he would continue to play the role of a national leader. His association with the Planning Commission as Chairman would therefore continue to be of use in providing support to the whole process of National Planning. It has also been suggested to us that, with the setback that the Planning process has unfortunately received in recent years and the tendency to denigrate planning as such, any deliberate disassociation of the Prime Minister from the Planning Commission at this stage would definitely reduce the status and therefore the effectiveness of the Planning Commission. It has also been pointed out that unless the Prime Minister continues to be the Chairman of the Planning Commission, there would be no automatic channel of communication between him and the Planning Commission. The effective head of the Commission, specially if he is not a Minister (and we contemplate that he should not be one) may find that his communications with the Prime Minister depend entirely on the personal equation that he can establish and that otherwise he may have largely to deal with the Prime Minister through the Prime Minister's Secretariat. We do not consider that this would be a very healthy or effective way in which the Planning Commission can keep in touch with the Prime Minister.

(3.53) On the other hand, it has also been pointed out by a number of witnesses who have experience of the working of the Government and the Planning Commission that whatever may have been the justification for the Prime Minister's being Chairman of the Planning Commission in the past, there is no such justification now for the continuance of this practice. It has been stated that, as a

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matter of fact, the clarity of the distinctive roles of the Government and the Planning Commission has been made difficult because of the association of the Prime Minister and other senior Ministers with the Planning Commission. An invidious position has many times been created due to the fact that the Prime Minister is also the Chairman of the Planning Commission. Once a proposal has been accepted in a full meeting of the Planning Commission with the Prime Minister presiding over it, it is not easy for the Cabinet to discuss the proposals on merits and, if necessary, suggest major modifications. It is pointed out that the Prime Minister as Chairman of the Commission cannot act differently and cannot be looked upon by his colleagues differently.

(3.54) The internal working of the Commission is also not specially helped by having as its Chairman a person as busy as the Prime Minister. The Deputy Chairman has in fact to act as Chairman of the Commission but his colleagues may not always accept this as long as he is only a deputy. We have suggested earlier that an important position for the Prime Minister in the plan set-up of the country would be as the Chairman of the National Development Council which would be the supreme policy directing body in the field of national planning. At the Union Government level, we also envisage that there would be either a special Cabinet sub-Committee on planning or the Cabinet as a whole would consider recommendations coming from the Planning Commission; and further that, as and when necessary, the Deputy Chairman and the Members of the Planning Commission would be called upon to participate in Cabinet meetings and advise the Union Cabinet on such occasions. We also have no doubt that the present very healthy practice of inviting certain Union Ministers and their official advisers to attend the meetings of the Planning Commission whenever necessary will continue. All these would undoubtedly provide very useful links and channels of inter-communication between the Planning Commission and the Union Government.

(3.55) The question that has to be decided is whether, on balance of these two different viewpoints, it would be worthwhile to continue the association of the Prime Minister as Chairman of the Planning Commission or not. One important consideration in this connection is that the Planning Commission's approach is necessarily more national than regional. Besides the Commission would be primarily dealing with macro-economic questions which are included in the Union list in our Constitution. The resources that would be made

available to the State Governments for their development would also continue to flow in a significant measure from the Union Government. There is a strong case therefore for some specially close association between the Union Government and the Planning Commission, to be formally indicated by continuing the Prime Minister as Chairman of the Commission. When the Planning Commission is laying down certain policy guidelines, however competent the expertise that it commands, the weight that it will carry in the country will be very much enhanced if the Prime Minister's is associated with its functioning in a direct way. On a balance of considerations, we therefore think that the Prime Minister should continue to be the Chairman of the Planning Commission.

Full-time Members

(3.61) To be effective, the Planning Commission should have a whole-time membership of not more than six (including the Deputy Chairman) so that the Commission can work together effectively as a team. The members should be chosen for their expertise, wisdom and knowledge of handling men and affairs. What we need is not narrow specialisation, but wide knowledge and experience in major areas of development, such as agriculture and rural economy, industry and commerce, science and technology, economics and other social sciences, and public administration. The persons chosen should enjoy a reputation in the country as a whole for their wisdom, impartiality, integrity and objectivity. While political experience is no bar by itself it cannot be a substitute for other criteria indicated above. The present practice of whole-time members being appointed by the President on the advice of the Prime Minister, who in turn consults the Deputy Chairman, should continue.

(3.62) Conferring the status of a Minister on the Members of the Commission should be an inducement to secure the best professional personnel from the country to join the Commission for a fixed period of time as a part of national service. With this status, the fact that salaries of the Members of the Planning Commission may not be as high as the best professional personnel may otherwise obtain, would probably prove to be no deterrent to securing the best talent. There should be no bar, however, to offering higher emoluments, if necessary, to attract the most suitable persons. Unlike in the past, Members should be appointed for a fixed term so that persons can be brought in Members even in the prime of their life and will know that they can go back to their own careers after doing this period

of national service. We think that a term of five years would be suitable. Usually, a person would have made all the contribution he can as a Member in one term of five years. In exceptional cases, of course, there should be no bar to reappoint a member. It may perhaps be useful to stagger the tenure of Members so that a degree of continuity is maintained in the working of the Commission. While Members of the Commission should continue to have the present status of a minister, we think it necessary to emphasise that Members are public servants and as such have to observe the necessary restraints. This implies that they have to work as anonymously as possible.

(3.63) Another question is whether the Members of the Commission who are expected to work as members of a team should be individually in charge of particular sectors of development. From the beginning, no subject has been allotted to the Chairman of the Commission which was obviously inevitable with the Prime Minister as the Chairman. As the number of subjects looked after in the Planning Commission increased and the number of divisions, sections and units similarly increased, the division of 'portfolios' among Members seems to have occasionally led to some difficulties. It has not always been the result of a logical pattern and it has not always been easy to understand why a particular subject was allotted to a particular member.

(3.64) This allotment of subjects or 'portfolios' to members has been criticised by a number of witnesses. It has been said that such allotment of portfolios among Members leads to a kind of compartmentalisation in the functioning of the Planning Commission which makes it difficult for it work as a team. It is also alleged that their over identification with their charge results in domination preventing the specialists from giving their best. It is further alleged that the latent conflicts between the Members of the Commission and Ministers dealing with similar subjects arise essentially because of the 'portfolio' system adopted by the Planning Commission. It has therefore been some times suggested that the Members should have no particular subjects allotted to them. They should be free to take interest in any aspects of the national plan and other work in the Planning Commission and that they might also be asked by the Deputy Chairman of the Commission to look after particularly critical problems or areas as the need arises from time to time. The Deputy Chairman might also sometimes set up teams of members for dealing with specially difficult problems that have to be studied

(3.65) The objection to such a change mainly arises from those who think that current experience is insufficient to condemn a system which has other virtues. It is specially pointed out that Members might find themselves underemployed if they have no specific functions to perform on a continuing basis. It is also suggested that it would be a waste to get some of the top personnel in the country and then not ask them to look after the areas of which they are supposed to have special knowledge and experience.

(3.66) We see considerable strength in this latter line of approach. We see no reason why the members who are specially chosen for their knowledge and experience in particular fields should not be asked to look after them. Whether this will mean that they will prevent the real specialists working in different sections and divisions from expressing views and making suggestions to the Commission as a whole which may not be palatable or acceptable to them is a matter that can be decided by setting up proper conventions or even by a proper set of directions by the Head of the Commission. Whether the Members of the Commission will take a purely sectoral view-point will depend very much on the choice that is made of the individual members. Even if no portfolios are allotted, Members might well take interest in particular sectors, or worse, in particular regions, if they are so inclined. No organisational gimmicks can overcome the consequences of wrong choice of personnel. In order to prevent sectoral viewpoints at least from getting public expression, it may be necessary, to make it quite clear that while there is bound to be complete freedom of discussion, and expression inside the Planning Commission, public airing of views by Members of the Commission should be avoided except when the views are acceptable to the Commission as a whole.

The Deputy Chairman

(3.71) The Deputy Chairman of the Commission would obviously hold a key position in the functioning of this organisation. He will provide the main working link between the Cabinet at the Centre, the Chief Ministers of different States and the Planning Commission. He will have to understand the political possibility of different measures required for planned development and act as an advisor to the top political leadership in the country. At the same time, he will have to lead a group of eminent members so as to work as a team. It will be his responsibility to ensure some kind of continuity in the overall process of planned development. Advising the Prime Minister on the choice of suitable personnel for the membership of

the Commission and making other key appointments would continue to be his responsibilities. It is quite obvious that a person to fill this responsible office will have to be very carefully chosen.

(3.72) It is obviously not possible to confine the scope of choice for this post to any one category. The person may be a senior administrator, scholar or a special kind of public personality. What is essential is, even more than in the case of the other Members of the Commission, that he should enjoy wide respect for his integrity, wisdom, judgment, maturity and sense of fair play. He should also be a leader of men—not so much in the sense of a popular leader as a person who can lead a band of professional and sophisticated persons to work together in a meaningful way for the purpose of national planning. The Deputy Chairman should continue to enjoy the *de facto* status of a Cabinet Minister.

Minister for Planning?

(3.81) While there was no Minister for Planning for the first two years of the Planning Commission, since then it has been considered necessary that there should be a person designated as Minister for Planning who mainly acts as a spokesman of the Commission in Parliament. For most of these 17 years, the Minister for Planning has not been the same person as the Deputy Chairman of the Commission. Shri G. L. Nanda was Minister for Planning from 1953 to 1963, but from 1953 to 1960 he was not the Deputy Chairman. Shri Asoka Mehta became Chairman in 1963 but was appointed as Minister for Planning only in 1966. Shri B. R. Bhagat, a Minister of State, was appointed as Minister for Planning in 1963 and he continued in that position till 1966. As mentioned earlier, the Minister for Planning has always been a Member of the Commission. Occasionally, there has been a Deputy Minister of Planning to assist the Minister for Planning.

(3.82) One question that has to be answered in this connection is whether the Deputy Chairman should also be the Minister for Planning. If he is to be Minister for Planning, it obviously implies that he should be a Member of Parliament and a senior member of the Cabinet. We have given careful thought to this question and ascertained the views of a number of persons who have observed the working of this institution at different points of time. It is our conclusion that if the Planning Commission is to function in the manner we have explained earlier, it needs the whole time attention of a Deputy Chairman. While we do not rule out the possibility of

a person with a political background being appointed as Deputy Chairman, we expect that he will disassociate himself from active political life while he is working as Deputy Chairman. Membership of Parliament and the Cabinet and being answerable in Parliament for important questions of economic planning and policy would take up so much of the time of the Minister that he cannot conceivably devote enough attention to his work as Deputy Chairman. We therefore recommend that the Government should decide that the Deputy Chairman of the Planning Commission should work on a whole-time basis and should be neither a Member of Parliament nor a Cabinet Minister. As we have already stated, we assume that this does not preclude very close contact and communication between the Deputy Chairman and the Union Cabinet and that this could take the form of the Deputy Chairman and his colleagues being invited to Cabinet meetings and Union Ministers being invited to the Commission's meetings, whenever necessary.

(3.83) A further question in this connection is whether there should be a separate Minister for Planning. If the Commission is appropriately treated as a body that is essentially an expert advisory body there should be little parliamentary work for the Planning Commission. The Planning Commission would normally be giving its advice to the National Development Council, to the Union Government and to the State Governments, and it would formulate plans on the basis of decisions and directives given by these authorities. The Plans would become official documents only when they are accepted and adopted by the concerned authorities. Once that is done, the responsibility for defending the plans, providing information about their progress and answering criticism should be squarely borne by the Ministers of the Union and State Governments who are involved. As far as the Union Government is concerned, the Prime Minister, being the Chairman of the Commission, should be responsible for the overall policy and approach underlying the plan, the Finance Minister for the financial, monetary, foreign exchange and other related aspects, and various sectoral Ministers should accept responsibility for plan programmes and developments in their own sectors. We thus see no necessity for the existence of a special Minister for Planning. As a matter of fact, the creation of such a position has to some extent been responsible for the feeling that it is the Planning Commission and the Planning Minister and not the Government as a whole which is responsible for the plan and its effective implementation. It is time that this error was

eliminated. If the Prime Minister needs some assistance in regard to parliamentary work relating to the Planning Commission, it may be provided by having a junior Minister to assist the Prime Minister in this work. It is not necessary to continue the separate position of a Minister for Planning; nor should the junior minister be appointed a Member of the Commission.

Statutory Body?

(3.91) One other question raised about the organisation of the Planning Commission is whether it should be made a statutory body or not. The main advantage claimed for making it a statutory body is that its independence vis-a-vis the Government would then be more firmly established. The creation of a statutory body may give the Planning Commission a formally independent status but there are likely to be many disadvantages in such a course of action. The statute, unless it is very general in character, and leaves many details regarding the organisation of the Planning Commission to be decided by rules, will make the institution considerably inflexible. The Planning Commission, as we have observed earlier, though set up only on the basis of a Government resolution, has attained a status and importance in the overall governmental organisation of the country, which is unique and this could be built up mainly because of the flexibility that the Commission has enjoyed in its organisation and functioning. We think that such flexibility is of great importance to bring about adjustments as and when necessary. Making the Planning Commission a statutory organisation with specified functions is likely to introduce undue rigidity in its functioning, whereas a body like this should be adaptable to changing requirements and conditions and also be able to bring about internal reforms as indicated by experience. The Commission has not suffered in any way up to now by its not being a statutory body; and we do not envisage that it will suffer in any way if the present position continues undisturbed. Setting proper conventions in these types of administrative organisations and procedures is in our view much more important than forging statutory instruments. We therefore do not recommend the conversion of the Planning Commission into a statutory body.

(3.92) It has sometimes been suggested that planning as an expert function can be best organised through an office attached to the Head of the Government, namely, the Prime Minister. The example of the French Planning Commission is put forward in this connection

and it is said that having a chief planner at the head of the planning agency which in turn works as a part of the secretariat of the Head of the Government—be it a President or a Prime Minister—may be the most effective way of ensuring that the plans are formulated realistically and implemented seriously and purposefully. In our view, in the Indian context, with the federal set-up that we have and the considerable complexity of the functions that our planning involves, the French example would not be a suitable one to emulate. In our context, it is necessary to have a planning agency which, though appointed by the Union Government, is known to be somewhat outside and independent of it; and it should be widely respected for its expertise, integrity and objectivity. These qualities can be ascribed more easily to a well chosen group rather than to an individual. We therefore think that it is necessary to continue to have a Planning Commission.

Appendix to Chapter III

Government of India Resolution Appointing the Planning Commission.

Cabinet Secretariat Resolution

(Planning)

New Delhi, the 15th March, 1950

No. I-P(C)/50.—For some years past, the people of India have been conscious of the importance of planned development as a means of raising the country's standard of living. This consciousness found expression in the appointment in 1938 of the National Planning Committee by the Indian National Congress. The work of the Committee was, however, interrupted by political and other developments in the beginning of the war, although much useful material has since been published. In 1944, the Government of India established a separate Department of Planning and Development and, at its instance, the Central as well as the Provincial Governments prepared a number of development schemes to be undertaken after the war. Problems of planning were reviewed towards the end of 1946 by the Advisory Planning Board which was appointed by the Interim Government of India, an important recommendation of the Board being the appointment of a Planning Commission to devote continuous attention to the whole field of development, so far as the Central Government was concerned with it.

2. During the last three years, the Centre as well as the Provinces have initiated schemes of development, but experience has shown that progress has been hampered by the absence of adequate co-ordination and of sufficient precise information about the availability of resources. With the integration of the former Indian States with the rest of the country and the emergence of new geographical and economic facts a fresh assessment of the financial and other resources and of the essential conditions of progress has now become necessary. Moreover, inflationary pressures inherited from the war, balance of payments difficulties, the influx into India of several million persons displaced from their homes and occupations, deficiencies in the country's food supply aggravated by parti-

tion and a succession of indifferent harvests, and the dislocation of supplies of certain essential raw materials have placed the economy under a severe strain. The need for comprehensive planning based on a careful appraisal of resources and on an objective analysis of all the relevant economic factors has become imperative. These purposes can best be achieved through an organisation free from the burden of the day to day administration, but in constant touch with the Government at the highest policy level. Accordingly, as announced by the Honourable the Finance Minister in his Budget speech on the 28th February, 1950, the Government of India have decided to set up a Planning Commission.

3. The Constitution of India has guaranteed certain Fundamental Rights to the citizens of India and enunciates certain Directive Principles of State Policy, in particular, that the State shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice, social, economic and political, shall inform all the institutions of the national life, and shall direct its policy towards securing, among other things:

- (a) that the citizens, men and women equally, have the right to an adequate means of livelihood;
- (b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good; and
- (c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment.

4. Having regard to these rights and in furtherance of these principles as well as the declared objectives of the Government to promote a rapid rise in the standard of living of the people by efficient exploitation of the resources of the country, increasing production, and offering opportunities to all for employment in the service of the community;

The Planning Commission will:—

- (i) make an assessment of the material, capital and human resources of the country, including technical personnel, and investigate the possibilities of augmenting such of these resources as are found to be deficient in relation to the nation's requirements;

- (ii) formulate a Plan for the most effective and balanced utilisation of the country's resources;
- (iii) on a determination of priorities, define the stages in which the Plan should be carried out and propose the allocation of resources for the due completion of each stage;
- (iv) indicate the factors which are tending to retard economic development and determine the conditions which, in view of the current social and political situation, should be established for the successful execution of the Plan;
- (v) determine the nature of the machinery which will be necessary for securing the successful implementation of each stage of the plan in all its aspects;
- (vi) appraise from time to time the progress achieved in the execution of each stage of the Plan and recommend the adjustments of policy and measures that such appraisal may show to be necessary; and
- (vii) make such interim or ancillary recommendations as appear to it to be appropriate either for facilitating the discharge of the duties assigned to it, or on a consideration of the prevailing economic conditions, current policies, measures and development programmes; or on an examination of such specific problems as may be referred to it for advice by Central or State Governments.

5. The Planning Commission will be composed of the following:—

Chairman

Shri Jawaharlal Nehru

Deputy Chairman

Shri Gulzarilal Nanda

Members

Shri V. T. Krishnamachari

Shri Chintaman Deshmukh

Shri G. L. Mehta

Shri R. K. Patil.

Secretary

Shri N. R. Pallai.

Deputy Secretary

Shri Tarlok Singh.

6. The Planning Commission will make recommendations to the Cabinet. In framing its recommendations, the Commission will act in close understanding and consultation with the Ministries of the Central Government and the Governments of the States. The responsibility for taking and implementing decisions will rest with the Central and the State Governments. The Government of India feel confident that the States will give the fullest measure of help to the Commission so as to ensure the maximum co-ordination in policy and unity in effort.

7. The work of the Planning Commission will affect decisively the future welfare of the people in every sphere of national life. Its success will depend on the extent to which it enlists the association and co-operation of the people at all levels. The Government of India, therefore, earnestly hope that in carrying out its task the Commission will receive the maximum support and goodwill from all interests and, in particular, from industry and labour.

8. The headquarters of the Commission will be at New Delhi.

CHAPTER IV

Internal Organisation of the Planning Commission

Functions Assigned and Their Fulfilment

(4.01) As mentioned earlier, the Resolution appointing the Planning Commission mentioned seven functions of the Planning Commission. They are as under:

- (1) make an assessment of the material, capital and human resources of the country, including technical personnel, and investigate the possibilities of augmenting such of these resources as are found to be deficient in relation to the nation's requirements;
- (2) formulate a Plan for the most effective and balanced utilisation of the country's resources;
- (3) on a determination of priorities, define the stages in which the Plan should be carried out and propose the allocation of resources for the due completion of each stage;
- (4) indicate the factors which are tending to retard economic development, and determine the conditions which, in view of the current social and political situation, should be established for the successful execution of the Plan;
- (5) determine the nature of the machinery which will be necessary for securing the successful implementation of each stage of the Plan in all its aspects;
- (6) appraise from time to time the progress achieved in the execution of each stage of the Plan and recommend the adjustments of policy and measures that such appraisal may show to be necessary; and
- (7) make such interim or ancillary recommendations as appear to it to be appropriate either for facilitating the discharge of the duties assigned to it or on a consideration of the prevailing economic conditions, current policies, measures and development programmes, or on an examination of such specific problems as may be referred to it for advice by Central or State Governments.

(4.02) For carrying out function No. 1, viz., making an assessment of the resources of the country, in addition to the Financial Resources Section of the Economic Division of the Commission, the Commission has also made use of the Manpower Directorate of the Ministry of Home Affairs for assessing human resources including technical personnel, and it has also a Natural Resources Section for making an assessment of the natural resources of the country. The initial work in the field of technical manpower was actually done by the Perspective Planning Division of the Planning Commission and, to some extent, that Division as well as the Labour and Employment Division have continued to work in that field even though the Manpower Directorate now also acts as the Manpower Division of the Planning Commission. On natural resources, the Commission always had Divisions which were expected to deal with natural resources, and also a Member specifically dealing with this subject, but in reality the Natural Resources Division in the earlier years of the Commission mainly concentrated on work relating to irrigation and power development. Only at the time of the preparation of the Draft Outline of the Third Plan, attention was drawn to the necessity of taking a comprehensive view of the extent and quality of the information available about natural resources, the principal gaps in such information and the further steps needed for the conservation and development of these resources. The Commission constituted in 1961 a high level Committee on Natural Resources and this Committee is expected through various sub-Committees and working groups to carry out studies on different natural resources. The Natural Resources Section services this Committee. There is a Scientific Research Section which is expected to help the Commission to keep track of plans for the development of scientific research. The Central Statistical Organisation is expected to assist the Commission in its requirements of statistical data and studies. A special section of the C.S.O. has been set up for this purpose and it is called the Statistics and Surveys Division of the Commission.

(4.03) While some very useful work has been done in making an assessment of the capital, human and natural resources of the country, it is our view that this basic function has not received as much attention from the Commission as one would have expected from the importance given to it in the Resolution and which would in any case be necessary for proper development planning. It is true that our knowledge about the natural resources, especially land, water and mineral resources, has increased, but the aim of locating

major gaps in information and making an organised effort to reduce or eliminate them has only been partially achieved. Adequate attention has also not been paid to the problem of the conservation of certain resources. The high level committee set up for the purpose has rarely met and the Natural Resources Section has also not been very well organised. The Scientific Research Section has also not been adequately organised for carrying out its functions.

(4.04) The assessment of economic and manpower resources has been comparatively better carried out both by the Commission's own agencies and by other agencies which have been developed for that work in the last two decades. But even in these respects, there are significant gaps in information. The information available about savings and investment for the private sector is still very inadequate and our plans have continued to be based on rough approximations. This situation is surely not satisfactory.

(4.05) As regards function No. 2, namely, formulation of plans, except in the case of the Fourth Plan, the Commission has successfully carried out the task of presenting Five Year Plans to the country. Since 1955, and especially in more recent years, the Commission has also prepared a perspective frame-work within which the five year plan is to be fitted. From 1958, the Commission has also been preparing Annual Plans. To examine whether the Plans as formulated have ensured "the most effective and balanced utilisation of the country's resources" would, however, be a task beyond the scope of this Study Team. We do propose to examine to what extent the Commission has organised itself effectively for preparing Perspective, Five Year and Annual Plans as efficiently as possible. We also propose in our final Report to examine how far the procedures adopted for the formulation of plans are appropriate.

(4.06) As regards function No. 3, namely, defining the stages in which the plan should be carried out and proposing the allocation of resources for the due completion of each stage, we propose to examine this question also in detail in our final Report. It is clear however that one of the main defects in our development plans has been that the stages in which the plan would be carried out have not been clearly defined. Time schedules for major schemes and programmes have either not been indicated at all or indicated on a very rough and ready basis and this has made the appropriate allocation of resources—financial as well as physical—over the five year plan period uneven and difficult.

(4.07) For carrying out function No. 4, namely, indicating factors which are tending to retard economic development and determining the conditions which should be established for the successful execution of the Plan, while all Divisions of the Commission are expected to contribute to these discussions, a special section on Economic Policy and Growth was created in the Commission in 1961. This Section was expected to examine the major policy implications of alternative growth rates and methods of economic development and suggest major policy measures for the consideration of the Commission and the Government. While the idea behind the creation of this Section was undoubtedly a useful one, and some quite useful papers have been prepared in this Section, we are afraid that such problems and the analysis prepared about them have not received adequate attention at the hands of the Commission. The Commission no doubt in its Five Year Plan documents provided some first rate analysis regarding the difficulties coming in the way of India's economic development and also indicated the broad guidelines for creation of appropriate conditions for successful development. At this level of overall plan documents, the function has been well carried out. It cannot be said, however, that plan formulation and concrete policy measures have been carefully worked out on the basis of continuous analysis of these problems.

(4.08) To some extent the encouragement that the Commission gave to the development of socio-economic research through the Research Programmes Committee and, later, through the Committee for Research in Planning and Development may also be said to be aimed at carrying out this function.

(4.09) Regarding function No. 5, namely, determining the nature of machinery for securing successful implementation of each stage of the Plan in all its aspects, the Commission initiated certain studies on the administrative improvements necessary for securing the successful implementation of the plan. Even at the time of formulating the First Five Year Plan, Shri A. D. Gorwala was specially asked to advise the Commission on this matter. The Commission continued to give attention to this problem and this is indicated by the fact that the Five Year Plan documents have always included chapters on administrative improvements required for successful plan implementation. The Commission also utilised the reports on administrative improvement prepared by Dean Appleby for the Government of India, assisted in the formation of the Indian Institute of Public

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Administration and had a special study prepared by Shri V. T. Krishnamachari on Indian and State Administrative Services and problems of District Administration. It was not however till 1964, when a new division on Management and Administration was created, that the Commission began to give continuous attention to the conduct of this function. The Management and Administration Division has undertaken a number of studies for the purpose of examining the possible measures for successful implementation of different plan programmes, undertaken pioneering experiments and initiated seminars and training programmes for the purpose of improving plan implementation.

(4.10) For carrying out function No. 6, namely, that of appraisal of progress achieved in the execution of each stage of the Plan and recommending the adjustments of policy and measures that such appraisal may show to be necessary, two special organisations were created somewhat independent of the Planning Commission. One was the Programme Evaluation Organisation. This was set up in 1952 to carry out the following functions:

- (i) keeping all concerned apprised currently of the progress being made towards accomplishing the programme's (Community Development Programme) objectives;
- (ii) pointing out those extension methods which are proving effective and those which are not;
- (iii) helping explain why some recommended practices are adopted while others are rejected by the villagers; and
- (iv) furnishing insight into the impact of the community development programme upon the economy and culture of India.

The functions of the Organisation were somewhat widened in 1956 to encompass the entire field of rural development. The P.E.O. has established field units in different parts of the country for observation, investigation and survey and, through collection of data from the different areas of the country, a number of study reports have been prepared. The studies were earlier restricted mainly to the Community Development Programme; in recent years, some important rural development programmes have been undertaken for intensive studies.

(4.11) As a result of a recommendation made by the Taxation Enquiry Commission (1953-54), which was supported by the Central

Finance Minister, the National Development Council in May, 1956, approved of a proposal to create a Committee on Plan Projects for the following functions:

- (i) to organise investigations, including inspection in the field of important projects, both at the Centre and in the States, through specially selected teams;
- (ii) to initiate studies with the object of evolving suitable forms of organisation, methods, standards and techniques for achieving economy, avoiding waste and ensuring efficient execution of projects;
- (iii) to promote the development of suitable machinery for continuous efficiency audit in individual projects and in agencies responsible for their execution;
- (iv) to secure the implementation of suggestions made in the reports submitted to the Committee on Plan Projects and to make the results of studies and investigations generally available; and
- (v) to undertake such other tasks as the National Development Council may propose for the promotion of economy and efficiency in the execution of the Second Five Year Plan.

In practice, the Committee mainly worked through a number of Study Teams some of which produced valuable reports on different types of development programmes. The bulk of the work of the Committee through the appointment of Study Teams was mainly confined to function (i) as indicated above. As mentioned earlier, from 1962 the work of the Committee on Plan Projects has been reorganised and instead of working mainly through the creation of *ad hoc* Study Teams as in the past, a Management and Administration Division has been created on a more established footing.

The studies made by the Study Teams of C.O.P.P. have generally been very useful in indicating the major difficulties in the way of the successful conduct of development projects and programmes. In a few cases, as for example, that of the Balwantrai Mehta Study Team, it has even led to basic changes in institutional arrangement for development; the report of this Study Team initiated the discussions which ultimately led to the establishment of *Panchayati Raj* institutions.

(4.12) It cannot, however, be said that the work done either by the P.E.O. or by C.O.P.P.—even that undertaken more recently by

the Management and Administration Division—comprehensively covered what was required from the Commission to fulfil function No. 6. While the examination of individual projects and programmes was undertaken by these agencies, the appraisal of overall progress in the execution of each stage of the plan was not made the responsibility of any specialised agency in the Planning Commission. The Plan Coordination Unit in the Commission has been expected to look after this function, the various sectoral and general divisions being expected to assist it in carrying it out. In earlier years, specially in the first Five Year Plan period, the Commission succeeded in bringing out progress reports on the plan almost every year and a full scale progress report on the First Five Year Plan was also brought out. From the time of the Second Plan, this practice began to fall into disuse. Two documents relating to the appraisal and reappraisal of the Second Plan were prepared—mainly arising out of the foreign exchange crisis of 1957-58. Two annual progress reports were also prepared in the Second Plan period. But a full scale progress report on the Second Five Year Plan has not been published even by now. As regards the Third Plan, a mid-term appraisal was published. While these published documents have certainly been very useful, they have not succeeded in carrying out the function as clearly defined in the Resolution, namely, appraising the progress achieved in the execution of each stage of the plan and *recommending the adjustments of policy and measures that such appraisal may show to be necessary*. We cannot therefore say that the Commission has been able to carry out this very important function in an appropriate way.

(4.13) Regarding function No. 7, which is very wide in scope, the Study Team proposes to deal with it in its final Report.

Change in Emphasis Essential

(4.21) We think that the basic statement of the functions of the Planning Commission as given in the Resolution does not require any change and should continue to provide the basis defining the Commission's functions. What has happened however is that, as a result of special historical circumstances, some of these functions have been appropriately carried out, others comparatively neglected and a few others either added on or overemphasised. We also find that certain essential aspects of planned development have not received adequate attention because they were not thought to be

operationally important when the Planning Commission was organised, and various institutional and other difficulties have come in the way of bringing about a change in the situation.

(4.22) A major example of this is that regarding defence production planning and development planning. One of the major shortcomings in the formulation of our plans and the functioning of the Planning Commission has been a considerable lack of co-ordination between Defence Production Planning and Development Planning. While it seems that since 1962, some attempt has been made to look into the defence requirements which can be met from civil production, and these have been taken into account when formulating the Plans, there has not been very close liaison between the Planning Commission and the Ministry of Defence, and specially the Department of Defence Production. We think that with the increasing defence commitments that the country has to undertake, the lack of co-ordination between the Defence Production Plan and the Development Plan is a serious omission in our planning. Most of the production potential required for defence preparedness would normally be in the civilian sector and should necessarily be a part of the overall development plan of the country. We hope that the collaboration that has started from 1962 will be further strengthened.

The Growth of Units

(4.31) Originally the Commission had only six Divisions as follows:

- (1) Resources and Economic Survey;
- (2) Finance;
- (3) Industry, Trade and Transport;
- (4) Food and Agriculture;
- (5) Development of Natural Resources; and
- (6) Employment and Social Services.

As the work of the Commission expanded the number of units and divisions expanded till, at the end of 1966, it had 24 units working in it. These units can be divided into the following categories:

A. *Co-ordination Divisions:*

- (1) The Programme Administration Division;
- (2) The Plan Co-ordination Section.

B. *General Divisions:*

- (1) Economic, Finance and Resources Division;

- (2) International Trade and Development Division;
- (3) Perspective Planning Division;
- (4) Employment, Labour and Social Planning Division;
- (5) Statistics and Surveys Division;
- (6) Natural Resources Division;
- (7) Scientific Research Division;
- (8) Management and Administration Division;
- (9) Manpower Division.

C. Subject Divisions:

- (1) Agriculture Division;
- (2) Irrigation and Power Division;
- (3) Land Reforms Division;
- (4) Industry and Minerals Division;
- (5) Village and Small Industries Division;
- (6) Transport and Communications Division;
- (7) Education Division;
- (8) Health Division;
- (9) Construction Division (with a Section on Construction Economies);
- (10) Urban and Regional Development and Water Supply Division (with a Section on Housing).

D. Divisions concerned with specific programmes:

- (1) Plan Information Unit and Publications Branch;
- (2) Public Co-operation Division;
- (3) Socio-economic Research Division (including Research Programmes Committee).

(4.32) In addition to these regular units, there are certain special bodies which are created and have a semi-permanent office or organisation. The most important of these are the Programme Evaluation Organisation with its Evaluation Advisory Board, the Research Programmes Committee (as mentioned above) and the Committee for Research in Planning and Development, the National Advisory Committee on Public Co-operation, the Joint Technical Group for Transport Planning, the Rural Industries Planning Committee and

the Committee on Plan Projects (which mainly works now through the Management and Administration Division).

(4.33) The Planning Commission also has branches looking after its house-keeping, such as Administration, General Co-ordination, Organisation and Methods, Charts and Maps and the Library. There was also a Liaison Unit till recently, meant for the purpose of helping foreign personnel visiting the Planning Commission and specially to take care of the U.S. Peace Corps Volunteers coming to India. The administration for this work had curiously been assigned to the Planning Commission. It is understood that this work has recently been shifted to the Ministry of Finance.

Undue Growth of Units and Unnecessary Functions

(4.41) While there might have been justifiable reasons for this complex growth of the Commission with a large number of units performing various activities, we think that a time has come to streamline the organisation of the Commission, trim various activities that no longer need to be undertaken by the Commission and strengthen others which really need to be carried out. We do not think that there is any justification for the Planning Commission becoming involved in work of an executive character like Rural Works (which has already been transferred to the Department of Community Development), the work done by the Public Cooperation Division (including work relating to the Bharat Sevak Samaj) and, the work undertaken under the auspices of Rural Industries Planning Committee. While it may be associated with pioneering activities or pilot experiments, even here, the association should be in the form of consultation and advice.

(4.42) The Planning Commission has a Research Programmes Committee whose original purpose was to create an environment suitable for developing socio-economic research in different parts of the country which would enable economic planning and discussion about it to be based on better data. We understand that a special Committee appointed by the Planning Commission has already recommended in its Interim Report the creation of a Social Science Research Council. We do not know what view the Planning Commission and the Government will finally take of this recommendation and whether this Council is expected to supplement the work of the Research Programmes Committee or supplant it. In our view, there is no reason for the Planning Commission to continue the support to

general socio-economic research provided by the Planning Commission through the Research Programmes Committee.

(4.43) The Committee for Research in Planning and Development was set up specially for the creation of special research centres for studies on social and economic development in India. The idea was to strengthen the research competence available in the country for long term work on economic development and planning. This was to be done through developing a special Research Centre within the Commission (which somehow never came to develop), and through assisting specialised research units on development Planning to be organised in five leading institutions in India already working in this field. The programme has been financed by the Ford Foundation. The Committee for Research in Planning and Development consists of the Heads of these institutions and the programmes to be undertaken are expected to be co-ordinated through this Committee.

(4.44) We hope that the development of social science research would continue to receive appropriate encouragement from Government, through the creation of the new Social Science Research Council, and the University Grants Commission. We are also recommending later that the Commission should make use of the talent available in the country by giving specific contracts for undertaking studies or by obtaining experts from various non-official sources for preparing specific studies required by the Commission. We shall await the Government's decision on the Social Science Research Council and make our definite recommendations on the organisational arrangements in our final Report.

(4.45) It is our view that there is no special place in the Commission for organisations which are purely meant to undertake studies of a comparatively long-term character, or for undertaking work of a consultative kind. While we appreciate the great contribution that the Committee on Plan Projects has made in the past through the reports of its various Study-Teams, and while we also appreciate some of the very useful studies that have been undertaken by the Management and Administration Division that has been recently created, we do not think that the Planning Commission needs to have a large Division for conducting and encouraging Management and Administration Studies. Academic study of this kind should be undertaken by the Indian Institute of Public Administration, the two Institutes of Management and other similar agencies, and we recommend that steps should be taken to activate them for such work.

We also understand that the Administrative Reforms Department recently created in the Home Ministry or some such similar agency will continue to play an important role in the future administrative set-up of the country. The Bureau of Public Enterprises should play a similar role in respect of public sector projects. We do not therefore see any special reasons why there should be a large unit dealing with similar problems in the Planning Commission. We would rather continue the older approach of the Committee on Plan Projects, namely, that of undertaking specific studies in areas where various defects and deficiencies are observed. The Commission may also have a small group of experts to service study-teams, to utilise the work being done elsewhere and generally to assist the Commission in recommending policy measures for better plan implementation.

(4.46) To some extent, we would take a similar view about the Joint Technical Group for Transport Planning. The Commission set up in 1962 a Planning Committee for Transport—a high level Committee with Member (A & T) as Chairman and with Secretaries of all concerned Ministries as Members. This Committee is expected to advise the Commission on the formulation and review of development programmes relating to transport and it is assisted by a Joint Technical Group for Transport Planning. The Group includes officials deputed from the Ministries of Railways and Transport and has undertaken a number of studies in connection with the formulation of long-term transport plans. We are not convinced of the necessity of organising this work directly under the Commission's auspices. We were glad to learn in this connection that the Commission proposes to bring the work of the Transport Planning Group to an end in the near future. As a matter of general principle, we think that such studies are best undertaken either by the Ministries concerned or where, as in the case of transport, more than one Ministry is involved, by an Inter-Ministry-Group commissioning such studies from research organisations or universities. The creation of special units in the Planning Commission for undertaking long-term studies which can be much better undertaken by the academic organisations or by research agencies in different Ministries is in our view inappropriate. The Commission would no doubt like to make use of a number of such studies. It may either advise the undertaking of such studies or even commission studies which it considers necessary. But the creation of semi-permanent units in the Commission is not likely to be helpful from the point of view of concentrating the Commission's attention on its own principal functions.

(4.47) To take another example, the Commission created the Committee on Natural Resources and the Natural Resources Division, and the latter has undertaken some quite useful studies through the setting up of study teams. While we appreciate the importance of undertaking such studies from the point of view of carrying out function No. 1 of the Planning Commission, we do not think that the Commission has gone about this task in the right way. The Committee which was supposed to direct these studies has hardly functioned actively, and the work of the Division cannot be said to have developed in a systematic manner. Without going into further details of what has happened in the past, we would therefore like to say that it is essential that in the Commission's future organisation, activities which are mainly of either administrative or long-term research types should be reduced and the organisations that have already been created for such purposes should be either wound up or transferred to the appropriate ministries or other organisations at an early date. It is essential that in the reorganisation of the Planning Commission, activities which are mainly of either administrative or long-term research types should be eliminated or reduced so as to ensure that the Commission focuses its attention on the functions which are crucial for a planning agency to carry out. We realise that some of these activities are valuable in themselves and we hope that the Government will find a way to transfer them, together with the connected organisation and personnel, to suitable agencies outside the Planning Commission. This may perhaps take some time to arrange. We assume that the implementation of this recommendation would be so organised that worthwhile activities and personnel engaged in them are not adversely affected and transitional difficulties reduced as much as possible.

Basis of Reorganisation

(4.51) In our view, in the future organisation of the Planning Commission, the set-up should be focussed around the two principal functions of the Commission—(A) plan formulation and revision and (B) plan appraisal and evaluation. While it is obvious that these two aspects of planning cannot be quite clearly demarcated from each other, we think that it will be functionally useful if there are two separate wings of the Planning Commission dealing with these two aspects; the former wing will obviously be very much larger than the latter. There would also be a third wing (C) which will service the Commission and its various units.

(4.52) We are indicating below* what in our view should be the kind of reorganisation of the internal units of the Planning Commission. The main principle underlying our proposal is that functions which are closely inter-related should be brought under the same group—which we assume would mean under a common head, either at the Member's level, or the immediately next level. We are thinking here mainly of functions inter-related for the purpose of plan formulation and not for the purpose of implementation and execution. We realise that any grouping of this kind is bound to be imperfect and it will always be necessary to have special liaison between certain groups for certain purposes. To that extent the reorganisation suggested by us may be taken more to be illustrative than final. What is important however is that the proliferation of independent divisions working without close inter-relationship with others working on related problems, is unhealthy and needs to be changed. The Commission of course tried to meet this problem through the institution of Group Coordinating Officers, but this did not always work successfully. We also think that by the kind of regrouping that we are suggesting, functions which are less important from the point of view of formulating the National Plan will automatically receive less attention and thus help reduce the waste of energy and expenditure involved in such work.

A. Plan Formulation Wing

(4.61) The Planning Commission should be looked upon only as an agency providing the leadership and coordination in the overall process of plan formulation. Detailed work regarding sectoral and regional plan programmes will have to be organised much more systematically and on a continuous basis through the creation of suitable planning units in the sectoral ministries of the Union Government, in the State Governments and in various other agencies which have an important role to play in development. It would not be wrong to say that while there has been an attempt to associate Union ministries and State Governments in the planing process, inadequate attention has been paid up to now to the development of proper expertise, organisation and working traditions so as to enable these agencies to play their appropriate role in the overall planning process. There has also sometimes been a mistaken idea that quite a large part of planning—even detailed working out of plan programmes—should be attempted to be done in the Planning Commission itself. This is neither possible nor desirable. The

*See Appendix to this Chapter.

Planning Commission should only be treated as the apex of a large number of groups and units working on a regular basis for sectoral and regional planning. We propose to deal with this problem in greater detail in our final report. We emphasise this point here briefly so as to underline the exact role that we expect the Planning Commission to play in the total process of plan formulation.

(4.62) For the purpose of effective plan formulation, and re-planning so as to adjust the plan from time to time on the basis of actual experience, we think that the Commission should have six groups in all, three *general* and three dealing with broad sectors of the economy. We describe below what we conceive to be the functions of these six groups.

(a) *General Groups*

(4.63) (i) *Perspective Planning*: The objective of perspective planning is to set up a logical and consistent set up of inter-related targets for the accepted objectives of development, designed on the basis of existing knowledge and experience, but looking ahead in time for 10 to 15 years. The importance of this work is that, adequately performed, it can reveal the danger of excessive concentration on the present or, conversely, stress the need for undertaking necessary steps at different points of time in order to ensure the rate of growth contemplated in the plans. There are obviously inherent limitations, both methodological and by way of availability of data relating to technical coefficients, regarding this work. We find however that the Perspective Planning Unit in the Commission is very much aware of these limitations and is continuously attempting to improve the quality of its work both through improving its methodology as a result of experience and also through attempts to obtain better data.

(4.64) With all the limitations regarding the precision of this kind of work, it is our view that perspective planning is of high value to a planning organisation. The presentation of consistent alternatives of economic growth and planning can be meaningfully possible only on the basis of the work done by such a unit. We therefore recommend that the Perspective Planning Unit in the Commission should not only be continued but appropriately strengthened.

(4.65) In our view, the Perspective Planning Group should be responsible for working out the long-term projections of economic development, the implications of the assumed rates and alternative

models of growth, and providing a picture of inter-related material balances from the point of view of ensuring balanced economic growth. Units in the Commission dealing with manpower, natural resources, scientific research, inter-industry relations and other units working out long-term implications of particular types of development, to the extent that they are to continue in the Commission, should be a part of the Perspective Planning Group. The Group should also draw upon the work being done in different fields by various research and other agencies as, to some extent, it does even now.

(4.66) (ii) *Economic Group*: We think that the Economic Division which has been in existence in the Commission from its very inception, not only should continue as a separate division, but that it should be developed into a Group which deals in a comprehensive way with all economic aspects of planning. The situation under which the subject of Employment was separated from the scope of the Economic Division or, as was done more recently the International Trade Division was set up as a separate division, or a unit on Food policy was set up as a part of the Agriculture Division instead of in the Economic Division, is in our view inappropriate. The Commission needs a really strong Economic Unit and it should deal with not only the problem of financial resources—internal and external—for the plan, but also with the problems of economic policy for effective growth, equitable distribution and stability in the economy, the effects of short-term fluctuations on the medium term plans, problems of international trade and balance of payments and long-term policies relating to incomes, wages and prices. While the Perspective Planning Group should not be prevented from examining economic aspects of long-term planning and the Economic Group from looking at the economic aspects of long-term plans, the Economic Group should be dealing much more with the directly economic aspects of long-term, medium-term as well as short-term plans. It should keep in touch with all the economic data-collecting, analysing and policy-making agencies in the country, specially those in the Ministry of Finance and the Reserve Bank of India. It should also be in a position to keep track of events, to use whatever studies and data are already available and to commission studies and the collection of data where they are not available.

(4.67) (iii) *Plan Coordination Group*: This is also one of the divisions that have existed in the Commission from its very inception and for quite obvious reasons. It should contain a group of

persons who can put together the various strands of development plans worked out by different units in the Planning Commission and bring them to a focus, first for appropriate consideration in the Commission itself and later for obtaining decisions of the concerned governmental authorities such as the Union Cabinet, the State Governments or the National Development Council. We consider it essential that the Plan Coordination Group needs strengthening in terms of expertise and a greater clarity about its functions. We envisage that this Group would have two sections, one dealing with the sectoral plans directly under the control of the Union Government and the other dealing with State plans. This latter work up to now has been the responsibility of the Programme Administration Division, which was also expected to be guided in the work relating to the State plans by Programme Advisers. The Programme Administration Division has developed considerable knowledge about State plans over the years. We are aware that some work on regional and area planning has been developed in the past about Eastern U.P. and the Wardha district. But we think that more expertise on regional and area planning needs to be developed and this Group would be the appropriate place for it.

(b) *Sectoral Groups*

(4.68) In addition to the General Groups as mentioned earlier, we recommend the setting-up of three Sectoral Groups which would deal with broad areas of development. As mentioned earlier, we expect that the detailed work on sectoral plans and programmes will be organised in Union Ministries, various other organisations and in the State administrations. We do not therefore think it necessary that the Commission should have a larger number of divisions with many officials attempting to deal with detailed programmes in different sectors.

(i) *Rural Development Group*.—This group should look after agriculture (including agricultural labour and land reforms), irrigation, village and rural industries and related problems such as agricultural marketing, cooperation and credit, community development, rural electrification, village roads, etc.

(ii) *Industrial Development Group*.—This group should look after all types of modern industries, large, medium and small, minerals, all forms of transport, communication and power.

(iii) *Social Services Group*.—This group should look after education, health and family planning, welfare of backward classes, drinking water supply, housing and sanitation and special problems arising out of urbanisation.

(4.69) The break-up of irrigation and power may be useful, in as far as irrigation planning has to be much more directly related to agricultural planning while power has to be much more directly related to industrial planning. It is however quite obvious that the personnel dealing with irrigation planning and power planning, in the case of hydro-electric power planning, will have to work very closely together. Similarly, power is necessary for rural development including agricultural development and to that extent there would have to be close cooperation and communication between the persons dealing with these problems. Such problems will arise all the time.

(4.70) It may seem that we are trying to have too many subjects under a few groups. Our idea in doing this is that developments which are closely inter-related should be under a common direction in the Planning Commission so that there is at the conceptual and analytical stage close coordination in developing programmes and plans. We also envisage that the nature of these units would undergo a change and that there would be for each major subject one or two really competent experts permanently working for the Commission rather than large number of non-specialised research assistants etc. We are dealing with this aspect to some extent in the chapter on personnel and we shall deal more fully with this in our final Report. We also assume that the Commission would use, much more than it has done in the past, the services of outside experts in different areas of development, by way of utilising the material and analysis that they have produced, obtaining them as consultants and also bringing them to advise the Commission through special committees or occasional seminars from time to time. This will also help to reduce the permanent strength required for all these different subjects in the Planning Commission itself.

B. Plan Appraisal and Evaluation Wing

(4.71) The main work of this Wing of the Commission should be to keep track of the progress of the most important projects and programmes, analyse the progress reports on these as they are received, and bring to the notice of the Planning Commission and its different units, the trends as indicated by various data as they become available. It should be its normal function to provide quarterly progress reports on the development of major projects and programmes, to the concerned units and to the Commission as a whole. The most important function of this unit however should be to make an Annual

Appraisal of plan performance. This Appraisal should be a comprehensive one and take note of the major objectives, purposes and time schedules expected for the year under review, the actual developments, the causes for the over or under-performance and the lessons to be drawn for the future, both by way of modifications in the Five Year and long-term plans and necessary changes in organisations and procedures. The Wing should be sufficiently well-organised to be able to provide this appraisal within a period of about six months from the completion of the plan year. While we expect that it will receive the assistance of similar evaluation agencies in the States, the principal responsibility for appraising the performance of the national economy as a whole should be placed on this Wing. Its appraisal should continue to be sufficiently objective to inspire confidence in Parliament, in all the States and in the country as a whole and it should be sufficiently constructive to enable the Commission and the implementing authorities to draw lessons from it for their future planning and development.

(4.72) This Wing may also organise specific studies to be undertaken relating to particular programmes, projects or other problems which are found to be persistently creating difficulties in plan implementation. As mentioned earlier, the Programme Evaluation Organisation, the Committee on Plan Projects and its Management and Administrative Division have been doing some of this work in the past. A special unit for examining possibilities of obtaining economies in construction outlays has been functioning in the Commission for some time. A part of the 'Progressing' work has also been assumed to be the responsibility of all the divisions in the Planning Commission with the Plan Coordination Division being formally in charge of it. As we have mentioned earlier, we do not think that this function has been appropriately organised and performed in the past. It is therefore that we are recommending the setting-up of a special Wing in the Planning Commission for this work. The task of this Wing would be mainly to produce annual and five-year appraisals, and special studies on particular problems. The actual lessons to be drawn may be recommended by this Wing, but the further analysis and the actual utilisation of these recommendations in planning or implementation would be the responsibility of either the Plan Formulation Wing or the various implementing agencies. We hope however that the experts in the Appraisal Wing would be closely associated with the discussion relating to plan formulation. We assume that in the organisation of this Wing, the trained technical

staff and organisation of existing special units such as the PEO, the COPP and its Management and Administration division and the Division on Construction Economies would be utilised in an appropriate manner.

(4.73) We also think that there should be a special section in the Planning Commission which deals with the methodology of planning both by way of making use of comparative experience of different countries and by utilising the results of such appraisals, evaluations and studies conducted by this Wing and by any other agencies in India. It will probably be useful to have this section also as a part of the Wing dealing with Plan Appraisal and Evaluation. It will also be necessary to make some provision for training in plan methodology for the purpose of manning planning units in sectoral and regional organisations. We shall deal with this problem in our final Report.

C. Servicing and House-keeping Wing

(4.74) While there has been a so called Statistics and Surveys Division in the Planning Commission, as mentioned earlier, the position in fact has been that it is only a section of the C.S.O. While the Central Statistical Organisation will continue to be the main source of statistical data and enquiry for the country as a whole and the Planning Commission, like other governmental agencies, will draw upon it, we think that for an organisation like the Commission to function effectively, it must have a special statistical servicing unit. This unit should be principally responsible for collecting data of any kind required by the different Divisions of the Commission, analysing it according to their requirements and maintaining computerised records so that data as well as analysis, as and when required, can be made available to the Commission and its units in the shortest possible time.

(4.75) The Commission obviously also requires a small house-keeping Wing. We would like to emphasise the terms 'small', because we find that in course of time, the House-keeping Wing of the Commission has grown somewhat disproportionately. While for serving an important agency like the Planning Commission, there should be an appropriate house-keeping organisation, we have observed a tendency for this organisation to grow according to "Parkinson's Law". Where formerly an Under Secretary or a Deputy Secretary could look after the whole house-keeping of the Commission, we now

have one Joint Secretary, practically full-time, four Deputy Secretaries, three Under Secretaries, twenty two Section Officers and other personnel. This should be considerably reduced.

(4.76) There is a small unit in the Commission for Plan Information and Publicity. This is in addition to the Section of the Press Information Bureau attached to the Planning Commission. We have given some thought to the role that the Section on Plan Information and Publicity, which is headed by an Adviser, should play in an organisation like the Planning Commission. It is our view that just as the defence of the plans, once they are accepted by Government, is the responsibility not so much of the Planning Commission as of the Union and State Governments, similarly the task of providing publicity to the plan should be basically that of the Ministry of Information and Broadcasting at the Centre and appropriate agencies in the States. We foresee two major functions for the plan information and publicity unit. The first one, to which we attach considerable importance, is to help the Commission to obtain an understanding of public opinion on different policies and programmes, proposed for inclusion in the plans. There is already a unit in the Press Information Bureau for analysing press and public opinion. The unit in the Planning Commission can commission particular types of analysis through this unit or, if necessary, any other agency. We consider that it is very important for the Planning Commission to be able to gauge public opinion on the alternative policies and programmes that it is examining and also about actual plan developments. While the ultimate responsibility for deciding what the public will stand should rest squarely with the Government concerned, the Commission should certainly be in a position to formulate its proposals and indicate alternatives taking into account the press and public reaction to the alternatives proposed or suggested. From this point of view, the official in charge of this unit should be closely associated with the thinking that is going on in the Planning Commission. Only then would he know the areas on which he should get press and public opinion analysis prepared so that it is available to the Planning Commission in time.

(4.77) The second important function of this unit should be to make the Planning Commission's tentative thinking and analysis available to specialised professional groups and interests and try to assess their reactions. This is in a sense a part of the first function. We are mentioning it separately because this would require techniques which would be different from those used for the first type

of analysis and to some extent the use of this analysis would also have to be oriented towards a different purpose. This function will also include looking after "University and College Forums".

(4.78) Lastly, once the development plan for a particular period is finalised, it may be necessary to ensure that various interests, whether at home or abroad, are able to obtain information about the plan in an adequate way and in the shortest possible time. While the actual work of producing appropriate documents and the use of other media of publicity and information should rest with the executive agencies concerned, it is important that the unit in the Planning Commission keeps track of what is being done, and, if any major omissions are found, bring these to the notice of the concerned authorities. To some extent, specialised groups and interests both at home and abroad would continue to write to the Planning Commission.

Advisory Bodies

(4.81) From its very beginning the Planning Commission attempted to associate persons from different walks of life in an advisory capacity through the creation of various advisory bodies. This was done sometimes to obtain assistance in examining problems where the association of outside experts was considered essential, sometimes to bring together representatives of certain interests, or agencies so as to have the benefit of coordinated thinking on particular problems and sometimes to create a greater awareness and acceptance of policies and programmes advocated by it.

(4.82) The advisory committees appointed by the Planning Commission can be divided into two broad types. (i) *Ad hoc* groups set up for examining and making recommendations regarding particular problems and (ii) semi-permanent groups established for the purpose of advising the Commission or its units on a continuing basis.

(4.83) In the first category would belong the Prohibition Enquiry Committee, 1954, a Study Team on Prohibition of 1964-65, the Committee on Village and Small Industries of 1955, the Coke Oven Committee of 1954-55, the Engineering Personnel Committee of 1955-56, the Committee on Transport Policy and Coordination created in 1959 and the Committee on Distribution of Income and Wealth appointed in 1960. We have nothing very specific to say about the creation of such *ad hoc* enquiry committees. It is obvious that whenever necessary the Commission will have to appoint *ad hoc* bodies of this kind to examine particular problems and advise it. We would however like to mention that the Commission seems to have

occasionally placed more emphasis on matters like prohibition which were not strictly related to its own work. It has also sometimes created committees which were supposed to report within a short period of time for helping it to formulate plan programmes and policies but which have, because of their composition and other complicating factors, taken a long time to complete their work and even then the result of the work has not been very fruitful. This has specially happened in the case of committees which were set up with wide terms of reference such as the Committee on Transport Policy and Coordination and the Committee on Distribution of Income and Wealth.

(4.84) As regards standing groups or advisory committees, the Commission started with an Advisory Board when formulating the First Plan. The Board sub-divided itself into a number of panels which met a few times at the time of formulation of the First Plan. At the time of formulation of the Second Plan, the Commission decided to have specialised panels on various subjects so that advice and assistance of experts who have special knowledge and experience in particular fields would be available to it. Seven such panels were set up at the time of the formulation of the Second Five Year Plan—panel of economists, panel on land reforms, panel of scientists, panel on housing and regional planning, panel on labour, panel on education and panel on health. Most of these panels were reconstituted for advising the Commission on the Third Five Year Plan. Panels for Agriculture and Ayurveda were added and that on labour discontinued. After the formulation of the Third Five Year Plan, these panels again largely became moribund; some of them such as the Panel on Education and Panel on Agriculture were reconstituted at the time of the formulation of the Fourth Five Year Plan. A Panel on Labour was again set up. The Panel of Economists was not reconstituted.

(4.85) The Commission has also constituted some other standing committees such as the National Advisory Committee and the Co-ordination Committee for Public Cooperation, the Committee on Natural Resources, the Central Advisory Committee on Agricultural Labour, the Co-ordination Committee for Planning Forums and the Committee for Studies of Economic Development in India and Japan. These committees are connected closely with the work done by particular Divisions such as Public Cooperation, Natural Resources, Land Reforms etc. There is also a Technical Advisory Committee on

Irrigation, Flood Control and Power Projects which is really a kind of high level body for vetting State schemes on behalf of the Planning Commission.

(4.86) The panels have usually been large in size, the number of members varying between 20 and 60. The Member in charge of the concerned subject acts as the Chairman and panel members consist of not only technical experts but also representatives of various bodies connected with the subject and public men including members of legislatures. Some of the panels were very effectively utilised for discussing policies and programmes, the most notable amongst which was the Panel of Economists. It was specially active at the time of formulating the Second and the Third Plans and, also in 1957, when the Second Plan was being revised because of foreign exchange difficulties. On the other hand, there have been panels such as that of Scientists and the one on Ayurveda, which have rarely met. Some, such as the recently constituted panels on agriculture, education and labour, are very large bodies* and serve mainly as forums for general purpose discussion rather than bodies for obtaining definite advice on clear-cut issues faced by the Planning Commission. They probably serve the purpose of creating an awareness of plan problems and plan policies much more than of contributing to the process of plan formulation and policy making.

(4.87) The Planning Commission often creates advisory bodies without being always quite clear as to the purpose that these bodies would serve and the period for which they should be kept in operation. Thus the Panel of Economists has never been formally dissolved, though it has not met for over six years. Similarly, the National Advisory Committee on Public Co-operation, which was created at a very early stage of the Commission's history, is a very high level body and rarely meets. The worst example of the Planning Commission's lack of clarity about the use to which a body is to be put is that of the Economic Policy Advisory Committee. It had been suggested to the Commission in 1958 that it needed a small committee of economists regularly to advise it on major problems of economic development. The idea was that this group could be continuously kept informed about the tentative thinking in the Commission and, by thus maintaining intimate and continuous association in its work of this group, it would be able to obtain valuable advice. The Committee was constituted in September, 1962, with a distinguished membership. The idea was that the Committee would meet

* The Panel on Education, as reconstituted in 1964, has 61 members.

at frequent intervals (ordinarily once in two months) and the Commission would consult its members on important questions of policy such as prices, mobilisation of resources, distribution of income and wealth, planning of foreign trade, balanced sectoral and regional development and preparation of long-term plans. As a matter of fact, the Committee met only about seven times since its creation. The proceedings of the meetings show that both the Commission and the members of the Committee were far from clear about what exactly they were to do and the Committee has ceased to function effectively.

(4.88) The most recent example of this approach regarding the creation of advisory bodies has been provided by the National Planning Council, a body created as recently as February, 1965. The late Prime Minister Shri Lal Bahadur Shastri had suggested the creation of this Council so that non-official experts, who could not be available to work with the Planning Commission full-time, could be associated with it closely. The Deputy Chairman of the Planning Commission was appointed as Chairman of the Council and its members consisted of all the Members of the Planning Commission and 17 others. Among these were included economists, educationists, engineers, scientists, business men and labour leaders. The Council was expected to work in close and continuous association with the Planning Commission and its Members. Apart from considering and advising on policy issues, it was intended that the Council would arrange studies by its members, individually or in teams. It was thought that it would be possible to make full use of institutions with which the members of the Council were connected and also to involve in this work any expert groups with which they were associated.

(4.89) At its first meeting in April, 1965, the Council set up 13 groups or committees for consideration of selected problems, each group headed by the Member of the Commission in charge of the subject and serviced by the concerned division. In the period since they were created, some of these groups have met occasionally for considering and advising the Commission on the policy issues and specific problems relating to their respective sectors of development. Most of these groups have had a few meetings where certain general problems have been discussed. A few useful studies have emerged out of one or two groups. But without going into further details, it may not be wrong to say that the experiment of the National Planning Council has not proved successful. The Commission had origi-

nally appointed the Council for a period of two years from February, 1965, and its term has recently been extended by another year.

(4.90) While we do not propose in this report to go into the details of different advisory bodies and their functions, and shall deal with this subject together with the whole subject of plan formulation procedures in our final report, we would like briefly to suggest that the plethora of advisory groups and committees created by the Commission has not served any very useful purpose. While some of these groups have served some useful purpose at the time they were set up, they have usually been permitted to outlive their utility. There are also a number of cases where the advisory groups, committees and councils have been formed without any clear conception about the purpose for which they were being formed, the manner in which they would be used, the facilities that would be provided for their effective operation etc. The National Planning Council is the latest and the most glaring example of this. Set up with the support of the Prime Minister himself, the Council has proved to be singularly ineffective. We would recommend that, as a general rule, the idea of setting up large size advisory groups and councils on a permanent footing should be given up by the Planning Commission. When it needs advice or consultation, this should be done much more through the creation of small sized *ad hoc* groups, specially called to consider particular problems. We do not preclude the possibility of the Commission itself requiring the services of small standing groups for advice on particular matters. But before constituting such groups, much thought should be given to the purpose for which they are to be set up, the manner in which they will operate and the facilities that will be provided for them. We would like the Commission not to appoint the same experts on more than two or three advisory groups and not to set up groups with overlapping functions. We would also suggest that the National Planning Council in its present form may be wound up as soon as practicable.

APPENDIX (I) TO CHAPTER IV

PLANNING COMMISSION—INTERNAL ORGANISATION

A. *Plan Formulation Wing*

- (1) **Perspective Planning Group:**
inclusive of
Perspective Planning,
Natural Resources,
Scientific Research,
Manpower.
- (2) **Economic Group:**
inclusive of
Economic Policy,
Inter-industry Group,
Financial Resources,
Employment,
International Trade and Payments,
Food Policy,
Prices, Incomes and Wages Policy.
- (3) **Plan Coordination Group:**
inclusive of
Central Plans,
State Plans,
Regional and Area Plans,
Documentation.
- (4) **Agriculture and Rural Development Group:**
inclusive of
Agricultural Production,
Land Reforms,
Irrigation,
Rural Industries, Rural Electrification and Village Roads,
Agricultural Credit and Marketing.
- (5) **Industry, Transport and Power Group:**
inclusive of
Modern Industries—large, medium and small,
Minerals,

Railways,
Road Transport,
Shipping,
Communications,
Power.

(6) Social Services Group:
inclusive of

Education,
Health and Family Planning,
Backward Classes Welfare,
Labour Welfare,
Housing and Drinking Water Supply,
Urbanisation.

B. *Plan Evaluation Wing*

inclusive of

Programme Evaluation Organisation,
Committee on Plan Projects (including Management and
Administration Division),

Progress reports on major projects and programmes,
Annual, Mid-term and Quinquennial reviews,
Plan Methodology and its improvement,
Studies on Construction Economies.

C. *Servicing Wing*

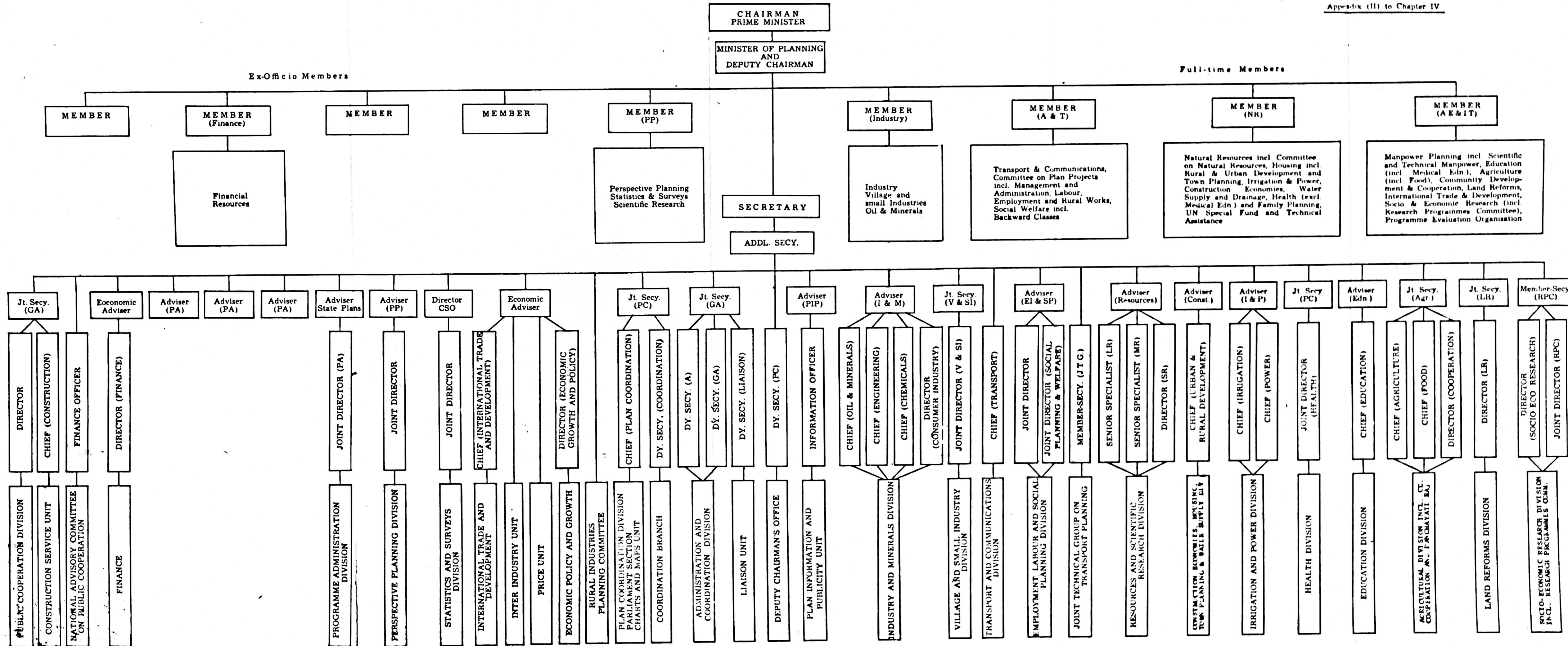
inclusive of

Administration, Accounts, O. & M., etc.,
Statistical Servicing Unit (including Computer Section),
Library,
Public Relations and Plan Information.

ORGANISATION CHART OF PLANNING COMMISSION

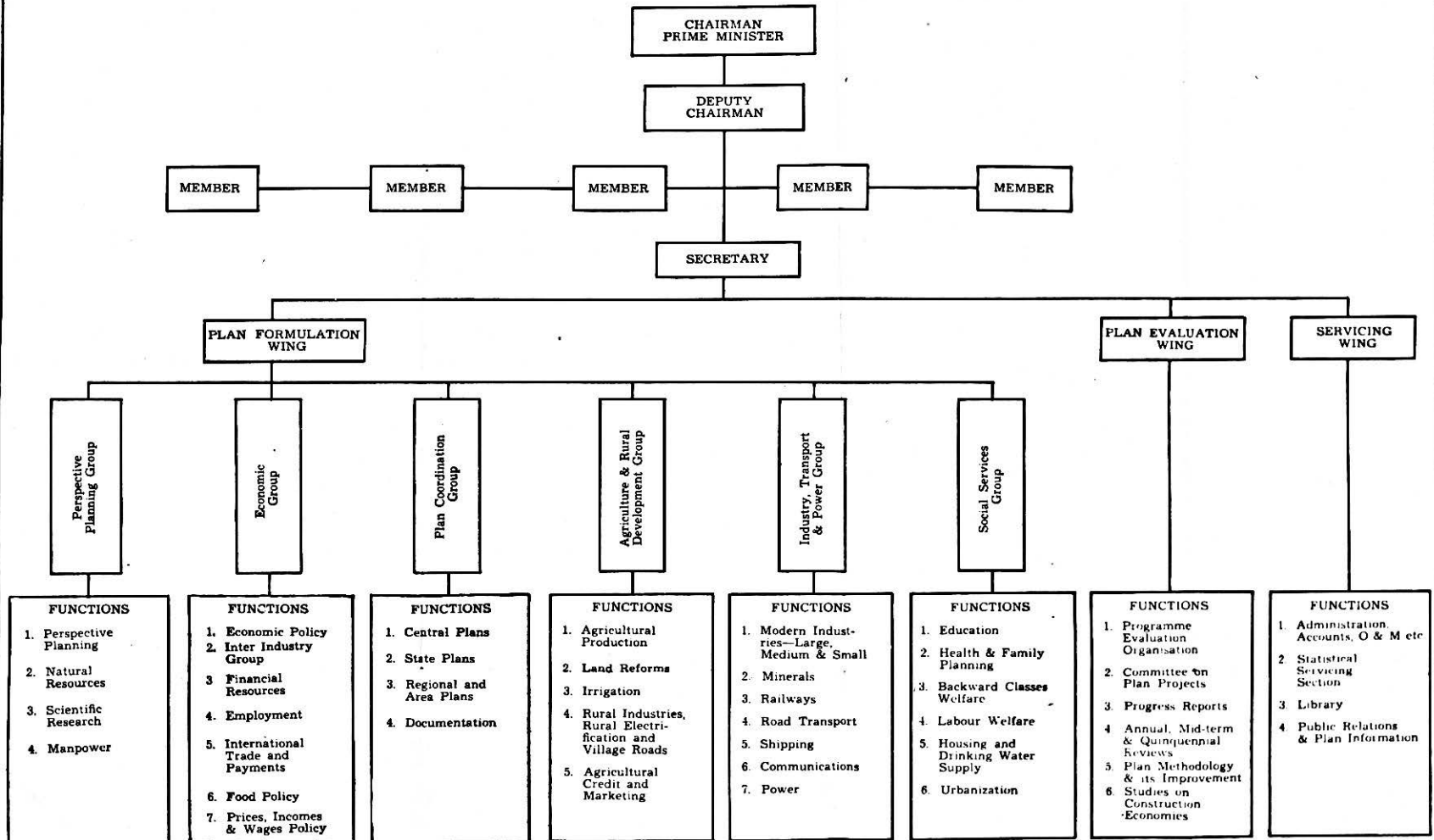
(brought up-to-date as on 23-3-1967)

Appendix (II) to Chapter IV



PLANNING COMMISSION
A PROPOSED ORGANISATIONAL SET-UP

Appendix (III) to Chapter IV



NOTE:—The position regarding the Socio-Economic Research Division and the agencies connected with it such as Research Programmes Committee will be dealt with in our final Report.

CHAPTER V

Senior Personnel in the Planning Commission

Initial Approach and its Dilution

(5.11) When the Planning Commission was constituted, Prime Minister Pandit Nehru had indicated that in his view the emphasis should be mainly on recruiting enthusiastic young men from outside the normal services, specially for research posts. He had thought that the approach should be that they would be engaged for short periods and their pay would be more in the nature of allowances, i.e., while they may get a lesser pay, their status would be higher. It was not necessary that the normal rules in regard to scales of pay and allowances should be followed. He had also emphasised the desirability of using designations different from those which were in vogue in the Secretariat. He had further advised the Commission to go slow about the engagement of the staff and to engage only persons who are absolutely needed.

(5.12) This initial approach resulted in the induction of a few expert personnel from outside the services in the Planning Commission at its inception. The designations of Chief and Assistant Chief came to be used so as to provide scope for wide choice and flexibility. It was decided that pay for these posts should be fixed *ad hoc* in each case, the policy being to get the most suitable persons of proved competence for the important technical posts in the Commission.

(5.13) In course of time, however, as the Commission increased in scope and strength, this approach came to be diluted and the normal bureaucratic pattern of staffing came to be in vogue. Originally the Commission had been free to appoint its own expert staff, but gradually the position had to be regularised and recruitment to superior positions had to be made through the Union Public Service Commission. We are enclosing a table giving data about the strength of the staff in the Planning Commission in different categories. The staff of the Commission has increased over the years as a result of the Commission undertaking more and increasingly complex activities and also due to other reasons. As we are proposing that certain functions of an administrative or implementation character should be transferred away from the Planning Commission, there should

TABLE I
*Sanctioned Staff of the Planning Commission,
 Programme Evaluation Organisation and Committee
 on Plan Projects
 (As on 31-5-1966)*

Categories of Posts	Sanctioned Strength			Total Cols. 2-4	Percentage of Total
	Planning Commission	Programme Evaluation Organisation	Committee on Plan Projects		
1	2	3	4	5	6
Deputy Chairman and Members	7	7	0.4
Administrative Posts	22	22	1.1
Research and Technical Posts :					
Senior Grade	38	..	11	49	2.5
Middle Grade	152	15	10	177	9.1
Junior Grade	198	226	24	448	23.1
Other Non-Secretarial Posts	26	..	9	35	1.8
Junior Administrative Posts	22	4	4	30	1.6
Personal and Ancillary Posts	204	10	27	241	12.4
Ministerial Staff	271	151	32	454	23.4
Non-Ministerial Staff	30	51	6	87	4.5
Class IV Staff	284	75	30	389	20.1
TOTAL	1254	532	153	1939	100.0%

be some reduction in staff. From a preliminary examination, it also appears to us that there is scope for substantial reduction in the staff, specially on the non-technical side. We propose to deal with this whole question of staff strength in greater detail in our final Report. For the purpose of the Interim Report, we are confining ourselves to a few major problems relating to the senior level personnel in the Planning Commission.

The Secretary

(5.21) At the highest level, the Planning Commission for a long time had the Cabinet Secretary as its own Secretary. The justification for this was that his association made the functioning of a new organisation like the Planning Commission smoother and facilitated liaison between the Cabinet and the Planning Commission. The Estimates Committee* in 1957-58 had criticised the continuance of the Cabinet Secretary as Secretary of the Planning Commission. The Government accepted the principle underlying the Estimates Committee's recommendation but, in practice, decided in 1958 to appoint an Additional Secretary to relieve the Cabinet Secretary of many of his duties in relation to the Commission. This arrangement was expected to enable the bulk of the work of the Secretary to be done by the full-time Additional Secretary, while permitting the continued association of the Cabinet Secretary with the Commission's work in a capacity which would enable him to coordinate its work with other ministries and also facilitate communication between the Commission and the Cabinet. This position continued till 1964. In January, 1964, it was decided to appoint a full-time Secretary to the Commission and the practice of the Cabinet Secretary also being Secretary to the Planning Commission was given up.

(5.22) The Secretary to the Planning Commission is the highest official of the Commission. He is in charge of overall coordination of the different units in the Commission, represents it at the official level in different inter-ministry meetings and meetings with State officials and is also responsible for the overall internal administration of the Commission. To be effective, it is obvious that this official on the one side has to have adequate interest in and knowledge about the principal functions of the Commission so as to be able to coordinate the working of its units and act as an effective link between the experts in the units and the Commission as a whole between the Commission and the Union Ministries and other governmental agencies at the Centre and between the Commission and

*Twenty-first Report of the Estimates Committee (Second Lok Sabha), P. 9.

State Governments. He should also be a capable administrator as he has to be responsible for the smooth functioning of the internal organisation of the Commission and his advice would be of great importance in selecting suitable personnel for the Commission, in developing them and in their placement.

(5.23) We think that the Estimates Committee was right in suggesting that this burden of work could not be effectively carried by a part-time Secretary as the Cabinet Secretary was bound to be. From such information as we could collect from persons who have experience of that period, we have come to the conclusion that the decision taken by the Government in 1964 of having a separate official to act as Secretary of the Planning Commission was a sound one and we see no reason for a change in the practice.

(5.24) It has sometimes been suggested that while the head of the Planning Commission at the official level should carry the rank of a Secretary to the Government of India, his designation may be changed to that of 'Commissioner-General' or some such other designation so as to make it clear that this position is somewhat different from that of a Secretary to a ministry. We see no particular advantage in changing the designation. In the case of the Planning Commission, however, we are clear in our mind that an officer who does not have the necessary aptitude and adequate understanding of the functions and problems of the Planning Commission will not be able to do adequate justice to his job. A Civil Servant may have the advantage of belonging to the fraternity of the Civil Service and know his way about any work, but unless he fulfils the qualifications mentioned above, he will not be able to function in an efficient manner. We therefore recommend that this appointment should not be restricted to the Administrative Service. We think that, as in many other senior posts in Government, there has been little attempt to locate potential talent for senior positions in our planning organisation, to develop personnel for filling such positions and to secure their services when necessary. This is a general malady regarding the personnel management in our whole governmental organisation and the Planning Commission also suffers from it. We hope that greater care will be taken in the future when selecting persons for such posts in the Planning Commission.

Administrative Posts and Designations

(5.31) As mentioned earlier, the original intention was that Secretariat designation should not be used for technical experts appointed in the Planning Commission. That is why designations like

Chief, Assistant Chief, Director and Specialist came to be used. Gradually, however, as the Commission was more established and a large number of persons from regular Government services came to be inducted in the Commission's services, Secretariat designations came to be used, specially in the case of officers brought into the Commission from the ICS, IAS and similar services. Thus while in the initial stages, there was only one Deputy Secretary in the Planning Commission who was working on the Plan Coordination side, we now have, in addition to a full-time Secretary, a full-time Additional Secretary, four Joint Secretaries and five Deputy Secretaries.* The fascination for Secretariat designations even in a technical organisation such as the Planning Commission is indicated by the fact that even when a technical specialist was appointed as Adviser in the Planning Commission in one of its important units, it was considered necessary by him as well as by the Commission to give him an extra designation of Additional Secretary.

(5.32) This indicates that the Commission to some extent has lost the spirit which underlay its initial approach to personnel and increasingly imbibed the spirit of a usual secretariat agency. This is further supported by the fact that persons came to be appointed to positions like 'Directors' who could in no sense be called technical specialists in any sector of planning.

Economic Adviser

(5.41) Turning to the more important senior technical personnel of the Planning Commission, we find that one of the most important technical positions has been that of the Economic Adviser. The Commission's Chief of Economic Division was also appointed as Economic Adviser to the Ministry of Finance and this position continued for a long time; the post was upgraded to that of Economic Adviser at a later date. The Estimates Committee had criticised this position and recommended that the Commission should have its own separate Economic Adviser.** The Committee felt that it was neither in the interest of efficiency of the working of the Planning Commission, nor fair to the officers themselves that they should be required to play a dual role by working part-time in the Ministry and part-time in the Planning Commission. Work in the latter would involve burdens of day to day administration which would also usually take precedence over the long-term work required for

*The facts and information mentioned in this section relate to the position as on 31st December, 1966.

**It made a similar recommendation in two other cases—those of the chiefs of labour and Employment and Land Reforms Division—where the officers were working both in the Commission and in the Ministry (*ibid* ; pp. 12-13).

planning purposes. The Commission however decided to have a full-time Economic Adviser of its own only in 1964.*

(5.42) We think that the principle enunciated by the Estimates Committee is a sound one. For manning key positions in the Planning Commission such as that of the Economic Adviser, the Commission needs the full-time services of a really competent economist. Having a common Economic Adviser for the Ministry of Finance and the Planning Commission would have certain advantages in that the data available in the Ministry of Finance would be automatically known to if not necessarily available for the use of the Planning Commission and there would be less possibility of confrontation and conflict on problems relating to economic policies and specially taxation and other methods of resource mobilisation. But as the magnitude and complexity of planning has increased, we think that it would be too much for one person to be able to do justice to both the jobs. Moreover, we also think that the approach required in the Planning Commission is significantly different from that required in the Finance Ministry. Economic analysis and economic advice in the Finance Ministry has to be very much related to current problems faced by the economy. The Planning Commission on the other hand will have to think of economic problems as they are expected to emerge in the future. This is not to say that the Finance Ministry can ignore all thoughts of the future and the Planning Commission shut its eyes to the current situation; but there is a distinct difference in the main focus of attention of the two organisations. If, as has sometimes been proposed, the Chief Economic Adviser is to be in charge of the Economic Division of the Planning Commission as well as of the Finance Ministry, the Planning Commission may also find it very difficult to secure the services of a really good economist to work for it on a full-time basis. We recommend therefore that there is no necessity to change the present position of having a separate Economic Adviser to the Planning Commission.

(5.43) We realise the necessity of continuous communication and liaison between the Economic Adviser of the Planning Commission and the Chief Economic Adviser to the Government of India and

*The position in the case of the Chief of the Labour and Employment Division (later designated as Adviser) and the Chief of the Land Reforms Division (later designated as Joint Secretary) continued to be the same till the former left the Commission recently to take up the post of Member-Secretary to the Labour Commission and the latter retired from Government service.

also the Economic Advisers in other Union Ministries and in the Reserve Bank. We think it would be useful if the Government decides to have a small Standing Committee of Economic Advisers in different ministries, the Planning Commission and the Reserve Bank under the Chairmanship of the Chief Economic Adviser whose function will be to meet periodically for the purpose of communication of information, analysis and tentative thinking. We think that a committee of this type would serve the necessary purpose of maintaining an appropriate link and communication between the Planning Commission, the Finance Ministry and other Governmental agencies.

Other Senior Positions

(5.51) It is obvious that the quality of work done in the Planning Commission is very much dependent upon the quality of its technical experts. The number of sanctioned senior expert positions in the Planning Commission has increased from six in 1951-52 to 32 at the end of 1966. It cannot be said, however, that the Commission has been able to secure for many of these senior technical positions the best talent available in the country. This is partly due to the salary scales in the Planning Commission which are related to those in the Civil service and therefore do not attract professional technical personnel except those already in Government service. There have also been cases of bringing in persons who are retired or nearing retirement and, as these persons are expected to work in the Commission only for a short period of time, no significant contribution to the planning process can be expected of them. There has been a tendency for a number of persons who started as Research Officers gradually to rise to senior positions in the Commission. Obviously there can be no objection to such a promotion policy. As a matter of fact, there are persons in the Planning Commission who have risen from the post of Research Officers, Senior Research Officers, etc. accumulated a great deal of knowledge and expertise and have become a valuable asset to the Planning Commission and to the country. We have met a number of examples of this type in our discussions with the officials of the Planning Commission. On the other hand, we have also observed cases where promotions seem to have been given almost as a matter of course and persons have been placed in crucial technical positions without their being capable of providing the best technical advice that the Commission requires in important sectors of planning.

(5.52) To some extent, the effectiveness of certain types of senior personnel may also depend on the period for which they occupy

directing positions in respect of the functions which they are looking after in the Commission. One could think of an optimum period of service for such positions and major departures from this optimum, either way, might be harmful. If there are a large number of frequent changes, there would be less continuity in the direction of work. The Commission has had in the period since 1962, four Additional Secretaries and three Secretaries. The Agricultural Division seems to have found it difficult to have a senior person looking after it for any length of time. Similarly, the Commission has had three persons as Industrial Advisers in the period between 1963 and 1966. In the case of Programme Advisers, since the three posts were created at the end of 1952, 18 persons have worked as Programme Advisers and at the time of writing our report, not even one of the present Programme Advisers has worked for more than a year.

(5.53) Taking the top level officers of the Commission, out of 42 officers working at this level in December, 1966, one had occupied the same position for eight years and two for five years. As against this, 16 officers have occupied such positions only for one year and 7 for less than one year. We thus see that there is considerable turnover, specially in recent years, in the senior positions in the Planning Commission and there has also been a considerable influx of new appointees at these levels.

(5.54) There seems to be a premium in the higher appointments in the Commission on executive and administrative experience and positions previously held in Government. We also find that there has been very little lateral inductment of persons from universities, private industry or the professions in the senior personnel of the Commission. This is true not only about sectors like agriculture or transport where the principal employer continues to be the Government but even about sectors like industry. The Commission has had, except in its initial period, no senior persons inducted from outside with experience of industrial management or development in the private sector. It has relied only on persons with experience of work in ministries and similar Government organisations.

Main Principles for Securing Senior Technical Personnel in the Future

(5.61) As mentioned earlier, we do not propose to go into the details of the personnel policy of the Commission in this Interim Report. That aspect we propose to deal with in our final Report. There are however a few broad principles that we would like to

enunciate at this stage. Firstly, we think that an organisation like the Planning Commission should only have a small core of highly competent technical staff on a permanent basis. The bulk of its high level technical staff should be drawn from outside the Commission and appointed on a contractual or tenure basis. The contracts should be for periods ranging from three to five years and should be renewable whenever found desirable. Such a policy would make it possible for the Commission to be continuously infused with fresh thinking and experience and reduce the possibility of its technical work getting into a rut.

(5.62) In order to attract the best talent to work in the Planning Commission it will be necessary to provide some special attractions. We hope that the reputation of the organisation, its working atmosphere and traditions would play an important role in creating such attractions. It is also necessary to provide material incentives to attract persons on short contracts either from established government services, or from outside agencies such as universities, private industry and the professions. In the case of Government service, it may be useful to treat Planning Commission's posts as *ex-cadre* posts so that a deputation allowance is admissible to persons who are members of Government services and who are chosen for a short period of service in the Planning Commission. In the case of others, the emoluments offered would have to be attractive enough to overcome the break in their normal career and the upsetting it would cause in their personal lives as a result of having to shift to Delhi. It may even be useful to think in terms of providing special housing facilities which would enable the Commission to obtain a number of senior experts on short period contracts to work in Delhi.

(5.63) Regarding the creation of posts in different categories, there should be considerable flexibility available to the Planning Commission. Within a given budget, it should be free to have a smaller number of higher paid posts or a larger number of slightly lower paid posts, according to convenience and the availability of personnel. While the UPSC will obviously have to be consulted in making these appointments, the Commission will have to have a vigorous personnel policy if it has to undertake talent-hunting in an appropriate way and secure the best talent in the country for doing its very important work. Routine advertisements are not likely to secure for the Commission the kind of personnel that in our opinion the Commission needs.

(5.64) We also think it important that the Commission should make much greater use than it has done in the past of outside expertise. It should use technical officials in different ministries, public sector organisations and other governmental agencies much more than it has done in the past; and in order to provide inducement for these personnel to devote adequate time and energy for assisting the Commission, appropriate honoraria should be offered. The Commission should also make use of experts in academic institutions, private industries and the professions on a contractual basis for getting various studies made for its use. This way it is likely to attract some first class talent for its use which may not be available to it on the basis of regular employment. The Commission's budget should have an appropriate provision for contracts of this kind. The contracts may be either with individuals or with consulting firms and academic institutions. This would ensure that the studies that the Commission needs for its use are actually carried out by the individuals or groups that are best equipped for the job and in a manner and at a speed required by the Commission for its own work.

(5.65) We would like to mention in this general survey of senior personnel one more point—that is about the bureaucratic hierarchy in the Commission. As mentioned earlier, the original idea was that the Commission should rely heavily on enthusiastic research and technical personnel and that the whole approach to their appointment, status and designations should be different from that prevalent in the Secretariat. Unfortunately this did not work and gradually not only did Secretariat designations find their way but even Secretariat procedures and the hierarchical atmosphere of the Indian bureaucracy came to affect the Planning Commission. This was deplored from time to time by the top personnel of the Commission. But no one seems to have been able to do anything about this effectively. Leaving aside the normal Secretariat hierarchical designations, even on the research side, the designations have now multiplied to include Advisers, Senior Specialists, Chiefs, Assistant Chiefs, Directors, Joint Directors, Senior Research Officers, Research Officers and Investigators. An unhealthy atmosphere has also grown in which younger research staff neither get an opportunity for genuine study nor do they always get proper recognition for the work that they do. Attempts have been made from time to time to put a stop to this practice; but without much success. All these are maladies of bureaucratic organisation which

a Planning Agency should not be. We would recommend that the Commission as a part of its reorganisation should create an atmosphere of a professional and scientific organisation rather than that of a bureaucratic and departmental organisation. We realise that the implications of this have to be worked out in greater detail and we hope to make more detailed recommendations in this respect in our final report.

(5.66) Organising the Commission's work along these lines would require an approach which is much more flexible, dynamic and businesslike than in the past. It was originally expected, as we have mentioned earlier, that the Commission would set high standards of efficiency, despatch, office management and neatness in the manner in which it conducted its routine business. In a note prepared at the time when the Commission was being organised, the importance of this aspect was emphasised and it was therefore suggested that the Commission should attract good men by a process of special selection and incentives. This has unfortunately not worked out to be true. We hope that it will be possible through the kind of reorganisation that we are suggesting to make the Commission adhere in essential respects to the original ideals that were set before it by those persons, including the late Pandit Nehru, who were responsible for setting it up.

CHAPTER VI

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

CHAPTER I

Need and Nature of Planning ..

Planning in India is essential for the amelioration of the living conditions of the masses. The Constitution has specifically charged the Government to pursue planning so as to achieve adequate means of livelihood for the citizens, reduce disparities in the ownership and control of wealth and see that the economic system does not lead to economic concentration. (1.21)

Planning process is to be furthered while maintaining the federal structure of the country, adhering to democratic institutions and in conformity with the mixed nature of the Indian economy. (1.22 & 1.23)

In view of the nature of the economy and political set-up, Indian planning has to be a combination of physical and indicative planning. (1.31 to 1.33)

Differing instruments of planning have to be used for promoting, regulating and directing the economic and social change in this country and these have to be evolved on the basis of our own objectives, problems, environment and experience. (1.41 to 1.42)

Role of our Plan Agency

The objective of the National Planning Agency in India is to (i) prepare and advise alternative development proposals, their implications in terms of institutional changes and the precise extent of efforts required to achieve the objectives, (ii) to act as an inter-linking agency between different States, the Centre, private sector and the public sector, and (iii) to keep a close watch over implementation and to offer timely warnings to the appropriate implementing authority for improvement of plan performance. (1.51)

The Planning set-up evolved so far and the procedures followed in the process have undoubtedly proved useful but these need a fresh look and warrant a number of major changes. (1.52)

CHAPTER II

The Federal Structure and Planning Organisation

As a result of the recent General Elections, a number of States have Governments formed by parties different than that in power at the Centre. Under this new set-up, it is more necessary to ensure that the Planning agency should be accepted by the States as a National Agency. (2.41)

In the future set-up, the N.D.C. has to play a greater and more effective role. It is not necessary to convert the N.D.C. into a statutory organisation. It can only be a body that advises the Union and State Governments. (2.42)

The N.D.C. should operate more continuously and more effectively. For this it may be necessary to have sub-committees, both at the Ministers' and official levels. (2.43)

While the national plan has to be closely related with the functions of the Union Government, it is necessary that the Planning Commission should be accepted by the States as an objective and independent body of experts. (2.51 & 2.52)

The Planning Commission and the Union Government

The Planning Commission should be an expert body which should work out a few broad alternative plans, analyse their main implications and seek guidance from the Union Cabinet regarding the choice to be made. (2.61)

A sub-Committee of the Cabinet on Planning should be created for guiding the Planning Commission on matters requiring political decisions. (2.62)

At present the Commission gets involved in implementation and takes upon itself a number of functions which should essentially be undertaken by the Ministries. In fact, it is essential to build up adequate and competent planning cells in the Ministries. (2.63)

The Commission should not be involved in day-to-day decision making. (2.64)

The Commission should be able to obtain detailed information on projects and programmes from sectoral and regional agencies, and once a decision has been taken, it should be the responsibility of the Ministries/States to carry it out. (2.65)

The Commission should pay more attention to formulating development plans more soundly, suggesting improvements in implementation and making revisions in the face of new developments. (2.66)

Planning Commission and the State Governments

The Planning Commission has got involved in directing States to prepare their plans according to the wishes of the Central agencies and Central Assistance has been the major instrument for achieving this purpose. (2.71)

The States have also not followed appropriate policies in formulating and implementing their plans. (2.72)

The Commission has to be responsible for examining State plans and advising the Union Government about assistance for development. How exactly this should be done will be discussed in our final Report. (2.74)

CHAPTER III

Composition of the Planning Commission

The appointment of Ministers to membership of the Commission has no clear rationale and they make no significant contribution to the deliberations of the Commission. (3.33)

Having Minister-Members and getting involved in normal decision making have detracted from the Commission's effectiveness. (3.34)

We recommend that no Minister of the Union Cabinet should normally be a Member of the Commission. (3.35)

The Finance Minister's association as Member of the Commission is justified on the ground that as he is responsible for mobilisation of resources, he would keep the Commission's thinking realistic. (3.41)

On the other hand, it is argued that decisions regarding plan size should be those of the Cabinet and not of the Finance Minister alone. (3.42)

It is not necessary to appoint the Finance Minister as *ex-officio* Member of the Commission. (3.44)

It is claimed that unless the Prime Minister is to be the Chairman of the Commission, it would not have the requisite status and importance in the political and administrative spheres. (3.51)

Specially in view of the present environment, the disassociation of the Prime Minister from the Commission may be misunderstood and may run down the image of this national body. (3.52)

We recommend that the Prime Minister should continue to be the Chairman of the Planning Commission. (3.55)

Full-time Members

The Commission should have not more than six whole-time Members including the Deputy Chairman. They should be chosen not for any narrow specialisation but knowledge and experience in areas such as agriculture and rural economy, industry and technology, science and education, economics and other social sciences and public administration is very much essential. The practice of whole-time Members being appointed by the President on the advice of the Prime Minister should continue. (3.61)

Members should continue to have the present status of a Minister. Higher emoluments, if necessary, may be offered. The appointment should be made for a fixed term of five years and in exceptional cases there should be no bar to reappointment. It may be useful to stagger the tenure of Members. Members are public servants and as such have to observe necessary restraints. (3.62)

Members should be expected to look after areas to which they can make the best contribution. (3.66)

The Deputy Chairman and Minister for Planning

The Deputy Chairman's is a very responsible post providing the main link between the Union Cabinet, the Chief Ministers and the Commission. He has to advise Government, lead an expert group, ensure continuity in the process of development, advise the Prime Minister on the choice of Members of the Commission and make key appointments in it. (3.71)

The Deputy Chairman should be a person enjoying wide respect and able to lead a high level team. He should continue to enjoy the *de facto* status of a Cabinet Minister. (3.72)

The offices of the Deputy Chairman and Minister for Planning should not be combined in one as the former office requires the whole time of the person concerned. The Deputy Chairman should be neither a Member of Parliament nor that of the Cabinet. (3.82)

If the Commission functions as an expert advisory body as we contemplate, there is no need to have a Minister for Planning. Parliamentary work relating to planning policy and approach should

be dealt with by the Prime Minister who may be assisted by a junior minister. The latter should not be appointed a Member of the Commission. The responsibility for particular aspects and sectors should be squarely taken by the Ministers concerned. (3.83)

Statutory Body?

It is not necessary to convert the Planning Commission into a Statutory body. Experience in the past suggests that the flexibility that it enjoys is quite useful and there seem to be no special reasons for changing the existing position. (3.91)

The suggestion that the Planning Commission may be replaced by an office attached to the Prime Minister's Secretariat is not acceptable in view of the special conditions in India—our Federal set-up and the complexity of our planning functions. (3.92)

CHAPTER IV

Functions of the Commission

The basic statement of functions does not require any change, but some changes in emphasis are necessary. (4.21)

Coordination between development planning and defence production planning needs to be strengthened. (4.22)

Undue Growth of Units and Unnecessary Functions

There is no justification for the Commission to become involved directly in executive activities. (4.41)

A committee of the Commission has recommended the creation of a Social Science Research Council. We shall await Government's decision on this recommendation and make our own recommendations in the final Report. (4.44)

The Commission should not undertake studies of a long-term character or work of a consultative kind. Studies on administration and management should be mainly undertaken through appropriate academic bodies which need to be activated for such work. The Commission should maintain close liaison with the Administrative Reforms Department, the Bureau of Public Enterprises and other similar agencies. It should continue to undertake specific studies in areas where deficiencies are observed. It should have a small group of management and administration experts for servicing it. (4.45)

Work like that undertaken by the Joint Technical Group for Transport Planning should preferably not be directly undertaken by the Commission. (4.46)

We recommend that in the Commission's future organisation, activities which are mainly of either administrative or long-term research types should be reduced and the units created for such purposes transferred or wound up. (4.47)

Basis of Reorganisation

The Commission should essentially be involved in plan formulation, and plan appraisal and evaluation. (4.51)

The regrouping of Divisions should be so done that related sectors, from the view point of plan formulation, are placed in one Group. There would, however, always be need to establish close liaison between different subject groups of the Commission. (4.52)

Plan Formulation Wing

The Commission should function as an apex agency to provide broad coordination while regional and sectoral programmes must be fully worked out in detail by other agencies. For this, these bodies must develop their own expertise. (4.61)

In the proposed set-up, there need to be six Groups: three 'general' and three dealing with broad sectors. (4.62)

The Groups suggested are: (i) Perspective Planning; (ii) Economic; (iii) Plan Coordination; (iv) Rural Development; (v) Industrial Development; and (vi) Social Services. (4.63)

In the scheme of reorganisation proposed by us, there would be close coordination at the conceptual and analytical stage in developing programmes and plans. The nature of units would so change that there would be for each major subject, one or two high level experts and not a large number of non-specialised staff. We also expect that outside expertise would be used by the Commission much more than in the past. (4.70)

Plan Appraisal and Evaluation Wing

The Wing should provide quarterly progress reports on the major development projects and programmes. Its important function would be to prepare an Annual Appraisal which should cover the whole economy and enable lessons to be drawn for plan revisions and improvements in implementation. The Annual Appraisal Reports should be published within six months of the end of the year. (4.71)

Specific studies on particular programmes and projects may also be undertaken. The Evaluation function in the past has not received

adequate attention. The experts in this Wing should be more closely associated with discussions on Plan formulation. (4.72)

There should be a special section on Plan methodology in this Wing. (4.73)

Servicing and House-Keeping Wing

There is need to have a special unit to provide statistical service to the different groups. This should also be equipped with up-to-date technical equipment for maintaining and analysing computerised data. (4.74)

The House-keeping Wing should be a small though efficient unit. (4.75)

Providing information and publicity to the Plans should form part of the functions of the Ministry of Information and Broadcasting. There is, however, need for a Plan Information Unit in the Commission. This Unit should keep the Commission informed about the public opinion and reaction to plan proposals. (4.76)

The Commission also needs to obtain the reactions of professional persons, especially in academic and research institutions, on its tentative thinking and proposals. (4.77)

This unit may also conduct the function of supplying information and answering enquiries addressed to the Commission on development plans. (4.78)

Advisory Bodies

The Commission should constitute advisory groups of small size, only as and when necessary, and give proper attention to their purpose, manner of functioning and servicing for their effective operation. The National Planning Council should be wound up as early as practicable. (4.90)

CHAPTER V

Staff Strength

The Commission's staff has increased considerably and our preliminary view is that it can be substantially reduced, especially on the non-technical side. (5.13)

The Secretary and Secretariat Staff

Secretary is the Chief Coordinating Officer within the Commission as also its main spokesman *vis-à-vis* the Central and State Governments. (5.22)

The Commission should continue to have a full-time Secretary. (5.23)

The person to be appointed as Secretary should be one who has an aptitude for and adequate understanding of the Commission's functions. He need not necessarily be from the Administrative service. Proper care should be taken in locating potential talent for such positions and developing it. (5.24)

The Commission has increasingly been using Secretariat designations. (5.31)

This shows a departure from the initial approach. (5.32)

Economic Adviser

Work in the Commission requires a focus quite different from that in a Ministry. (5.41)

The Commission should continue to have an independent full-time Economic Adviser. (5.42)

To establish continuing links with Finance and other Ministries and other Governmental agencies, there should be a Standing Committee of Economic Advisers. (5.43)

Other Senior Positions

The Commission needs to attract good experts. Best talent has not always been available to it. The promotions within the Commission and new appointments should be made on merit and not on seniority in age or service. (5.51)

Over-frequent changes in officers in senior positions create difficulties in the proper functioning of the Commission. (5.52)

In the recent past, there has been a high turnover in the senior positions in the Commission. (5.53)

The main source of personnel for the Commission has been the Government whereas inflow from universities research institutions, the private sector and the professions has been inadequate. (5.54)

Personnel Policy for the Future

There should be a core of highly qualified senior technical staff supported by competent assistants. Other high level appointments in the Commission should mainly be on contractual or tenure basis. (5.61)

The Commission should show flexibility in matters of pay and other material facilities if professional personnel is to be obtained on short contracts. It is also important that it must build up the reputation of being an expert body so as to attract the best professional talent. (5.62)

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The Commission should have the freedom to change the structure of its technical staff within the overall budget provision. A vigorous personnel policy—especially for talent hunting—is necessary. (5.63)

The Commission should make much greater use of outside experts than it has done in the past. It should have the financial provisions and authority to enter into part-time and full-time contracts with experts—individuals and institutions—for specific work. (5.64)

The Commission has become a victim of hierarchical status consciousness and Secretariat procedures and atmosphere. The atmosphere of the Commission should be changed to that of a professional, scientific and expert organisation. (5.65)

There is need to follow a more flexible, dynamic and business-like policy in matters of recruitment and for streamlining of administrative procedures—all worked out in accordance with the original and basic objectives of the organisation. (5.66)

R. R. MORARKA,

Chairman.

SHARDA MUKERJEE,

Member,

CHANDRA SHEKHAR,

Member,

E.P.W. da COSTA,

Member,

M. R. YARDI,

Member,

S. R. SEN,

Member,

H. K. PARANJAPE,

Member-Director.

N. S. Gidwani

Liaison Officer Study Team and

Deputy Secretary

March 30, 1967.