

**Speech of Manik Sarkar, Chief Minister of Tripura at the meeting
convened by the Prime Minister on the restructuring of the Planning
held on 7th December, 2014**

Hon'ble Prime Minister and Colleague Chief Ministers,

"Planning" in India has always been a short-hand for "National Economic Planning": it has necessarily been associated with the concept of the "nation". The modern Indian "nation" was formed through the anti-colonial struggle which had placed before the people a vision of a new India. This vision was later enshrined in the Indian Constitution, its economic component being included in the Directive Principles of State Policy. The realization of this vision which is the basis of our modern "nationhood" requires conscious "planning" and cannot just be left to the spontaneous operations of the capitalist market. "Planning" is thus an integral part of India's modern "nationhood", and any talk of ending "planning" amounts to a conceptual demolition of the "nation" itself. Since "planning" necessarily has to be done by a specific body, i.e. a "Planning Commission", it follows that the country cannot do without a new Planning Commission. And precisely because such a body has the responsibility of realizing the vision underlying the Constitution, it must be made more powerful, more accountable and more autonomous of the Central Government than previous Planning Commissions have been.

Some suggestions regarding the mode of its establishment and the focus of its activities are given below.

1. Cooperative federalism: Platform for interface between Centre and States

- **What should be the scope and method of interaction in this forum?**

An institution entrusted with planning for the nation must be a permanent body and have representation from both the Centre and the States. The Planning Commission must be a body not of the Central Government alone, but of the National Development Council where both the Centre and the States are represented, and which in any case is at present the supreme agency overseeing economic development in the Country. (Or if this is considered insufficiently authoritative, owing to the NDC's not enjoying a Constitutional status, then the new Planning Commission could be set up by the Inter-State Council which is a Constitutional body).

- **What should be the strategy, tasks and mechanism for this platform?**

With regard to the constitution of the Commission, the following guidelines should be adhered to: (i) the new Planning Commission must be set up by the National Development Council (or the Inter-State Council); (ii) the non-ex officio members of the Commission, i.e. its "expert" members, including the Deputy Chairperson, must be decided on the basis of a consensus, reached through consultations between the Centre and the States, and ratified by the NDC (or ISC); (iii) while the Commission must be headed by the Prime Minister as earlier, there must be as many Chief Ministers of States among its ex officio members, as Central Ministers; (iv) there must always be at least one Chief Minister from a North –Eastern State among the ex officio members of the Commission; (v) both the Chief Minister from the North-East, and the other Chief Ministers must be chosen on the basis of a policy of rotation, so that every State gets a chance to be

represented on the Commission at some time; (vi) the non-ex officio members should have a tenure of five years, or the life-span of the Central Government, whichever is less; the ex officio members of the Commission from the Central Government will naturally have a tenure which is co-terminus with that of the Central Government; and the ex officio members consisting of State Chief Ministers should have a tenure of two years each (to enable every State to be represented without having to wait too long); (vi) the representation of a State should not change even when there is a change in the State's Government, which means that a new Chief Minister will represent the State in such a case without the State Chief Minister's membership being terminated; (vii) the full Commission including the ex officio members must meet at least twice in a year, so that the membership of the State Chief Ministers, given their shorter tenure proposed here, does not become a mere formality without any significance.

The new Planning Commission must differ from its earlier avatar not just in terms of its character and constitution, but also in terms of its focus, i.e. the task to which it addresses itself. Macro-level target-setting for growth and investment is not particularly meaningful in a world in which the bulk of investment now occurs in the private sector. Besides, the mere achievement of a high rate of GDP growth does not ensure that employment in the economy will grow at a rate adequate to reduce the magnitude of unemployment, under-employment and disguised unemployment, or to have any impact on hunger and poverty. Growth alone in short is insufficient for realizing the vision enshrined in the Directive Principles of State policy. Hence the new Planning Commission, instead of being concerned with GDP growth only, must focus directly on improving the conditions of life of the bulk of the people within the shortest possible time.

It must have a comprehensive Plan where the target is to reach quality health-care to every Indian citizen; quality school education to every Indian child; guaranteed employment (or, failing this, an adequate unemployment allowance) to every individual; adequate nourishment to every household; adequate support to every old-age person and person with disability; proper sanitation and drinking water facilities to every family; and adequate housing for all.

2. Strategic & Perspective Planning

- **Should the Five Year Plan Cycle be continued? If so, its strengths and weakness may be indicated. If not, alternatives may be suggested for the medium term and long term.**

Without any time frame, a plan means nothing. Hence the Five-Year Plan cycle must be continued. Some targets may take longer than one Five-Year plan to get realized. But the focus of the new Planning Commission must be on their realization in a time-bound manner. And this new Commission must be both transparent, and accountable to the NDC (or the ISC), and hence indirectly to the people at large, with regard to any short-falls in meeting targets.

- **Should the Annual Plan discussion continue in the present format between Centre and States?**

Annual Plans are a part of the Five Year Plan and provide an excellent opportunity to take stock of the progress made in each State towards achieving the Five Year Plan Target. They must therefore be continued. For Special Category States like Tripura, Annual Plan discussions are even more essential for ensuring that adequate resources are made available to them to meet their development needs.

3. Innovation & Knowledge Hub

- **How should this proposed Innovation and Knowledge Hub Work for the best interests of your State?**

Since the new Planning Commission according to our perspective will have a powerful role, all initiatives such as the Innovation and Knowledge Hub should be brought under the overarching guidance of this new Planning Commission instead of being independent competing agencies. "Planning" in other words must also mean "planning of innovation and knowledge production", so that it becomes useful for the "planning" of production of goods and services as a whole.

A point should be clarified here. Even though in our perspective the Planning Commission is not concerned with the growth rate per se, but with the material conditions for creating an India of free and equal citizens, it will obviously have to grapple with issues of production, incentives to producers, and the whole range of policies that impinge on production. Its concern with these matters must be linked to its focus on providing a universal basic minimum, and not derived from some abstract target-setting exercise.

For instance, the provision of adequate nutrition to everyone would necessarily require a substantial effort with regard to food-grain production and procurement, which in turn can be successful only if the farmers are provided adequate support in the form of inputs, credit, remunerative prices, and a procurement machinery. It would also require that the consumers are provided adequate support through affordable issue prices and the requisite amount of purchasing power. The Planning Commission should be concerned with all this and hence with the entire sphere of production and policy that impinges upon it. Likewise, it will be concerned with ensuring the wherewithal for meeting basic needs in other sectors like housing. Its planning exercise, for instance, can cover a dovetailing of employment guarantee with the construction of school buildings; and so on.

All these activities require research, knowledge and innovation. There has been in the more recent years, for example, a comparative neglect of agricultural research in the country, because of which the reliance on Multinational Agribusiness has increased greatly. This portends ill for the future. The development of knowledge, supported by public funding, for the needs of production in the country in accordance with social priorities, is absolutely essential if “planning” is to be fulfill its purpose.

Innovation and Knowledge development cannot merely be made State-specific. Though States will no doubt have their own specific requirements which will need attention, knowledge development must above all serve the needs of the nation as a whole, and hence must be “planned” under the overarching guidance of the new Planning Commission.

- **What are the expectations on the role and functions on the Think Tank role of the New Institution?**

The new Planning Commission will have to ensure that the trajectory of development in the country is in keeping with our social goals. To be able to do so, it must have a completely independent status. It must not become a body that merely accepts as fait accompli the decisions of particular Central Ministries. Though conflicts between this body and particular ministries at the Centre and the States should be sought to be resolved through dialogue and discussions and will in many cases, no doubt, get resolved in this manner, in the event of such conflicts persisting, the National Development Council (or the Inter State Council) will have to take a final decision in the matter.

The Planning Commission cannot be merely a “think tank”. It has to plan the volume, sectoral distribution, and private-public split of infrastructural investment. Leaving infrastructural investment to

public-private partnerships in which the public sector provides the resources and carries the risks, while the private sector earns the bulk of the returns, will undermine the Government's fiscal position, and hence thwart the prospects of essential public investment being undertaken. Secondly, it has to plan public investment as a whole and recommend appropriate ways of garnering fiscal resources and of restructuring the public sector. Mere disinvestment and privatization of public sector units, apart from breeding corruption, are socially counter-productive, and even fiscally suboptimal. Thirdly, it has to provide some set of indicative targets on how the structure of the economy as a whole and the individual sectors and subsectors should evolve. The new Body may suggest measures through which this will be achieved and also suggest appropriate allocation of resources towards this end. Further, it has to formulate policies through which some degree of industrial and technological capacity is built up within the economy which in turn would require withstanding the pressures exerted through the WTO, including via the TRIPS agreement (and for this its role in providing overarching guidance to the Innovation and Knowledge Hub becomes necessary).

4. Flow of funds

- **How should the fund flows for the Central Plan Assistance to the States be restructured?**

For quite some time now States have been demanding that the Union Government should devolve 50% of its total revenue collections to the States to enable them to meet their burgeoning fiscal needs. That demand stands. We shall however confine ourselves below only to Central Plan Assistance.

A significant proportion of Plan funds currently flows through line Ministries under various Centrally Sponsored Schemes. These Centrally

Sponsored Schemes in turn have to be distinguished from Parliament-approved programmes like the MGNREGS. The Central Government (a) has been in the habit of unilaterally reducing its share and increasing the share of the State Government in Centrally-Sponsored Schemes, often even against overwhelming opinion expressed at the NDC; this is utterly arbitrary and unreasonable. (b) Of late it has even sought to reduce the scale of the MGNREGS, which would hurt the poor and the destitute people in rural India as a whole, and be particularly harmful to a State like Tripura. Besides, it is a terrible precedent for the democratic system in our country if a Parliament-enacted Scheme is arbitrarily curtailed by the central executive, acting entirely on its own, without going back to the Parliament.

We would therefore suggest that (a) the MGNREGS must be implemented in letter and spirit exactly as the enactment by the Parliament had visualized. (b) Even Schemes which the Centre has initiated on its own, and finances entirely from its own resources, should not be truncated suddenly and arbitrarily without the matter being raised at the NDC. And (c) any alteration in a Scheme that is jointly funded by the Centre and the States can occur only with the concurrence of the States.

All this is with regard to the existing Schemes or new Schemes once they come into effect. But all future new Schemes whether fully financed by the Centre or jointly funded by the Centre and the States must be discussed by the Planning Commission and have its approval, in which case the voices of the States can be heard, via the Commission, at the stage of the initiation of the Scheme itself.

In addition, at least 30% of the Annual Plan assistance should flow as untied funds, so that the States can take up and execute Projects based on their felt needs, including the need to fill infrastructure gaps.

Currently, the only sources of untied funds are the SPA (Special Plan Assistance) and SCA (Special Central Assistance). The flow of such funds needs to be greatly expanded.

Issues specific to North East (not in Agenda)

- 1. The growth in regional disparity in the country has been quite striking, with the North-East lagging behind the rest of the country. This has to be combated. For doing so, however, relying on private investment alone is grossly inadequate. Public investment becomes a crucial instrument for combating regional inequality. The new Planning Commission has to play the role of consciously directing public investment towards the backward regions, including in particular the North-East.*
- 2. North Eastern States are economically under-developed with little fiscal resources of their own. Their capacity to generate Plan resources becomes even more restricted because of the Finance Commission's not recognizing that even though the North-Eastern States are small States, they too have to maintain a minimum size of the administrative machinery, and hence to devote their meager resources towards this end (which the Finance Commission does not compensate them for). The new Planning Commission must have a specific mandate to address the resource gap for State Plans in the North-East.*
- 3. North Eastern States have an existing provision under NLCPR (Non-Lapsable Pool of Central Resources) with funds pooled from the Central Ministries which are mandated to spend 10% of their outlay on NE States. But the 10% funds are not flowing to the North-east and, even where they are coming, they are not being put to proper use because of the weak administrative machineries of the concerned central ministries. The government of India should allocate 50% of these funds directly to the States so that they can spend them on projects in accordance with their specific development needs.*