

CHAPTER V

REQUIREMENTS OF NATIONAL DEVELOPMENT PLANS

185. The Resolution of the Government of India appointing this Commission states that changes which interfere with the successful prosecution of the national plan will be harmful to the national interest. In the paragraphs which follow, we take note of some of the basic requirements from the point of view of the economic development of the country on a planned basis.

186. India's development plan may increasingly take the shape of a centrally-directed effort to locate and implement projects which are intended to give the highest return within the shortest periods, the benefits accruing to the country as a whole and not merely to any particular areas or regions in it. If the maximum advantage is to be derived from any such development plan or plans, the central planning authority must operate under minimum restrictions in its choice of methods and investments, and parochial tendencies within the Union should be discouraged.

187. There are certain provisions in the Constitution which are intended to take care of these needs. The possibility that some States may develop a particularist outlook and try to take advantage of such loopholes as there are in the Constitution, or that they may in practice, though not in theory, discriminate against or interfere with the mobility of capital, enterprise and labour cannot of course be ruled out. But the effect of this is not likely to be serious; and so far as can be foreseen, it may be safe to proceed on the assumption that no State has the power to destroy the integral unity of India considered as one big development area.

188. The second point which we desire to emphasise is that no area should be in a position to impose on those who are responsible for the formulation of plans, priorities which are not otherwise appropriate, merely as a result of reorganisation or as the price of agreeing to such reorganisation. This has a bearing on claims which have been made on behalf of particular areas to the effect that a certain minimum amount of development expenditure, proportionate say to population, should be incurred in these areas.

189. It is also necessary that the direct extra cost of reorganisation should be as little as possible; and some economy in existing expenditure may even be aimed at. The claims which have been made in the memoranda submitted to the Commission are so numerous and are of such variety that, if they were to be substantially met, the burden of extra non-development expenditure on

Governors, Legislatures etc., is bound to be very heavy. It is obvious, however, that at a time when all the available resources are to be used for the purposes of the plan, and when attempts are being made to increase such resources through economy in non-development expenditure, a scheme of reorganisation which significantly increases the load of non-development expenditure, would be prejudicial to the national interests.

190. The first five-year plan period might have come to an end and the second five-year plan might be under way, by the time decisions taken on the Commission's recommendations are implemented. A natural consequence of reorganisation will, therefore, be some degree of dislocation in the second five-year plan. This is because:

- (i) the new governments may alter the programmes of their predecessor governments;
- (ii) existing inter-state agreements on which the programmes are based may become obsolete and new agreements may have to be arrived at;
- (iii) the resources forecast at state level may be upset; and
- (iv) newly-created units, being enveloped in general uncertainty for some time, are unlikely, in the normal course, to address themselves with vigour and drive to the implementation of the second five-year plan from its very commencement.

191. On the other hand, the possible advantages of reorganisation from the point of view of the plan are likely to be:

- (i) the elimination of the sense of uncertainty which prevails in the disputed areas and hampers their development;
- (ii) the psychological satisfaction which certain groups of people or areas might derive from reorganisation;
- (iii) the possible elimination of multiplicity of jurisdictions in certain areas; and
- (iv) the creation of compact States with complementary economies, which is likely to facilitate the mobilisation and a better distribution of financial resources.

192. The Commission cannot hope to be able to recommend any arrangements which will avoid any interference with the Plan altogether. Attempts may be made to minimise disorganisation, by ways and means help from the Centre in the first few years or by adjustments in the State plans which may be intended to assure the States of residual central help. But even if this is done, it will be extremely difficult for State Governments both to implement a development

plan at the same or, if possible, accelerated speed and to reorganise and stabilise the machinery of government.

193. The considerations which we might bear in mind in the light of what has been stated in the preceding paragraphs are:

- (a) no change should be made otherwise than for clear and compelling reasons;
- (b) the permanent advantages and possible recurring economies which can result from the scheme of reorganisation should be such as to compensate for the dislocation; and
- (c) the administrative consequences of reorganisation should be clearly thought-out and suitable machinery should be devised in order to minimise the time required to deal with them.

194. We have indicated in the later portions of this report the steps which might be taken to adapt the existing agreements relating to important inter-state projects and to ensure that the execution and working of such projects are not prejudiced by any measures for the reorganisation of the States concerned. It seems desirable that, where in the interests of the orderly implementation of a project, certain financial or administrative measures have to be taken, such as those relating to soil conservation, settlement of newly-reclaimed land or the levy of betterment charges etc., the Central Government should have the power to ensure that the States cooperate in achieving the desired objectives.

195. The Government of India will no doubt consider how far these matters can be covered by legislation which will have to be promoted under Articles 3 and 4 of the Constitution, or by invoking the provisions of the contemplated Central Acts concerning inter-state water disputes and the development of inter-state rivers.

196. Apparently legislation under Article 4 will have to be confined to supplemental, incidental and consequential matters. The provisions of the Water Disputes Bill and the River Boards Bill also do not appear to confer on the Central Government adequate powers in respect of projects which are of an inter-State character. This is a matter on which we do not feel called upon to express an opinion in any great detail, but we regard it as of very great importance that the earliest steps should be taken to remove any impediments which hamper the formulation and execution of development programmes as such impediments not only retard the economic progress of the country but also tend to give rise to serious political difficulties.