

# **Meeting of Chief Ministers with the Prime Minister**



**Govt. of Uttarakhand**

**Address by :  
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Hon'ble Chief Minister of Uttarakhand**

**At**

**7 Race Course Road,  
New Delhi**

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## Honorable Prime Minister and fellow Chief Ministers

The sudden and unilateral decision by the Honorable Prime Minister while delivering the Independence Day speech to disband the Planning Commission took everyone by surprise. One of the ostensible reasons was to promote greater federalism and grant autonomy to the States. However, it would have been a better convention if the States had been consulted before making such an announcement. In my considered opinion, the Planning Commission has played a stellar role in inclusive development of the country by providing a forum to such states to voice their concern and provided for resources allocation accordingly.

The Planning Commission's mandate included inter alia (a) assessing the material, capital and human resources of the country with a view to augment them, (b) formulate a Plan for the more effective and balanced utilization of the country's resources, (c) determination of priorities and (d) allocation of

resources to States and periodic appraisal of the progress achieved in the execution of the Plan and recommend Policy adjustments, where necessary. It is important to mention here that the Planning Commission was also tasked to further the Directive Principles of State Policy as enshrined in Article 39 of the Constitution. The Roles and Responsibilities of the Commission were subsequently included in Allocation of Business Rules, 1961 (framed under Article 77(3) of the Constitution).

The Planning Commission is not a “socialist hangover” it is made out to be. It has evolved over a period of time. Even in a market economy, there are aspects that need planning as they require cooperation of multiple layers of Government cutting across different sectors as also the Private Sector and Civil Society.

In the social sector, issues of women and children cannot be assigned to a single ministry. Any single Ministry on its own cannot bring down Infant Mortality Rate or Maternal Mortality Rate.

Over the years, with the expansion of the role of the Private Sector, the system of Planning came closer

to that of indicative planning. Further, Planning Commission was the nodal entity in Government of India for Government-NGO interaction. There is no doubt that participation of people in planning is at the heart of both Planning and implementation. The Planning Commission for the first time created a window for Civil Society whereby it could directly participate in Planning. Can this impetus come from a Ministry? The unequivocal answer is NO.

The proposed move to distribute the functions of Planning Commission to Ministry of Finance and Subject Matter Ministries will only result in loss of overarching vision and perspective. The Ministries in their silos will not be able to appreciate anything beyond their own vision. The difference in approach between Planning Commission and Finance Ministry was useful as it provided for checks and balances. This also applies to the Centre State Relations. The Commission provided a forum for exchange of ideas and for discussion. The Commission held the States accountable for their performance while the States demanded greater flexibility to meet their specificities. The Finance Ministry or Subject Matter Ministries cannot perform this role.

We have moved away from a command and control eco-system for allocation of scarce resources to a system of creating facilitating mechanisms through policy interventions. However, irrespective of the fact that we are part of the global economy, India is still a country where the fruits of development have not reached millions of people. This is precisely why Planning is essential. Market forces cannot be allowed to decide the destiny of tribals, Scheduled Castes, Scheduled Tribes, minorities and other marginalized people.

A Planning paradigm with an overarching view is essential given the country's diversities and the large population. There may have been some shortcomings but the system had its inherent strengths. What is needed is RE-ORIENTING THE PLANNING COMMISSION AND NOT GIVING IT A POLITICAL BURIAL. Hence, I feel that the decision to do away with the Planning Commission is unjustified.

Sir, compared to some States which are in an advantageous position as they developed before the enactment of FC Act, we are in a disadvantageous position and further we have to spend large funds to

preserve our forest cover. The ecological services provided by them to the nation is neither accounted for nor compensated. Further, we are a State with weak (negative) BCR i.e resource position. In our case, we found a strong platform in the form of the Planning Commission to raise our issues and grievances.

I would like to reiterate that the decision to abolish the Planning Commission will adversely impact the interest of States like us, i.e. the Himalayan and North Eastern States.

### **Himalayan States:-**

We can not deny the fact that ecologically and strategically important Himalayan States including North Eastern states need a hand holding from the Centre. In particular, the Himalayan States have common problems relating to a large forest area, sensitive international border, proneness to natural calamities, weak financial resources due to restriction on use of natural resources like forest land and hydropower potential.

I emphasize again that the contribution of these States related to direct and indirect Eco-system services (ESS) is immense which is not being

accounted for in the National Accounting System (NAS). The importance of such services is globally acknowledged and cannot be denied in view of the impending dangers of climate change. According to a study done by LEAD India in collaboration with Indian Institute of Forest Management (IIFM) and the Central Statistical Office (CSO) it has been estimated that Uttarakhand forests alone are providing direct and indirect eco-system services worth Rs. 161921 crore (Rupees one lakh sixty one thousand nine hundred twenty one crore) annually to the nation without any compensatory payment mechanism to the State.

Many of our hydro projects and other infrastructure projects have been stopped post sanction due to pressures of environmental lobbies. This makes us doubt the very sanctity of the sanctioning process. The loss of income accruing from these projects is estimated to be about Rs. 1800 crore annually. This further impacts the acute shortfall in our annual plan resources each year.

In view of our long standing demands, the Govt of India set up a committee to study 'Development in Hill States Arising from Management of Forest Lands with Special focus on Creation of

Infrastructure, Livelihood and human Development' under the chairmanship of Sri B.K. Chaturvedi, the then Member, Planning Commission Considering all aspects the committee felt that "There is a need to compensate the Himalayan and North Eastern States for maintaining valuable eco-systems, the benefits of which are shared by the country at large".

The committee beside simplification and rationalization of related procedural issues, also recommended that the fiscal compensation on account of their contribution of environmental services to the rest of the nation and in recognition of their special disabilities should be at least two percent of the gross budgetary support (GBS) to the Plan each year for the balance period of the Twelfth Plan.

However, while recommending two percent of annual GBS, a rider for adopting the form of the project-linked Special project Plan (SPP) for allocation of this sum has been suggested. We strongly feel that since this is a payment for services provided, this should be free from any condition and be left at the disposal of the State to utilize it for welfare of the people and to fund state- specific needs.

The Planning Commission was also in the process of developing Environmental Performance Index (EPI) to incentivize States for environmental performances through budgetary allocation. The fate of these crucial and life and death issues for Himalayan and North Eastern States hangs in limbo with the abolition of Planning Commission.

### **Suggestions for alternative arrangement**

Our ultimate goal is to provide a dignified life to the citizens across the States. But each state has its set of specificities and problems to tackle with. While construction of Metro Train Systems, Smart Cities, Four-lane roads, Gas Plants are important in their own right, some of us especially Himalayan and North-Eastern States are struggling for basic amenities like drinking water, sewerage, road connectivity, basic health needs etc. A large number of people are migrating from these border areas and creating a demographic vacuum which is being filled up by people of neighboring countries.

The creed of inclusive development would mandate that the needs and aspirations of these deprived States are taken into account in an equitable manner.

**Summing up, I would like to suggest that instead of creating a new body we may reorient the Planning Commission itself and provide for a Commission with:-**

- (a) a Statutory status.
- (b) all States should have a proper representation in the body.
- (c) it should provide for a Dispute Resolution Mechanism.
- (d) the resource allocation function should continue to be with the Planning Commission and not with the Finance Commission or Finance Ministry (Government of India).
- (e) given the diverse nature of the mountainous States, the 'One size fits all' paradigm has always been a major cause of our problems. It needs to be ensured here that the reoriented Commission gives maximum discretion to the States within a broad frame work given by it.
- (f) within the restructured body, there should be a separate Cell for Himalayan and North-Eastern States which can look into equitable distribution of resources to these States so as to ensure inclusive development.

- (g) the monitoring and evaluation mechanism should also be housed in the restructured body and not with the respective Ministries.

Due to the announcement of abolition of Planning Commission, the planning and developmental activities have been adversely affected. Even as we are approaching the last quarter of the Financial year, States have only received tentative plan allocation so far.

To conclude I would like to stress on reorienting the Planning Commission to make it a statutory body, give greater representation of States and a special dispensation for Himalayan and North Eastern States within the restructured Commission.

Thanking you all.

(Harish Rawat)