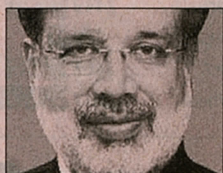


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With no Planning Commission hovering over the FM, does the institution really need to exist?

# Not According to Plan



Chaitanya Kalbag

When a little girl named Topsy is asked in *Uncle Tom's Cabin* if she knew who made her, she says, "I expect I grow'd." Today, Arun Jaitley will declare financial independence when he unveils Budget 2014 without the Planning Commission (PC) breathing down his neck. True, the Budget drafters in the Prime Minister's Office and the finance ministry are working with PC secretary Sindhu Shree Khullar. But it's increasingly clear Prime Minister Narendra Modi wants to pull the plug on the life-support system for a self-propagating organism that, like Topsy, just "grow'd" larger and larger.

Manmohan Singh was deputy chairman of the PC in 1985 when the Seventh Five-Year Plan was being finalised. C G Somaiah, the then-member-secretary of the PC, wrote that Prime Minister Rajiv Gandhi "wanted us to plan for the construction of autobahns, airfields, speedy trains, shopping malls and entertainment centres of excellence, big housing complexes, modern hospitals and healthcare centres". Frustrated that the PC was arguing about rural deprivation, Gandhi told reporters the commission was a "bunch of jokers".

## Reform the Commission

Somaiah wrote that it took him a long time to convince an upset Manmohan Singh not to resign. More than a quarter-century later, Singh

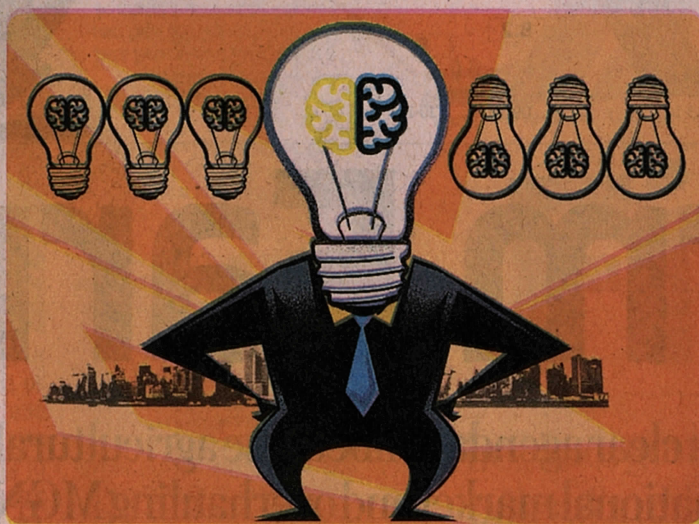
showed more resolve in 2009, early in his second term as prime minister, when he asked his protégé Montek Singh Ahluwalia, who has had the longest unbroken tenure as deputy chairman (July 2004-June 2014), to examine the PC's role and recommend its reform.

The PC isn't enshrined in our Constitution. It was set up by a Cabinet resolution in March 1950 just before Jawaharlal Nehru launched his First Five-Year Plan. Over the past 64 years, the PC has evolved into the "worst ministry in the government", as former member Arun Maira put it. Manmohan Singh and Veerappa Moily, the latter leading the Second Administrative Reforms Commission (2006-09), tasked Maira with an informal survey on how the commission could be reformed. Maira interviewed 19 eminent persons in February 2010. The crux of what they said was: the commission was out of step with the 21st century.

## Failed Efforts

Manmohan Singh had tried to reform the PC when he was deputy chairman in the mid-1980s. In 2000, under an NDA government, the then-PC member-secretary N C Saxena hired external consultants to suggest a roadmap. That effort, too, failed. In June 2010, Singh startled Ahluwalia by saying that the commission must become a "systems reform commission" and an "essay in persuasion" — in other words, a think-tank that would help the government formulate economic strategy. Instead, the commission evolved into a case study in bureaucracy run amok where officials from the Indian Economic Service and the Indian Statistical Service found a safe haven.

In April 2010, C Rangarajan, chairman of the Economic Advisory Council to the Prime Minister, was asked to head a High-Level Expert Commit-



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tee to look at better management of public expenditure, including a plan for the abolition of Plan and Non-Plan expenditure and a better structure for allocating funds from the Centre to the states. Presenting its report in July 2011, the Rangarajan committee said the Plan/Non-Plan distinction was "dysfunctional and an obstacle in outcome-based budgeting". It recommended public expenditure be moved from a single-year to a multi-year horizon.

Parliament's Standing Committee on Finance, chaired by former NDA finance minister Yashwant Sinha, also began to lose its patience with the commission. In June 2011, it called for an Expert Group to redefine the PC's role and objectives. In April 2012, the Standing Committee peevishly noted the "evasive reply" from the government on examining the PC's role. On April 28 this year, Singh met Ahluwalia and his team for the last time. He asked Ahluwalia to urgently answer four questions:

- Are we still using tools and approaches designed for a different era?
- Have we added new functions and layers without any restructuring of the PC's more traditional activities?
- What additional roles should the PC play and what capacities does it

need to ensure that it continues to be relevant to the growth process?

► Governance issues being integral to economic growth, are these areas for the PC to delve into?

Ahluwalia wrote a laboured, 12-page response. At one place, he notes that "we have yet to come to a satisfactory operational modality".

## Recommended: Euthanasia

The last nail in the coffin was hammered in last month by the Independent Evaluation Office (IEO) headed by Ajay Chhibber. In a blistering report submitted to Modi, Chhibber said the PC must be abolished as it lacked accountability, reported only to the PM, and had usurped a role that ought to have been performed by the Finance Commission.

Chhibber's note to Modi recommends the Finance Commission apportion funds between the Centre and the states; that a department of planning be folded into the finance ministry to decide allocations among the ministries; and that the PC give way to a Reform and Solutions Commission. What will be Modi's path?

► For the full text of this article, go to <http://ecoti.ms/planning>

The writer is a former Reuters Asia Editor

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## FUNNY BUSINESS

# Erm, it's Budget Day. is it?