

CHANGE IN THE PROCEDURE OF CENTRAL GRANTS TO STATES

*393. SHRI MAHESWAR NAIK: Will the Minister of PLANNING be pleased to state:

(a) whether it is a fact that Government propose to reform the procedure to afford greater flexibility in spending grants made to the States; and

(b) if so, what are the main lines of reform which it is proposed to introduce?

THE DEPUTY MINISTER OF LABOUR AND EMPLOYMENT AND PLANNING (SHRI L. N. MISHRA): (a) and (b) Yes, Sir.

The Planning Commission is shortly going to formulate its proposals regarding procedure and patterns of assistance to States in consultation with the Ministries concerned.

SHRI MAHESWAR NAIK: May I know whether in formulating the new schemes it is the intention of the Centre that the money which will be given away to the States can be spent freely on different projects by the States according to their own option?

SHRI L. N. MISHRA: No, Sir. The money is allotted under different heads. The Planning Commission has been working on a proposal for the simplification of the procedure. Attempts were made in 1958 and 59 and again in the Third Five Year Plan, the Planning Commission is trying to simplify the procedure in three ways. Firstly, the list of Centrally-sponsored schemes will be reduced drastically. Secondly, the large variety of Central assistance patterns will be replaced by a small number of broad patterns. And thirdly the States will have the option to adjust under one head of development within a group, without consulting the Ministry and the Planning Commission.

SHRI MAHESWAR NAIK: What safeguard will be adopted by the Centre to see that money granted by the Centre is not diverted from developmental expenditure to non-developmental expenditure?

SHRI L. N. MISHRA: We have a definite assurance from the State Governments in this regard and so far there has not been any complaint of this kind.

SHRI BHUPESH GUPTA: Is it a fact that a great controversy has arisen between the Planning Commission and the Central Government on the one hand and the State Governments on the other, with regard to the allocations of grants from the Centre, and may I know whether in this connection the State Governments have not pointed out that the existing arrangement of giving grants to the States does not help them in going ahead with either their Plans or developing their economies?

SHRI L. N. MISHRA: There are no controversies on this and we have just finalised the allotments for the Third Five Year Plan. There has not been any difference of opinion on this point.

SHRI BHUPESH GUPTA: May I know, Sir, if it is not a fact that almost all—not all—or many of the Chief Ministers of the States have expressed their disagreement with regard to the present arrangement and they have suggested that more allocations should be made and the terms in which they should be made should also be altered?

SHRI L. N. MISHRA: It is a fact that the States had larger plans and keeping the overall plan for the whole country, certainly the State plans had to be reduced.