ADULT EDUCATION INSTITUTE

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4165

March 24, 1973

For Favour of Publication

Seminar On

Economic Development and State Autonomy

A strong criticism of the centralised role of the Union Government in the process of economic planning was made by most of the participants at a Seminar on State Autonomy organised by the Adult Education Institute this afternoon. It was felt that the only corrective to the existing over-centralised system was to make the States autonomous in the process of planning. This autonomy involved powers of taxation, banking, foreign exchange, foreign collaboration and patterns of investment.

The discussion was based on a Paper written by Dr. R.C.Cooper. Dr. Cooper felt that in his scheme of state autonomy, economic development would take place as a result of healthy competition between States. They would be able to attract capital, provide greater incentives for investment and take other steps for greater economic growth. It was his argument that if the European community could come together for a common economic goal, while at the same time retaining their political and historical identity, there was no reason why India could not evolve a more decentralised federal pattern.

Some of the participants at the Seminar however felt that it was possible to explore other ways to decentralise by enabling the states to have a greater role in the planning process. Thus two concepts of decentralisation emerged from the discussions.

Some participants took the view that it was not necessary to take any extreme position on State autonomy and that modifications were possible even within the existing framework. They emphasised that India was a single economic unit in which the various states and regions had to evolve on the basis of inter-dependence. It was also argued that in the existing disparities between the State of the Indian Union, the Central Government had necessarily an important role to play. Mr. M. R. Masani argued that in the existing arrangement, the backward states were a drag on the more advanced statesof the Indian Union. It was argued thata more desirable arrangement was to offer the States an opportunity of rationalising the tax structure with a view to providing incentives for investment.

Dr. Cooper argued that the economic lessons that one could derive from the pattern of development in places like Hongkong and Singapore were relevant for Indian States [illegible] to overcome poverty, It was felt that a radical departure from the existing pattern of Centre-State relations was necessary. There was substantial agreement that the Indian federal system could function in a viable manner only by the creation of a larger number of States which would be economically and administratively more manageable.

Mr. Masani Chaired the discussion which was attended among others by Dr. Cooper, Mr. M.N. Kaka, Dr. S.P.Aiyar, Mr. Dilip Chitre, Mrs. Mary Thomas, Mrs. Deepa Awal, and Mrs. Dalaya.

(S. V. Raju)

Honorary Secretary