UNIT 10 : PLANNING FOR DEVELOPMENT

UNIT STRUCTURE

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10.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- understand about the emergence of planning in India
- discuss the role of Planning Commission and The National Development Council

- explain about overall objectives, targets, achievements and failures of Five Year Plans in India
- have an insight to the current Five Year Plan n India

10.2 INTRODUCTION

The present thought of economic planning is comparatively new somewhat rooted in Marxian Socialism. The idea of economic planning has been developed by Soviet Union for the first time in 1928 which was given to transform the country in industrial super power. Idea of Economic Planning got strength during the period of great depression in 1930 and Keynes writing also advocated worth of economic planning. The occurrence of Second World War also necessitated the proper and efficient planning of economic resources for the successfully handling aftereffects of war.

10.3 SOME BASIS CONCEPTS IN PLANNING

10.3.1 Need for Planning

In India, the need and importance of planned and coordinated economic development under government supervision was recognized all along the freedom movement. In the 1930's when the freedom struggle was on rise, socio- economic aims also became well defined. The then congress president, Subhash Chandra Bose laid great stress on national planning and appointed a National Planning Committee with Jawaharlal Nehru as its Chairman. The Planning Commission was set up in March, 1950 with Nehru as its Chairman. By 1951, India started planning critically for the future. India adopted a flexible plan strategy in order to bring about a structural and functional transformationunder the leadership of Jawaharlal Nehru.

Overall objectives of Planning in India: Since, India is a developing country achieving full employment with economic development is the prime focus. Accordingly, in almost all the 5 year plans the following objectives are mentioned.

In all developing countries, increase in the state of economic development is the basic objective of economic planning. The level of Income, saving and investment should be increased to augment the level of capital formation which helps in raising the rate of economic development. Most of the people in developing countries are poor and their income level is also low which reduces the capacity of the people to save. Low saving results in lower level of capital formation. Due to scarcity of capital and lower productivity the rate of investment is low. In this situation two methods can be used one is planned development by importing capital from out of the country which Zweig Calls "Supported industrialization" and the other is by enforced saving which he characterizes as "Self Sufficient Industrialization."India wants to select the second option and therefore some related objectives are formulated as follows.

- **To Eradicate Unemployment:** The need for planning is more stressed by need for eradicating the unemployment in economies. In underdeveloped countries problem of unemployment arises because of capital being limited and labor being abundant. Due to excess labour available, there arises involuntary unemployment in the economy. It can be solved by placing well powerful authority at central level and giving more power to this authority can solve this problem.
- **To Improve and Strengthen Market Mechanism:** The need for planning is to improve and strengthen market mechanism .The market mechanisms works improperly in underdeveloped countries because of the lack of knowledge and unfamiliarity with it. The major parts of economy of under developed country consistof non-monetized sector. The production factors and monetary markets are not organized properly. The price system exist only at very basic level .Therefore planning is required bring a match between demand and supply side of the economy and other resources.
- **Fair progress of the Economy:** In absence of effective efficient

planning there is a greater need of setting up institution which is dedicated to only planning of economy. For faster growth of an economy the agriculture and industrial sector need greater investment,attention, effective policies from the government. Import and Export needs to be kept on checked condition and there should be an effort to balance both import and export so that foreign exchange can be managed effectively.

- **Progress of Agricultural and Industrial sectors:**The necessity for developing the agricultural sector with industrial sector arise from the fact that agriculture and industry are dependent on each other. Growth of agricultural sector will provide plentiful and required raw material to industries.
- **Progress of Money and Capital Market:** Growth of trade depends not only on agricultural and industrial sector, but also with stable growth of other financial institutions. Capital & money markets are undeveloped all the developing countries.The growth of these markets depend on international markets and world economic conditions.
- **Progress in Infrastructure:** For the growth of agricultural and industrial sector the infrastructure need drastic improvements at very high pace.If the Infrastructure lags behind, it will impact the growth of other sectors. For achieving high growth rate in infrastructure in countries like India, public private model can be used more extensively for faster completion of infrastructure projects.

10.3.2 Types of Planning

- **Directional planning**: Countries with socialism beliefs followed the directional type of planning. The targets of plans are pre-determined and executed with the help of the government in power. In this form of planning all the important decisions are taken by the state. In this type of planning all things are under control of state including, financial institutions, industrial sector,

transport, and infrastructure.

Faults of Planning by direction:

- It involves bureaucratic system, which is time consuming. Also, there is lack of clarity.
- Markets are under State controls.
- Planning by direction is very inflexible process and there is absence of accountability towards consumers and producers.
- Planning by direction is goal oriented and wants to achieve that at any cost. As a consequence, it becomes very tough to implement and sometimes there is exploitation of resources and manpower which may cause unrest.
- Planning by direction can lead to standardization of process resulting into similar production capacities and processes which diminish innovation.

- **Planning by inducement:** Planning by inducement is sovereign planning. The government in power forms various monetary and fiscal policies to effectively regulate the economy. If the authority want to promote any industry it can subsidy to that industry and its ancillary industries. If authority finds that there is black marketing or scarcity of a particular commodity in market they can take measures to control price and starting rationing of that commodity. To increase the capital it can take up investment and encourage private investors. It can adopt a suitable monetary policy and can fine tune taxation in the system to increase or decrease consumption.

Faults in planning by Inducement:

- Sometimes the situation of scarcity of commodity arises and measures of rationing and price control is taken by authority.
- Monetary and fiscal policies are immaterial to induce development of the economy by raising the rate of capital formation.

- **Perspective planning:** Perspective planning is a plan for longer period of time, 20 to 25 years. It is an outline of development to be undertaken over a longer period in a phased manner. A perspective plan does not mean that a single plan will continue for entire period of 20 years. In this type of planning targets are framed for particular time period for example five years like five years plan in India they are also known as short period plan. They can further divided into annual plans. These five-year plans generally maintain continuity. They can be further bifurcated as regional plan which pertains to state and districts.

  Faults of Perspective planning:

  - In perspective type of planning, plans are generally made for long period. Therefore, it is very tough to do necessary adjustment for advancement of the plan.
  - Administrative problems are major concern for this kind of planning as it requires highly efficient bureaucracy to implement the plans.

- **Indicative Planning:** Indicative planning is a flexible kind of planning. It is different from comprehensive or imperative planning. It is a decentralized type of planning. There is very less stringency in this structure of planning.

  In Indicative planning the targets for public sector are compulsory while for private sector they are only indicative. But it does not mean that government cannot use its power to influence the private sector in desired direction.It was initially used in countries like France and Japan.

  Fault of Indicative Planning:

  - Indicative planning can only influenced the players involved economic planning.
  - Indicative can turned out to be disaster if not monitored.
  - As in this planning there is not much to do by the authority, some monopolistic players can go for personal benefit without caring about over all system which can cause inflation in the economy.

- **Imperative Planning:** Under imperative planning, the government in power directs and control all the economic activities and resources in the economy. All resources are used with high efficiency to complete set targets of the plan. In such planning consumer get fixed amount of a commodity at fixed price. Since government decision and policymaking is very rigid they are to be followed by the players. This kind of planning is in use in countries like Russia and China.
- **Democratic planning:** In Democratic planning, plans are prepared according to the requirement and needs of the people. A democratic plan is characterize by discussion with various parties involved in the economy whether different government agencies, private parties or enterprises. This discussion will take place at level of preparation the plan. The plan will be debated at parliament of a country. Main motive of democratic planning is to eradicate inequalities of income and wealth. People enjoy social, political and economic freedom.
- **Fixed planning:** In this type of planning, plans are prepared for fixed period of time. The objectives and targets of fixed plan are to be achieved with in the plan period. While finalizing the budget outlay the physical targets should be keep in the mind because targets and spending on these targets are often not changed except during an emergency.

  Faults of Fixed Planning:

  - There is lack of correlation between available resources and targets of planning. The main aim is to complete financial targets by foreign aid, heavy taxation, large borrowing irrespective of itsailing effects on economy.
  - This system of planning does not take into account future changes in the world economy or any other natural calamity.
  - This type of planning is not so suitable for projects with long execution time frame.
- **Centralized Planning:** Under centralized planning the

centralized authority plans and formulates all planning activities in the country. The authority fixes target for all industries and fix priorities for all sectors. It takes all the investment decisions according to the goals and targets set in the plan. Central authority fixes price for all products.

Faults of Centralized planning:

- Centralized planning has the characteristics of authoritative and undemocratic - bureaucratic control and regulation.

- **Decentralized Planning:** In decentralized planning the plans are executed at grass root level. In this type of planning plan is prepared by central authority with discussion with all the administrative units in the country whether at state level, district level. Similarly, plans for industries are prepared with full conversation with all the major representative stakeholders in the industries. But individual firm are free to take decision on their investment and output prices. There is a freedom of production and consumption under decentralized planning.

  Faults of Decentralized Planning:

  - Its reliance on the market mechanism leads to shortages or surpluses in the production of goods and services.
  - It requires lot of adjustment from government to solve the problems in supply side.
  - It is sometimes, difficult to have coordination between planned & unplanned sectors.

10.4 ECONOMIC PLANNING IN INDIA

Economic planning becomes part of Indian political system much before the introduction of first five-year plan. Book named 'Planned economy for India' written by M. Visheshvraya which is fairly a theoretical development towards economic planning. In his book he published his own suggestions for a ten-year plan for India. He proposed under the Plan to double the income of the country within ten years. The economic history of Indian Planning can be subdivided in the following manner:

- 1947 to the mid 1950s - preparatory phase in planning for development
- Mid 1950 to mid 1960 - rapid industrialization phase in planning
- Late 1960 to 1970 - plans tried to focus on agriculture
- 1980 to 1990- initialization of liberalization in plans
- 1991 to present- liberalization in progress

During the first phase, the main concern was to work out a broad framework for planned development. The Industrial Policy Resolution of 1956 outlined Nehru's vision of a socialistic pattern of society, making the public sector the pivot of Indian Economy. From the third plan, focus shifted to agriculture sector followed by 'Green Revolution' eventually to the trade liberalizations and economic reform.

10.4.1 The Planning Commission

Planning Commission was established on 15th March 1950, as a non-constitutional body with the help of document of government of India. It helps the government in planning procedure and acts as an advisory body. Pandit Jawaharlal Nehru was appointed as the first chairman of planning commission. The prime minister of India is the ex-officio chairman of the commission. There is no fixed tenure for its members and vice chairman. The commission comprises of eight members

Functions

The main functions of planning commissions are as follows:

- It helps in estimating and recognizing the physical, human, and capital resources in the economy and investigates the possibilities of augmenting resources.
- It formulates the plan for the balanced and rapid economic development in the country.
- It helps the government in the allocation of resources to the most needed and weak sector in the country.
- Evaluates plans in its different stages and determines the plans priorities accordingly.

- It gives advice to the centre and the state government on matters for which advice is solicited by them.
- It indicates the factors, which retards the development process of the country.
- It makes additional recommendations as and when necessary. The commission was comprised of eight members:
- Prime Minister (Chairman)
- Four fulltime members (including Deputy Chairman),
- Minister of Planning
- Minister of Finance
- Minister of Defence

With a change in the government at the centre, a new planning commission is always formed.

10.4.2 NITI Aayog (Policy Commission)

NITI (National Institution for Transforming India) was formed 1 January 2015 by the Union Government of India replacing the Planninng Commission. The Prime Minister serves as the Ex-official chairman. The governing council consists of all state Chief Ministers, chief ministers of Delhi and Puducherry, Lieutenant Governor of Andaman and Nicobar, and vice chairman nominated by the Prime Minister. In addition to full members, there are two part-time members and four ex-official members and a chief executive officer. The temporary members are selected from the leading universities and research institutions. The stated aim for NITI Aayog's creation is to foster involvement and participation in the economic policy-making process by the State Governments of India. The emphasis is on bottom-up approach and to make the country moving towards cooperative federalism. The functions of Nity Ayog is almost similar to that of Planning Commission but is complimented with some other functions like

- To develop mechanisms to formulate credible plans at the village level and aggregate these progressively at higher levels of government.

- To ensure, on areas that are specifically referred to it, that the interests of national security are incorporated in economic strategy and policy.
- To provide advice and encourage partnerships between key stakeholders and national and international like-minded Think tanks, as well as educational and policy research institutions.
- To create a knowledge, innovation and entrepreneurial support system through a collaborative community of national and international experts, practitioners and other partners.
- To offer a platform for resolution of inter-sectoral and inter departmental issues in order to accelerate the implementation of the development agenda.
- To maintain a state-of-the-art Resource Centre, be a repository of research on good governance and best practices in sustainable and equitable development as well as help their dissemination to stake-holders.

10.4.3 The National Development Council

The National Development Council (NDC), has been working as the highest national forum for the economic planning in India since August 6, 1952. Representatives of both the Central and the State government come together in the NDC to finally approve all important decisions relating to planning. The NDC is responsible to approve the draft plan. It also takes final decision regarding the allocation of central allocation for planning among different states.

10.5 OVERALL OBJECTIVES OF PLANNING IN INDIA

In India, the First Five year plan began in the year 1951-52. The first plan highlightedon correcting the disequilibrium in the country caused by second world war and partition of the countryand on attainment of self-sufficiency in food grain production and to improve availability of raw materials. The objective of second five year plan is also to initiate rapid

industrialisation with special reference to basic and heavy industries, to generate more employment opportunities, to reduce the growing inequalities in the distribution of income etc. Thus the exceeding plans were also focusing on development of agriculture, manufacturing sector and enhancing investment on social sector.

Although the objectives of these plans were different, we can identify some of the basic long-term and broad objectives of Indian planning. These are:

- **Raising the growth rate:** The economic planning in India was to bring about rapid economic growth through the growth in agriculture, industry, power, transport and communications and different other sectors in our economy. Further, the growth in real national income was considered to be the basis for an increase in per Capita real income and an improvement in the physical quality of life for, the maximum number of people. The growth, in national output must be higher than the growth rate in population for an increase in per capita output. Indian planners aimed at increasing national income and per capita income on the assumption that the continuous growth in national income and per capita income would remove the problem of poverty and raise the standard of living for the maximum people of the country.
- **Raising the investment-income ratio:** Growth in investment as a proportion of national income was also one of the important long-term objectives of Indian five year plans.
- **Achieving self-reliance:** This objective was considered to be an significant objective for keeping the growth activity free from political pressures of leading capitalist countries of the world. India had to import a enormous quantity of food grains from abroad for a considerable period. Again, she had to depend on foreign countries for the import of heavy machinery,machine tools, hardware, transport equipment, electrical instruments, etc. This was necessary for the expansion of the industrial sector and for building, a strong infrastructural base in India after independence. Hence, it was quite natural that the developed capitalist countries, supplying food grains, machinery and capital to India,

used to take full advantage of their strong bargaining power, by imposing different conditions while extending such help. In many cases, the domestic economic policies are also influenced by such conditions. Because of all these reasons, a self-reliant economic growth became a chief objective of economic planning in India, particularly since the inception of the Third Five Year Plan.

- **Reducing the level of unemployment and incidence of poverty:** Removal of unemployment can be regarded as a precondition for the elimination of poverty.It was assumed by Planning Commission that an increase in investment would accompany not only an increase in national output but also a rise in employment opportunities. This argument was put forward by the Planning Commission quite explicitly during the Third Five Year Plan. The planning commission however, believed that the removal of unemployment would lead to increase in GDP, on the one hand and improve the standard of living of the people on the other.

  Various plan documents have all along indicated that the policy of the Government of India is to reduce the incidence of poverty. The problem of poverty has been conceived as one of low productivity of a large section of the people. Hence, to remove these handicaps of the poor and to integrate them in the growth process, alleviation of poverty became one of the broad objectives of Indian planning.

- **Reducing income inequalities and attaining social justice:** Indian planners visualized the formation of a socialistic pattern of society where each member of the society would get equal opportunities in the fields of education, health, nutrition, occupation, etc. Hence, they felt the need for reducing income and wealth inequalities in our society. These inequalities have their extraction in the feudal system. Hence, reduction in income and wealth necessitated the elimination of semi-feudal relations of production in Indian villages. Thus; the objective was to do away with the 'Zamindari' system, impose ceilings on land-holdings and distribution of surplus land among the landless in rural areas.

  Income and wealth inequalities due to industrialization and growth were far more difficult The Planning Commission felt the need for

imposing some restrictive and fiscal measures e.g., by imposing higher rates of direct taxes on high incomes, to tackle this problem. The Planning Commission stated its policy towards income inequalities in the Fourth Plan document. It emphasized economic growth with the hope that the poor will benefit from it and thus, income inequalities would be reduced.

- **Modernization of various sectors:** The Sixth plan of India recognized one more objective of modernizing the production process. The implications of this modernization were to shift the sectoral comparison of national income, diversification of productive activities and advancement of technology.

  Modernization, as per the view of the Planning Commission, also implied introduction of modern technology, both in industrial and agricultural activities. It also implied an emergence of new types of banking, insurance and marketing institutions, which would facilitate the dynamics of growth process.

- **Redressing Imbalance in the Economy:** Regional disparity and imbalances in the economy became so acute in India that they needed special attention in our five-year plans.

  The second, third, fourth and five year plans have tried to achieve this objective and subsequently other plans are till focusing on this. In fact, every plan has special package for less developed regions of our country.



CHECK YOUR PROGRESS

Q 1: What is the 12th Plan Period ?

a) 2007-2012 b) 1997-2002

c) 2002-2007 d) 2012-2017

Q 2: National Development Council consists of

a) Members of Planning Commission

b) Governors of the states c) Chief Ministers of the states

d) a) and c)

Q 3: What was the prime target of First Five Year Plan of India?

a) Development of Industries b) Development of Agriculture

c) Development of Infrastructure d) Development of Rural area

Q 4: Planning commission was established as .....on.....

A. Non-constitutional body, 15th march 1950

B. Constitutional body, 15th march 1950

C. Non statutory body, 15th march 1951

D. Statutory body, 15th march 1951.

Q 5: Which type of planning is a blueprint of development over a longer period of time?

a) Centralized planning b) Decentralized planning

c) Annual planning d) Perspective planning.

Q 6: Which of the following type of planning is also known as soft planning due to minimum rigidity in its structure?

a) Indicative planning b) Perspective planning

c) Physical planning d) Financial planning.

Q 7: Which of the following planning is executed at the grass root level?

a)Centralized planning b) Decentralized planning

c) Fixed planning d) Imperative planning.

10.6 AN OUTLINE OF THE PLANS IN INDIA: ACHIEVEMENTS AND FAILURES

Seventy years of planning experience has witnessed achievements and failures in different sectors of the economy. At best, the planning experience has proved to be a mixed blessing.

Achivements: Major achievements and failures of Indian Planning are as follows:

- Increase in food grain production from 50 million tonnes in 1950-51 to 208.9 million tonnes in 1999-2000 and to 272 million tones in 2016-17.
- India has successfully maintained a reasonable degree of price stability with the help of planning and the annual rate of inflation is maintained around 4 percent (current year inflation is 4.83).
- By setting up the public enterprises at the backward areas of the country, it has helped these areas in terms of development of infrastructure, employment opportunities and growth of ancillary industries.

- With the help of rural development and rural employment schemes, the planning in India has tried to eradicate poverty and inequality.
- The composition of national income has changed graduallyover the planning years. While the share of agriculture and allied activities in the GDP has declined , that of the tertiary sector has increased.

Failures:

- In spite of achievements, economic planning has performed poorly in several areas like still India is having a massive backlog of unemployment in rural and as well as in urban areas.
- The benefits of planning and consequent development have not trickled down to the poorest sections of society
- The growth of black money in urban areas has led to a wasteful expenditure along with the menace of corruption.
- The internal as well as external debt of India has reached at alarming level with huge budget deficit of chronic nature.
- Regional disparity has not been removed so far after so much of policies and initiatives.

10.6.1 Recent Change in the Approach to Planning in India

The Five-Year Plans played a great role in lifting India's social sector and building of heavy industry. A centralised planning system could ensure that the money gets spent where it was the most needed. However, for a long time, there had been a perception that centralised planning's one-size-fits-all methodology prevented it from functioning well in a nation as large and diverse as India. Furthermore, because the Planning Commission was formerly under the control of the central government, it frequently used as a weapon for penalising opposition-ruled states in terms of funding allocation. The idea behind centralised planning's top-down approach was that the states should have more control over how much money they spent. It appeared that the Planning Commission was forcing its rules on states who could have better known what and how much they needed.

The Planning Commission was seen to be imposing its

diktats on states who could have better known what and how much they needed.

The Planning Commission has been replaced with the NITI Aayog as the new body that sets policy. "Cooperative federalism" is its guiding principle. The primary distinction is that Niti Ayog is unable to allocate cash or make choices on behalf of states. This body is merely advisory.

The initiatives of NITI Aayog include

- Three-year Action Agenda
- Fifteen-year vision and
- Seven-year strategy.

Difference between erstwhile Five Year Plans and NITI Aayog's three-year Action Agenda: NITI Aayogs Three-year Action Agenda document offers the government merely a broad road map. Since the document lacks financial authority, it does not specify any plans or allocations. Its suggestions are not legally obligatory on the government because the Union Cabinet does not have to endorse them. The NITI Aayog records have no financial significance since the government no longer divides expenditures between plan and non-plan heads. They serve as the government's only set of policy guidelines.

10.7 THE TWELFTH FIVE YEAR PLAN (2012-17)

The Twelfth Plan commenced at a time when the global economy was sufferingthrough a second financial crisis due to the sovereign debt problems of the Eurozone which was initiated in the last year of the Eleventh Plan. Almost all the countries were affected by the crisis including India. Our growth slowed down to 6.2 percent in 2011-12 and the deceleration continued into the first year of the Twelfth Plan, when the economy is estimated to have grown by only 5 percent . The Twelfth Plan therefore,state that our first priority must be to bring the economy back to rapid growth which is both inclusive and sustainable. The broad vision and aspirations which the Twelfth Plan seeks to fulfil are reflected in the subtitle: 'Faster,

Sustainable, and More Inclusive Growth'. Inclusiveness is to be achieved through poverty reduction, promoting group equality and regional balance, reducing inequality, empowering people etc whereas sustainability includes ensuring environmental sustainability ,development of human capital through improved health, education, skill development, nutrition, information technology etc and development of institutional capabilities , infrastructure like power telecommunication, roads, transport etc ,

Apart from the global slowdown, the domestic economy has also amass against several internal constraints. Macro-economic imbalances have surfaced following the fiscal expansion undertaken after 2008 to give a fiscal stimulus to the economy andinflationary pressures have built up. Major investment projects in energy and transport have slowed down because of a variety of implementation problems. Some changes in tax treatment in the 2012-13 have caused uncertainty among investors.These developments have produced a reduction in the rate of investment, and a slowing down of economic growth.

The policy challenge in the Twelfth Plan is, therefore, two-fold. The immediate challenge is to reverse the observed deceleration in growth by reviving investment as quickly as possible.

10.7.1 Major Objectives of the Plan

Immediate priority is to revive the investor sentiment along with next short term action of removing the impediments to implementation of projects in infrastructure, especially in the area of energy which would require addressing the issue of fuel supply to power stations, financial problems and clarity in terms of new exploration.

The Twelfth Plan lays out an ambitious set of Government programmes, which will help to achieve the objective of rapid and inclusive growth. Considering the scarcity of resources, it is essential to take bold steps to improve the efficiency of public expenditure through plan programmes.

Need for fiscal correction has been felt and introduction of

tax reforms like GST, reduction of subsidies as per cent of GDP while still allowing for targeted subsidies and managing the current account deficit would be another chief concerns.

Achieving sustained growth would require long term increase in investment and savings rate.

10.7.2 Monitorable Targets of the Plan

Twenty Five core indicatorshave been listed by the Twelfth Five Year plan (FYP)which reflect the vision of rapid, sustainable & more Inclusive growth of the twelfth Plan as follows:

Economic Growth

- Real GDP Growth Rate of 8.0 per cent.
- Agriculture Growth Rate of 4.0 per cent.
- Manufacturing Growth Rate of 10.0 per cent.
- Every State must have an average growth rate in the Twelfth Plan preferably higher than that achieved in the Eleventh Plan.

Poverty and Unemployment

- Head-count ratio of consumption poverty to be reduced by 10 percentage points over the preceding estimates by the end of Twelfth FYP.
- Generate 50 million new work opportunities in the non-farm sector and provide skill certification to equivalent numbers during the Twelfth FYP.

Education

- Mean Years of Schooling to increase to seven years by the end of Twelfth FYP.
- Enhance access to higher education by creating two million additional seats for each age cohort aligned to the skill needs of the economy.
- Eliminate gender and social gap in school enrolment (that is, between girls and boys, and between SCs, STs, Muslims and the rest of the population) by the end of Twelfth FYP.

Health

- Reduce IMR to 25 and MMR to 1 per 1,000 live births, and improve Child Sex Ratio (0-6 years)to 950 by the end of the Twelfth FYP.
- Reduce Total Fertility Rate to 2.1 by the end of Twelfth FYP.
- Reduce under-nutrition among children aged 0-3 years to half of the NFHS-3 levels by the end of Twelfth FYP.

Infrastructure, Including Rural Infrastructure

- Increase investment in infrastructure as a percentage of GDP to 9 per cent by the end of Twelfth FYP.
- Increase the Gross Irrigated Area from 90 million hectare to 103 million hectare by the end of Twelfth FYP.
- Provide electricity to all villages and reduce AT&C losses to 20 per cent by the end of Twelfth FYP.
- Connect all villages with all-weather roads by the end of Twelfth FYP.
- Upgrade national and state highways to the minimum two-lane standard by the end of Twelfth FYP.
- Complete Eastern and Western Dedicated Freight Corridors by the end of Twelfth FYP.
- Increase rural tele-density to 70 per cent by the end of Twelfth FYP.
- Ensure 50 per cent of rural population has access to 40 lpcd piped drinking water supply, and 50 per cent gram panchayats achieve Nirmal Gram Status by the end of Twelfth FYP.

Environment and Sustainability

- Increase green cover (as measured by satellite imagery) by 1 million hectare every year during the Twelfth FYP.
- Add 30,000 MW of renewable energy capacity in the Twelfth Plan
- Reduce emission intensity of GDP in line with the target of 20 per cent to 25 per cent reduction over 2005 levels by 2020.

Service Delivery

- Provide access to banking services to 90 per cent Indian households by the end of Twelfth FYP.

- Major subsidies and welfare related beneficiary payments to be shifted to a direct cash transferby the end of the Twelfth Plan, using the Aadhar platform with linked bank accounts.

10.7.3 Sectoral Pattern of Growth under the Twelfth Five Year Plan

The sectoral pattern of growth associated with the 8.0 per cent growth is as follows:

- The Agriculture Forestry and Fishing Sector is projected to grow at 4 per cent, an improvement over the 3.7 per cent rate achieved in the Eleventh Plan.
- The Mining and Quarrying Sector grew by only 3.2 per cent in the Eleventh Plan, the growth rate being pushed down by negative growth of 0.6 per cent in 2011-12 reflecting problems in the iron ore sector, gas production and also coal. The Twelfth Plan assumes a substantial improvement with the growth rate averaging 5.7 per cent. The manufacturing sector decelerated in the course of the Eleventh Plan with a growth rate of only 2.7 per cent in 2011-12. The average growth rate in the Twelfth Plan period is projected at over 7 per cent which is a significant improvement over the situation in 2011-12 and 2012-13.
- Gas and water supply are projected to grow at 7.3 per cent on an average compared with 6.1. per cent achieved in the Eleventh Plan.
- Construction, which grew at 7.7 per cent in the Eleventh Plan, is projected to grow at an average rate of 9.1 per cent.
- The other service sectors are projected to grow fairly robustly with Trade Hotels and Restaurants at 7.4 per cent.
- Transport, Storage and Communication growth is at 11.8 per cent.
- Insurance and Business Service growth is at 9.9 per cent, and, finally, Community and Personal Services at 7.2 per cent.

10.7.4 Targets and Achievements of the Last Five Year Plan: A Critical Assessment

There have been quite a lot of important developments during the Eleventh Plan that have implications for financing of the Twelfth Plan. The Indian Economy robustly faced the global financial crisis of 2008. However, slower growth adversely impacts growth in Centre's resources, particularly taxes. The Sixth Central Pay Commission award has been implemented. The 13th FC award for 2011-15 is under implementation with some changes in the fiscal responsibility and budget management framework targets. Service tax has emerged as a very hopeful source of revenue. Efforts have been made to introduce unified Goods and Service Tax (GST) in consultation with States. This will be a major reform of the indirect tax system. The projection of fiscal deficits based on Medium Term Fiscal Policy Statement 2012-13 indicates that debt resources for funding of GBS for the Twelfth Plan will be higher initially but is projected to decline gradually. The Centre's net borrowing which was 5.9 per cent of GDP in 2011-12 (RE) is estimated to decline to 5.1 per cent of GDP in 2012-13 (BE). The fiscal deficit as percent of GDP is further projected to decline to 4.5 per cent in 2013-14, 3.9 per cent in 2014-15, 3.2 per cent in 2015-16 and 3.0 per cent of GDP in the last year of the Twelfth Plan.



10.8 LET US SUM UP

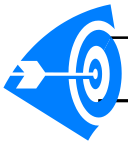
- The idea of economic planning has been developed by Soviet Union for the first time in 1928 which was given to transform the country in industrial super power.
- In India, the need and importance of planned and coordinated economic development under government supervision was recognized all along the freedom movement.

- The Planning Commission was set up in March, 1950 with Nehru as its Chairman. By 1951, India started planning critically for the future.
- To achieve Economic Development, eradicate Unemployment, improve and strengthen market mechanism along with a fair progress of the economy, progress of Agricultural and Industrial sectors, progress of Money and Capital Market, progress in Infrastructure are some of the objectives of the various plans in India.
- Planning Commission was established on 15th March 1950, as a non-constitutional body with the help of document of government of India. It helps the government in planning procedure and acts as an advisory body.
- NITI (National Institution for Transforming India) was formed 1 January 2015 by the Union Government of India replacing the Planninng Commission. The Prime Minister serves as the Ex-official chairman. The governing council consists of all state Chief Ministers, chief ministers of Delhi and Pondicherry, Lieutenant Governor of Andaman and Nicobar, and vice chairman nominated by the Prime Minister. In addition to full members, there are two part-time members and four ex-official members and a chief executive officer.
- In India, the First Five year plan began in the year 1951-52. The first plan emphasized on correcting the disequilibrium in the country caused by second world war and partition of the country and on attainment of self-sufficiency in food grain production and to improve availability of raw materials.
- The Twelfth Plan commenced at a time when the global economy was sufferingthrough a second financial crisis due to the sovereign debt problems of the Eurozone which erupted in the last year of the Eleventh Plan.
- The Twelfth Plan therefore,state that our first priority must be to bring the economy back to rapid growth which is both inclusive and sustainable.



10.9 FURTHER READING

1) Dhar, P.K. (2018). Indian Economy: Its Growing Dimension. New Delhi: Kalyani Publishers.
2) Datt, G and Mahajan, A. (2016). Datt & Sundharam's Indian Economy. New Delhi: S. Chand & Co.
3) Misra, S.K. & Puri, V.K. (2018). Indian Economy. New Delhi: Himalya Publishing House.



10.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: c) 2002-07

Ans to Q No 2: d) a) and c)

Ans to Q No 3: (b)

Ans to Q No 4: a)

Ans to Q No 5: d)

Ans to Q No 6: a)

Ans to Q No 7: b)



10.11 MODEL QUESTIONS

Short Questions (Answer each question in about 150 words)

Q 1: Write a short note on Planning Commission

Q 2: Discuss about the failures of economic Planning in India.

Q 3: Discuss about various types of planning.

Q 4: What is decentralized planning? State its merits and demerits.

Long Questions (Answer each question in about 300-500 words)

Q 1: Explain the main objectives as incorporated in the various five year plans in India.

Q 2: Critically examine the approach of 12th Five Year Plan in India.

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