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.

13.7.1 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

- 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.

13.4.2 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.

13.4.3 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.

13.5 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-

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.

13.7 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,

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

13.6 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% (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,

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)