

RURAL DEVELOPMENT: PLANNING AND MANAGEMENT

THE PEOPLE'S
UNIVERSITY

**Discipline of Rural Development
School of Continuing Education
Indira Gandhi National Open University**

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April, 2023

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ISBN-

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Further Information on the Indira Gandhi National Open University courses may be obtained from the University's Office and Maidan Garhi, New Delhi-110068

Printed and Published on behalf of Indira Gandhi National Open University, New Delhi, by Registrar,
MPDD, IGNOU, New Delhi

Laser Composed by: M/s. Tessa Media & Computers, C-206, Shaheen Bagh, Jamia Nagar, New Delhi

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COURSE INTRODUCTION

This block comprises of 4 units and it aims to acquaint the learners with the importance and relevance of planning in Rural Development.

The **first unit** planning for Rural Development aims to familiarize learners with the principles, requirements, theories, approaches, and progress of development planning. It will also acquaint learners with the plan's goals, time frame, development initiatives, etc. in rural development.

The **second unit** describes the nation's national and state-level planning processes. It will aid learners to understand the other crucial issues with planning systems, especially those involving decentralization.

The **third unit** discusses the history of planning in India, including the earlier planning commission and national development council. This unit also describes the founding of the national initiative "NITI Aayog" as well as its structure and functions.

The **fourth unit** will help the learners to understand the role of five year plans in Rural Development. The objective of the planning commission was to evaluate the nation's material, capital, and human resources and develop a strategy for their optimal and balanced usage. Social justice was the most essential goal in the Five Year Plans since it was a natural aspect of governmental policy. This will assist in understanding the five year plan for rural development.

The **second block** consists of 4 units that cover a distinct aspect of our nation's planning process. It outlines the value of center, state, and local level consultation in planning.

In the **first unit**, attempts have been made to discuss the multi level planning and learning about multi-level planning, which is essential for the development of any planning system, is the goal of this unit. The many layers of planning frameworks are examined in this unit.

The **second unit** in this block 'district level planning' discusses the planning at the district level. Planning at the district level in India is primarily area-based planning that will support plans at the state level and ultimately make a contribution to national planning. Learners will have a better understanding of the idea and significance of district-level planning.

The goal of the **third unit** 'Block level planning' is to help learners comprehend the idea of block level planning and how it contributes to the growth of a region. It also covers the development of Block Development Plans, their preparation, monitoring, and execution.

The **last unit** in this block 'village level planning' aims to enable the learners aware of the value and process of village level planning in rural development.

The **third block** 'Rural Development Management' consists of 4 units which explain the necessity of community-based projects and programmes. The life cycle and functional elements of projects are covered in this unit.

The **first unit** in this block describes the management of rural development projects. This unit describes the difference between administration and

management and also discusses various processes of management and its importance in managing rural development projects.

The **unit 2** in this block describes about project dimension, identification and formulation. There are several unique phases in the project life cycle. This unit will discuss the first two stages of the project life cycle.

The goal of the **third unit** 'Project appraisal: Technical economic and financial feasibility' is to introduce learners to the concept of project appraisal as well as the practical elements of technical, economic, and financial feasibility study. The purpose of this unit is to help learners understand the theoretical underpinnings of the economic and financial feasibility of projects.

In the **last unit** of this block, the principles and procedures for implementing, overseeing, and evaluating rural development initiatives are explained it also describes for the application of management concepts in rural development initiatives.

The **fourth block** 'Voluntary Action' is structured into four units that explain about the importance of volunteer work in rural development. As welfare programmes are implemented in the local community, voluntary action in rural development supports the planning and management process in rural regions.

The **first unit** 'Voluntary efforts in Rural Development' describes the relevance of voluntary efforts in rural development. Rural society faces many different types of issues. As a result, problems related to many facets of rural development are likewise quite complicated. To accomplish its goals, a multi-agency, multi-dimensional strategy is needed. This unit also emphasizes the relevance of voluntary efforts in this setting.

The **second unit** discusses the formation and administration of VOs and NGOs. In India, social services and voluntarism have a long history and VOs/NGOs were a significant source of prosperity and growth. Following independence, Gandhian-influenced nonprofit organizations dominated India's scene. An effort has been made to give learners a broad overview and in-depth information about the creation and management of VOs and NGOs in this unit.

The **third unit** in this block discusses how to develop a rural development programme that is community based. It also describes the concept of community based programmes and how to plan a community based programme. Finally, the unit will discuss the processes involved in formulating a programme, followed by a brief analysis of the techniques in working with the community.

The **last unit** in this block 'Social Action' seeks to introduce learners to a crucial strategy used by the underprivileged and oppressed groups in society to demand social justice. Though as a strategy it is of more recent development, social action has a long and tumultuous background.

BLOCK 1
RURAL DEVELOPMENT PLANNING

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UNIT 1 PLANNING FOR RURAL DEVELOPMENT

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- 1.0 Aims and Objectives
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1.0 AIMS AND OBJECTIVES

The main objective of this unit is to acquaint you with concepts, need, theories and methodologies and evolution of development planning. Further, our efforts will be to familiarize you with the plan objectives, its horizon, and development programmes and projects etc. After reading this unit, you will be able to:

- Explain the significance of planning in development;
- Discuss major development planning theories;
- Highlight plan objectives and horizon;
- Describe rural development planning methodologies; and
- Explain development programmes, projects, project life cycle; and the evolution of development planning in India.

1.1 INTRODUCTION

You must be aware that gradually rural development planning has gained prominence. The global phenomenon of poverty, hunger and recognition of

democratic decentralization at the grassroot level has contributed significantly towards planning and implementation of development programmes. It has also been realized that organization and structure of planning process needs modification for the effective participation of rural people.

This unit will acquaint you with the conceptual, theoretical, and implementational aspects of development planning along with the evolution of development planning in India.

1.2 DEVELOPMENT PLANNING: CONCEPT, NEED AND THEORIES

Plan is a blueprint of action. It's focus is on precise way to reach given objectives and set of goals with prescribed means in pre-determined time. Planning is the process of preparing a plan. Development planning is a process which involves application of a rational system of choices and feasible courses of investment and other possibilities related to development. All these are based on economic and social costs and benefits. You may add new dimensions to this definition but three things would remain unchanged, viz., the objectives, the blue-print of actions and the resources which have to be used to attain the objectives. Planning objectives are a general statement(s) of development goals. The basic objectives of development planning in any welfare state would be to maximize the socio-economic welfare of the people. The specific objectives, however, can vary with the standards of the country, time period and changing social, political and economic values.

1.2.1 Need for Development Planning

Planning is the process of preparing a blueprint of actions to attain stated objectives within a specified time frame. The determination of objectives, the specification of targets, the strategy for mobilization of resources, the allocation of resources to different development sectors, their operationalization in the shape of policies, programmes and their delivery system are major components and must be considered in any planning exercise.

Planning is essential because it enables us in formulation with some precision, and is aimed to achieve it within a given time frame. Prioritization of objectives enables us to demarcate more significant objectives from the less significant ones. Once this is done, one can decide what is feasible, considering the resources at hand and how additional resources can be mobilized. Therefore, planning is a scientific path to achieve development objectives, and bring about economic and social transformation in a systematic manner. Sometimes there can be acute shortage of certain resources or factors. In such a situation there must be provisions that each of these resources may also have multiple uses. Therefore, planning becomes

extremely critical and having a plan is significant for the utilization of resources in a rational manner.

Here, a logical question emerges about the concept of rational manner and available resources. Let us further illustrate it. Suppose the objective is to plan the utilization of unskilled landless labour in a community development block, so that people can get gainful employment. Naturally, for it you will gather information on people employed by landowners for agricultural operations, the agricultural operations performed at various point of time, prevalent wage rate. For an appropriate solution, some of these alternatives may be more rational or more desirable or feasible. Thus, choice of alternatives may facilitate the process of identification of preferable alternatives. The manner of arriving at the choice is to know the decision criteria – an important component of planning process at any level.

Problems in planning can be identified and consequently can be carried out at national, state, district, block and village level. National and state levels mainly focused on defining the goals of development efforts like population growth, demand and supply of goods and services, mobilization of domestic and foreign resources, skill development and their allocation in different sectors extra. District and block level planning are supposed to operationalize effectively. Plans and projects conceived at national and state level considering the requirements of concerned areas.

Check Your Progress 1

Note: a) Use the space provided below for your answers.

b) Compare your answers with the text.

1) Justify, in your own words, the need for planning.

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2) How can planning reduce regional disparities?

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The Need for Planning in India

In every country, some development occurs naturally but it might not be enough to maintain a desirable standard of living in the country. Therefore, some sort of government intervention/initiatives are required for socio economic and political development of the country. Today, every country is putting their best efforts at it's level best in planning and regulating it's economic activities. A developing economy like India is characterized by unequal distribution of income and resources. In India, majority of population live in rural areas. Increasing poverty in rural areas along with unequal distribution of resources makes rural development a challenging task. There are also regional imbalances and problems connected with the development of special areas, which have geographical and ecological disadvantages i.e. desert and drought-prone areas, flood-prone areas, etc. Thus, planning in India has to address the problems of rural areas and rural people.

The people who are the focus of development and the poor should be given priority because their numbers are large and they are the most vulnerable. In India, vast numbers of the rural poor have limited access to social services and these are reflected in low rates of literacy, high incidences of infant and child morbidity and mortality, poor health and nutrition status, poor environmental sanitation and hygiene, limited access to portable water and poor housing. The central approach to development planning in India should be for enabling the poor and other disadvantaged sections of rural society to improve their social and economic conditions.

Here, logical question emerges about the concept of rational manner and available resources. Let us further illustrate it. Suppose the objective is to plan the utilization of unskilled landless labour in a community development block so that people can get gainful employment. Naturally, for it you will gather information on people employed by landowners for agricultural operations, the agricultural operations performed at various point of time, prevalent wage rate, government schemes employing rural labour and usefulness of those works from the point of view of creating durable community assets and so on. For an appropriate solution, some of these alternatives may be more rational or more desirable or feasible. Thus, choice of alternatives may facilitate the process of identification of preferable alternatives. The manner of arriving at the choice is to know the decision criteria – an important component of planning process at any level.

Problems in planning can be identified and consequently can be carried out at national, state, district, block and village level. National and state levels mainly focus on defining the goals of development efforts like population growth, demand and supply of goods and services, mobilization of domestic and foreign resources, skill development and their allocation in different sectors. District and block level planning are supposed to operationalize the plans and projects conceived at national and state level.

1.2.2 Development Planning Theories

Considerable advances in concepts and theories of planning for economic development have been made during the recent past. There are many approaches to development being evolved and tried and a number of alternative theories have been put forth. Since the main objective of planning, in the initial stages was growth, the main attention was focused on 'modeling' the production structure of the economy and identifying the factors limiting its expansion. These theories are readily applied to most of the developing countries in which industry sector has a predominant share in the total output.

As the concept of distribution (social justice) came to be recognized as an important objective, the growth planning models started including a set of disaggregated regions or spatial areas in their framework. Thus, the multi-sectoral models have been proposed to include factors affecting the income levels of different groups. This development during the sixties and seventies, paved the way for regional development planning theories.

- i) **Regional Development Planning Theories:** The earlier approaches to regional development evolved in industrially developed western countries were mainly growth-oriented and presumed that higher growth could be achieved through modern sector activities. However, the concepts of generating higher growth in regional economy were different in different development theories or models. The various types of regional development theories with their implications to rural regional planning are shown in Table-I.

Table I: Development theories and associated Planning models/approaches

Theory	Associated Policy/planning models/approaches
1) Economic base theory	Export base models (multiplier analysis):
2) (Macro) Economic growth theories	i) Input-Output Models ii) Tinbergen Planning Model (net incremental capital output ratios for sectors/industries) iii) Social Cost-benefit Analysis – Maximize internal rate of return on capital investment
3) Polarized development (diffusion theory; Central place theory; Propulsive firm concept)	Growth pole/centre strategies: i) Intermediate size cities as counter-magnate to primate cities

	<ul style="list-style-type: none"> ii) Lower order centres as foci for development from below i) Urban-based accelerated industrialization ii) Two-sector growth models iii) Large-scale capital-intensive resource-based projects
4) Agriculture/Land-use theories	Von Thunen Model; Agricultural Land use zoning or regionalization with locational advantages.

ii) **Decentralize Multi-Level Planning – Indian Context**

There are several objective functions in development planning theories. The important objective functions, however, can be categorized into two. **First**, is maximization of production by optimum utilization of natural resources, labour and capital. As a result, an increase in production efficiency through better management and technology is expected. This is called the ‘growth’ objective of development. It maximizes employment to achieve greater productive forces and increases mass consumer demand. **Second**, is the objective of ‘social justice’ which requires minimization of levels of inequality between social classes, rural and urban population or regions, the priority development of backward classes and regions and the abolition of mass poverty. **Third**, is the promotion of people’s participation in the planning and implementation of development programmes by empowering/strengthening of Panchayati Raj Institutions

1.3 RURAL DEVELOPMENT PLANNING METHODOLOGIES

In the beginning, the approach to development was regional with emphasis on growth points and location of economic activities. Over the years, there has been shift in the national policy for rural development to achieve growth with distributive justice by minimizing income inequalities between various sections of the society and growth disparities between areas and regions. To achieve these objectives ‘area approach’ and ‘target group approach’ were added in the framework. Based on the progressive changes in the approach, the methodologies evolved for rural development planning can be described under three categories.

- i) **Growth Centre Approach:** The basic ideology behind this approach is that the process of development in rural areas can be fostered by increasing resource mobility for which infrastructure development is a prerequisite. Infrastructural facilities cannot be provided in each village because of two main reasons: a) financial constraints, and b) economic efficiency of investment, i.e., locating facilities at appropriate places

because all villages cannot provide minimum threshold population or resource area to optimize the use of facilities. The concept of 'rural growth centre' to identify ideal locations for the investment and also as a focus for inducing growth in the area was regarded as the framework of planning.

The concept of rural growth centre as a framework for rural planning ignores the potentiality of the local economic forces and emphasizes induced growth which seems to be impracticable under Indian rural conditions. The other problem is that the growth centers do not take into consideration the future trends of repolarisation of socio-economic activities taking place in an area.

- ii) **Area Development Approach:** Area development approach is an addition to the growth centre approach and takes into account the local factors of economic growth. The integrated development of an area not only depends on the development of optimum infrastructural network but also the way factors of local economy are activated around the production and infrastructure. In other words, for integrated development of an area, spatial and functional integration is necessary. Thus, while rural growth centres provide ideal locations for the provision of infrastructural facilities, their hinterlands were regarded as basis of planning units for integrated multi-sectoral planning to achieve integrated development of an area. This approach, therefore, was able to provide a wider framework for rural development.

This approach, while taking area poverty into consideration, provides a balance between various sectoral activities as well as spatial pattern of growth; it does not ensure that economic growth is being shared by all classes and communities of the rural area. The spread effect of development may not necessarily affect the whole society with uniformity or with greater equality, particularly in Indian rural situations because of two reasons:

- a) in the areas where modern farm technology has not been able to make an advance, agriculture and its allied activities cannot absorb fully the labour available in villages; and
 - b) a sizeable number of rural people have little, many of them have no accessibility of the resources, particularly the land.
- iii) **Integrated Rural Development Approach:** In the context of problems in the area development approach as discussed above and the government policy to tackle the problem of rural poverty, a new strategy of rural development, viz., 'target group approach', has been incorporated in the area development planning framework. The methodology for integrated rural development (IRD) planning, therefore, includes three dimensions in a common framework:

- a) Rural growth center approach,
- b) Area development approach, and
- c) Target group approach.

1.4 PLAN OBJECTIVES AND HORIZON

The focus of development plans as you have already learnt has been on the transformation of rural areas keeping social, economic, technological and cultural horizons in view. The objectives of plans have appeared in successive Five-Year Plans as the national planning objectives. Therefore, the primary characteristic of block plan and district plan must be in consistency, since these are part of the national and state plan. Thus, the level of planning below the national level should satisfy this requirement of consistency.

1.4.1 Plan Objectives

Keeping above in the view, the main objectives of district and block level planning may be summed up as following:

- 1) Maximization of production in agriculture and allied activities by the use of most cost-effective techniques and methods.
- 2) Improvement in the living conditions of the poorest section of rural society.
- 3) Removal of unemployment and Under employment.
- 4) Provision of Basic amenities by the state like drinking water, elementary education, adult literacy, healthcare, rural roads and housing extra.

To achieve the plan objectives, a comprehensive and integrated area plan is required which should cover entire rural population. For it, the target population can be broadly categorized into four groups, these are as follows:

- 1) Farm households with land holding of economic size.
- 2) Farm households with land holding of uneconomic size.
- 3) Landless agricultural labourers, and
- 4) Rural artisans.

1.4.2 Consistency

Consistency means harmony or congruity with various external environmental conditions, past experiences and internal dynamic condition of the plan. However, the district and block planner have the freedom to choose among nationally given objectives for the following reasons:

- i) **Feasible or relevance:** Depending on the feasibility or relevance of the national objectives to the district and block, the plan objectives, may or may not correspond to the national plan objectives. For instance, the

national plan objective of self-reliance, translated at the district and block levels would imply that exports from the district/block to the rest of the country increase to a level at which these can pay for all its imports. Since the district and block are part of the national economy, it is neither closed nor boundary-wise regulated economy. Self-reliance in this sense is therefore not feasible, if not altogether irrelevant, at the district and block levels.

ii) **Choice of fixing priorities among objectives:** Since the specific situation at the district and block levels is quite different from the national scene, their plan may even reverse national priorities among their objectives. For illustration, take the national priority of growth in income placed relatively higher than better distribution of income. Now, there may be highly developed district/block which already enjoy per capita income much higher than the national average.

iii) **Target fixing:** A District/Block drawing upon their available resources and past experiences have the freedom to fix their targets lower than, equal to, or greater than the national plan target, depending upon what is feasible for the district/block. What is a target? It is quantitative and time-bound task ahead in the future which, given the effort, resources, institutional and organizational arrangements, can be achieved. Therefore, you can see that target is always linked up with time-period and effort. If targets are scaled up, then the time-period and efforts also have to be increased proportionately in order to achieve the targets. The target can also be used to assess the magnitude of task that lies in the future for achieving the objectives.

The information base is a very crucial component in deciding about the length or period of the horizon. In case of a longer horizon many future uncertainties make it difficult to realistically view the projected future profile.

iv) **Relationship among plan objectives:** There may be either a complementary or a competitive relationship between any two of the block plan objectives. A complementary relationship means that if the plan contributes positively to one objective. It similarly makes a positive contribution to the second as well, or at least does not make a negative contribution. A competitive relationship means that a positive contribution to one objective leads to a negative contribution to the other.

There exists, for example, a complementary relation between employment generation and poverty removal, also between poverty removal and better distribution of income as well as of assets. In contrast, there is usually a conflict between higher income growth and its better distribution as well as between higher income growth and higher employment. Perhaps it may be difficult to identify the reason for conflict as it is not at all apparent. In practice, indeed, it operates through an intermediate link that exists between these objectives and the

saving-investment mechanism. A higher income growth requires a higher rate of saving and investment out of the given income, whereas a better distribution of this income necessarily means relatively more of it going to those who have less capacity to save and therefore, a relatively lower overall rate of saving and investment and of income growth. Perhaps you can identify some more conflicting objectives at the district and block levels.

Since such conflicts occur typically at the district and block level economy, you have to not only identify the nature of the relationship among plan objectives but also use your instruments and means-public investment, subsidy, credit, levies, fees, public and cooperative forms of property institutions and organizations-in such a way that the district/block plan reinforces complementarily among objectives and does not unduly sacrifice one objective in favour of another whenever there is a conflict.

Check Your Progress II

Note: a) Use the space provided below for your answer.

b) Compare your answer with the text.

- 1) Explain and contrast Growth Centre Approach and the Area Development Approach.

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1.5 DEVELOPMENT PROGRAMMES AND PROJECTS

All Rural development programmes, planned and executed can be grouped under two heads:

- Area-based programmes; and
- Target-group oriented programmes.

Intensive Agriculture District Programme (IADP), Drought Prone Area Programme (DPAP), Command Area Development Programme (CADP), and Desert Development Programme (DDP) are some of the area-based programmes. Target-group oriented programmes, such as the Integrated Rural Development Programme (IRDP), are meant for the upliftment of specific sections of the rural society.

Every programme, whether area based or target group oriented, is made up of a set of development projects. For example, Command Area Development

includes on-farm development project, project for the creation of infrastructural facilities, canal modernization project, and so on. Sets of projects form a development programme; therefore, development projects can be called the building blocks of a development programme.

Let us examine the meaning of a development project. Every project requires different types of resources, such as material, manpower, machinery, and finance. A development project is a time bound task to achieve specifically stated objectives with investment of resources. It, in contrast to a scheme, is a very specific activity in a specific area to achieve specific result within a specified time frame.

1.5.1 Advantages and Disadvantages of Development Projects

i) Advantages

The development projects –

- Concentrate resources on select priorities,
- Focus on specific geographic areas,
- Address specific population groups and constraints on development,
- Function as intensive social laboratories using an innovative approach, a limited scale to gain experience for larger scale efforts.

ii) Disadvantages

Some of the disadvantages are listed below. The Development projects:

- Function as segmented units of intervention,
- Bypass overall structures,
- Create enclaves,
- Siphon resources away from parallel non-project activities,
- Cannot always generate sustainable development,
- Often overlook socio-structural and institutional variables in most cases.

1.5.2 Project Life Cycle

The project, from conception to operationalization, passes through various stages in a cyclical fashion. These stages constitute the project life-cycle.

First, a project idea is floated. The idea of project may come from the concerned department, the village assembly, block level bodies, the target groups, voluntary bodies engaged in development work, scientific and technical research groups, or the central planning agency.

Subsequently, the floated idea has to be tested for its worthiness before preparing a blueprint. A sound judgment based upon experience and available

knowledge of the local conditions can be the only guide to this decision. However, once a project idea has been identified and accepted, work on the preparation of its blueprint has to begin in the department concerned. A continuous interaction and feedback among team members is very necessary for successful completion of the task.

After the completion of the blueprint, if the project is found admissible, it competes along with other projects of the sector. Further, if it is selected, its implementation is monitored, and finally, the result need to be evaluated.

(CHART being referred not present)The chart indicates different time phases of a life-cycle the position of the phases with reference to the plan period and the kind of decision and the problems to be solved at different phases follow the sequence shown in the chart. Although each phase has its own specific problems of decision, the overall problem of the pre-plan period is to decide whether the project is worthy of selection for inclusion in the plan. The problems of construction phase are of different nature, where management techniques when applied, help to answer questions like how to organize work within a time schedule, so that a smooth flow of materials and labour to the project is maintained. This also helps the managerial staff in achieving maximum efficiency in construction and operation of the project.

1.6 RURAL DEVELOPMENT PLANNING IN INDIA

Even before 1947, the Indian National Congress indicated its commitment to planning and prepared a set of reports, which generated a lot of interest and discussion. Apart from this some prominent industrialists published in 1944 a document called, **A brief Memorandum Outlining a Plan of Economic Development for India**. Much earlier in 1934, M. Visveswaraya had published a Ten-Year Plan, aimed at doubling the national income.

Jawaharlal Nehru, first Prime Minister of India, is generally regarded as the architect of planning in India. He viewed planning as a way of developing the country avoiding the unnecessary rigours of an industrial transition in so far as it affected the lives of the masses living in India's villages. Moreover, he recognized that planning was positive instrument for resolving imbalances and contradictions in a large and heterogeneous country, such as India. The first three Five Year Plans are generally regarded as the most lively phase in India's planning exercise.

Thought **the First Year Plan (1950-55)** was basically a simple exercise of putting together programmes, targets and outlays, it provided the first milestone in rural development through the launching of the Community Development Programme and National Extension Service.

India's tryst with planning came with the formulation of the **Second Five Year Plan (1956-1961)**. P.C. Mahalanobis is generally credited with

preparing the blueprint of the Second Plan. In this plan focus was on industries. Idea was that industries by providing employment will give relief to the excess population of rural India. Primarily it was strategy of industrialization.

The plan document included a very lucid chapter titled “Land Reform and Agrarian Reconstruction”. Emphasis and hopes were placed on cooperative farming practices in Indian agriculture. The formulation also envisaged a vast network of community development programmes, national extension services and an irrigation network financed by public budgets. The concept of democratic decentralization for assigning development responsibilities to *Panchayati Raj* institutions was also advocated by the Balwantrai Mehta Committee.

Among the priorities listed in the **Third Plan (1961-1966)**, it was generally recognized that agriculture had the first place. Thus, in its initial formulation at least, the Third Plan differed from the Second Plan. It is generally recognized that the Third Plan attempted to reverse this. The main objectives related to rural development in this plan was to secure an increase in national income over five per cent per annum and to achieve self-sufficiency in food grains and increase in agriculture production.

Between 1966 and 1969 three Annual Plans were formulated. These Annual Plans were notable for the formulation of a clear-cut strategy of agricultural development. The Fourth Five Year Plan (1969-1974) gave emphasis to planning and agricultural transformation strategy. During this plan Green Revolution came into existence. It was also realized that ‘distributive justice’ still remains a distant dream. The outcome was the popular slogan ‘Garibi Hatao’. It gave emphasis to poverty alleviation as distinct planning objective.

The Fifth Five Year Plan (1974-1979) was formulated against the backdrop of severe inflationary pressure. Major objectives of the plan were to achieve self-reliance and adopt measures for raising the consumption standard of people living below poverty line. The 1970s are significant for rural development because during this period Minimum Needs Programme; IRDP; Rural Employment Programmes and some other development programmes were introduced.

The Sixth Five Year Plan (1980-1985) again took eradication of poverty as its primary objective. Consequently, the programmes of poverty eradication were introduced. The programmes like NREP, RLEGP, TRYSEM, DWCRA, IRDP were strongly emphasized. The strategy was adopted to move simultaneously towards strengthening of infrastructure for both agriculture and industries. **The Seventh Five Year Plan (1985-1990)** continued with emphasis on poverty alleviation as its central theme. Growth of employment opportunities, human resource and infrastructure development, removal of inequalities, an expanded system of food securities, increase in productivity in agriculture and participation of people in development etc. were identified

as priorities areas. In addition to existing programmes Jawahar Rozgar Yojna were launched. Separate Annual Plans were made in 1990-91 and 1992 with basic thrust on the maximization of employment and social transformation.

The major initiatives in the **Eight Five Year Plan (1992-1997)** were –

- To enable faster economic growth
- Faster growth of manufacturing sector, agriculture and allied sectors.

The Ninth Five Year Plan (1997-2002) emphasized priorities to agriculture and rural development with a view to generate adequate productive employment and eradication of poverty. There was emphasis on Basic Minimum Services. These seven services were identified as:

- 1) provision of safe drinking water
- 2) availability of primary health facilities
- 3) universalization of primary education
- 4) public housing to shelter-less poor families
- 5) nutritional support children
- 6) connectivity of all villages and habitations and
- 7) streamlining of public distribution system with focus on poor.

The Tenth Five Year Plan (2002-2007): The plan was approved by the National Development Council on 21st September 2002. It recognized the rapid growth in the labour force and aimed at the creation of 50 million job opportunities during this period. It has emphasized on employment intensive sectors of agriculture, irrigation, agro-forestry, small and medium enterprise, information and communication technology and other services. The plan addresses the issues of poverty and the low levels of social indicators. The Tenth Plan has identified measures to improve efficiency, unleash entrepreneurial energy and promote rapid and sustainable growth. Agriculture was core element in this plan. Mid-term appraisal of the plan identified many policy initiatives to overcome the weaknesses of the performance of the economy. Major priority areas of action were –

- Investment in irrigation and water management,
- Fertilizer pricing
- Improving the effectiveness of Sarva Siksha Abhiyan
- National Rural Health Mission
- Small scale industries etc.

The Eleventh Five Year Plan (2007-2012): The plan aimed to achieve improved quality of life for the citizens and to contribute to the larger national goals of socio-economic development. The major objectives of plan were —

- To achieve overall growth rate of 7, 6%. It was envisaged that agriculture and allied sector will contribute 5% of growth,
- To reduce poverty levels from 38% to 25% of growth,
- To achieve literacy rate of 84% by the end of the plan,
- To eliminate gender disparity in elementary education,
- To bring down population growth rate to 1.62% by 2012,
- To improve health parameters.

To provide sustainable access to safe potable drinking water to all independent habitations,

- To empower women and weaker section of society through socio economic development,
- To expand existing irrigation facilities,
- To develop strong infrastructure to provide power to all villages,
- To provide connectivity to all weather roads to all villages of population over 1000 in general and 500 in tribal areas,
- To encourage use of information and communication technologies to bridge digital divide etc.

The Twelfth Five Year Plan: It's duration was from 2012-2017.

It's main theme was faster, sustainable and more inclusive growth and it's target of growth rate was 8%. Major objectives of 12th Five Year Plan were –

- To ensure access to proper drinking water in rural areas,
- To provide electricity to all villages,
- To provide access to banking services to 90% of households,
- To enhance access to higher education,
- To remove gender and social gap in school enrollment,
- To reduce malnutrition among children aged 0-3 years.

The First Independent Evaluation Office (IEO) submitted it' assessment report to Prime Minister Modi on 29th May 2014. On 1st January 2015 Union Cabinet passed a resolution to replace Planning Commission by NITI Ayog (National Institute for Transforming India). The first meeting of NITI Ayog was chaired by Prime Minister Modi on 8th February 2015. NITI Ayog is a policy think tank of Government of India. The main aim for the creation of NITI Ayog is to foster involvement and participation of State government of India in the economic policy making process using a bottom up approach. It has adopted a 'bottom up approach' in planning which is remarkable in contrast to the Planning Commission's tradition of 'top-down' approach in decision making. One of the important mandates of NITI Ayog is to bring cooperative competitive federalism and to improve centre-state relation. It

will provide opportunities to represent economic interests of the State Governments and Union Territories.

The aim to achieve sustainable development goals with **cooperative federalism** by fostering the involvement of **State Governments of India** in the economic policy-making process using a **bottom-up approach**.

Salient Features of NITI Ayog –

- NITI Ayog was formed to bring fresh idea to the government and greater level of accountability in the system.
- It took initiatives like Ayushman Bharat and artificial intelligence.
- NITI Ayog push agenda forward in the form of POSHAN ABHIYAN to tackle the problem of malnutrition among the children.
- NITI Ayog has established a Development Monitoring Office which collects data on performance of various ministries on real-time basis. The data is used at the highest policy making level. It has significant impact on improving the efficiency of governance and determining the ranking of the state, based on performance.
- NITI Ayog has target of doubling farmers income by 2022.
- NITI Ayog is channelizing additional revenue to health, education, agriculture, rural development, defence, railways and roads.
- It has framed regional strategies for the development of North Eastern region, coastal areas and Island, desert and drought prone areas.

1.7 RURAL DEVELOPMENT PLANNING IN INDIA: A CRITIQUE

Traditionally rural development is centred on the misuse of land-intensive natural resources such as forestry and agriculture. But today, increasing urbanisation and change in global production, networks have transformed the nature of rural areas.

Today, rural development still remains the core of the overall development of the country. It has become more than two-thirds of the country's people is dependent on agriculture for their livelihood and one-third of rural India is still below the poverty line. Therefore, it is important for the government to be productive and provide enough facility to upgrade their standard of living.

Rural development is a complete term that concentrates on the action taken for the development of rural areas improve the village economy. However, few areas that demand more focused attention and new initiatives are:

- Education
- Public Health and Sanitation
- Women Empowerment

- Infrastructure Development (e.g. electricity, irrigation, etc.)
- Facilities for agriculture extension and research
- Availability of Credit
- Employment opportunity.

The state has enormous say over the country's economic and social development and also on the fact as to whether that development is sustainable or not. It's potential to leverage, promote and transform in pursuit of collective end is unmatched. The economy of the state has flourished where the state has used this potential effectively.

Indian approach to rural development planning may be classified in two broad categories as described by the World Bank in 1960. These are improvement and transformation approach. The emphasis in improvement approach is upon the improvement of production and organization of production in peasant farming while the transformation is involved in the implementation of various land reform measures or in the creation and establishment of new kind of rural society. Analysis of Five-Year plans in India makes it clear that postulates of these two approaches have always existed throughout the context of rural development planning. The nomenclature, shape and emphasis on these components varied from plan to plan. In the implementation of plans and programmes related to rural development wide gaps have been observed between apparent motives and actual achievements. We are aware that mechanism of rural development represents the confluents of social, economic, political and bureaucratic forces. Therefore, rural development in India was bound to face these complex problems.

Check Your Progress III

Note: a) Use the space provided below for your answer.

b) Compare your answer with the text.

1) Explain briefly the key issues of rural development.

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1.8 LET US SUM UP

In this unit, efforts have been made to acquaint you with the concept, need and theories of development planning. This unit have also familiarized you with rural development planning methodologies. It also provided an

understanding about plan and objectives and horizons development programmes and projects.

This unit will also provide an understanding about the major themes of rural development in various Five-Year plans in India.

1.9 KEYWORDS

Concurrent Evaluation: On-going evaluation, while the project is under implementation.

Decentralized Planning: Planning at several levels and not just at the apex (i.e. the centre).

Distributive Justice: Justice to ensure that gains from development reach every section of society.

Economic Base: The term used for a form of regional multiplier, Multiplier which is able to estimate the impact of changes in an area's economic base on the economy as a whole.

Flow: Output during a unit period of time.

Growth: Increase in output/number per unit of time.

Growth Pole Centre: Growth generated at nodal centres acting as poles leading to accelerated growth in the region.

Input-Output Model: An economic model, which is based on the capacity of inputs of each sector (of the economy) to generate outputs. The quantity of outputs generated by the use of inputs is represented by the input output ratio.

Incremental Capital: The amount of capital that results in output increasing Output Ratio by one unit.

Multiplier: An economic term, which means that any investment undertaken in an economy normally causes incomes to increase by a proportion greater than itself. Essentially, it means that incomes increase by a certain multiple of the original investment undertaken. The value of the multiplier, however, depends on the quality and nature of the investment made.

Polarized Development: Development of two opposite qualities.

Project: Time-bound package of inter-related activities.

Stock: A quantity of resource existing at a point of time.

Bottom-up Approach: A bottom-up approach is the piecing together of systems to give rise to more complex systems. It is a type of information processing based on incoming data from the environment to form a perception.

1.9 SUGGESTED READINGS

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UNIT 2 PLANNING PROCESS

Structure

- 2.0 Aims and Objectives
- 2.1 Introduction
- 2.2 Process of Planning
- 2.3 Plan Schemes
- 2.4 Machinery for Planning at the National Level
- 2.5 Machinery for Planning at the State Level
- 2.6 Let Us Sum Up
- 2.7 Key Words
- 2.8 Suggested Readings

2.0 AIMS AND OBJECTIVES

This unit will help you to understand the process of planning in our country at the national and the state level. At the end of this unit, you should be able to:

- Describe the process of planning in India;
- Indicate the nature of the planning machinery – both at the national and state levels; and
- Indicate linkages between the levels of planning.

2.1 INTRODUCTION

The subject of rural development has acquired great importance in recent times. Alongside this, the process of planning has also become crucial because planning is viewed as an important means of solving some of the outstanding issues of development. In this unit, you will be primarily acquainted with the process and the machinery of planning in India. Planning indeed is a complex exercise involving the participation of central and State governments and other agencies. After reading this unit, you will be able to understand the other major issues in planning structures, particularly the ones relating to decentralization, which are the focus of attention in the subsequent units of this block.

2.2 PROCESS OF PLANNING

Here, we shall consider how the budget and the annual plan are placed in the time frame of the Five Year Plan.

Perspective Planning

In any planning process, a set of objectives is to be achieved within a time frame. In India, the well-accepted principle in formulating Five Year Plans within which we have the Annual Plans. However, there are occasions when the government would like to set for itself certain objectives for a longer time frame, say 10 to 15 years. This process of planning for a longer time frame is perspective planning. In the framework of perspective planning, targets in the longer time frame are also set. In the Indian context, two good examples of this can be observed in the context of the Minimum Needs Programme (MNP) and the reduction of poverty in our country.

With regard to the former, in the Sixth Five Year Plan, for various sectors like elementary education, rural health, rural water supply, rural roads, rural electrification, housing for landless labour, environmental improvement of urban slums, nutrition, etc., the target to be achieved were given time period up to 1990, 1995 and, in some cases, up to 2000 A.D. Thus, there was a perspective for these sectors in a 10, 15 or 20-year time frame.

Likewise, in regard to poverty, the Sixth Five Year Plan in 1980 set an objective of bringing down the percentage of the population below the poverty line from about 50 per cent at that time to 10 per cent in 1995. The Seventh Plan was set in a 15-year perspective and, for some sectors, a perspective plan of 15 years was prepared and objectives, as well as physical targets, were indicated accordingly. Perspective planning, thus, situates the current plan in a long-term scenario and gives a broad indication of the development path.

Five Year Plans

The main vehicle of planning in India, however, is the Five Year Plan. We began the process in 1951 and after three successive plans, the period between 1966 and 1969 there were three Annual Plans. This has sometimes been termed the period of 'Plan Holiday'. From 1969 again, the Five Year Plans have been formulated though, here too, there was a break in 1978 and again in 1980. The Fifth Five Year Plan 1974-79 was terminated a year ahead of schedule in 1978 and then the government formulated a draft Five Year Plan for 1978-83 to give effect to its policies and programmes. However, before this plan could be finalized, the government changed and we, therefore, had a new Sixth Five Year Plan for the period 1980-85. One could obviously see here an understandable relationship between the democratic and political processes on the one hand and the development process on the other. The government in power naturally wants the development process to take place in accordance with its stated policies and this is given effect through the mechanism of Five Year Plans.

Well before the beginning of a five-year plan period, the Planning Commission and the state Government initiate the planning exercise. For example, the process of preparing the Eighth Five Year Plan (1990-95) began

in 1987. The initial exercises began with a critical review of the state economy, the problems facing it and the outstanding development problems (social and economic). The approach, strategy and main issues (growth rates, resource mobilization, social justice consideration,) are discussed within the Planning Commission through a series of internal meetings. The Planning Commission also invites eminent economists and public figures for their views and holds meetings with key figures of industry and trade, trade unions and social service organizations.

At the highest policy-making level, the full Planning Commission meets under the Chairmanship of the Prime Minister. This body approves the Approach Paper to the Plan. The document is basically a statement of the objectives and the strategy to be adopted for the plan period. The Approach Paper is then presented before the National Development Council (NDC) for its consideration.

The Central Ministries begin their planning exercises on the basis of the guidelines given by the Planning Commission. Steering Groups/Working Groups are set up by the Central Ministries. On some key issues of an inter-sectoral nature, the Planning Commission constitutes Steering Groups/Task Forces. There is close interaction between the Ministries and the Subject Division concerned with the Planning Commission. Based on the reports of these groups, the draft plan proposals are prepared by the Ministry concerned. These are then sent to the Planning Commission where a further round of discussions takes place between the Ministry concerned and the Planning Commission after which the sectoral plan is given shape. These are then aggregated, reviewed, modified and integrated within the overall frame of the Central plan.

Simultaneously the State Planning Department begins work to prepare the State plan proposals. It initiates action on the basis of the guidelines sent by the Planning Commission and the Central Ministries. The broad strategy and approach to the State plan is considered in the first instance and exercise for reviewing the plan, assessing the resources position and extent to which additional resources can be mobilized, and the priority areas are undertaken. The Departments are asked to prepare the sectoral proposals, which are then reviewed, modified and integrated within the overall State plan frame, taking into consideration the State's priorities and the resource position. The draft plan is then sent to the Planning Commission where a discussion takes place for each sector between the State government and the concerned Ministry at the Centre and the concerned subject Division in the Planning Commission. In the finalization of the State Plans, the Deputy Chairman of the Planning Commission and the state Chief minister participate.

Let us take an example from the rural development sector. In the case of the Department of Rural Development, for the Seventh Plan, seven working groups, each headed by the Secretary of the Department, were constituted. These were for self-employment, wage employment, land reforms training,

involvement of voluntary organizations, technology, management and administration of rural development, area development programmes and village amenities programmes. Each of these working groups, in turn, had constituted smaller sub-groups. These groups/sub-groups, which comprised officials, non-officials and experts, examined the current situation, reviewed the existing strategy and performance and then suggested a strategy for the Seventh Plan, keeping in mind a longer time frame. The schemes were identified (both current and new schemes) and the outlays were indicated.

After the exercises of Central Ministries and State Government were completed by the Planning Commission, the Central and State plans were integrated and outlay for various sectors as well as programmes in these sectors were indicated. The approval of the Planning Commission (the full Commission included the Prime Minister, some Cabinet Ministers who attended as ex-officio members and full-time members), the Union Cabinet and the N.D.C. is then sought.

Annual Plans

The Annual Plans are prepared both by the Central Ministries and the State Governments for the sector concerned within the framework of the respective Five Year Plan, which has been approved. These exercises begin normally around September/October of the preceding year. Since the broad framework of a Five Year Plan is available in terms of programmes, financial outlays, targets, etc., this exercise is not as elaborate as the one for preparing Five Year Plans.

The Central Ministries/Departments prepare their Annual Plan proposals and submit them to the Planning Commission. These are then discussed at the level of Secretary, Planning Commission and Secretary of the Department/Ministry for finalization, in which officials of the Ministries concerned and the Planning Commission also participate. The Ministry of Finance is closely involved in these discussions since they have to integrate the Annual Plans of each Ministry into the annual budget of the Central Government, which is normally presented to the Parliament on the 28th of February.

Similarly, the work of preparation of the State Annual Plan precedes the preparation of the Annual Budget. For this purpose, the Planning Department holds a series of meetings with various administrative departments in the State Secretariat and the Heads of Departments, concerned with the Plan. While doing so, the Planning Department keeps in mind the requirements of spillover expenditure on continuing schemes, funds required to meet the commitments already made by the Government, and funds needed to maintain the tempo of development and also the new programmes that could be taken up in the next year, subject to availability of resources.

Keeping in view the requirements of funds, the estimates of likely resources that can be mobilized, as also the inter sectoral priorities, a tentative Annual Plan ceiling with its sectoral physical and financial break-up is prepared and submitted for approval to the Council of Ministers. Thereafter, the sectoral financial allocations are intimated to the departments concerned, which make the plan exercise and submit the sectoral plan, the scheme-wise proposals for preparation of the annual plan document to be submitted to the Planning Commission. These proposals are then considered by the State Planning Department and integrated within the overall State plan frame. A consolidated draft document is prepared and submitted to the Planning Commission. The proposals are discussed in the Working Groups constituted by the Planning Commission with representatives of the State Government. The suggestions of the Working Groups are considered and finalized in a meeting between the Chief Minister, Minister-in-charge of Planning of the state and the deputy Chairman of the Planning Commission. The State Government thereafter integrates this Annual Plan into their annual budget, which is presented to the State Legislature, normally in February or March.

In the case of Annual Plans, the process of approval by the full Planning Commission, Union Cabinet or the NDC does not take place primarily because the Annual Plan is prepared within the framework of a Five Year Plan, which has already gone through this process.

Budget

The Budget, which is prepared at the Union and State Government levels every year, is an instrument of fiscal policy. It covers the period between 1st April and 31st March of the next year. It includes both the receipts and expenditures of the Government. It includes the non-plan and plan expenditures. The plan expenditure is the development budget of the Government and reflects the Annual Plan of the Government. It aggregates the Annual Plans of various Ministries/Departments in the case of the Central/State plan.

Mid-term Appraisal

Normally, during the course of a Five-Year Plan, a mid-term appraisal is undertaken by the Planning Commission. In the case of the Seventh Five Year Plan 1985-90, this was undertaken by the Planning Commission during 1987-89. This exercise provides an opportunity to review the progress of the Plan and generate signals for action, both for the remaining period of the Five-Year Plan and possibly for the next Five-Year Plan also.

The process followed for the Seventh Plan mid-term appraisal was that the sectoral assessments were prepared by the subject divisions of the Planning Commission. The Ministries concerned were also involved by the Planning Commission in the review of progress, current problems, issues and the course of action. These were discussed in meetings in the Planning Commission in order to develop an initial draft appraisal, which was

reviewed in the Planning Commission at a number of meetings chaired by the Deputy Chairman. The document approved by the Planning Commission was then placed before the NDC and was tabled in the two Houses of Parliament.

2.3 PLAN SCHEMES

The plans given effect through various schemes are of three types – Central schemes, centrally sponsored schemes and State sector schemes. Since the subject of economic and social planning is in the Concurrent List of the Indian Constitution, plan schemes are in the State Plan as well as in the Central Plan. The plan schemes in the Central Plan are generally of two types, namely, Central Sector Schemes and Centrally Sponsored Schemes. The Central Plan outlay is the sum total of the outlay on Central sector schemes and the Central share of centrally sponsored schemes.

Central Sector Schemes are those, which are fully funded and implemented by the Central Government and its organizations. Centrally Sponsored schemes, however, are those, which are fully or in part funded by the Central Government and Government support for centrally sponsored schemes varies — in some cases, it is 100 per cent and in some 75 or 50 per cent. The centrally sponsored schemes sector has for long been contentious between the Central and the State Governments and as justifiably the State's sphere of activity. On the other hand, Central participation through centrally sponsored schemes has been justified on the ground that without this, important programmes will not get the priority they deserve in several, if not all, the States. In regard to centrally sponsored schemes, the major ones under rural development are IRDP, Jawahar Rozgar Yojana, DDP, and DPAP, all of which you have dealt with in the previous course.

The State Plan is the sum total of State sector schemes plus the State's share of centrally sponsored schemes. An important example of a State Plan Scheme funded entirely by the State Government in the sphere of rural development is the employment Guarantee Scheme of Maharashtra.

Plan Assistance

Plan assistance is provided by the Central Government to the States for the State Plan. In 1969, the NDC approved the criteria for allocation of funds by the Planning Commission to the States. This is popularly called the 'Gadgil' Formula. Under this Formula, after taking care of the requirements of Assam, Nagaland and Jammu & Kashmir, the Central Government's assistance was distributed 60 per cent on the basis of population, and 10 per cent on per capita income (only to those states whose per capita incomes were below the national average), 10 per cent on commitments in respect of major continuing irrigation and power projects (each costing Rs. 20 crores and above), 10 per cent on the basis of tax efforts in relation to per capita income, and 10 per cent to meet special problems. Thirty per cent of the funds were provided as

outright grants and 70 per cent as loans. However, in the case of Assam, Jammu & Kashmir and Nagaland, the entire Plan funds were provided as outright grants.

Since 1980, a modified Gadgil Formula is being followed by the Planning Commission for the allocation of plan funds. Under this, the first lump sum amount is pre-empted from the total pool of Central assistance to meet the requirements of the Special Category States, namely, Assam, Himachal Pradesh, Arunachal Pradesh, Jammu & Kashmir, Mizoram, Manipur, Meghalaya, Nagaland, Tripura and Sikkim. The balance amount is distributed among the remaining States giving 60 per cent weightage, 10 per cent to tax effort, 20 per cent on per capita income below the national average and 10 per cent to meet special problems.

In recent times, there has been pressure from the State for the Gadgil Formula to be suitably modified to make it more responsive to changes that have taken place during the last few decades. There is, however, no unanimity among the States, either in regard to the criteria to be followed, or the weightage to be given to them in allocating plan funds.

2.4 MACHINERY FOR PLANNING AT THE NATIONAL LEVEL

The Directive Principles of State Policy enshrined in our Constitution, though not enforceable by any court, lay down principles fundamental to the governance of the country, Article 37 clearly states that it will be the duty of the state to apply these principles in making laws. Important Articles of the Constitution of interest to rural development are Articles 38, 39, 39A, 40, 43, 46, 47 48 and 48A. The detailed provisions are given in Annexure-I.

Briefly stated, Article 38 relates to promoting the welfare of the people, and Article 39 lays down the broad policy, that the state should follow for ensuring adequate means of livelihood for its citizens, protection of interests of children and women, etc. Article 40 relates to organizing village *Panchayat*, while Article 41 deals with the right to work, education and public assistance in some cases. Article 43 relates to securing a living wage and Article 46 to the educational and economic interests of the weaker sections of society. Article 47 relates to the standard of living, Article 48 to the organization of agriculture and animal husbandry and Article 48A to the protection and improvement of the environment and safeguarding of forests and wildlife. Thus, the Constitution contains provisions relating to the broad directions to be followed by the state in relation to the welfare and development of the people of the country.

Planning Commission

The Planning Commission is the technical body for facilitating the planning process in our country. It was set up by the Government in March 1950. Its functions are:

- i) to make an assessment of the material, capital and human resources of the country, including technical personnel, and investigate the possibilities of augmenting such of these resources as are found to be deficient in relation to the nation's requirements;
- ii) to formulate a plan for the most effective and balanced utilization of the country's resources;
- iii) to determine priorities, define the stages in which the Plan should be carried out and propose the allocation of resources for the due completion of each stage;
- iv) to indicate the factors, which tend to retard economic development and determine the conditions which, in view of the current social and political situation, should be created for the successful execution of the Plan;
- v) to determine the nature of the machinery, which will be necessary for securing the successful implementation of each stage of the plan in all its aspects;
- vi) to appraise, from time to time, the progress achieved in the execution of each stage of the Plan and recommend the adjustments of policy and measures that such appraisal may show to be necessary; and
- vii) to make such interim or ancillary recommendations as appear to be appropriate either for facilitating the discharge of the duties assigned to it or, on a consideration of prevailing economic conditions, current policies, measures and development programmes or on an examination of such specific problems as may be referred to it for advice by the Central and State Governments.

The organisation of the Planning Commission facilitates its role as an advisory body functioning at the highest policy level without further being involved in the responsibilities of day-to-day administration. The Prime Minister is the Chairman of the Planning Commission. The Commission has a Deputy Chairman and six or more full-time members. The Finance Minister and a few other Ministers of Cabinet rank are ex-officio members. At times, the Deputy Chairman is also the Minister of Planning. A full-time Secretary coordinates the technical and administrative activities. The Planning Commission functions through a series of divisions and sections. It has eight general divisions and eighteen subject divisions. Details of these are given in Annexure-2.

Within the general organisation of the Planning Commission, the Programme Evaluation Organisation (PEO) has functioned since 1952 as an ancillary agency. It undertakes evaluation studies to assess the impact of selected Plan Programmes in order to provide feedback to the planners and implementing agencies.

National Development Council

We have seen that, under the Constitution, the subject of economic and social planning is in the Concurrent List, as this is a subject in which the Centre as well as the States are interested and have to work in unison. The coordination of policies between the two integrating structures of the federal setup is brought about through a process of mutual consultation. This system of consultation in the formulation of policies on the basis of overall national requirements is the central point of planning in our country. The National Development Council (NDC) is the highest policy-making body, which provides the opportunity for plans to be formulated and implemented throughout the country as a unified development effort. Its Chairman is the Prime Minister. Its Members comprise Cabinet Ministers (some, not all), Chief Ministers of all the States and Members of the Planning Commission. The NDC is the body at the highest policy-making level, which approves the approach, and later, the final plan.

Planning Units of Central Ministries

Since the Central Ministries have an important role in the formulation of plans and considerable stake in the policies and programmes, which ultimately find a place, most Central Ministries have separate divisions or units for coordinating the work of the ministry to undertake these functions. The planning unit of the Ministry works in close collaboration with the programme division of the Planning Commission. It also initiates and coordinates the work of the Working Groups that are set up for preparing the plan. The draft proposals, incorporating the suggestions of the different working groups, are also prepared by it and these are then finalised by the Department/ Ministry concerned and sent to the Planning Commission.

2.5 MACHINERY FOR PLANNING AT THE STATE LEVEL

As in the Centre, so also in the States, several organisations and departments are involved in the planning process. Let us now consider these.

State Planning Department

On account of the diversity in administrative organisations in different States and Union Territories of our country, it is not possible to have a single uniform pattern for the planning machinery. However, a broad understanding of the planning machinery, as it prevails in a large number of States, is given in this section. In each State, there is a Planning Department, which is responsible for the preparation of the Five Year Plans, Annual Plans, monitoring of the plans and, generally, the evaluation of programme through its evaluation wing. Essentially, the Planning Department is responsible for coordinating the development efforts in the state.

The Five Year Plan for the State provides the framework within which Annual Plans are prepared. These take into consideration the guidelines set by the Planning Commission. The Planning Department is responsible for preparing the Five Year Plan and ensure that the Annual Plans reflect the steps being taken to achieve the broad objectives laid out in the State Five Year Plan.

In most states, in addition to the State Planning Department, there exists a State Planning Board. It comprises the Ministers concerned, experts, non-officials and officials. Normally, the role of such a Board is advisory, relating to plan strategies. It also suggests ways and means to improve the working of various programmes in the State.

Departments of Economics and Statistics, Manpower and Evaluation

In most states, within the administrative umbrella of the State Planning Department, there are departments of Economics and Statistics, Manpower and Evaluation. The Department of Economics and Statistics provides technical personnel at the State and lower levels for planning and monitoring of programmes. The Manpower Department assesses the requirements and need for manpower in the coming years and enables the planning process to incorporate action plans for meeting these needs in such a way that the overall manpower requirements for Plan's implementation are fulfilled. In addition, the Manpower Department is also sometimes entrusted with the responsibility of planning for the in-service training and orientation of the State officials. The Evaluation Department, as the name suggests, is entrusted with the task of conducting evaluation studies of the various programmes being undertaken on a concurrent or ex post facto basis. Such studies provide feedback to the State Government for enabling corrective actions to be taken in regard to Plan schemes.

District Planning Agencies

At the district level, most of the heads of departments are represented by officials termed as District level officers. For example, there are Executive Engineers for PWD, Irrigation, Public Health, Engineering Department, State Electricity Board, District Education Officer, Chief Medical and Health Officer, etc. These officials are part of the planning process at the District level.

In the context of major poverty alleviation programmes, viz., IRDP, NREP and RLGP, in 1980, the District Rural Development Agencies (DRDA) were set up to plan, implement and monitor such programmes. These are registered societies, generally headed by the District Collector. The Members of Parliament and Members of State legislatures from that district as also State officials are among its members.

In many States, *Panchayati Raj Institutions* have important roles to play in the context of planning rural development programmes. Generally, such

bodies are of three tiers and, in some cases, two tiers. Particularly in Gujarat, Maharashtra and more recently in Andhra Pradesh and Karnataka, such bodies have been entrusted with important responsibilities in relation to planning and implementation of rural development programmes.

In states like Maharashtra, there are District Planning and Development Committees (DPDC), which take important decisions with regard to planning rural development programmes at the district and lower levels. Such Committees may be presided over by Ministers or non-officials. In other cases, there may be District Planning Committees, which are for coordinating the work of development programmes and sometimes for taking decisions relating to location of projects, such as schools, roads, villages to be electrified, villages where drinking water is to be provided, etc.

The Constitution's 74th Amendment Act, 1992 has made specific provision for setting up a District Planning Committee (DPC) in every State "to consolidate the plans prepared by the panchayats and the municipalities in the district and to prepare a draft development plan for the district as a whole" (Article 243 D(i)). Till April 2003, DPCs had been constituted in 14 States and three Union Territories.

Check Your Progress III

Note: a) Use the space provided below for your answer.

b) Compare your answers with the text.

- 1) What are the respective roles of the Planning Commission, the Central Ministries and the State Planning departments in the formulation of plans?

(Hint: See the text of Sections 2.3 to 2.5 and write your answer)

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2.6 LET US SUM UP

This unit has two main themes, namely, the process of planning and the machinery for planning at the national and state levels. A brief idea has also been given regarding important planning agencies at the district level.

We saw that planning is not just an aggregation of physical and financial targets, but is a process of giving direction to the development effort in such a way that the fruits of growth reach different sections of society, especially the disadvantaged ones. Five Year Plans are formulated from the perspective of

long-term development. This enables us to raise the national effort to match specific long-term goals. Annual plans give operational meaning to these exercises. Monitoring, review and evaluation procedures help us to keep the programmes on the right course. The process of planning enables the Government to respond to the needs of the people, of course, keeping in mind the resources available at its command.

In a democratic and federal structure like ours, the process of planning has evolved on the basis of consultations between the Central and State government and involvement of the States in the Planning process. We also discussed about the machinery for planning at the Central and the State levels and saw the inter-relationships, both vertical and horizontal.

2.7 KEYWORDS

Macro-level Planning: Planning at the aggregate level, i.e., at the level of the country or state.

Infrastructure Base: Those industries or facilities, which are of fundamental importance to development, e.g., transport, power, roads, water, etc.

2.8 SUGGESTED READINGS

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UNIT 3 NATIONAL PLANNING COMMISSIONS – YOJANA AAYOG AND NITI AAYOG

Structure

- 3.0 Aims and Objectives
- 3.1 Introduction
- 3.2 The Concept of Planning
- 3.3 History of Planning in India
- 3.4 Types of Economy
 - 3.4.1 India and Mixed Economy
- 3.5 Planning Commission in India
 - 3.5.1 National Development Council
 - 3.5.2 Case for a New Institution – NITI Aayog
- 3.6 NITI Aayog
- 3.7 Let Us Sum Up
- 3.8 Key Words
- 3.9 Suggested Readings

3.0 AIMS AND OBJECTIVES

After reading this unit, you will be able to:

- Define Planning;
- Get an outline of the history of Planning in India;
- Understand the formation and functions of the Planning Commission and the National Development Council;
- Recognize the need for revamping planning in India and formation of NITI Aayog; and
- Contextualize the ideological shift in India's socio-economic Planning.

3.1 INTRODUCTION

The first section, 'The Concept of Planning' (Section 3.2), will introduce the idea of Planning. It will spark the student's imagination regarding the need for Planning. The examples given in this section will help the students to visualize the concept of Planning and its usefulness. The next section, 'History of Planning in India' (Section 3.3), will introduce students to the various efforts made before and after independence regarding India's socio-economic Planning. The following section, 'Types of Economy' (Section 3.4), will give a brief introduction to the major types of economies around the

world and locate ideological choices of planning in India. Next section on ‘Planning Commission in India’ (Section 3.5) will describe the formation, objectives, and functions of ‘Yojana Aayog’ and ‘National Development Council’. It will also discuss the shortcomings of the ‘Yojana Aayog’ and the conditions that led to creating a new commission – NITI Aayog. The section on NITI Aayog (Section 3.6) will discuss the formation, objectives, and functions of the NITI Aayog, along with its prevailing criticism. The conclusion is the last section of this lesson (Section 3.7)

3.2 THE CONCEPT OF PLANNING

Cambridge English dictionary defines Planning as “a set of decisions about how to do something in the future.” Now you might be curious as to why plans are essential? What is the use of planning something beforehand? You might not realize but planning is an important part of human character. Animals act in an impulsive way but human beings think about the causes and consequences of their action. In doing so, they need planning. Students plan their careers and choose different subjects accordingly, engineers plan out well before constructing a house, players plan out strategies regarding the game before going out to the field, entrepreneurs make proper plan before establishing an enterprise and so on. The benefits of pre-thinking is that it helps in better management and utilization of time and resources. It also helps us in reducing the wastage of resources. To understand planning more explicitly, let us go through an example.

Imagine that you are made the leader of a group from your college who wants to visit Tawang, a tourist place in Arunachal Pradesh for excursion. Sixty per cent of the students in the group come from low-income families, thirty per cent from lower-middle-class families, and only ten per cent are from upper-middle-class families. It is clear that all the students do not have equal resources at their disposal. While some can afford going by flight, others can only afford travelling by the train. While some can hire a private cab, others may not be able to afford it. As a team leader, it is your responsibility to devise a travel plan that is accessible for all. You have to decide how to travel, where to stay, and the sites you all want to visit. In order to take such decision which will be acceptable to all, you have to plan out the whole trip beforehand. So, you apply for an Indian Railways fare concession available for the student to save some money. Next, for travelling from the railway station to Tawang, you contact your old friend Dorjee, a native of Tawang and ask to get a concession from his father’s travel agency in booking cab. He may also assist you in choosing an affordable homestay in Tawang. After getting a concession from the Indian Railway and support from your friend, you can manage the trip more efficiently in terms of time and money.

At the beginning of the trip, the poor students could not give money to book a private cab. The students from upper-middle-class families did not want to board a public bus. All of them wanted to stay in suitable accommodation.

They all wanted to visit all the important sites in Tawang. You, as a team leader, soon realized that the resource for your trip was limited. Therefore, to meet all the needs and demands of the group, you start finding the best possible way to undertake the trip. As an effort, you requested Indian Railways for concession; you contacted your friend Dorjee seeking his help. In this whole process, what you did is planning. You planned your trip beforehand and tried to find the best possible ways to utilize the limited resources available.

When we talk about planning in India, we mainly talk about Socio-Economic Planning. When the British left India in 1947, the Indian economy was in shambles. The biggest challenge for our leaders was to take the country out of the miserable condition and work towards developing its economy. Economic development requires resources and we had very limited resources. Therefore, in order to utilize its limited resources in the most efficient way, India realized the need for planning. For this, two institutions were established – **Yojana Aayog** also known as **Planning Commission** and **National Development Council**. The main purpose of these two institutions was to design policies and development plans for the nation.

Check Your Progress 1

Note: a) Write your answer in the space provided.

b) Check your answer with the possible answer provided at the end of this unit.

1) Discuss the Concept of Planning.

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2) Make a plan to establish a community library in your village.

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3.3 HISTORY OF PLANNING IN INDIA

Planning is the process which includes an intention or decision about what one is going to do. It helps in the efficient use of the available resources to

achieve the desired goal. Economic Planning in India has evolved historically with the engagement of scholars, industrialists, and the people engaged in the freedom struggle. In this section, we will briefly examine a few such contributions to map out the history of planning in India.

M. Visvesvaraya (1860-1962) an eminent engineer and statesman had proposed a framework for planning in India in his book 'Planned Economy for India' in 1934. He was influenced by Japan's industrial progress, Soviet Five Year Plans, and others. He suggested a ten-year plan for the economic development of India with the aim of doubling the income of the country. He gave importance to industrialization, emphasized the reduction of dependency on agriculture and increased employment in industries. He tried to organize the Indian economy in a more capitalistic way. His book is considered the first attempt at economic Planning in India.

In 1944 another effort was made by eight industrialists, namely J.R.D. Tata, Ardeshir Dalal Lala, Ghanshyam Das Birla, Kasturbhai Lalbhai, Shri Ram, Sir Purshottamdas Thakurdas, Ardeshir Darabshaw Shroff, and John Mathai. They proposed the 'Bombay Plan.' 'Bombay Plan' envisaged for 15 years of Planning. The basic idea of the Bombay Plan was that, for the economic development of India, government intervention was important and the government should protect the indigenous industries. 'Bombay Plan' tries to improve the standard of living of the masses of the population by increasing per capita income, mass education, etc.

In 1944 Sriman Narayan Agarwal proposed the 'Gandhian plan' in his book. It reflects the ideology of Gandhiji, such as decentralization, development of agriculture, development of cottage industries, panchayati raj, etc. Gandhian economy talks about the harmony of both nature and growth. It talks about decentralized, labour-intensive production instead of big mechanized industries. Gandhiji also talked about self-reliance and the development of the khadi industries.

M. N. Roy proposed the 'People's Plan' in 1944. He was a supporter of the communist party, and instead of industrial Planning, he gave priority to agriculture development, small-scale industries, meeting the basic need of the people, equitable distribution, etc. In his Planning, we find the effort of socialistic organization of the economy.

With the background of above-mentioned ideas of Planning, the Yojana Aayog was introduced in India in 1950. Yojana Aayog was an economic advisory body set up by an executive resolution of the union cabinet. It was established to design policies and developmental plans, which included preparing the Five-Year Plan, acting as an advisory body to the union and the state governments. It played a crucial role in deciding the quantum and direction of India's development. It has helped us in boosting the growth in sectors such as — Agriculture, Industries, Technology, alleviation of poverty, etc. However, Yojana Aayog is not free from any criticism, with the passage

of time its criticism only grew. As a result, it has been now replaced with the NITI (National Institution for Transforming India) Aayog.

Check Your Progress 2

Note: a) Write your answer in the space provided.

b) Check your answer with the possible answer provided at the end of the unit.

1) Write a note on how Planning in India has evolved.

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3.4 TYPES OF ECONOMY

Before we move on to discuss the Yojana Aayog and NITI Aayog, let us discuss the prevalent types of economies across the world. They are Capitalist, Socialist, and Mixed economy. The choice of the economy depends upon the ideological orientation and commitment of the leaders and historical experiences of the countries in managing their internal and external affairs. While most of the western countries, such as the U.S.A. England, France, Germany adopted a Capitalist economy. The erstwhile USSR, China, Cuba followed the Socialist economy. Capitalism, as an ideology, believed that the State should not control the economy. Economy is controlled by itself by the law of demand and supply. Capitalism says that if there is an open competition, only the best product will remain, and because of competition, the price of the product will always remain reasonably low. Socialism, on the other hand, believes that the State should take a strong step in monitoring the economy and it should be an active player in the economy. The means of production should be controlled by the State itself. Instead of open competition, socialism supports cooperation. Mixed economy tries to make the balance between capitalism and socialism. Here, productive assets are owned by both private and public sector. India experimented with mixed economic model for its development after independence.

3.4.1 India and Mixed Economy

Both capitalism and socialism have their own drawbacks. Capitalism increases competitiveness. It talks about the open competition. However, when a market is open, only a few sections of society, who are at advantageous positions are able to exploit the benefit. As a result, the poor become poorer, and rich become richer. Besides, because of the competition

in capitalism, there is thirst for huge production and when production goes beyond the limit, it ultimately leads to a crisis in the market, which the world witness in the form of the economic slowdown. The Great Depression of 1929 and Economic Crisis of 2008 can be cited as an example.

Socialism, on the other hand, talks about cooperation. It is generally criticized as a slow and sluggish economy. There is an absence of competitiveness in the socialist economy which may lead to loss of zeal among people to do better. As the State determines everything, there are very little choices available for the consumers in Socialist economy.

India however did not adopt either Capitalist economy or Socialist economy; it went for the mixed-economy. Mixed economy is one where the means of production and job creation was held by both private and public sector. There is both private and public player in the Indian economy. The strategic sector of the Indian economy, such as Defense manufacturing, Indian Railway, Space, Atomic energy etc. was put under the direct control of the State (However, in the recent times Indian Railways and Defense manufacturing have witnessed the participation of Private players as well). On the other hand, sectors such as education, health, communication were opened to the private sector also. Therefore, a mixed economy was supposed to be a fine balance of both capitalism and socialism.

After independence India followed a protectionist policy, it had a closed economy. The primary focus of the government was the development of the nation and for that it did not allow any outsider in the market for competition. It was only during the P.V. Narashimha Rao government under the guidance of then Finance Minister Dr. Manmohan Singh, India adopted L.P.G., which stands for Liberalization, Privatization, and Globalization in 1991. This led India to open its economy. If we see the history of Indian economy after independence, we see a rapid nationalization of many industries and bank which leads to the belief that Indian economy was then tilted more towards the socialistic economy. However, since 1991 after the L.P.G. reformation, it is said that India is bending more towards the capitalist economy.

Check Your Progress 3

Note: a) Write your answer in the space provided.

b) Check your answer with the possible answer provided at the end of the unit.

1) Recently, the government is discussing disinvestment in many public sector enterprises. Do you think that it will affect our status as a Mixed Economy? Explain.

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3.5 PLANNING COMMISSION IN INDIA

The Planning Commission was established in India in 1950 for policy design and developmental plan for the growth and development of India. Planning Commission in India was also known as Yojana Aayog. The sole aim of the Planning Commission was to bring long-term developments in India. The execution of this goal of the Planning Commission was exercised through the Five Year Plans in India. Planning Commission was established by an Executive Resolution on the recommendation of the Advisory Planning Board constituted in 1946 under K.C Neogi; with the motto of social and economic development. Yojna Aayog was neither a constitutional body nor a statutory body. It worked as an advisory body to the government. Pt. Jawaharlal Nehru was the first Chairman of the Planning Commission.

Objective of the Planning Commission:

- To assess the material and Human resources of the country.
- To plan for the balanced utilization of material resources of the country.
- To set the priorities of Planning.
- To determine appropriate machinery for the success of Planning.
- Time to time appraisal of the implemented plans.
- To identify the factors that are responsible for the retard of Planning.

Composition of the Planning Commission:

The Planning Commission consisted of following members. The Prime Minister was the Chairman of the Planning Commission. There was a Deputy Chairman who was the de-facto Executive Head of the Planning Commission. Deputy Chairman was responsible for the formulation and the submission of the Five Years Plans. The Deputy Chairman was appointed by the Central Cabinet. He enjoyed the status of a Cabinet Minister. The Finance Minister and Planning Minister were the Planning Commission's ex-officio members and a few other members appointed amongst the Central Ministers. Four to seven full-time Expert Members were also appointed who enjoyed Minister of State rank. A senior I.A.S. officer was appointed as a Member Secretary. The Planning Commission had a dual hierarchy in its internal organization. The administrative order was headed by the Secretary of the Planning Commission, who was assisted by Joint Secretaries, Deputy Secretaries, Under Secretaries, and other administrative and clerical staff. The technical hierarchy was headed by the Advisor. The Advisor was assisted by Chiefs, Directors, Joint Directors, and other technical staff.

Apart from the Planning Commission, there was another institution established for complementing the developmental planning of India, which was known as the National Development Council.

3.5.1 National Development Council

One major reason behind the establishment of the National Development Council was to give representation to the states. It was established in the year 1952. The National Development Council composed of the Prime Minister as the chairman. It includes other members such as Chief Ministers of all states, Administrators of all union territories, All Cabinet Ministers, Members of the Planning Commission, etc. The Member Secretary of Planning Commission also serves as the Secretary of National Development Council.

The passing of the Five Year Plan involved both the Planning Commission and the National Development Council. First, the draft is prepared by the Planning Commission; then, it is sent to the National Development Council. If National Development Council wants any modification in the draft, then it can send back the draft to Planning Commission again. Otherwise, it can approve it. If National Development Council wants any modification in the draft, then Planning Commission modifies it and sends it to the National Development Council again for approval. If National Development Council approves, then it is given to the cabinet, and subsequently presented in the Parliament. Once Parliament approves it, the implementation of the Five Years plan happens.

3.5.2 Criticism of Planning Commission and Case for NITI Aayog

The Planning Commission served India for a long time. Then the question arises what was the reason for the need to replace the Planning Commission with NITI Aayog. Planning Commission has served the country for more than six decades. In these six decades, Planning Commission garnered both praises as well as criticisms from different corners of the society. Some of the successful steps of the Planning Commission were as following: During the era of the Planning Commission, we have seen an average increase of G.D.P. (Gross Domestic Product), especially after the L.P.G. reformation, our G.D.P. growth rate became faster. The different Five Years Plans devised by the Planning Commission also led to growth in both Agricultural and industrial sector. The Green Revolution of 1960s which made India self-reliant in food crops was also the result of Five Year Planning. Along with the Green Revolution, White revolution, Pink revolution, etc., also became successful which helped in the upliftment of vast sections of Indian society. However, in spite of having so many merits Planning Commission suffered from its own drawbacks. In the formation of the planning commission (as mentioned in Section 3.5), you might have noticed that there is no direct engagement of any state in the Planning Commission. States were not represented in the Planning Commission. Besides Planning, the Commission worked in a top to down approach. Plans were centrally drafted and implemented in the state; here, states did not have any agency. Different states needed a different kind of a plan, but many a times the Planning Commission would draft a similar kind of plan for all the states. This led to discontentment among the states

towards the Planning Commission. The regional outcome of the growth was also dissatisfactory during the time of the Planning Commission. There was a skewed G.D.P. growth around various regions of India. While some regions prospered, others remained poor. The rural-urban gap in the process of development was also witnessed. While urban areas were developing at a faster rate, rural areas seemed to develop at a slower rate.

The Planning Commission was criticized by Administrative Reforms Commission (A.R.C.). It observed, 'Under the Constitution, the ministers, whether in the Centre or the states, are in effect, the ultimate executive authorities. Unfortunately, the Planning Commission has, in some measures, earned the reputation of being a Parallel Cabinet and sometimes, a Super Cabinet'.

P. V. Rajamannar, the Chairman of the Fourth Finance Commission, highlighted the overlapping of functions and responsibilities between the erstwhile Planning Commission and Finance Commission in federal fiscal transfers. He criticized the planning commission for this outgrowth.

D. R. Gadgil, the former Deputy Chairman of the Planning Commission, also criticized the role of the Planning Commission and concluded that it has failed in its task. He said: 'The root of the failure lies in the process by which the Planning Commission, essentially only an advisory body, has come to mix itself with the actual process of the formation of public policies even in matters other than that of development ... The misdirection has been helped largely by the membership of the prime minister and the finance minister in the planning commission, which appears to have vested the Planning Commission and its decisions with an unnatural kind of prestige and importance'.

In the light of above-mentioned drawbacks, the Planning Commission or Yojana Aayog was replaced by the NITI Aayog.

Check Your Progress 4

Note: a) Write your answer in the space provided.

b) Check your answer with the possible answer provided at the end of the unit.

1) The approach of the Planning Commission is top to bottom; explain.

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3.6 NITI AAYOG

NITI Aayog was established on January 1, 2015. NITI Aayog stands for 'National Institution for Transforming India.' Like the Yojana Aayog, NITI Aayog is also created by an executive resolution. Therefore, NITI Aayog is neither a constitutional nor a statutory body. NITI Aayog is a premier policy 'Think Tank' of the government in designing strategic and long-term policies. It also gives relevant advice to the Centre and the States. NITI Aayog focuses on changing policymaking from the 'Top to Bottom' approach to 'Bottom-up' approach by engaging the states. Under the erstwhile Planning Commission, the states occupied a conformist position, but now they are considered active partners.

Objectives of NITI Aayog:

A few objectives of NITI Aayog are as follow:

- To develop India by a shared vision of both the Centre and the State.
- To boost the 'Cooperative Federalism' between Centre and State.
- To pay special attention to the vulnerable section of society.
- To focus on technological up-gradation.
- To create Knowledge Innovation etc.
- To monitor and evaluate the implementation of various programmes.

Composition of NITI Aayog: NITI Aayog consists of the following members. The Prime Minister is the Chairperson of NITI Aayog. A Governing Council consists of all the Chief Ministers of the States and Chief Ministers of Union Territories, having Legislature and Lt. Governor of Union Territories. A Vice President is appointed by the Prime Minister who enjoys the Cabinet Minister rank. There are some Full-Time members who enjoy the Minister of State rank. Part-time members comprised of a maximum of two from various universities, research organizations, etc. There is a maximum of four ex-officio members from the Union Council of Minister nominated by the Prime Minister. The Prime minister appoints a Chief Executive officer. There is also provision for Secretariat as deemed necessary. Regional Councils is formed in NITI Aayog to address the specific issues impacting more than one States. These are formed for a specific tenure. The Regional Council is convened by the Prime Minister and comprises of Chief Ministers of the State and Lt. Governor of the Union Territories of the region. The Regional Council is chaired by the Chairperson of NITI Aayog or his nominee.

Criticism of NITI Aayog

NITI Aayog has been subject to criticism on various grounds since the day of its inception. Many scholars opined that it is 'old wine in the new bottle.' Both the Planning Commission and the NITI Aayog are doing a similar kind

of work. There is no significant difference in the function of the Planning Commission and NITI Aayog. NITI Aayog is merely an advisory body, unlike the Planning Commission which had important say on the funding of various projects both at central and state level. Because of this NITI Aayog is called toothless tiger by few critics. NITI Aayog however provides direct representation to the states, but the states' indirect representation was already there through the National Development Council. Therefore, when it comes to the composition, there is little difference. According to some critics, the notion of a Planned Economy is gone now. At present, we do not have any central planning like the Five Years Planning, which India followed for more than half a century. Currently our country is faced with various challenges like the negative G.D.P. growth, increasing unemployment, poor health sector, etc., but there is no long term planning to tackle these problems unlike before. NITI Aayog being an advisory body cannot take relevant steps needed to face the present challenges. Critics also say that giving states representation in policymaking also seems futile, as experiences show that many Chief Ministers remain absent from NITI Aayog meetings. Besides, the number of experts in the various fields also seems to be reduced in NITI Aayog in comparison to the Planning Commission which again is a big drawback.

Check Your Progress 5

Note: a) Write your answer in the space provided.

b) Check your answer with the possible answer provided at the end of the unit.

1) Do you think that NITI Aayog fit more in Indian Federalism (Quasi-federalism). Give arguments in favour of your answer.

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3.7 LET US SUM UP

After about 200 years of colonial exploitation, the Indian economy was in a crisis at the time of Independence. Our model of Economic growth and development was largely shaped in struggle for national freedom. The vision of our national leaders such as Mahatma Gandhi, Jawaharlal Nehru, Jaiprakash Narayan got the prominence in our planning priorities the post-independence reconstruction of economy. There were differences of perspective among the leaders regarding which path of development should India follow in post-independence. For example, while Gandhian vision was

related to the Democratic decentralization i.e. Panchayati raj, development of cottage industries, agricultural development etc. Nehru's vision was more for a modern industrial country. However, all the leaders had a few major similarities in their vision. They all wanted a developed and a self-reliant India. They wanted to improve the quality of life of the common people. As the majority of Indians live in the villages, so for the development of the country, developing its villages was crucial.

However, newly independent India had limited resources, and our leaders wanted to utilize it in the most efficient way to get the maximum benefit out of it. There were two options in front of them, i.e. either to follow the path of Capitalism or to choose Socialism. Our leaders realized that both the ideologies were not compatible with the Indian situation. There has been a cooperation-based economy in India from ancient times. If it was replaced by capitalism, then it would create a problem. Besides, mere adaptation of capitalism would lead to the concentration of wealth at the hands of a few. But on the other hand, our leaders also visualized the rapid growth, which cannot be met only by adopting socialism. Therefore, India opted for the Mixed economy. To fulfill its dream, the first step that came to our leader's mind was planning; USSR remained a successful case in front of them. To plan for the Indian economy or to plan for Indian growth and development, to be precise, Planning Commission and National Development Council were established. This Planning Commission has remained a driving force for the last six decades in drafting out the Five Years Plan and paving the way for the development of India. But gradually many experts realized that it could not meet its envisaged aims and objectives and a need for a new institution to take its place was felt. Likewise, in January 2015 Planning Commission was replaced by NITI Aayog. The main reason given for this is that the Planning Commission did not include a representation of the states. To make it more federal and decentralized, the planning commission was replaced by NITI Aayog.

3.8 KEY WORDS

Planning: Planning is a hypothetical proposal for doing something in future in order to gain more efficiency. Planning often helps in the utilization of limited resources in a more effective way.

Growth: Growth means any increase or decrease in the Gross Domestic Product of a country. Here Increase means Positive Growth; Decrease means Negative Growth.

Development: Development is a broader concept than growth. The development includes education, healthy life, gender equity, good life expectancy, etc., along with growth.

Capitalism: A political as well as economic system where means of production are privately owned. Profit building is the main aim of capitalism. Competition is the driving force of capitalism.

Socialism: A political as well as economic system where means of production is owned by the State. Cooperation is the driving force of socialism.

Mixed Economy: Mixed Economy is the combination of both capitalistic and socialistic economies. In Mixed Economy, both private and public enterprise plays an equally important role.

Liberalization: Liberalization here means reducing restriction in international trade, which means opening up the economy.

Privatization: Privatization means the process through which private players enter into public enterprise. Disinvestment of public enterprise is an example of privatization.

Globalization: Globalization means increasing interdependence of the global culture, economy, lifestyle, etc.

G.D.P.: Gross Domestic Product means total value of goods and services produced within a country in a certain period of time.

Federalism: Federalism means that kind of political system where there is a division of power between the Centre and State. Some characteristics of Federalism are double citizenship, dual constitution etc. U.S.A. is an example of Federalism. As India doesn't reflect the complete federal character, that is why some scholar refers to it as Quasi-Federal.

Check Your Progress 1

- 1) Discuss the Concept of Planning.

Planning is a process that helps us to execute something efficiently by thinking about how to do it beforehand. Planning means careful assessment of our resources and then develop a framework for fulfilling our objectives. It is the process that helps us in managing the wastage of time and resources. It also gives a blueprint for doing something in the future. Different people may devise different plans to do the same task.

- 2) Make a plan to establish a community library in your village.

A plan for the community library can be started with making a list of the probable resources available at hand, for example – a selection of land or building, talking with the village head about the project, seeking help from local students in making the list of books, making a budget, ordering books, motivating people for a voluntary donation, encouraging people, especially children to use library etc.

Check Your Progress 2

- 1) Write a note on how Planning in India has evolved.

Just after India got independence, we introduced the planned economy. For the execution of Planning, we established Yojana Aayog and the

National Development Council. We exercise planned economy in the names of the five-year plan. However, the seed of Planning was there before India got its independence. On the eve of our independence, various leaders, industrialists, scholars had given their view in support of the planned economy. Yojana Aayog came out as an aspiration of these efforts. In its six decades journey, Yojana Aayog has contributed much in the development of the country. However, to make planning more decentralized in 2015, Yojana Aayog was replaced by the NITI Aayog.

Check Your Progress 3

- 1) Recently, the government is discussing disinvestment in many public sector enterprises. Do you think that it will affect our status as a Mixed Economy? Explain.

Disinvestment means reducing government investment share in any public sector enterprise. Recently government is talking about the disinvestment of many public enterprises. One reason given was that private enterprises seem to perform better than the public sector enterprises. Besides, if the government is having continuous losses in any enterprise it can disinvest in that enterprise. In a mixed economy, both the public and the private sector co-exist. However, continuous disinvestment of government in the public sector enterprise one after another may not a good sign for a country like India. As the main goal of a private-sector enterprise is the accumulation of more and more capital. This is not the nature of a Mixed Economy.

Check Your Progress 4

- 1) The approach of the Planning Commission is top to bottom; explain.

The Major criticism posed against the Yojana Aayog was that it followed a top to down approach. In Yojana Aayog, there was no representation of the states. All the plans were formulated centrally. Planning commission makes similar kind of plan for all, without considering the diversity among the states. This approach is partially true. Although states were not part of the Yojana Aayog, states gave their representation through National Development Council. The National Development Council played an important role in the passing of Five-Year Plans.

Check Your Progress 5

- 1) Do you think that NITI Aayog fit more in Indian Federalism (Quasi-federalism)? Give arguments in favour of your answer.

NITI Aayog was established in 2015. The main motto of the NITI Aayog is to give representation to the states. Technically from the structural formation of NITI Aayog, we can say NITI Aayog upholds the federal nature of the Indian State. However, this Federalism can be more efficient when the states really take part and engage in the planning

process. There is always a difference between de-jure technicality and de facto reality; however, in comparison to Yojana Aayog, NITI Aayog is still in its infancy level. With the passage of time, we will get more input regarding the functioning of the NITI Aayog.

3.9 SUGGESTED READINGS

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UNIT 4 FIVE YEARS PLANS AND RURAL DEVELOPMENT

Structure

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 - 4.5.1 Objectives and Features
- 4.6 Let Us Sum Up

4.1 AIMS AND OBJECTIVES

After reading this Unit, you will be able to:

- Define the role of planning process in rural development;
- Study the history of planning process;
- Identify the gradual changes in the different five year plan; and
- Understand the shift from five year planning to Niti Ayog.

4.2 INTRODUCTION

After the adoption of a new constitution, the government of India set up the Planning Commission in March 1950 to assess the country's material, capital and human resources and to formulate a plan for the most effective and balanced utilization.

The first Prime Minister, Pt. Jawaharlal Nehru was also its first chairman. The Finance Minister and the Minister for planning were its essential members amongst other ministers in different capacities linked to economic development.

Some of the objectives outlined in these plans were maximization of national income, rapid industrialization, providing full employment and most importantly achieving self-sufficiency. The central purpose identified with the process of development was to raise the standard of living and opening out more opportunities to people.

Planning in India needed proper channelling of resources into different developmental activities in accordance with accepted national priorities. While short-term developmental objectives have varied from plan to plan, the planning process was in some ways inspired by certain long-term goals.

These are:

a) High growth rate with a view to improve the standard of living. Due to the oppressive policies of the British, the country in the colonial period witnessed a retarded development. The standard of living of the people was very low. The general objectives of all the Five year plans have been to raise the standard of living and achieve a much higher growth rate of national income.

b) Achieving social justice. As per the Directive Principles of State Policy laid down in the Constitution, achievement of justice – social, economic and political were proclaimed as a national commitment. The Five Year Plans being an inherent part of state policy, social justice figured as the most important objective in them.

Its purview covered the achievement of economic and social equality and regional balance in development and avoidance of concentration of economic power. Special care for the backward classes of the population is one of the targets for attaining social justice.

c) Economic self-reliance. Political independence is never complete without economic independence. Self-reliance in this regard came as a natural objective of the successive Five Year Plans.

The emphasis was on achieving financial self-reliance. Its essence lay in the fact that the economy should be able to finance its continued growth at a satisfactory rate largely from domestic resources. Foreign and external help should be kept at minimum level. However, a major policy change occurred in this regard from 1991 when the Government at the Center liberalized the economy and went all the way to attract foreign investments in order to modernize the economy faster. The strategy for development included a comprehensive planning for all round development; a mixed economy approach to keep up the socialistic pattern of development; achieve a balanced development that would develop both agriculture and industry;

provide maximum employment; cater to the development of backward areas; to uplift the backward classes and achieve overall social welfare.

Planning in India is an open process. Much of the controversy and the debates that accompany the preparation of the plans are public. The initial aggregate calculations and assumptions are either explicitly stated or readily deducible, and the makers of the plans are not only sensitive but responsive to criticism and suggestions from a wide variety of national and international sources. From original formulation through successive modifications to parliamentary presentation, plan making in India has evolved as a responsive democratic political process and the culmination of the same in the final document is an impressive manifestation of the workings of an open society. But by its very nature it also generates many problems from the point of view of mapping an optimal strategy for economic development.

From 1947 onwards, the *Indian economy* was premised on the concept of *planning*. This was carried through the **Five-Year Plans**, developed, executed, and monitored by the *Planning Commission* (1951-2014) and the *NITI Aayog* (2015 onwards). With the *prime minister* as the *ex-officio* chairman, the commission has a nominated deputy chairman, who holds the rank of a cabinet minister. *Montek Singh Ahluwalia* is the last deputy chairman of the commission (resigned on 26 May 2014). The Twelfth Plan completed its term in March 2017. Prior to the Fourth Plan, the allocation of state resources was based on schematic patterns rather than a transparent and objective mechanism, which led to the adoption of the **Gadgil formula** in 1969. Revised versions of the formula have been used since then to determine the allocation of central assistance for state plans. The new government led by *Narendra Modi*, elected in 2014, has announced the dissolution of the Planning Commission, and its replacement by a think tank called the *NITI Aayog* (an acronym for National Institution for Transforming India).

Check Your Progress 1

- 1) What do you understand by planning in Indian context?

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4.3 HISTORY OF PLANNING IN INDIA AND ORIGIN OF FIVE YEAR PLANS

Though the planned economic development in India began in 1951 with the inception of First Five Year Plan, theoretical efforts had begun much earlier,

even prior to the independence. Setting up of National Planning Committee by Indian National Congress in 1938, The Bombay Plan & Gandhian Plan in 1944, Peoples Plan in 1945 (by post war reconstruction Committee of Indian Trade Union), Sarvodaya Plan in 1950 by Jaiprakash Narayan were steps in this direction.

Five-Year Plans (FYPs) are centralized and integrated national economic programmes. Joseph Stalin implemented the first FYP in the Soviet Union in the late 1920s. Most communist states and several capitalist countries subsequently have adopted them. China and India both continue to use FYPs, although China renamed its Eleventh FYP, from 2006 to 2010, a guideline (guihua), rather than a plan (jihua), to signify the central government's more hands-off approach to development.

After independence, India launched its First FYP in 1951, under socialist influence of first Prime Minister Jawaharlal Nehru. The process began with setting up of Planning Commission in March 1950 in pursuance of declared objectives of the Government to promote a rapid rise in the standard of living of the people by efficient exploitation of the resources of the country, increasing production and offering opportunities to all for employment in the service of the community. The Planning Commission was charged with the responsibility of making assessment of all resources of the country, augmenting deficient resources, formulating plans for the most effective and balanced utilisation of resources and determining priorities. The first Five-Year Plan was launched in 1951 and two subsequent five-year plans were formulated till 1965, when there was a break because of the Indo-Pakistan Conflict. Two successive years of drought, devaluation of the currency, a general rise in prices and erosion of resources disrupted the planning process and after three Annual Plans between 1966 and 1969, the fourth Five-year plan was started in 1969. The Eighth Plan could not take off in 1990 due to the fast changing political situation at the Centre and the years 1990-91 and 1991-92 were treated as Annual Plans. The Eighth Plan was finally launched in 1992 after the initiation of structural adjustment policies. For the first eight Plans the emphasis was on a growing public sector with massive investments in basic and heavy industries, but since the launch of the Ninth Plan in 1997, the emphasis on the public sector has become less pronounced and the current thinking on planning in the country, in general, is that it should increasingly be of an indicative nature.

4.4 FIVE-YEAR PLANS FOR AGRICULTURAL AND RURAL DEVELOPMENT

4.4.1 First Five-Year Plan (1951-56)

Agriculture was given the topmost priority in this plan. It was mainly directed towards increasing agricultural production and strengthening economic infrastructures like irrigation, power and transport after

independence. There was an acute food shortage in the country and to solve the food problem priority was given to increase production of food grains. The abolition of zamindari system, launching of the community development programme, growing more food campaign along with improvement in other related spheres like marketing, fisheries, animal husbandry, soil conservation and forestry were the notable features. The production of food grains increased from 54 million tonnes in 1950-51 to 65.8 million tonnes and production of all agricultural commodities increased by 22.2% to 32% at the end of the Plan. The total outlay during this plan was to be spent on agriculture and irrigation. The targets set for the plan were almost achieved and even in some cases, exceeded. The 'Community Development Programme' (CDP) was launched on 2 October 1952, through which emphasis was given to the development of agriculture, irrigation, energy and power, industry and minerals, village small scale industry, transport, employment etc. The National Extension Service Programme, Mettur Dam, Hirakud Dam, and Bhakra Nangal Dam were established as irrigation programme during the plan (GOI, 1952) The Government had taken steps providing fund for agriculture workers especially to rehabilitate the landless workers. These workers were granted economic fund, training in agriculture, soil conservation and other related agricultural issues were also given consideration. Importance also was given in improving the transport and communication, social services, railway services, telegraphs etc. During this plan, five Indian Institute of Technology were set up in five locations in India. To improve the higher education i.e. college and university education the University Grants Commission was set up in India. The target growth of national income of the first five year plan was 2.1% and achieved 3.6 %.

Check Your Progress 2

- 1) What are the two fold objectives of First Five year plan?

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4.4.2 Second Five - Year Plan (1956-61)

In this plan, emphasis was shifted from agriculture to industry and only about 21% of the actual plan expenditure was spent for agricultural development. The food production rose from 65.8 million tonnes to 79.7 million tonnes as against the fixed target of 80.5 million tonnes. There was a shortfall in the production of all crops except sugarcane. The second plan was based on the Mahalanobis model, which is an economic development model developed by the Indian statistician P. C. Mahalanobis in 1953. The Khadi and Village Industries Programme, Intensive Agricultural District Programme, Tribal

Area Development Programme, Village Housing Projects Scheme were the major programmes of rural reconstruction. The Intensive Agricultural District Programme (IADP) was introduced in 1962 for increasing of production with the help of essential elements such as supply of fertilizers, pesticides, improve of seeds etc. The objectives of the plan were increase of national income, reduction of poverty, rapid industrialization, reduction of inequality in wealth, large expansion of employment opportunities etc. (GOI, 1956). Heavy industries were established like Hydro-electric power projects and five steel plants at Bhilai, Durgapur and Rourkela were established in India. In 1958, the Atomic Energy Commission was formed under Homi J. Bhabha as the first Chairman. The Tata Institute of Fundamental Research was established as a research institute. The target growth of national income in this plan was 4.5% and achieved 3.6%.

4.4.3 Third Five-Year Plan (1961-66)

The objective of this plan was to achieve self-sufficiency in food grains and to increase the agricultural production to meet the needs of industry and export. The plan accorded higher priority (20.5%) to agriculture and irrigation than to industrial development (20.1%). The plan targeted to increase overall agricultural production by 30%, but the achievements were disappointing. The actual output of food grains was 88.4 million tonnes in 1964-65 and 72.3 million tons in 1965-66, caused due to the drought condition of 1965-66. Food production was increased by 10% only as against the target of 30%. Consequently, the country has to import Rs. 1,100 crores worth of food grains to meet the domestic demand. Many cement and fertilizer plants were built. At the grass root level many schools have been started to improve primary education. During this period the State Electricity Boards and State Secondary Education Boards were formed. States were made responsible for secondary and higher education. State road transportation corporations were formed and local road building became a state responsibility. The target growth of national income was 5.6% and achieved 3.9%. Applied Nutrition Programme, Tribal Development Block Programme, Rural Works Programme, Intensive Agricultural Area Programme, The Rural Industries Projects, High Yielding Variety Programme etc. were started. The Applied Nutrition Programme was introduced in the rural areas in 1962 in collaboration with UNICEF (Arora, 1986). The objectives of the programme were production and distribution of nutritious food for pre-school children, pregnant and nursing mothers. In 1957, Balwant Rai Mahta Committee recommended to form the three tiers Panchayatiraj i.e. Gram Panchayatiraj at village level, Panchayats Samiti at Block level and Zilaparishad at District level. The three tier system of Panchayatiraj Raj was first adopted by Rajasthan on 2 October, 1959.

4.4.4 Three Annual Plans (1966-69)

From 1966-1969 the three interim annual plans were made for development. During this period, a high priority was given to minor irrigation and this was followed by adoption of a high yielding variety programme to increase agricultural production and productivity. Thus, this period is considered crucial for Indian agriculture as the green revolution took place during this period and the Government set up Agricultural Prices Commission to assure minimum support prices to farmers and the Food Corporation of India for maintaining buffer-stock to overcome fluctuation in the supplies of food grains and their prices. Due to implementation of HYV programme, there was a recorded food grain production of 95.6 million tonnes in 1968-69.

4.4.5 Fourth Five-Year Plan (1969-74)

The Fourth Plan had two objectives for the agricultural sector; (i) to provide the conditions necessary for a sustained increase of food production by about 5% per annum over the decade 1969-78 and (ii) to enable a large section of the rural population including small farmers, farmers in the dry areas and agricultural labourers to participate in the process of agricultural development and share its benefit. The Green Revolution introduced during the annual plans had a good result and the farmers particularly in the wheat producing belt were here interested to adopt HYV cultivation. The actual production of food grain was 104.7 million tonnes in 1973-74 as against the targeted increase of 129 million tonnes. The plan highlighted on the 'social justice' and 'Garibihatao'. It emphasized on the improvement of poor and down-trodden classes. The Government emphasized on nationalization of banks and 14 major Indian banks recognized as national bank. Target growth of the national income was 5.7% and achieved 3.3%. The Crash Scheme for Rural Employment, Drought Prone Area Programme, Small Farmers Development Agency, Tribal Area Development Agency, and Pilot Intensive Rural Employment Programme were the major rural development programmes during this period. The restoration of ecological balance, soil and moisture conservation, development of small and marginal farmers and agricultural, management of irrigation resources etc. were the objectives of this plan (GOI, 1969). The Pilot Intensive Rural Employment Programme (PIREP), it was started and implemented in areas having different socio-economic conditions on a pilot basis. The Small Farmers Development Agency (SFDA) and the Marginal Farmers and Agricultural Labourers Development Agency (MFALDA) were launched to improve the socio-economic conditions of the small and marginal farmers by providing dug wells, pump sets, tube wells and proving loans for animal husbandry, diary, sheep and goat rearing, poultry etc. In 1970-1971 the Tribal Area Development Programme (TADP) was started in tribal areas in four states Andhra Pradesh, Bihar, Madhya Pradesh and Orissa. The objectives of the programme was bringing the tribal areas in the mainstream of economic development of the country in the fields of agriculture, animal husbandry, irrigation development, construction road,

land reforms etc. In 1974, the Minimum Needs Programme (MNP) introduced during the tenure of four plans to raise the standard of living below the poverty line. The objectives of the programme were the providing minimum elementary education for the children, public health facilities, family planning, preventive medicine, nutrition, improvement of urban slums areas, reconstruction of village roads etc.

4.4.6 Fifth Five Year Plan (1974-1979)

During the Fifth Plan, Rs. 8080 crores (nearly 21% of the plan outlay) was made for agricultural development and irrigation. The plan accorded priority for the spread of HYV cultivation, greater use of fertilizer, pesticides and insecticides to increase agricultural production. The plan also provided special emphasis on; (i) small and marginal farmers, (ii) dry farming technique, (iii) evolving HYV seeds for other crops like paddy, (iv) social conservation measures on saline and alkaline soils and for desert land reclamation. During this plan, the production of food grains increased substantially (232.5 million tonnes). But the output of pulses and oil-seeds, paddy remained stagnant and caused considerable hardship for the common man. The plan was terminated in 1978 instead of 1979. The Hill Area Development Programme, Special Livestock Production Programme, Food for Work Programme, Desert Development Programme, Training of Youth for Self-employment were started. In 1975-1976 the GOI initiated a Special Livestock Production Programme (SLPP) on the basis of the recommendations of the National Commission on Agriculture for providing greater employment opportunities to the weaker sections of the rural mob. The Desert Development Programme (DDP) was started in 1977-1978 for raising the level of production, income, employment of people of the desert areas. The programme started in 131 Blocks in 21 Districts in five states (Rajasthan, Haryana, Gujarat, Himachal Pradesh, and Jammu & Kashmir). On 15 August, 1979 the Training of Rural Youth for Self-Employment (TRYSEM) is launched by the Government. The programme is designed as an instrument for transforming the rural youth into a productive force. From 18-35 age groups of the rural youth belonging below the poverty line are eligible for training. Both male and female belonging to SCs/STs were eligible with general categories. The training are imparted through formal training institutions such as Industrial Training Institutes, Polytechnics, Krishi Vighan Kendras, Nehru Yuva Kendras, Khadi and Village Industries Centres, Voluntary Organisations and also through reputed master craftsmen (GOI, 1974). The target growth of national income was 4.4% and actual growth was 4.9%.

4.4.7 Rolling Plan (1978 - 80)

There were two Sixth Plans. Government put forward a plan for 1978-1983. However, the government lasted for only 2 years. Congress Government returned to power in 1980 and launched a different plan.

4.4.8 Sixth Five-Year Plan (1980-85)

The Sixth Five-Year Plan recognized that the growth of the Indian economy depends significantly on a rapid growth in agriculture and rural development. The main objective of the plan was to increase agricultural production, generate employment and income opportunities in rural areas and strengthen the forces of modernization for achieving self-reliance. Further, the plan aimed at accelerating the pace of the implementation of the land reforms and institution building for beneficiaries. The plan aimed at 3.8% annual growth in agricultural production. But, the actual growth-rate was 4.3%. This plan was officially held as a great success particularly due to its success on the agricultural fund. One-child policy adapted to birth control. Integrated Rural Development Programme (IRDP), National Rural Employment Programme (NREP). In 1980, replaced the erstwhile Food for Work and launched NREP. Creation of employment, creation of rural economy, livelihood improvement of rural poor etc. are the objectives of the NREP. The major rural development programmes such as SFDA, MFALDA, NREP, IRDP, DPAP and the MNP have become too well known. They are part of the 20-point programme of 1982. In 1982, the Development of Women and Children in Rural Areas (DWCRA) is formulated for the development of women and children especially belonging to the SCs and STs. The target group of the DWCRA is as IRDP. The Rural Landless Employment Guarantee Programme (RLEGP) was introduced in 1983 with the objectives of providing employment opportunities for at least one member of every landless household. The wages for workers paid under this programme partly in food and partly in cash. RLEGP merged with JRY programme. The target growth of the national income was 5.2% and actual growth was 5.3%.

4.4.9 Seventh Five-Year Plan (1985-90)

The Seventh Plan aimed at an annual average increase of 4% in agricultural production. The plan allocated Rs. 39,770 crores for agricultural sector (22% of the total plan outlay). The major programmes adopted during the plan were, a special rice production programme in the eastern region, national water-shed programme for rain-fed agriculture, national oil-seed development project and social forestry. Unfortunately enough, the first three years of this plan were poor monsoon years. As a result, agricultural production received a set-back during these years. However, it increased sufficiently during the last two years for which the agricultural production recorded a commendable growth of 4.1%. This plan was constituted with several antipoverty programmes. On 1st April, 1989, Jawahar Rozgar Yojana was launched with merged the earlier two employment schemes namely, RLEGP and NREP. Employment for the unemployed in rural areas, strengthening the rural economic infrastructure and improvement in the overall quality of life in rural areas were the objectives of the JRY. It was a centrally sponsored scheme and expenditure was shared by central government and state government in the ratio of 80:20. The Million Wells

Scheme (MSW) programme launched in 1988-1999 providing open imitation wells free of cost to rural poor, small and marginal farmers belonging to SCs/STs and free bonded labourers including scheme of Bhoodhan and land ceiling. Indira Awas Yojana (IAY) is an integrated part of RLEGP. The aim of the Yojana is providing dwelling house to the poorest of the poor of the rural masses belonging to SCs/STs and bonded labourers. The houses should have a smokeless kitchen and sanitary latrine. The target of national growth income was 5.05% and its actual growth was 5.8%.

4.4.10 Eighth Five-Year Plan (1992-97)

The basic objectives of this plan were to consolidate the gains already achieved in agricultural productivity and production during the last 40 years; to sustain agricultural productivity and production in order to meet the increased demands of the growing population; to enlarge the income of the farmers; to create more-employment opportunities in the agricultural sector; and to step up agricultural exports. 22% of the total plan outlay amounting to Rs. 93,680 crores was allotted for agriculture and irrigation. The Plan targets a growth rate of 4.1% per annum for the agricultural sector. Thus, during different plan periods, the Government has accorded vital importance to the agricultural sector and has tried to increase the agricultural production and productivity through different policy measures. In 1989-1991 period was an economic instability in India and hence no five year plan was implemented. Between 1990 and 1992, there were only Annual Plans. The privatization and liberalization were started from this period of five year plan. Modernization of industries was target goal of the eighth Plan. During this plan India became as a member of the WTO on 1 January, 1995. The major objectives of the eight plans were – control rapid population growth, poverty eradication, increase employment, strengthening the infrastructure, develop tourism management, human resource development, Involvement of Panchayatiraj in rural development, Nagar Palikas Law, NGO's and Decentralizations of power and people's participation in governmental policies. In this plan, target national growth income was 5.6% and achieved 6.78%. During this plan period the major programmes were IRDP, JRY, IAY and MWS.

4.4.11 Ninth Five-Year Plan (1997-2002)

Ninth Five Year Plan was developed in the context of four important dimensions: (i) Quality of life, (ii) generation of productive employment, (iii) regional balance and (iv) self-reliance. Target growth was 6.5% but 5.35% actual growth achieved. It was formulated from 1997-2002 with the prime objectives like drastic industrialization human development, poverty eradication, self-reliance in economy, increase employment, to provide basic infrastructure of life like education for all, safe drinking water, provide primary health care, food security, women empowerment etc. During 1999-2000 the IRDP, TRYSEM, DWCRA, SITRA, MWS were merged to form a

new self-employment programme called rename as Swarna Jayantri Gram Swarajgar Yojana (SJGSY) with effect from 1st April, 1999. The eradication of poverty, security of nutritional food, water supply, empowerment of women and socially disadvantages groups, provide universal primary education, health, shelter etc. (GOI, 1997).

The South East Asian Financial Crisis (1996-97) caused an overall slowdown in the economy of India too. While the *liberalization process* was still criticized, India was out of the fiscal mess of the early 1990s. The Plan targeted a high growth rate of 7 per cent and also directed itself towards time-bound social objectives.

Further, the Plan focused on the seven Basic Minimum Services (BMS) with a view to achieving complete population coverage in a time-bound manner. The BMS includes:

- Safe drinking water
- Primary health service
- Universalization of primary education
- Public housing assistance to shelter-less families
- Nutritional support to children
- Connectivity of all villages and habitations
- Streamlining the public distribution system.

4.4.12 Tenth Five-Year Plan (2002-2007)

During the tenth five year plan under Swarna Jayanti Gram Swarozgar Yojana (SJGSY) emphasized to form 1.25 lakhs SHG benefiting 25 lakhs women establishment of micro enterprises, training for improvement of skill and capacity building, credit linkages vocational training for about 5 lakhs rural women, etc. The erstwhile wage employment Programmes. JGSY and EAs were merged and a new scheme namely Sampoorna Grameen Rozgar Yojana (SGRY) was launched from 15th August, 2001. The Pradhan Mantri Gram Sadak Yojana (PMGSY) introduced in the year 2000-2001 for road connectivity in the rural areas. During this plan a new scheme viz., Rastriya Sam Vikas Yojana was introduced to investigate the real problems of high poverty, unemployment etc. which would remove barriers to growth and accelerate the development process. The scheme is founded by Central and State Government in the ratio of 75:25. The target growth was 8.1% of national income and achieved 7.7%.

Some major aspects of this Plan were:

- Double the per capita income in 10 years
- Higher growth rates must translate into better quality of life for people
- Set monitorable targets

- Consideration of governance as a factor of development
- Policy and institutional reforms in all sectors
- Declaring the agriculture sector as the primary moving force (PMF) of the economy
- Emphasis on the social sector (health, education, etc.).

4.4.13 Eleventh Five-Year Plan (2007-2012)

The eleventh five year plan was constituted with two rural development programme i.e. Bharat Nirman Programme and flagship programme to provide opportunities to improve living conditions as well as livelihoods. The objective of the Bharat Nirman Programme is to impart a sense of urgency to create rural infrastructure by setting time-bound goals under various schemes, creation of average rate of irrigation, rural roads connectivity for rural development, poverty alleviation in India, rural electrification, pure drinking water etc. which form a part of the Bharat Nirman Programme. In order to roads connectivity for rural habitations Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched as a hundred CSS in December, 2000. The flagship programmes were included National Rural Employment Guarantee Programme (NREGP), National Rural Health Mission (NRHM), Integrated Child Development Services (ICDS), Sarva Shiksha Abhiyan (SSA), Mid-Day-Meal (MDM), National Social Assistance Programme (NSAP), Total Sanitation Campaign (TSC), Backward Regions Grant Fund (BRGF). The BRGF has replaced the Rastriya Sam Vikas Yojana (RSVY) in order to provide a more participative approach through the involvement of Panchayatiraj institutions (GOI, 2007).

The title of the 11th Plan was 'Towards Faster and more Inclusive Growth'. It envisaged a high growth rate of around 9 per cent implying a growth rate of around 7.5 per cent in the per capita GDP. It also ensured an overall improvement in the quality of life of people. The vision of the 11th Plan includes:

- Rapid growth with reducing poverty and increasing employment opportunities
- Easy access to essential services in health and education for the poor
- Empowerment through education and development of skills
- Using the National Rural Employment Guarantee Programme to extend employment opportunities to all
- Environmental sustainability
- Reducing gender inequality
- Improving the overall governance.

4.4.14 Twelfth Five-Year Plan (2012-2017)

Twelfth Five Year plan was devoted to agricultural and rural development and committed to all round development of the country. The following seven major flagship programmes were operating in rural areas. MGNREGA, NFRLM, IAY, NRDWP, TSP, IWDP, PMGSY, RGGVY (GOI, 2012). Besides these, the Government of India launched the other programmes for the upliftment of the poor classes like village self-sufficiency scheme, Member of Legislative Assembly Constituency Development Scheme, Integrated Sanitary Complex for Women, Clean Village Campaign and Rural Sanitation, Capital Programme of Infrastructure Development by rural local Bodies, Construction of village Administrative Officers Office Buildings, Rejuvenation of water Bodies and Rain Water Harvesting in Rural Areas etc. According to this plan, *'It must be guided by a vision of India moving forward in a manner that would ensure a broad-based improvement in the living standards of all the people through a growth process which is faster than in the past, more inclusive, and also more environmentally sustainable'*. The objectives of this Plan are as follows:

- A growth rate of 9 per cent
- Focus on the agricultural sector and have an average growth of 4 per cent during the Plan period
- Restrain inflationary pressure
- For the growth of GDP, ensure that the commercial energy supplies grow at a rate of 6.5-7 per cent per year.
- Develop a holistic water management policy
- Suggest new legislation for the acquisition of land
- Continue focus on health, education, and skill development
- Large investments in the development of the infrastructure sector
- Emphasis on the process of fiscal correction
- Efficient use of available resources.

4.5 NITI AAYOG

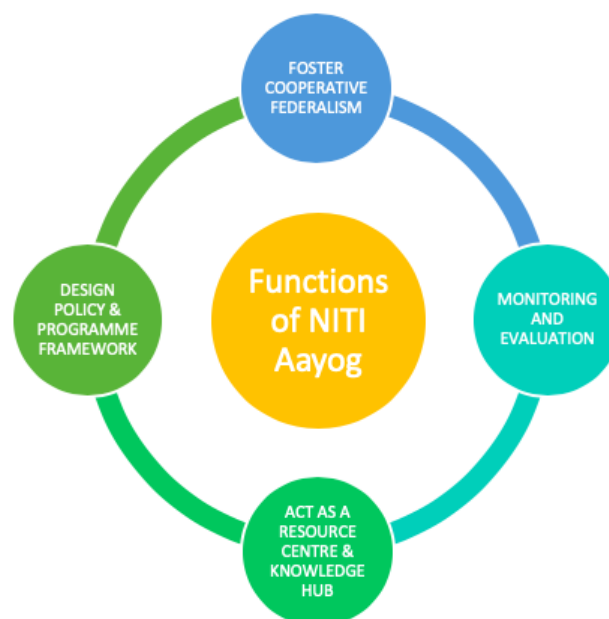
In India the role of planning activities was played by the Planning Commission (until 2014), afterwards **NITI Aayog**, a policy Think Tank replaced Planning Commission with an aim to make planning approach more inclusive and bottom-up. The charter of NITI Aayog describes it as a body that should act as a catalyst of change in India's federal and complex socio-economic system.

On 29 May 2014, Independent Evaluation Office submitted an assessment report to Prime Minister Narendra Modi with the recommendation to replace the Planning Commission with a "control commission." On 13 August 2014, the Union Cabinet scrapped the Planning Commission, to be replaced with a

diluted version of the National Advisory Council (NAC) of India. On 1 January 2015, a Cabinet resolution was passed to replace the Planning Commission with the newly formed NITI Aayog (National Institution for Transforming India). Union Government of India announced the formation of NITI Aayog on 1 January 2015. The first meeting of NITI Aayog was chaired by Narendra Modi on 8 February 2015.

NITI Aayog	Planning Commission
It serves as an advisory Think Tank.	It served as extra-constitutional body.
It draws membership from a wider expertise.	It had limited expertise.
It serves in spirit of Cooperative Federalism as states are equal partners.	States participated as spectators in annual plan meetings.
Secretaries to be known as CEO appointed by Prime-Minister.	Secretaries were appointed through usual process.
It focuses upon 'Bottom-Up' approach of Planning.	It followed a 'Top-Down' approach.
It does not possess mandate to impose policies.	Imposed policies on states and tied allocation of funds with projects it approved.
It does not have powers to allocate funds, which are vested in Finance Minister.	It had powers to allocate funds to ministries and state governments.

The **NITI Aayog** is a policy *think tank* of the *Government of India*, established with the aim to achieve sustainable development goals with *cooperative federalism* by fostering the involvement of *State Governments of India* in the economic policy-making process using a *bottom-up approach*. Its initiatives include “15-year road map”, “7-year vision, strategy, and action plan”, *AMRUT*, *Digital India*, *Atal Innovation Mission*, Medical Education Reform, *Agriculture reforms* (Model Land Leasing Law, Reforms of the Agricultural Produce Marketing Committee Act, Agricultural Marketing and Farmer Friendly Reforms Index for ranking states), Indices Measuring States’ Performance in Health, Education and Water Management, Sub-Group of Chief Ministers on Rationalization of Centrally Sponsored Schemes, Sub-Group of Chief Ministers on *Swachh Bharat Abhiyan*, Sub-Group of Chief Ministers on Skill Development, Task Forces on Agriculture and up of Poverty, and Transforming India Lecture Series.



4.5.1 Objectives and Features of NITI Aayog

Objectives

- To evolve a shared vision of national development priorities, sectors and strategies with the active involvement of States.
- To foster cooperative federalism through structured support initiatives and mechanisms with the States on a continuous basis, recognizing that strong States make a strong nation.
- 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 pay special attention to the sections of our society that may be at risk of not benefiting adequately from economic progress.
- To design strategic and long term policy and programme frameworks and initiatives, and monitor their progress and their efficacy. The lessons learnt through monitoring and feedback will be used for making innovative improvements, including necessary mid-course corrections.
- 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 stakeholders.
- To actively monitor and evaluate the implementation of programmes and initiatives, including the identification of the needed resources so as to strengthen the probability of success and scope of delivery.
- To focus on technology upgradation and capacity building for implementation of programmes and initiatives.
- To undertake other activities as may be necessary in order to further the execution of the national development agenda, and the objectives mentioned above.

Features

NITI Aayog is developing itself as a State-of-the-art Resource Centre, with the necessary resources, knowledge and skills, that will enable it to act with speed, promote research and innovation, provide strategic policy vision for the government, and deal with contingent issues.

NITI Aayog's entire gamut of activities can be divided into four main heads:

- 1) Design Policy and Programme Framework
- 2) Foster Cooperative Federalism
- 3) Monitoring and Evaluation
- 4) Think Tank and Knowledge and Innovation Hub.

Post 2017, As the premier think tank of the Government of India, 'NITI Aayog' functionally divided itself into various 'Verticals' which are responsible for examining and looking into sectoral issues and priorities for national development and economic growth. The NITI Aayog guides rural development by providing overall policy guidance to the Department of Rural Development within the Ministry of Rural Development and Ministry of Drinking Water and Sanitation in programmes and schemes implemented by them. It also monitors the progress of the various schemes/programmes.

Check Your Progress 3

- 1) Cite the difference in planning commission and NITI Aayog.

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4.6 LET US SUM UP

Agriculture is an integral part of the rural life and agricultural and rural development programmes should be devised in order to meet the needs of the rural community. Efforts should be made during next planning five year plan to bring science and technology closer to the farmers in order to utilize the limited available resources efficiently to increase the productivity of the land. The other important aspects like supply of agricultural inputs, farm machinery, irrigation facilities, cropping pattern, agricultural processing and general aspects like health, housing facilities, sanitation, welfare programmes for people should be given due importance. Agricultural and rural development is a continuous process for which Ministry of Agriculture and Ministry of Rural Development both are primarily responsible for planning, implementation and monitoring of various centrally sponsored programmes

and schemes designed by the planning commission of India for rural poverty alleviation. The creation of self-employment opportunities for the people of below poverty line with improving the overall quality of life in the rural areas and empowerment of women in socio-economic and politics are important issues of the five year plans in India. To improve the rural areas it is necessary popular participation in policy making. The rural development would be “time-bound oriented, participatory orientated, decentralized oriented, collective oriented, improvement oriented, equity oriented, institutional oriented.”

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Check Your Progress

- 1) The ultimate objective of the planning in India is to achieve broad based improvement in the living standard of society at large. Rapid growth is essential for expanding incomes and employment. It provides the required resources to finance programmes of social uplift. Planning in India needed proper channelling of resources into different developmental activities in accordance with accepted national priorities. While short-term developmental objectives have varied from plan to plan, the planning process was in some ways inspired by certain long-term goals.

- 2) The first five-year plan had a two-fold objective:
- a) To correct the disequilibrium in the economy caused by the Second World War and the partition of the country.
 - b) To initiate simultaneously a process of all round development which would ensure a rise in national income and a steady improvement in the living standards of the people. The plan accorded the highest priority to agriculture, including irrigation and power projects. The plan also aimed at increasing the rate of investment from 5% to 7% of the national income. The growth rate achieved in this plan was 3.6%.
- 3)

NITI Aayog	Planning Commission
NITI Aayog has not been given the mandate or powers to impose policies on States. NITI Aayog is basically a think-tank or an advisory body.	The Planning Commission had the power to impose policies on States and for the projects approved by the Planning Commission.
The powers for allocation of funds have not been given to the NITI Aayog. The powers are with the Finance Ministry.	The Planning Commission had the power to allocate funds to the State Governments and various Central Government Ministries for various programmes and projects at National and State Levels.
In NITI Aayog, State Governments have to play a more proactive role.	State Governments did not have much role to play apart from taking part in the meetings. The State Government's role was confined to the National Development Council.
Based on the requirements, there are part-time members appointed in NITI Aayog.	The Planning Commission did not have any provisions for the appointment of part-time members.
The Governing Council of NITI Aayog has Lieutenant Governors of Union Territories and State Chief Ministers.	The National Development Council had Lieutenant Governors and State Chief Ministers. Planning Commission had to report to the National Development Commission
The CEO of NITI Aayog is appointed by the Prime Minister. Secretaries are known as CEO.	Planning Commission secretaries were appointed through the usual process.
The number of full-time members in NITI Aayog could be lesser than the numbers that the Planning Commission had.	The last Planning Commission had eight full-time members.

<p>Under NITI Aayog organisation structure new posts were created – CEO, Vice-Chairperson. CEO has the rank of a Secretary. Four Cabinet members would serve as ex-officio members. NITI Aayog has two-part time members and five full-time members.</p>	<p>The Planning Commission organisational structure consisted of full-time members, member secretary and a Deputy Chairperson.</p>
<p>In NITI Aayog, the final policy would bear fruit after due consultations are held with State Governments in the policy formulation stage.</p>	<p>The Planning Commission first formulated policies and then State Governments were consulted regarding the allocation of funds for the programmes or projects.</p>
<p>NITI Aayog is also an Executive Body as it is not mentioned in the Constitution of India, and it was not established by an Act of Parliament. However, if needed it can be converted into a Statutory Body by passing a law in Parliament, an example is UIDAI.</p>	<p>The now-defunct Planning Commission was an Executive Body.</p>

SUGGESTED READINGS

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