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Introduction

The planning refers to any plans of economic activity made by a state which point to achieve specific economic or social outcomes. The planning mechanism involves the specific economic or social outcomes.

In today's world most economies are mixed economies. The planning can be

- ★ **Indicative planning**, which generally puts forward some broad principles and guidelines to achieve some specific goals. Indicative planning is flexible. It is peculiar to **mixed economy** and both the public and private sector co exist. Indicative planning was first used by France in 1947-50
- ★ **Imperative Planning**, when it involves centralized planning and implementation with allocation of resources.
- ★ **Structural planning**, which refers to a strategy which aims to change the existing structures in the economy.
- ★ **Functional planning**, which aims to achieve the desired objects without making substantial changes in the framework.
- ★ **Centralized Planning** or apex planning in which there is **one central authority** which formulates the plan, targets and priorities for every sector of economy. In decentralized planning execution of the plan is from grass roots, i.e. district, block, village etc. **Decentralized planning** is also called Multi-level planning in which more than one institutions work for implementation. **The Five Year Plans in India are centralized planning**
- ★ **Perspective planning** refers to long term planning for a period of 15, 20, 25 yrs, however objective of perspective planning can be achieved by breaking the period in 5-7 yr plans.
- ★ **Comprehensive or imperative planning** is used by socialist countries and each and every aspect of planning is controlled by state.

The philosophy of planning is that only markets and price system cannot ensure the welfare of citizens. Apart from this there are economic requirements such as investment in infrastructure, investments in public goods such as transport & other public utility which are enjoyed by the society.

Planning in India before independence

The economic perspective of India's freedom movement was formulated during the thirties between the **1931 Karachi session** of Indian National Congress, **1936 Faizpur session** of India National Congress and Setting up the National Planning Commission in 1938-39 with Jawahar Lal Nehru as its Chairman.

- ★ The first attention to India's wealth drain to Britain was brought forward by the "Poverty and Un-British Rule in India" a book published by Dadabhai Naoroji in 1891.
- ★ In India, First of all the idea of planned economy crystallized in **1930s when our national leaders came under the influence of socialist philosophy.**
- ★ M. **Visvesvaraya** who was a civil engineer and Dewan of Mysore published his book "Planned economy in India". In this book he presented a constructive draft of the development of India in 10 years. **He actually laid a plan to shift labor from agriculture to industries and double up National income in 10 years.** This was the first concrete work which crystallized the idea for India's National Planning.
- ★ India's Five year plans were very much impressed by the rapid strides achieved by the USSR through five years plans.
- ★ 1938 was the year that witnessed the first attempt to develop a national plan for India when national planning Committee was set up. **This committee was set up by Subhash Chandra Bose and chaired by Jawaharlal Nehru.** However the reports of the committee could not be prepared and only for the first time in 1948 -49 some papers came out.

Bombay Plan

- ★ In 1944 Eight Industrialists of Bombay viz. Mr. JRD Tata, GD Birla, Purshottamdas Thakurdas , Lala Shriram, Kasturbhai Lalbhai, AD Shroff , Ardeshir Dalal, & John Mathai working together prepared "A Brief Memorandum Outlining a Plan of Economic Development for India" which was popularly known as "Bombay Plan".
- ★ This plan envisaged doubling the per capita income in 15 years and tripling the national income during this period. **Nehru did not officially accept the plan, yet many of the ideas of the plan were inculcated in other plans which came later.**

People's Plan

- ★ People's plan was drafted by MN Roy. This plan was for **10 years** period and gave **greatest priority to Agriculture.** The major features were **nationalization of all agriculture and production.**
- ★ People's Plan came out during that era which was based upon Marxist socialism and drafted by M N Roy on behalf of the Indian federation of Lahore.

Gandhian Plan

- ★ This plan was drafted by **Sriman Nayaran,** principal of Wardha Commercial College and it emphasized the **economic decentralization** with primacy to **rural development** by **developing the cottage industries.**

Sarvodaya Plan

- ★ In 1950 Sarvodaya Plan came out which was drafted by Jaiprakash Narayan inspired by Gandhian plan as well as Sarvodaya Idea of Vinoba Bhave.
- ★ Along with agriculture it emphasized on small and cotton industries as well. It also suggested the freedom from foreign technology and stressed upon land reforms and decentralized participatory planning.

Planning and Development Department

- ★ In August 1944, The British India government set up "Planning and Development Department" under the charge of Ardeshir Dalal. But this department was abolished in 1946.

Planning Advisory Board

- ★ In October 1946, a planning advisory board was set up by Interim Government to review the plans and future projects and make recommendations upon them.

Indian Planning After Independence

In 1947, after India got independence, **Economic Programme Committee (EPC)** was formed by All India Congress Committee and **Nehru was its chairman**. The aim of this committee was the **make a plan which could balance private and public partnership and urban and rural economies.**

- ★ The **EPC recommended in 1948 forming of permanent planning commission.**

Establishment of Planning Commission

- ★ There is no provision for setting up of a Planning Commission or National Development Council in Indian Constitution. This means that both of them are **extra-constitutional** bodies.

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 set up by a **Resolution** of the Government of India as an **advisory and specialized institution.**

- ★ 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 utilization of resources and determining priorities.
- ★ **Jawaharlal Nehru was the first Chairman of the Planning Commission. Five full time members were also selected.**
- ★ Please note that Government of India could take the initiative to set up the planning commission only by virtue of provision in the constitution which made **Economic & Social planning an item in Concurrent list.**
- ★ The Resolution to set up a planning commission was actually based upon the assumption that the roots of Center- State cooperation should be deeper.
- ★ Later, in 1952, the setting up of the **National Development Council** was in fact a consequence of this provision.

Nehru's Planning Philosophy

Pandit Nehru was greatly influenced by the achievements of Soviet Planning. He also viewed democratic qualities of capitalism as indispensable for complete economic and social growth. He wished to take advantage of both and thus came out his vision of "**Democratic Socialism**" for new India. The idea was to not only check the growth of monopolistic tendencies of the private sector but also provide freedom to the private sector to play for main objective of social gain rather than economic gain.

There was a concentration on consensus which was "Democratic Collectivism" and it came out as a striking feature in Nehru's Philosophy. Nehru had a genuine concern about the need for a peaceful transition through consensus in the development process in India. The emphasis was on "Social" implications of the economic ideas along with wider national and international lines. The "Democratic Socialism" and the "mixed economy" demanded equality of opportunities for all and it was the basic theme. Nehru's vision of a

technologically progressive India was also inspired by a socially inspired process of integrating the technology with the modern methods of agriculture and production.

Criticism

- ★ Nehru's Planning philosophy was branded "democratic socialism" but in practice, it lacked the proper objectives, priorities, strategy and budgeting which are fundamental themes of the socialistic planning.
- ★ The basic approach in the socialistic economy is that there is a control of the means of production and distribution. But it was not done right from the beginning and with passage of time new capitalist hold strengthened in the form of foreign aid and collaboration.
- ★ The bad impact of the philosophy was seen in the Public sector companies which became sick soon due to mismanagement and corruption. India's power generation got erratic during the first few five year plans and **power generation was not considered to be the lifeline** of India's progress in initial decades.

Planning Philosophy: Nehru v/s Bose

- ★ When Subhash Chandra Bose was congress president, he had appointed Nehru as chief of National Planning Commission in 1938-39. **The basic difference between the philosophy of Nehru and Bose were that while Nehru was inspired by the planned economy of Soviet, Bose wanted a Controlled Economy.**
- ★ The thought of **Bose** were with **dictatorial tendencies** and reflected in his political and economic thoughts but **Nehru** was inspired by the **"democratic collectivism"** and he thought that it was always good to take all the sectors together. He was only partially successful during his era.

Periodization of the Five Year Plans

Since 1951 India has completed 10 five year plans and 11th five year plan is about to finish. We in these modules are going to do a comparative study of the first 10 plans.

Plan	Tenure
First Five Year Plan	April 1, 1951 to March 31, 1956
Second Five Year Plan	April 1, 1956 to March 31, 1961
Third Five Year Plan	April 1, 1961 to March 31, 1966
Three Annual Plans (plan Holiday)	1966 till 1969
Fourth Five Year Plan	April 1, 1969 to March 31, 1974
Fifth Five Year Plan	April 1, 1974 to March 31, 1979
(Fifth Plan ended one year before its time to close)	
Rolling Plan	April 1, 1978 to 1980
It was introduced by Janta Regime and was abandoned by incumbent Congress.	
Sixth Five Year Plan	April 1, 1980 to March 31, 1985
Seventh Five Year Plan	April 1, 1985 to March 31, 1990
The Eighth plan could not start because of politico-economical turmoil in the country during 1990-92	
Eighth Five Year Plan	April 1, 1992 to March 31, 1997
Ninth Five Year Plan	April 1, 1997 to March 31, 2002
Tenth Five Year Plan	April 1, 2002 to March 31, 2007
Eleventh Five Year Plan	April 1, 2007 to March 31, 2012

Please remember the following important points before you proceed:

- ★ Each five year plan started from April 1 of a particular and ended on March 31 of a particular year, so by convention the five year plans take on 5 financial years.
- ★ India's First Five year plan was launched on April 1, 1951
- ★ Three Annual Plans were launched between third five year plan & fourth five year plan
- ★ The fifth five year plan was launched by the Indira Government but was abandoned 1 year before by the Janata Government.
- ★ Rolling Plan was introduced by the Janata Government in 1978 in the place of abandoned fifth five year plan.
- ★ This Rolling Plan of the Janta Government was launched actually as 6th plan from 1978 to 1983, but the incumbent Indira Government abandoned this plan and launched a new sixth five year plan in 1980.
- ★ The Eighth five year plan started 2 years than the scheduled time because India's economy was in shambles during 1990-92.

First Five Year Plan 1951-56

Opportunities:

- ★ Newly independent country
- ★ Zeal, Enthusiasm
- ★ New Democracy with a socialistic aim.

Problems:

- ★ Partition of India and Influx of refugees
- ★ Severe Food Shortage
- ★ Mounting inflation
- ★ Disequilibrium in economy due to second world war

Preferences:

- ★ Achieve food self sufficiency, so high preference was given to agriculture
- ★ Rehabilitation of immigrants from Pakistan
- ★ Contain inflation
- ★ Rise in National Income
- ★ All round development

Plan Outlay

- ★ The plan outlay was ₹ 2069 Crore which later was increased to ₹ 2378 Crore.
- ★ **Agriculture was given the top priority.** The plan involved an outlay of ₹ 290 Crore for agriculture, which was 15% of the total outlay. Power was given 20% of the plan outlay and was to provide backing support to agriculture.
- ★ The Sectorwise share of the first plan outlay was as follows:

Sectoral Head	First Five Year Plan	% Share
Agriculture & Allied Sectors		15
Irrigation and Flood Control		10
Power		20
Village and Small Industries		2
Industry and Minerals		3

Transport and Communication	26
Education	8

- ★ We can see in the above table that transport and communication received 26% while the Industry was allotted only 3%.
- ★ The target growth rate was 2.1% but the actual growth rate was 3.4% and this tremendous success was because of the excellent increase in food production i.e. 20%.

Critical Appraisal of First Five Year Plan

The first five year plan with a total outlay of ₹ 2069 Crore which was later increased to ₹ 2378 Crore was more or less a haphazard venture as at that time there were no concrete data and reliable statistics. The plan was basically a patchwork of so many projects which were isolated with each other. However, the plan was a great success thanks to the **two continuous good harvests and emphasis on agriculture & irrigation.**

Second Five Year Plan 1956-61

Opportunities:

- ★ The agriculture growth target in the first plan was achieved. So, it was a time to look beyond.
- ★ Economic stability was there in the country.
- ★ Inflation contained within the first five year plan, so now to look for economic growth.
- ★ Industrial policy 1956 was released which had an aim to establish a socialistic pattern of society.

Problems:

- ★ By the time, Second Five Year plan was launched, India's industry was in shambles.
- ★ There was an urgent need to develop the basic as well as heavy industries.
- ★ There was a need to pay attention to iron and steel, fertilizers, heavy engineering and machinery sectors of the economy.

Plan Preferences:

- ★ It was a time to look beyond agriculture so, the **heavy industries got the required attention.**
- ★ A **socialist economy was the goal** in industrial policy. Nehru wanted a socialistic pattern of Indian economy, very much inspired by the USSR Model.
- ★ Rapid Industrialization with development on heavy industries, was thus the main preference of the second five year plan.

Plan Outlay

- ★ The second five year plan total outlay was ₹ 4800 Crore which was around 2.5 times of the first plan outlay. The outlay on the second five year plan was a proof that the first plan was a success. The actual outlay was little less that is ₹ 4672 Crore.
- ★ In this plan the outlay for Industries was increased from ₹ 54.70 Crore in the first plan to ₹ 937.70 crore in second plan. This increase was because of high emphasizing on industry development.
- ★ This plan period saw the **establishment of large industries** in India such as **Steel plants** at Durgapur, Bhilai & Rourkela, The Chittaranjan Locomotive Factory, Coal India Ltd, Oil and Natural Gas Corporation Limited (ONGC), Shipping Corporation of India, Uranium Corporation Ltd

- ★ The second plan envisaged a target of 25% growth rate through rapid Industrialization. The achieved income growth was 20%.
- ★ However, the per capita income rose by 8%.
- ★ **Following table shows the plan outlay on various sectors**

Sectoral Head	Second Plan	% Share
Agriculture & Allied Sectors	549	12
Irrigation and Flood Control	430.5	9
Power	452	10
Village and Small Industries	186.8	4
Industry and Minerals	937.7	20
Transport and Communication	1,261.00	27
Education	273.5	6
Family Planning	227.8	4.9

Critical Appraisal of the second Five Year plan

The second five year plan was a big leap forward and it laid a heavy emphasis on the heavy industries. During this plan period the Industry policy resolution was amended and the primary responsibility for development was left to the Public Sector. The private sector was more or less confined to the consumer industries only. The small and cottage industries remained sluggish during this plan. The imports increased and lot and this uncovered India's Sterling Balances.

Third Five Year Plan: 1961-66

Opportunities:

- ★ The first two plans developed a institutional structure to take the country on path of developed economy
- ★ Country was now ready to take off to achieve self reliance.
- ★ Emphasis on both Agriculture and Basic Industry was to continue.

Problems:

- ★ India cut off from foreign aid
- ★ Series of Conflicts like India China war 1962, India Pakistan War 1965.
- ★ The smooth implementation was not achieved.
- ★ A need to pay attention to defense production was felt.
- ★ Economy shaken by wars.
- ★ India saw near famine years in 1965-66.
- ★ 1965-66 Monsoon was bad so no buffer stocks of food. The food shortage again rose.
- ★ High Budget deficit, Foreign aid cut off. Pressure to devaluate rupee.
- ★ Rupee was devalued in 1966, Indian economy suffered.

Preferences:

Initial preference was to achieve self reliance in agriculture and industry. The wars taught a lesson to the policy makers to focus on defense production. The devaluation of rupee & liberalization were forced to the government.

Plan Outlay and Achievements

Only 2.7 % growth was achieved in the third plan and it was mainly due to a series of crises such as war with Pakistan and China. The basic objective of this plan was to put the economy to a takeoff stage. Following table shows the outlay of the third five year plan.

Sectoral Head	Third Plan	% Share
Agriculture & Allied Sectors	1,107.10	17
Irrigation and Flood Control	471	7
Power	1,212.50	18
Village and Small Industries	126.1	2
Industry and Minerals	1,510.40	23
Transport and Communication	1,222.40	18
Education	306.8	5

Critical Appraisal of Third Five Year Plan

Third plan for the first time rode on the wave of high expectation following overall growth of the economy of India. This plan aimed at attaining self reliance and self sustainability. In 1966 the third plan struck because of the more and more borrowing from the International Monetary Fund. The demand for a plan holiday were raised from various sectors and the planning commission admitted that this plan was a failure. Accordingly, the economy had so much degenerated that planning was now made annual with three annual plans to take on the short term objectives.

Annual Plans: 1966-69 (Plan Holiday)

India had a disastrous experience during the third plan period. Accordingly, a plan holiday period was announced for three years. In 1966 government of India declared devaluation of Rupee and also opted for liberalization to get some foreign aid. Since there was no increase in foreign aid, government backed out from the liberalization.

Problems:

- ★ India had a bad taste of planning in third five year plan.
- ★ The economic system near disaster and Rupee was devalued
- ★ Liberalization started but soon taken back
- ★ *Hotch potch* policy of the policy makers created confusion.
- ★ India's Defense capability came in front of the world, big insult to the nation.
- ★ In both wars, India lost its image. (In China war we got defeated and In Pakistan war a plebiscite brought peace).
- ★ Bad monsoon in 1965-66 took country near famine.
- ★ No sufficient buffer stock.

Opportunities:

- ★ A favourable monsoon in the years 1966-67.
- ★ Green Revolution in wheat.
- ★ Foreign aid resumed slowly.
- ★ Nationalization of 14 banks in 1969.

- ★ Experience of previous plans.

Fourth Five Year Plan 1969-74

Problems:

- ★ Pressure of drought, devaluation and inflationary recession.
- ★ Problem of increasing population.
- ★ Bitter experience of war as the so called friends did not respond to shackling economy.
- ★ Problem of Bangladeshi Refugees after 1971 war.

Opportunities and Preferences:

- ★ National Income and Agriculture Growth Rate
- ★ Provision of national minimum for weaker sections of society.

Objective:

- ★ Growth with stability and progress towards self reliance were the prime objectives of the plan. The government .

Outlay:

Following table shows the plan outlays in fourth plan:

Sectoral Head	Fourth Plan	% Share
Agriculture & Allied Sectors	2,120.40	13
Irrigation and Flood Control	1,354.10	9
Power	2,931.70	19
Village and Small Industries	242.6	2
Industry and Minerals	2,864.40	18
Transport and Communication	3,080.40	20
Education	774.3	5
Scientific Research	130.8	
Health	335.5	
Family Planning	278	1.8

Critical Appraisal of the Fourth Five Year Plan:

The Fourth plan when it was introduced after a gap of three years, was an ambitious plan with an aim of 5.5% growth as the previous plans had a growth target / achievement of maximum 3.5%. But the Indo-Pakistan war, liberation of Bangladesh and problem of Bangladesh refugees, successive failures of monsoon, Asian Oil Crisis of 1973 marred the objectives of this plan. The international economic turmoil due to Oil crisis upset the calculations for Fourth Plan. So only 3.4% growth could be achieved.

Fifth Five Year Plan: 1974-79

Problems:

- ★ Oil Crisis of 1973
- ★ Economic crisis, fast growth in inflation
- ★ Unemployment & Poverty
- ★ India was in nuclear club so adverse atmosphere in international relations.

Opportunities and Preferences:

- ★ Government tried to take over the wholesale trade in wheat but failed.
- ★ A National Programme for minimum needs was started which included elementary education, safe drinking water, healthcare etc.
- ★ Twin objective of Poverty Eradication and attainment of self reliance
- ★ Moderate inflation.
- ★ The Slogan Gharibi Hatao was given.
- ★ Growth with social justice.
- ★ Emergency period changed the government.
- ★ The Fifth plan emphasized the twin objectives of poverty eradication and attainment of self reliance
- ★ A National Programme for Minimum Needs was formulated. This programme envisaged the elementary education, safe drinking water, shelter for landless and so on.
- ★ This programme was terminated before its stipulated closing time. The highest priority given in this plan was inflation control.
- ★ This plan saw the emergency years and there was a modest inflation.

The fifth plan was introduced at a time when India was struggling with the serious economic crises and runaway inflation. The original public sector outlay was ₹ 37,500 Crore but it was revised to ₹ 39430 Crore and actual outlay was ₹ 38,853.24 Crore. This upward arrangement was done because of the disturbed calculations of the planning commission during that period. The plan implementation was also disturbed because of the emergency and when the Janata Government came in power, it abandoned the plan a year before.

From the 6th plan onwards we find that there was massive investment in the Social Services. These social services included Education, Health and Family Planning, Housing & Urban Development and other services. From the 6th Plan onwards, the role & scope of the Planning Commission also increased.

Sixth Five Year Plan: 1980-85

Circumstances:

- ★ A bad taste of emergency for the first time in India. The elections proved fatal for congress and Indira Lost.
- ★ A non-Congress government in center for the first time. The janta Government abandoned the fifth five year plan a year before its term and launched its own 6th plan in 1978 which was called Rolling Plan.
- ★ The Janta Government collapsed and later Indira Gandhi returned to power. She abandoned this plan and launched her own sixth plan in 1980.
- ★ TRYSEM, IRDP, NREP ¹were launched.

¹Training of Rural Youth for Self-Employment (TRYSEM) was started in 1979.

Integrated Rural Development Programme (IRDP) was launched on October 2nd. 1980 all over the Country

The National Rural Employment Programme (NREP) was launched in October, 1980 and became a regular Plan programme from April, 1981

Problems:

- ★ Unemployment, Poverty and social frustration.
- ★ The Janata government held Nehru's policies responsible for unemployment in the country.
- ★ Janta government focused on higher production so that employment is generated.
- ★ The newly elected congress government rejected the Janta Approach and returned back to Nehru Model.

Background of the 6th Five Year Plan

The elections in 1977 for sixth Lok Sabha were disastrous for Congress and Emergency was the core issue. Fundamental Rights were suspended during the national emergency from 25 June 1975 to 21 March 1977 and Prime Minister Indira Gandhi assumed vast powers. This was one of the main reasons of her being unpopular, others being violation of human rights, compulsory sterilization, imprisonment of popular leaders etc. The anti-congress tides led to defeat of the congress and for the first time in the history of India a Non-Congress government came in power in the center. Morar Ji Desai became the first Non Congress Prime Minister of India.

During the Janata Rule, the Planning Commission was reconstituted. The new central government which was a Coalition government of the Janata Alliance announced a new strategy in the planning. This new strategy involved a change in the objective and approach pattern. The new Objective laid down was " Growth for Social Justice". The new approach was "Rolling Plan".

The meaning of the Rolling Plan was that now, every year the performance of the plan will be assessed and a new plan will be made next year based upon this assessment. The idea was good and the fifth plan which was terminated before 1 year of its completion was replaced by a new plan 1978-79. However, later due to political problems, Morar Ji Desai was forced to resign and his successor Chaudhary Charan Singh (was in office for 170 days) failed to sustain a parliamentary majority as alliance partners withdrew support. The new elections were held and now Indira Gandhi came back to power with thumping success in January 1980. She resumed her own strategy and new 6th plan was started on April 1, 1980 which continued till March 31, 1985.

The total Outlay of the 6th plan was ₹ 97,500 Crore and the actual expenditure was ₹ 1,09,291.70 Crore. The following table shows the plan outlay and actual expenditures of the 6th five year plan. The plan objectives were poverty alleviation and higher economic growth.

Total , Central , State & UT Outlay and Expenses		
Total	97,500.00	1,09,291.70
Central	47,250.00	49,458.20
State	48,600.00	57,825.20
Union Territories	1,650.00	2,008.30
Source Planning Commission	All Figures in ₹ Crores.	

In the 6th plan special attention was paid to removal of poverty through the rural development schemes such as Integrated Rural Development Programme (IRDP), National Rural Employment Programme (NREP), Rural Landless Employment Guarantee Programme (RLEGP) etc.

The poverty was 47% in the beginning of the plan and a target of 30% was fixed to achieve. The actual target achieved at that time was 37%².

The social Outlay for different sector heads was as follows:

6th Five Year Plan	Plan Outlay	Actual
Agriculture	5,695.07	6,623.50
Rural Development	5,363.73	6,996.80
Special Area Programme	1,483.00	1,580.30
Irrigation and Flood Control	12,160.03	10,929.90
Energy	26,535.44	30,751.30
Industry and Minerals	15,017.57	16,947.50
Transport	12,411.97	14,208.40
Communication, Information & Broadcasting	3,134.26	3,469.50
Science & Technology	865.20	1,020.40
Social Services	14,035.26	15,916.60
Others	801.47	847.50
Total	97,503.00	109,291.70

The Social Services were given an outlay of ₹ 14035 Crores in this plan and the actual expenditure on the social services was ₹ 15917 crore. The outlays on Education, health and Family Planning are shown below:

Comparison of outlays for social sector	First	Second	Third	Fourth	Fifth	Sixth
Education	149.00	273.50	306.80	774.30	1,710.30	2,976.60
Health			140.20	335.50	760.80	3,412.20
Family Planning	97.90	227.80	70.40	278.00	491.80	
Water Supply and Sanitation	33.50	85.00	102.70	458.90	1,091.60	-
Housing Urban and Regional Development	-	-	73.30	270.20	1,150.00	2,839.10
Social Welfare	4.00	36.60	11.20	64.40	88.20	6,688.70
All Figures from Planning Commission. ₹ Crores						

Please also note the following points regarding the 6th five year plan:

- ★ 6th five year plan for the first time gave a sharp concentration on social services to alleviate poverty.
- ★ The Poverty alleviation programmes such as IRDP, NREP, RLEGP etc. were launched during this plan.
- ★ The fifth plan outlay on Road and Transport was ₹ 6,870.30. However, in the sixth plan, this outlay was ₹ 12,411.97 Crore and actual expenditure of ₹ 14200 Crore occurred. This was because, National Highways System was introduced in the country for the first time in the sixth five year plan.
- ★ The economic liberalization started taking shape and by the end of 6th plan a prototype of economic liberalization could be seen in the country.

Seventh Five Year Plan: 1985-1990

Opportunities and Circumstances:

- ★ The Era of Tech savvy Rajiv Gandhi.

² Still 37% population of India is below poverty line.

- ★ Country achieved a reasonable growth in sixth five year plan
- ★ Poverty declined
- ★ Emphasis on farm and subsidiary occupation was required.
- ★ 15 years prospective plan for 1985-2000 formulated which envisaged removal of poverty, providing basic needs, achieving universal elementary education etc.

Preferences:

- ★ Farm production, subsidiary occupations,
- ★ Firm base for technological development
- ★ Sufficiency in Food grain production.

Background of the 7th Five Year Plan:

A long term plan was outlined for 1985-2000 and the 7th five year plan was announced in this backdrop on November 9, 1985. This plan was started during the reign of Rajeev Gandhi and the deputy chairman of the planning commission was Dr. Man Mohan Singh. The basic objectives were:

- ★ Speedy development, modernization, self reliance and social justice. Seventh Plan also envisaged the continuance and expansion of the National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP) which were started in the Sixth Plan.

The 7th Five Year plan was considerably big. The outlay of ₹ 1, 80,000 Crore was not only double of the previous plan but also had a broader scope and the actual spending of ₹ 218700 Crore was 21.5% more than then plan outlay.

7 th Five Year Plan	Plan Outlay	Actual
Total	1 80,000.00	2 18,729.60
Central	95,534.00	1 27,519.60
State	80,698.00	87,492.40
UT	3,768.00	3,717.70
₹ Crores		

The sectoral outlays and actual expenditures are as follows:

7th Five Year Plan	Outlay	Actual
Agriculture & Allied Activities	10,523.62	12,792.60
Rural Development	8,906.08	15,246.50
Special Area Programmes	2,803.59	3,470.30
Irrigation & Flood Control	16,978.65	16,589.90
Energy (Power, Petroleum , Coal & Lignite , Non-conventional Sources of Energy)	55,128.96	61,689.30
Industry & Minerals (Village & Small Industries and other Industries)	22,107.85	29,220.30
Transport a) Railways b) Others	22,644.86	29,548.10
Communications	4,474.52	8,425.50
Science, Technology & Environment	2,463.06	3,023.90
General Economic Services	1395.60	2,249.60

Social Services (Education , Medical & Public Health, Family Welfare, Housing , Urban Development)	31,545.24	34,959.70
Other Social Services)		
General Services	1,027.97	1,513.80
Total	180,000	218,729.50
Source Planning Commission, All Values ` Crores		

In the above table we can see, that on Rural Development the actual expenditure was almost double than the plan outlay. Following were some flagship programmes started during the 7th five year plan:

Year	Plan Name	Plan Focus
1985	Comprehensive Crop Insurance Scheme	Crop Insurance
1986	Council of Advancement of People's Action & Rural Technology (CAPART)	Assistance to Rural People
1986	Self Employment Programme for the Poor (SEPUP)	Self employment through credit and subsidy
1986	National Drinking Water Mission	For rural drinking water renamed and upgraded to Rajiv Gandhi National Drinking Water Mission in 1991.
1988	Service Area Account	Rural Credit
1989	Jawahar Rozgar Yojana : JRY	Employment to rural unemployed
1989	Nehru Rozgar Yojana NRY	Employment to Urban unemployed

Annual Plans 1990-92

The unsustainable fiscal deficit of the 80s along with the excessive external borrowing accumulated and culminated in the crisis of 1991. The Foreign exchange reserves were left a mere One Billion Dollars in January 1991, which was sufficient to finance three weeks' worth of imports.

So, the country was on the brink of default on its external obligations. The prime Minister of the country was Chandra Shekhar and Finance Minister was Yashwant Sinha. The immediate response of this Caretaker government was to secure an emergency loan of \$2.2 billion from the International Monetary Fund by pledging 67 tons of India's gold reserves as collateral. This triggered the wave of the national sentiments against the rulers of the country. **India was called a "Caged Tiger"**.

On 21 May 1991, Rajiv Gandhi was assassinated in an election rally and this triggered a nationwide sympathy wave securing victory of the Congress.

The new Prime Minister was P V Narsimha Rao. P V Narsimha Rao was Minister of Planning in the Rajiv Gandhi Government and had been Deputy Chairman of the Planning Commission. He along with Finance Minister Man Mohan Singh started several reforms which are collectively called "Liberalization". This process brought the country back on the track and after that India's Foreign Currency reserves have never touched such a "brutal" low.

During the period of 1990-92, two annual plans for 1990-91 and 1991-92 were launched. They were worth ₹ 58,369.30 Crore and ₹ 64,751.20 Crore.

Eighth Five Year Plan: 1992-97

Circumstances:

- ★ In the Indira and Rajiv Era planning commission lost its relevance³.
- ★ India in economic low and acceptance of liberalization and Globalization was underway.
- ★ The market forces have now a greater role to play.

Preferences & Objectives:

- ★ Two pronged approach with objectives of **alleviation of poverty and removing unemployment**
- ★ **Indicative planning** was done to achieve long term objectives
- ★ The Narsimharao Government started economic liberalization.
- ★ An objective for full employment till 2000 was stated.
- ★ An objective of achieving total literacy was achieved.

The eighth five year plan can be called a **"Rao and Manmohan Plan"**. This was reform period and the following took place during the reform period.

- ★ In 1991, Rupee was once again **devaluated**.
- ★ Due to the currency devaluation the Indian Rupee fell from 17.50 per dollar in 1991 to 45 per dollar in 1992.
- ★ The Value of Rupee was devaluated 23%.
- ★ Industries were delicensed.
- ★ Import tariffs were lowered and import restrictions were dismantled.
- ★ Indian Economy was opened for foreign investments.
- ★ Market Determined exchange rate system was introduced.

The Eighth plan started in April 1992. One of the major highlight was **modernization** of the industries. The plan was launched with twin objectives of **alleviation of poverty** and **unemployment**. This plan period saw launching of **many flagship programmes**.

The total outlay of the 8th five year plan was ₹ 434100 Crore which was approximately 2.5 times of the previous plan. The actual expenditures was ₹ 4, 85,457.20 Crore. A GDP growth rate was **targeted 5.6%**. The country achieved the **growth of 6.8%** against this target and this was again a good success. The Percapita income growth target was set 3.8% which increased to 4.4%.

8th Five Year Plan	Outlay	Actual
Agriculture & Allied Activities	22,467.20	24,895.70
Rural Development	34,425.40	40,372.11
Special Area Programmes	6,750.10	4,932.52
Irrigation & Flood Control	32,525.30	31,398.87
Energy	1,15,561.10	1,28,904.50
a) Power	79,588.70	76,725.80
b) Petroleum	24,000.00	40,062.49
	10,507.00	10,715.24

³ Rajiv Gandhi ran down the Planning Commission as "A bunch of Jokers".

c) Coal & Lignite	1,465.40	1,401.10
d) Non-conventional Sources of Energy		
Industry & Minerals	46,921.70	47,888.84
a) Village & Small Industries	6,334.20	7,265.71
b) Other Industries	40,587.50	40,623.13
Transport	55,925.60	65,173.02
a) Railways	27,202.00	32,180.00
b) Others	28,723.60	32,993.02
Communications	25,110.00	36,374.89
Science, Technology & Environment	9,041.70	7,109.53
General Economic Services	4,549.50	6,181.74
Social Services	79,011.90	88,806.63
a) Education	19,599.70	21,598.67
b) Medical & Public Health	7,575.90	8,137.60
c) Family Welfare	6,500.00	5,972.79
d) Housing	5,273.00	7,531.84
e) Urban Development	5,277.00	6,272.48
f) Other Social Services	34,786.30	39,293.35
General Services	1,810.50	3,418.89
Total	4,34,100.00	4,85,457.20
Central Plan	2,47,865.00	2,88,930.10
State Plans	1,79,985.00	1,87,937.50
UTs Plans	6,250.00	8,589.71
All Figures Source Planning Commission. All Values ₹ Crore		

In the 8th plan following programmes were launched:

- **1992: National Renewal Fund:** This scheme was for the employees of the public sector
- **1993: Employment Assurance Scheme (EAS)** (Launched on October, 2): Employment of at least 100 days in a year in villages
- **1993: Members of parliament Local Area Development Scheme MPLADS** (December 23, 1993): Sanctioned 1 crore per year for development works

- **1994: Scheme for Infrastructural Development in Mega Cities : SIDMC :** Water supply, sewage, drainage, urban transportation, land development and improvement slums projects in metro cities
- **1993: District Rural Development Agency DRDA** Financial assistance to rural people by district level authority
- **1993 : Mahila Samridhi Yojna (October 2, 1993):** Encourage rural women to deposit in Post office schemes
- **1994 : Child labor Eradication Scheme:** Shift child labour from hazardous industries to schools
- **1995: prime Minister Integrated Urban Poverty Eradication programme PMIUPEP:** To eradicate urban poverty
- **1995 : Mid day Meal Scheme::** Nutrition to students in primary schools to improve enrolment, retention and attendance
- **1996: Group Life Insurance Scheme for Rural Areas:** Insurance in rural area for low premium
- **1995: national Social Assistance programme:** Assist BPL people.

In the 8th five year plan, we mentioned above the growth rate achieved was 6.8% against the target of 5.6% . In the first two years the achieved growth rate was in the tune of 7.7%. Later it decreased due to a mounting pressure on Asian Economies which later culminated in the **Asian Financial Crisis of 1997**.

Asian Financial Crisis of 1997

The **Asian Financial Crisis of 1997** had started in Thailand when the currency **Thai Baht** collapsed due to overburden led by the real estate prices. Thailand was under the burden of the foreign debt which made the country bankrupt before its currency collapsed. The crisis spread to other countries of South East Asia and Japan. The worst affected countries were Thailand, South Korea and Indonesia. India along with China, Taiwan and Singapore were less affected.

So, in the final years of the 8th five year plan, the crisis affected the growth of the economy partially.

Ninth Five Year Plan 1997-2002

Circumstances:

- ★ This period saw the change in the government. The Ninth plan was started with an objective of "*Growth with Social Justice and Equality*". It also assigned importance to agriculture growth.
- ★ Regulation of the debt programmes was emphasized to improve government's financial position.

The Ninth Five Year plan was launched in the 50th year of India's Independence. It was released in March 1998 and **modified and approved** by the **National Development Council** in February 1999. However, the date of Implementation was from April 1, 1997.

Before the Ninth Plan was launched, there was a change in the government at Delhi. In 1996, Lok Sabha elections, the synergy and expansion made BJP the single-largest political party in India with 161 seats. The New Prime Minister was Sh. Atal Bihari Vajpayee, but he could not garner the support of the majority. After remaining in the office for 13 days he resigned realizing that he won't be able to win the confidence of the house. The other parties met to come up with a solution, but no conclusion was reached. The Congress was second biggest party with 140 seats. The Congress declined to head the government and along with the

Communist Party of India (Marxist), agreed to extend outside support to a coalition with the Janta Dal at its head, named the "United Front". Jyoti Basu of CPI (M) was all set to be the consensus leader of the United Front for the post of Prime Minister of India. However, the CPI (M) Politburo decided not to participate in the government and this was a historic blunder of CPI(M). So, HD Dewegowda was sworn in as new prime Minister from the United Front. But, the acrimony between Dewegowda & Congress led the Congress to withdraw support. Nation was again on the brink of a midterm polls. The Congress party compromised to support a new government under Inder Kumar Gujral, who was Prime Minister from April 21, 1997 - March 19, 1998. However, later Congress withdrew support from this coalition and fresh elections were held. But this time BJP contested the election after forming National Democratic Alliance (NDA) and emerged as winner. Following this Atal Bihari Vajpayee was sworn in as Prime Minister of India.

The tenure of Atal Bihari Vajpayee is known for Pokhran II; Kargil War; National Highway Development Project; Pradhan Mantri Gram Sadak Yojana; Barak Missile Deal Scandal; POTA; Sarva Shiksha Abhiyan; 2001 Gujarat earthquake; 2002 Gujarat violence, Attack on Indian parliament.

The 9th five year plan outlay was planned ₹ 875,000 Crore but it was reduced to 859,000 Crore in its revised format. The fundamental motive of the 9th plan was "Growth with Social Justice and Equality".

It was developed in context of 4 important dimensions of the government policy:

- ★ Improving the quality of the life
- ★ Generation of Productive employment
- ★ Creation of regional balances
- ★ Self reliance

The average target growth rate was 6.5% but the achieved growth rate was 5.5%. The growth in agriculture fell to 2.1% and manufacturing fell to 4.51% from 4.69% and 7.57 % from the previous plans.

Tenth Five Year Plan: 2002-2007

Circumstances:

- ★ The growth in Indian Economy showed off. This plan laid down the ambitious target of 8 % annual Growth rate. The economy achieved 7.7% average growth.
- ★ In 2002 India completed 50 years in planning and NNP (Net National product) or National Income grew by 4 times.
- ★ Per capita income grew by 2.9 times.

The tenth plan was launched by Atal Bihari Vajpayee Government on December 21, 2002. This plan was prepared in the background of high expectations arising from the better growth rate achieved after the liberalization. The GDP annual growth rate which was 5.7% in the 1980s rose to 6.1% in the 1990s and India was now among fastest growing economies of the world. The objectives mandated by the national Development Council included doubling the per capita income in 10 years and achieving annual growth rate of 10%.

In order to reflect the importance of dimensions in the development planning such as economic growth, building adequate level of consumption of food and other consumer goods, access to basic social services

such as education, health care, sanitation, transport, communication and availability of drinking water, the 10th plan envisaged certain targets that directly related to key indicators of Human Development.

- ★ Achieving annual **GDP growth rate of 8%**
- ★ **Reducing poverty ratio from 26% to 21% by 2007** and 6% by 2012. i.e. Reduction of poverty ratio by 5 percentage points by 2007 and by 15 percentage points by 2012;
- ★ Reduction in the **decadal rate of population growth** from 21.3 % in 1991-2001 to 16.2% in 2001-11.
- ★ Providing gainful and high-quality **employment** at least to addition to the labour force over the Tenth Plan period;
- ★ Reduction in **gender gaps in literacy** and wage rates by at least 50 per cent by 2007;
- ★ Reduction in the decadal rate of population growth between 2001 and 2011 to 16.2 per cent;
- ★ Increase in **Literacy rates to 75** per cent within the Plan period;
- ★ Reduction of Infant mortality rate (**IMR**) to 45 per 1000 live births by 2007 and to 28 by 2012;
- ★ Reduction of Maternal mortality ratio (**MMR**) to 2 per 1000 live births by 2007 and to 1 by 2012;
- ★ Increase in forest and tree cover to 25 per cent by 2007 and 33 per cent by 2012;
- ★ All villages to have sustained access to potable drinking water within the Plan period;
- ★ Cleaning of all major polluted rivers by 2007 and other notified stretches by 2012.

Sectoral allocation:

10th Five Year Plan	Outlay	%
Agriculture & Allied Activities	58,933	3.86
Rural Development	103315	6.77
Special Area Programmes	121,928	7.99
Irrigation & Flood Control	20879	1.37
Energy (Power, Petroleum , Coal & Lignite , Non-conventional Sources of Energy)	403927	26.47
Industry & Minerals (Village & Small Industries and other Industries	58,939	3.86
Transport	225977	14.81
Communications	98,968	6.49
Science, Technology & Environment	30,424	1.99
General Economic Services	38,630	2.53
Social Services (Education , Medical & Public Health, Family Welfare, Housing , Urban Development Other Social Services)	347391	22.77
General Services	16,328	1.07
Total	1525639	100

Source Planning Commission; all values ₹ Crore

From the above table one thing is clear that in the 10th plan, the **Economic Infrastructure** of the country got the **highest priority** with 54% outlay in Energy, Industry, Transport, Communication and general economic services. It is evident from the following:

Energy (Power, Petroleum , Coal & Lignite , Non-conventional Sources of Energy)	403927	26.47
Industry & Minerals (Village & Small Industries and other Industries	58,939	3.86
Transport	225977	14.81
Communications	98,968	6.49

General Economic Services	38,630	2.53
Total	826441	54.16

In fact 70% of the plan outlay was allocated on the development of economic infrastructure of the country and social services.

Strategies:

During the 10th plan period following were some of the strategies adopted:

- ★ The control of the public sector units was transferred to private sectors as "Strategic partners".
- ★ The government invited the private sector to play a role in the infrastructure development of the country. However, in the areas such as rural development, the role of Government got increased such as *Pradhan Mantri Gram Sadak Yojana* etc.
- ★ The strategy of the Tenth plan was to ensure rapid growth of those sectors which create high quality employment. Attention was paid to the economic activities which have a large employment potential. These included Construction, real estate, housing, transport, tourism etc.
- ★ A National Action Plan (NPA) was formulated to achieve the Gender equality goals and Gender budgeting was emphasized. For the first time, in 2005, the Ministry of Finance gave a mandate to all ministries to establish a Gender Budgeting Cell by January, 2005 and 18 ministries and departments were asked to submit annual reports and performance budgets highlighting budgetary allocations for women.
- ★ There was an emphasis on the acceleration of domestic reforms to strengthen the domestic sector to face competition with rest of the world.
- ★ Due attention was given to environment conservation.
- ★ Due attention was paid to controlling the central and state budgets.
- ★ There was emphasis on the relative merits of foreign direct investment and foreign portfolio investment.

Agriculture:

- ★ ₹ 58933 Crore were slated to be invested in the agriculture to achieve a growth rate of 3.97 % per annum. However, the rate achieved was only 2.5%.

Industry:

- ★ An amount of ₹ 58,939 crore was slated to be spent in the public sector on the development of Industry and Minerals. A target of 10% Industrial growth was kept to achieve the target of 8% growth of GDP. However the achieved growth was 8.6% which was partially due to stiff competition from the foreign goods and companies.
- ★ This was because from April 1, 2001 Quantitative restrictions on import of goods were removed.
- ★ The role of public sector decreased because of increased divestments, and role of private sector improved. A supportive environment was created to help the MSME.

Ministry of Micro, Small and Medium Enterprises

In 2007, the Government of India (Allocation of Business) Rules, 1961 were amended as following this amendment Ministry of Agro and Rural Industries (*Krishi Evam Gramin Udyog Mantralaya*) and Ministry of Small Scale Industries (*Laghu Udyog Mantralaya*) were merged into a single ministry, Ministry of Micro, Small and Medium Enterprises.

- ★ Special emphasis was given for technological upgradation of the industries. Various procedural simplifications were introduced to remove procedural hurdles in the business.

Foreign Trade:

- ★ An aim to increase India's share in the world's exports from 0.6% in 2002 a level of 1% in 2007 was fixed. This was also reiterated in the exim policy 2002-07 (a new Exim Policy 2004-09 was announced after the change in the central government). Various measures were taken to improve the foreign trade. Schemes such as Focus market Scheme was introduced in the Exim Policy of 2004-09.

Poverty Alleviation:

- ★ Several programs and reforms were introduced in the 10th five year plan for social upliftment of the people and poverty eradication. The most important one is NREGA.

MGNREGA

- ✓ NREGA was introduced in 2004-05. Notification of the National Rural Employment Guarantee Act came in September 2005. It was launched on February 2, 2006 in 200 districts.
- ✓ The ongoing programmes of Sampoorn Grameen Rozgar Yojna & National Food for Work Programme were subsumed within this programme in the 200 of the most backward districts of the country, in which it was introduced in phase -1. In phase-2 it was introduced in 130 additional districts. It was extended to 274 rural districts from April 1, 2008 in phase-3.
- ✓ On October 2, 2009, the National Rural Employment Guarantee Act (NREGA) was renamed after Mahatma Gandhi as Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA)

Food Security:

- ★ Scheme for distributing the food grains at highly subsidized rates of Rs. 2 per kilogram for wheat and Rs. 3 per kilogram for rice was started to the poorest families. A ban on interstate movement of agro commodities and food grains was removed. The Food Processing industry was strengthened.

Public health:

- ★ The national health policy 2002 was announced which aimed at increasing the standard of health and eradication of various diseases from the country. A target of 2005 was fixed to eradicate Polio, Leprosy and 2007 to achieve zero growth rate of HIV/AIDS and 2010 to eradicate Kala Azar (*Leishmaniasis*).

Foreign Investment:

- ★ Foreign direct investment was encouraged and several fields were open for FDI. The foreign companies are treated at par with the domestic companies. Various MNCs came to India during this plan.

Achievements of the 10th Plan:

- ★ National Income increased by 7.6% and Percapita income by 6% per annum. The economy achieved a 7.7% growth rate for the plan period as a whole.
- ★ Industrial production increased at the rate of 8.6% per year. In the last year of the plan **double digit growth was achieved.**
- ★ The 61st report of the NSSO for 2004-05 recorded poverty to be 22% from the earlier level of 26.1%.
- ★ **Bharat Nirman was launched** to upgrade rural infrastructure.

Failures:

- ★ The target to achieve a 4% growth in the agricultural production during the 10th plan was not achieved because of the **poor monsoon.** This was also because of poor monsoon of 2002, 2004, 2006.
- ★ A **creation of 10 million jobs** was projected in the beginning of the plan. However, the **strategy was reverse** and due to use of technology and automation, the employment problem got deeper.
- ★ Regional imbalances could not be removed. Some states like Bihar and Orissa could not achieve the desired growth during the 10th plan.
- ★ The benefits could not reach to the all sections of the society.

Plan Outlay: A Comparative Study of 10 Five Year Plans

The following table has been reproduced from the planning commission. Please note that all values except the 10th plan show the actual outlays.

Plan Outlays in India's Five Year Plans					
Five Year Plan	Period	Outlays			
		Centre	States	UTs	Total
First Plan	1951-56	1,241.00	828.00	—	2,069.00
Second Plan	1956-61	2,559.12	2,240.88	—	4,800.00
Third Plan	1961-66	3,600.00	3,725.00	175.00	7,500.00
Fourth Plan	1969-74	8,870.00	6,606.47	425.00	15,902.16
Fifth Plan	1974-79	19,954.10	18,265.08	634.06	38,853.24
Sixth Plan	1980-85	47,250.00	48,600.00	1,650.00	97,500.00
Seventh Plan	1985-90	95,534.00	80,698.00	3,768.00	180,000.00
Eighth Plan	1992-97	247,865.00	179,985.00	6,250.00	434,100.00
Ninth Plan	1997-2002	489,361.00	369,839.00	*	859,200.00
Tenth Plan	2002-2007	8,93,183.00	6,32,456.00	*	15,25,639.00
All values ₹ Crores					

Notes :

- ★ First Plan total outlay is the ₹ 1952 Crores Original Plan Provision.
- ★ The Fifth Plan total outlay excludes Rs.450.00 crores for Hill and Tribal Areas.
- ★ **Outlays are at prices at base year of plan.**
- ★ The State Outlay for Ninth Plan includes the figures for UTs.
- ★ The 10th Plan allocation is against the Required sum of 15,92,300.00

Notable Points from the Plan Outlays:

- ★ In 1951 , India started with a modest plan of ₹ 2069 Crores. The Proposed amount was ₹ 2328 Crore.
- ★ In the second plan the amount was increased by two & half times to ₹ 4800 crore. This indicated the sense of success in the first five year plan.
- ★ The third plan was only 50% more than the second plan which indicates that the economy of India was in problem due to war and other disasters.
- ★ From third plan onwards we can see that the plan outlay has over 100% from the previous plan.
- ★ In sixth , seventh and eighth plan the outlay was more than double of its previous plan.
- ★ The huge increase in the plan outlays shows that the country could absorb larger dose of the investment and economic growth.

Plan Targets and Growth Achieved in 10 Five Year Plans

The following table shows the Growth performance of the 10 five year plans of India.

Plan	Target	Actual	Achievement
First Five Year Plan 1951-56	2.1%	3.60	↑
Second Five Year Plan 1956-61	4.5%	4.21	↓
Third Five Year Plan 1961-66	5.6%	2.72	↓
Fourth Five Year Plan 1969-74	5.7 %	2.05	↓
Fifth Five Year Plan 1974-79	4.4%	4.83	↑
Sixth Five Year Plan 1980-85	5.2%	5.54	↑
Seventh Five Year Plan 1985-90	5.0	6.02	↑
Eighth Five Year Plan 1992-97	5.6	6.68	↑
Ninth Five Year Plan 1997-2002	6.5	5.5	↓
Tenth Five Year Plan 2002-2007	8.1	7.7	↓
Source : Planning Commission			

Notes:

- ★ In the above table targets for the first three plans were set with respect to National Income.
- ★ In the Fourth Plan it was Net Domestic Product. In all Plans thereafter it has been Gross Domestic Product at factor cost.

Notable Points:

- ★ The first plan was an outstanding success as the economy grew more than expected.
- ★ After the first five year plan, the economy could not achieve the desired growth targets in second, third and fourth plans.
- ★ From fifth to eighth five year plans the growth rate achieved was moderately higher than actually targeted.
- ★ In ninth & 10th five year plans the growth rates was less than the targeted growth rate.

Themes / Highest Priority of the 11 Five Year Plans

The following table represents the themes of the 10 five year plans:

Plan	Theme / Highest Priority
First Five Year Plan 1951-56	Agriculture, irrigation and Power Projects

Second Five Year Plan 1956-61	Nationalist economy, Rapid industrialization and development of industries
Third Five Year Plan 1961-66	Self Reliant and Self generating economy
Fourth Five Year Plan 1969-74	Growth with stability and progressive achievement of self reliance
Fifth Five Year Plan 1974-79	Growth with social justice, Gharibi Hatao
Sixth Five Year Plan 1980-85	Poverty alleviation by expanding the economy
Seventh Five Year Plan 1985-90	Accelerate growth in food grain production, increase employment and raise productivity
Eighth Five Year Plan 1992-97	Two pronged approach to alleviate poverty and unemployment
Ninth Five Year Plan 1997-2002	Growth with social Justice and Equality
Tenth Five Year Plan 2002-2007	Achieve a target of 8 per cent average GDP growth for the period 2002-07.
Eleventh Five Year Plan 2007-12	Inclusive Growth

Sectoral Outlays during the Five to 5th Five Year Plans

Sectoral Head	First Plan	Second Plan	Third Plan	Fourth Plan	Fifth Plan
Agriculture & Allied Sectors	289.90	549.00	1,107.10	2,120.40	4,864.90
Irrigation and Flood Control	197.50	430.50	471.00	1,354.10	3,876.50
Power	385.40	452.00	1,212.50	2,931.70	7,399.50
Village and Small Industries	42.10	186.80	126.10	242.60	592.50
Industry and Minerals	54.70	937.70	1,510.40	2,864.40	8,988.60
Transport and Communication	517.80	1,261.00	1,222.40	3,080.40	6,870.30
Education	149.00	273.50	306.80	774.30	1,710.30
Scientific Research			47.10	130.80	
Health			140.20	335.50	760.80
Family Planning	97.90	227.80	70.40	278.00	491.80
Water Supply and Sanitation	33.50	85.00	102.70	458.90	1,091.60
Housing Urban and Regional Development			73.30	270.20	1,150.00
Welfare of Backward Classes	31.80	83.00	73.60	164.60	724.00
Social Welfare	4.00	36.60	11.20	64.40	88.20
Labour Welfare and Craftsmen Training	a)	b)	34.80	31.10	817.20
Other Programmes	156.40	148.90	115.80	179.8)	
Special Schemes Special Welfare Programme Crash Scheme for Educated Unemployed Advance Action for Fifth Plan	— — —	— — —	— — —	123.60 54.00 120.00	— — —
Total	1,960.00	4,671.80	6,625.40	15,778.80	39,426.20₹

All values are in ₹ Crores and actual, Source Planning Commission

Growth of Important Sectors during Recent Plans

sector	Eighth Plan	Ninth Plan	Tenth Plan	11 th Plan Target
Agriculture	4.72	2.44	2.30	4.0
Industry	7.29	4.29	9.17	10-11
Services	7.28	7.87	9.30	9-11
Total	6.54	5.52	7.74	9.0



Growth rate of the agriculture was 4.72 percent during the Eighth Plan (1992-97) but thereafter there has been declining tendency and its growth rate went down to 2.44 and 2.30 percent during the Ninth (1997-2002) and the Tenth Plan (2002-2007). For the Eleventh Plan, a target of 4.0 percent has been suggested.

The sagging performance of the farm sector might be attributed to many factors like **technological stagnation**; **over dependence of the increasing population** on this sector as two-third of the population continues to derive livelihood from agriculture even though its share in GDP has gone below 20 percent; **declining investments in this sector** where the public investment has been greatly shrinking for the last two decades.

11th Five Year Plan

India entered the Eleventh Plan period with an impressive record of economic growth. After a lacklustre performance in the Ninth Plan period (1997-98 to 2001-02), when gross domestic product (GDP) grew at only 5.5% per annum, the **economy accelerated in the Tenth Plan period** (2002-03 to 2006-07) to record an average growth of 7.7%, the highest in any Plan period so far. Besides, there was acceleration even within the Tenth Plan period and the growth rate in the last four years of the Plan has averaged 8.7%, making India one of the fastest growing economies in the world. Following targets were set to achieve in the 11th plan period, today, when we are moving towards a new five year plan next year, we find that the targets of 11th plan period have not been achieved and it looks like an election manifesto of some political party.

Targets set for the 11th Five Year Plan:

Income and Poverty

- ★ Average GDP Growth of 9% per year.
- ★ Agricultural GDP Growth of 4% per year
- ★ Generation of 58 million employment opportunities
- ★ Reduction of unemployment among the educated ones to less than 5%
- ★ 20% increase in the real wage of the unskilled workers
- ★ Reduction of headcount ratio of poverty by 10% points

Education

- ★ Reduction of drop-out rate among children at the elementary level from 52.2% in 2003-04 to 20% by 2011-12
- ★ Developing minimum standards of attainment in elementary schools to ensure quality of education.
- ★ Increasing literacy rate for persons 7 years or more to 85% by 2011-12
- ★ Reducing gender gap in literacy to 10 percentage points by 2011-12.
- ★ Increasing percentage of the persons going for higher education from 10% to 15% by 2011-12.

Health

- ★ Target of IMR (Infant Mortality Rate) 28%
- ★ Target of MMR (Maternal Mortality Rate) 1 per thousand

- ★ Total Fertility Rate⁴ to be reduced to 2.1
- ★ To Make clean drinking water available to all by 2009.
- ★ Malnutrition among children of age 0-3 years to be reduced to half.
- ★ Anaemia among women & girls to be reduced to half.

Women and Children:

- ★ Sex Ratio for age group 0-6 years to be raised to 935 by 2011-12 and 950 by 2016-17.
- ★ Ensuring that at least 33% of the beneficiaries of all government schemes are women and girl children.
- ★ Ensure that all children enjoy safe childhood.

Infrastructure

- ★ Electricity connection to all states and villages and BPL households.
- ★ All weather road connection to all villages with 1000 population and above, this number was 500 for hilly areas.
- ★ Connect every village by phone and provide broadband connectivity to all villages by 2012.
- ★ Homestead sites for all by 2012.

Environment

- ★ To increase forest and tree cover by 5%
- ★ To attain WTO standards of air quality for all major cities by 2011-12.
- ★ To treat all urban waste by 2011-12
- ★ Increase energy efficiency by 20%.

Meaning of Inclusive Growth:

Eleventh Plan (2007–08 to 2011–12) sought to build on the gains achieved in the Tenth Plan and shift the economy to a path of faster and more inclusive growth. Inclusiveness, a critical element in the strategy, was to be achieved by ensuring that growth was broad-based and was combined with programmes aimed at overcoming deficiencies in critical areas, which affect large numbers of the vulnerable sections of our population, particularly the Scheduled Castes (SCs), Scheduled Tribes (STs), the Other Backward Classes (OBCs), women, and the minorities. The Plan sought to deal with these deficiencies through programmes aimed at providing access to health, education, and other essential services and programmes of livelihood support.

Macroeconomic Dimensions:

- ★ Total Public sector outlay in the 11th plan period (Both centre and states) was estimated to be at ₹ 36,44,718 Crores. Out of this the share of the Centre was to be ₹ 2156571 crore (59.2%) and that of states was to be Rs, 1488147 Crore (40.8%).
- ★ The 11th plan outlay was 13.54% higher than the 10th plan realization.

⁴ **Total Fertility Rate:** average number of children that would be born to a woman over her lifetime if (1) she were to experience the exact current age-specific fertility rates (ASFRs) through her lifetime, and (2) she were to survive from birth through the end of her reproductive life.[1] It is obtained by summing the single-year age-specific rates at a given time.

- ★ The average target GDP growth to be achieved during the 11th plan was 9%. The mid-term appraisal of the 11th five year plan computed the tentative growth rate of GDP to be 8.1%.
- ★ The growth beginning with 8.5 per cent in the first year exceeded expectations in the first year of the Eleventh Plan (2007-08) with a growth rate of over 9 per cent but the momentum was interrupted in 2008-09 because of the global financial crisis.
- ★ Government responded to the global recession by **introducing fiscal stimulus and monetary accommodation** which continued into 2009-10 when the economy was further hit by a **severe drought**. The growth rate in 2008-09 declined to 6.7 per cent but rebounded to about 7.4 per cent in 2009-10, despite the fact that agriculture showed negligible growth at 0.2 percent.
- ★ The relatively modest slowdown in the face of an exceptionally sharp contraction in output in the industrialised world, has established the resilience of the economy in terms of its ability to manage a downturn despite greater openness. While the advanced economies saw their growth decline from a trend rate of 2.0 - 2.5 percent to (-) 2.0 - (-) 3.0 percent, growth in India declined by only about 2 percentage points. Since this reduction applied to an underlying growth rate that was much higher, the outcome was a GDP growth rate that remained relatively robust. China and other East Asian countries also have had a similar experience. India's superior performance on the growth front was due to the following reasons:
 - **India's financial system was not exposed to the 'toxic' assets** which affected the financial system in most industrialised countries. This was the result of a traditionally conservative approach to bank regulation and of a conscious government decision to adopt a cautious approach in liberalising capital flows, especially short term debt, combined with building up ample foreign exchange reserves. If the financial system had suffered a severe shock, the disruptive effects of the crisis on the real economy would have been much greater.
 - Although the **economy** is much more open than in the past, it still **is much less dependent on exports** as a demand side driver of growth than some other countries. The growth in demand which supported rapid growth in GDP was pre-dominantly **domestic demand**, particularly domestic investment which increased rapidly in the pre-crisis years.
 - **The underlying macro-fundamentals were strong.** The level of private savings has been high and fiscal consolidation in previous years had improved the public savings performance. As a result the domestic savings rate had increased to 36.4 percent of GDP in 2007-08 declining to 32.5 per cent in 2008-09 because of the adverse effect of the crisis on tax revenues coupled with the fiscal stimulus. However, the private savings rate was more or less unchanged. **Gross investment declined** from 37.7 per cent in 2007-08 to 34.9 per cent in 2008-09 and is expected to recover to 36.2 per cent in 2009-10. **Gross fixed Capital Formation remained at about 33 per cent through these years.**

Prospects for the Eleventh Plan

- The Mid-term appraisal notes that growth prospects in the remaining two years of the Eleventh Plan period depend to some extent upon the global economic prospects which

remain uncertain at present. However, if the industrialised countries show positive growth of 2.3 per cent per year in 2010, and 2.4 per cent in 2011, as is currently thought likely, it is possible to envisage India's growth rate increasing to around 8.5 per cent in 2010-11, with a further increase to 9 per cent in 2011-12.

- Projecting a return to 9 per cent growth may appear optimistic since growth at this rate in the past has only been achieved in years when industrialised countries grew at close to 3.0 per cent per year. However, India's macroeconomic fundamentals suggest that 9 per cent growth can be achieved despite slower growth in industrialised countries provided supportive policies are put in place.

★ **Summary of the Mid-term Appraisal (don't cram anything out of this info)**

- ✓ Exports likely to grow at a much slower rate.
- ✓ The increase in the current account deficit in the next two years is likely to be modest, at approximately 2.5 percent or at most 3 percent of GDP.
- ✓ Our prospects for attracting FDI in the years ahead are very good
- ✓ Fiscal Deficit of Centre and States which increased from 6.3 percent of GDP in 2006-07 to about 10 percent in 2008-09 and remained around the same in 2009-10. A higher fiscal deficit was an inevitable consequence of the stimulus strategy, but it is also necessary to signal a return to fiscal prudence. This signal has been given in the Budget for 2010-11, which shows the fiscal deficit declining from 7.8 per cent of GDP in 2008-09 to 6.9 per cent in 2009-10 and further to 5.5 per cent in 2010-11 with further decline projected in subsequent years. Adherence to this time path will contribute to creating investor confidence and help bring inflationary pressures under control.
- ✓ If the economy achieves 8.5 per cent growth in 2010-11 and accelerates to 9 per cent in the last year of the Eleventh Plan, the average rate of growth in the Plan period could be a little over 8 per cent. Although below the original Eleventh Plan target of an average of 9 per cent growth it would be better than the 7.8 per cent attained in the Tenth Plan period.
- ✓ The median growth rate of GSDP in the States was 7.6 percent in the Tenth Plan and 8 percent in the first year of the Eleventh Plan.
- ✓ **The distribution of growth across States appears to have improved in favour of the slower growing States.**
- ✓ An important sectoral target of the Eleventh Plan was to raise the rate of growth of GDP in agriculture from about 2.5 per cent in the Tenth Plan to 4 percent. The average growth rate of agriculture in the first two years of the Plan was 3.2 per cent, which was better than that of the Tenth Plan, but the drought in 2009- 10 reduced the average for the first three years to a little over 2 per cent.
- ✓ **Total public and private investment in agriculture as a percentage of agricultural GDP has improved from 14.1 per cent in 2004-05 to 19.5 per cent in 2008-09 according to the new national accounts series.**
- ✓ The write-off of farm debts in 2006 gave many farmers the opportunity to start afresh and the flow of agricultural credit has expanded considerably in the Eleventh Plan period with the **Kisan Vikas card experiment proving to be very successful.**
- ✓ Programmes such as the Rashtriya Krishi Vikas Yojana, the National Horticulture Mission and the National Food Security Mission are doing well.
- ✓ Minimum support prices have been raised to give farmers greater incentives to produce foodgrains.
- ✓ Investment in irrigation is being expanded significantly and the **Accelerated Irrigation Benefit Programme (AIBP) has stepped up allocations in support of state government efforts.**
- ✓ The Mahatma Gandhi National Rural Employment Guarantee (MGNREG) programme, which is focussed on schemes that improve water conservation, together with enhanced efforts at watershed management, holds out the hope of greatly improving access to water in rainfed areas.
- ✓ **Improved rural road connectivity** through the implementation of Prime Minister's Grameen Sadak Yojana (PMGSY), has given farmers improved access to markets supporting faster growth in farm incomes.

- ✓ The Plan called for double digit growth in manufacturing and emphasised that this is essential if we want to shift substantial numbers of the labour force out of agriculture into the formal sector. Performance in this dimension in the first three years of the Eleventh Plan has been below expectation.
- ✓ Manufacturing grew at an average 9.3 percent during the Tenth Plan, and reached 10.3 percent during the first year of the Eleventh Plan, but thereafter it was hit by the global slowdown in 2008-09, causing the rate of growth in the sector to decline to 3.2 percent.
- ✓ The Micro Small and Medium Enterprise (MSME) sector needs special attention because it creates more jobs than large companies do.
- ✓ Manufacturing units in India are also burdened by a plethora of regulations, including many at the State level, resulting in low scores on indices of the ease of doing business. There is an urgent need to review these regulations in individual States. The need for greater flexibility of labour laws also has to be addressed if labour intensive manufacturing is to be encouraged.
- ✓ The Eleventh Plan viewed inclusiveness as a multi-dimensional objective and listed 27 monitorable targets. Of these, two were: (a) growth of GDP and (b) the growth of agricultural GDP. There were also 25 other parameters relating to poverty reduction, employment, education, health services, child nutrition, gender balance, access to basic infrastructural services and environmental sustainability.
- ✓ The Eleventh Plan target was to reduce the percentage of poverty by 10 percentage points over the Plan period, or 2 percentage points per year, which is more than twice the pace observed in the past. It is not possible to measure progress against this target at this stage because no official estimates of poverty are available after 2004-05. The next estimate of poverty will be for the year 2009-10, based on the NSS survey currently being conducted in the field, data from which will become available only in 2011.
- ✓ An issue that has attracted considerable attention is whether the poverty lines used in the official estimates, which were fixed in 1973-74, and have been updated for inflation since need to be revisited in view of the many changes that have taken place in our economy. A High Level Committee under Prof. Suresh Tendulkar was appointed in December 2005 to consider this issue.
- ✓ The Report of the Committee has been submitted. The Committee has recommended that the urban poverty line need not be changed, but the rural poverty line should be raised to reflect the basket of commodities that can be purchased at the urban poverty line after allowing for the difference in urban and rural prices. The Tendulkar committee has recomputed poverty lines for individual states for 2004-05 on this basis.
- ✓ The revised poverty lines recommended by the Tendulkar Committee have been accepted by the Planning Commission for 2004-05. They indicate no change in the urban poverty estimates, but the rural poverty line is revised upwards significantly and as a consequence the percentage of the population below the poverty line in rural areas is higher than in the earlier estimates.
- ✓ The Tendulkar Committee has specifically pointed out that the upward revision in the percentage of rural poverty in 2004-05, resulting from the application of a new rural poverty line should not be interpreted as implying that the extent of poverty has increased over time. To assess the underlying time trend using the new method of computing poverty lines, we should compare the poverty estimates in 2004-05 with those for 1993-94, using the new methodology for both years.
- ✓ By both methods, the percentage of the population below poverty line has declined by about the same magnitude.
- ✓ An important programme contributing to poverty reduction in rural areas is the MGNREG Programme which began in the first year of the Eleventh Plan and was quickly expanded to cover the entire country. This programme is expected in 2009-10 to generate about three times the volume of employment generated by the rural wage employment programmes that were in place before it was introduced. There is evidence that implementation of MGNREG Programme has reduced distress migration and improved the bargaining power of agriculture labour leading to higher wages.

Towards 12th Five Year Plan: Summary of the Approach Paper

Note: This summary is available on this link

http://planningcommission.nic.in/plans/planrel/12appdrft/approach_12plan.pdf

To keep ourselves confined with the motive to get some info for our exam only, I have converted this summary into question answer format using other sources also, so that you love to read it. Some important points are embedded in the information.

How was the experience of the 11th Five Year Plan?

- ★ The Eleventh Five Year Plan (2007-08 to 2011-12) had aimed at achieving faster and more inclusive growth. Rapid GDP growth, targeted at 9.0 per cent per annum, was regarded necessary for two reasons: first, to generate the income and employment opportunities that were needed for improving living standards for the bulk of the population; and second, to generate the resources needed for financing social sector programmes, aimed at reducing poverty and enabling inclusiveness.
- ★ The economy has performed well on the growth front, averaging 8.2 per cent in the first four years. Growth in 2011-12, the final year of the Eleventh Plan was originally projected at around 9.0 per cent continuing the strong rebound from the crisis, which saw an 8.5 per cent growth in 2010-11. Instead, the economy actually slowed down somewhat in 2011-12 compared to the previous year – a phenomenon common to all major economies reflecting the fact that 2010 was a rebound from depressed levels in 2009. Growth in 2011-12 is likely to be around 8.0 per cent. The economy is therefore, likely to achieve in average GDP growth of around 8.2 per cent over the Eleventh Plan period, which is lower than the 9.0 per cent targeted originally, but higher than the 7.8 per cent achieved in the Tenth Plan. This implies a nearly 35 per cent increase in per-capita GDP during this period. It has also led to a substantial increase in government revenues, both at the Centre and the States, resulting in a significant step-up of resources for the programmes aimed at inclusiveness. A healthy increase in aggregate savings and investment rates, particularly in the private sector, testifies to the strength of our economy as it enters the Twelfth Plan period.

How has been performance of States in 11th Plan Period?

- ★ While most States have shown sustained high rates of growth, several of the economically weaker States have demonstrated an improvement in their growth rates. Amongst them are Bihar, Orissa, Assam, Rajasthan, Chhattisgarh, Madhya Pradesh, Uttarakhand and to some extent Uttar Pradesh. According to the available data, no State has averaged GSDP growth of less than 6.0 per cent during the Eleventh Plan period.
- ★ The improvement in this formerly low growth and low income States is evident in many cases over the Tenth Plan period, and in some others, more so over the Eleventh Plan period. It should be emphasized that those States which picked up over the Tenth Plan period, have continued to perform better in the Eleventh Plan. However, some formerly higher income and high growth States have shown slightly weaker growth over the Eleventh Plan period, most prominent of which are Karnataka and Tamil Nadu.

What was Tendulkar Committee?

- ★ According to previous official poverty estimates, the per centage of the population living below the poverty line had declined by 8.5 per centage points between 1993-04 and 2004-05. Since the appropriateness of the poverty line was questioned in some quarters, the Government appointed an Expert Committee under the Chairmanship of the late Prof. Suresh Tendulkar.
- ★ The Tendulkar Committee recommended a recalibration of the rural poverty line to make it more comparable with the urban poverty line, which it found to be appropriate.
- ★ The application of the Tendulkar Committee poverty line provides a higher estimate of rural poverty and therefore also of total poverty, but if the new method is applied to the earlier years, as it should be, it shows that the percentage of the population in poverty declined from 45 per cent in 1993-94 to 37 per cent in 2004-05. Thus, **poverty declined at roughly 0.8 percentage points per year** during the 11 year period before the Eleventh Plan.

The Target of the 11th plan was reduction of headcount ratio of poverty by 10% points. How was the performance?

- ★ The Eleventh Plan had set an ambitious target of achieving a decline in poverty ratio of 2 percentage points per year. While the **actual performance in this regard was below this target**, it was better than it was in the earlier decade. Preliminary estimates using the latest NSS survey for 2009-10 suggest that the percentage of the population in poverty declined, at a faster pace than before, by approximately **one percentage point per annum**, during the five-year period 2004-05 to 2009-10. However, looking ahead; India is well poised to meet the Millennium Development Goal target of 50 per cent reduction of poverty between 1990 and 2015.

The 11th five year plan had targeted a 20% increase in the real wage of the unskilled workers. Has this plan achieved this?

- ★ The largest numbers of poor, primarily landless workers, are in rural areas and the majority of them still rely on farm work for their livelihood. The **target was not achieved** but during the period 2007-10 (calendar years), the **average real wage rates increased by 16.0 per cent at the all India level**. The growth was the fastest in Andhra Pradesh (42%) and Orissa (33%). Even in states like Bihar and Uttar Pradesh, real farm wages went up by 19 and 20 per cent respectively, over the three year period.

What are the Centrally Sponsored Schemes and how they are not effective?

- ★ Centrally Sponsored Schemes (CSS) are implemented by State Government agencies, but are largely funded by the Central Government with a defined State Government share. Most of the flagship programmes of Government are Centrally Sponsored Schemes.
- ★ Centre's contribution can typically range between 25% and 90%, barring a few schemes where the Union government funds it fully.
- ★ If states don't match funds to be raised by them, additional resources from the centre get blocked.
- ★ The share of centrally sponsored programmes has risen to **42% of gross budgetary support** in the 11th Plan from 39% and 31% in the 10th and ninth Plans, respectively. The number of such

programmes was reduced from 155 in the 10th Plan to 99 at the beginning of 11th Plan, but rose again to 147 in 2011-12.

- ★ The central government funds these schemes through gross budgetary support. The total expenditure on these schemes by the Central Government in 2011-12 (budget estimate) is Rs.188,573 crore, and the total expenditure during the Eleventh Plan period is almost Rs. 700,000 crore.
- ★ As one would expect, the effectiveness of their implementation varies from State to State. Instances of misuse of funds are frequently reported in studies and press reports. There has been a proliferation of Centrally Sponsored Schemes over a period of years. This has led to poor implementation, duplication, lack of convergence and sub-optimal results. There is an urgent need to transform the system and sharply reduce the number of schemes. This will enable more focused and effective implementation.
- ★ A Committee under Shri B.K. Chaturvedi, Member, Planning Commission, was appointed to review the entire gamut of Centrally Sponsored Schemes and make recommendations for rationalization and consolidation leading to a significant reduction in their number.

What were recommendations of BK Chaturvedi Panel?

- ★ A draft report brought out in October 2011 by B.K. Chaturvedi, a member of India's apex planning agency, had suggested reducing the number of programmes to 59 from 147 and giving flexibility to states to use the funds meant for these schemes for better monitoring and efficiency in the 12th Five-Year Plan starting April.
- ★ The panel suggested that there should be just one centrally sponsored scheme under one sector. For instance, for drinking water and sanitation, there should be one scheme, so that monitoring becomes more effective.
- ★ However, the Chaturvedi panel report has not suggested changes in the nine so-called flagship programmes that together constitute 80% of the total Rs. 6.6 trillion provisioned for centrally sponsored schemes in the 11th Plan. These include Mahatma Gandhi National Rural Employment Guarantee Scheme, Indira Awas Yojana, Mid Day Meals, Total Sanitation Campaign, Rajiv Gandhi Drinking Water Mission, Sarva Shiksha Abhiyan and National Rural Health Mission.

(This section would continue in the Economy Module 2).