

MODULE 9 MACHINERY FOR PLANNING

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Chapter I

Planning at the National Level

A. Guiding principles of the Planning System

The planning procedures and techniques that have developed in India have been influenced to a great extent by the following main characteristics of the Indian Constitution and socio-political system.

- (i) India has adopted a federal system of Parliamentary Government. The State Governments, therefore, have considerable stake both in planning and its implementation. There are several subjects, which according to the distribution of powers fall within the jurisdiction of the State Government. Some of them like agriculture, irrigation, power, health etc. are of vital concern to the common man. On the other hand the Central Government also has various sectors of great importance to the people such as heavy and large industries, Railways, National Highways, Major Ports, Shipping, Civil Aviation and communication etc. In these sectors, the Central Government plans directly, but in a National Plan the vital sectors reserved for the State cannot be ignored. In the State Sectors also the central Government has to resort to indirect planning by providing the premises and broad frame-work of policies for the plans of individual States. In short, the National Government has to incorporate State Plans also in the overall National Plan.
- (ii) India has adopted the democratic system of Government. The planning process has, therefore, to be responsive to the aspirations of the people. These aspirations can be voiced variously by political parties, interest groups, voluntary agencies, professional bodies, etc. All these have to be taken into consideration while preparing the National Plan.
- (iii) In the Industrial sphere gradually, the importance of the public

sector has been increasing. Still many areas of industrial activity, transport construction, etc. are in private hands. Agriculture is carried on almost completely in the private sector. There is growing cooperative sector also. The planning process has to take a note of this mixed nature of the Indian economy.

- (iv) India has adopted socialistic pattern of society as the goal of planning. The idea is that the plan has to achieve social and economic justice without which the political freedom has no meaning. The plans, therefore, requires to have a social bias.

B. Planning Procedure

The National Plan is to be formulated keeping in view the above mentioned considerations. Since a lot of participation from the public, Government agencies and private organizations is involved, the plan has to pass through several stages before its finalization. We would discuss in brief various stages in the formulation of the Five Year Plans.

First Stage – Developing a General Approach

The first stage in the formulation of the Plan is to develop a general approach towards the major objectives. The process begins about three years before the commencement of the plan and involves an examination of:

- (i) State of the economy;
- (ii) Appraisal of past trends in production;
- (iii) Rate of growth in relation to the long term view of the progress of economy.

After the careful consideration of the indicators mentioned above an attempt is made to suggest the direction in which the imbalances must be corrected or more intensive efforts required. Preliminary conclusions are reached on these subjects and submitted by the

Planning Commission to the Cabinet at the Centre and to the National Development Council. At this stage, no attempt is made to suggest magnitude of the plan. This is done after further study which has got to be undertaken in the later stages of plan formulation. The first phase of discussions leads to preliminary indications on the part of the National Development Council of the rate of growth to be assumed for the next plan and objectives and considerations which should receive special emphasis. Since the Chief Ministers of the State as well as the Union Cabinet are represented on the National Development Council, the clearance by this body of the tentative objectives of the plan is considered essential to take care of the view of the Central as well as the State Governments.

Second Stage – Draft Memorandum

In the second stage, some studies are undertaken which are intended to lead to the preparation of the draft of a memorandum on the physical content of the Five Year Plan. Even these are not very detailed studies but they are sufficient to give an idea of the inter-relationships and broader dimensions of the plan. While these studies proceed, the Planning Commission constitutes a series of working groups, composed of its own specialists and those of the Ministries at the Centre. To ensure greater participation, while the groups are expected to report to the Planning Commission and to function on its behalf, frequently senior officers from the Ministries, and more often the permanent heads, serve as Chairmen of the Groups. A considerable part of the technical study in each field is undertaken by the experts in the Ministries and the technical organizations associated with them. The working groups review the performance of the economy in their respective fields, assess the progress in achieving the policy objectives outlined in the current and the preceding plans and point out deficiencies which have been observed. From time to time, the working groups raise questions as to the assessments to be made in the formulation of the future plans. The planning Commission provides the necessary guidelines to these working groups on these questions. Simultaneously, the State Governments are also required

to constitute similar working groups and keep informally in touch with the Central Groups. The State working groups are meant to give an idea of the State Plans. Once the outline of a long term plan for the country as a whole has been evolved, the States are also able to take a view of their plans at a fairly early stage. In some of the important sectors, the Planning Commission also constitutes panels composed of the leading experts and practitioners drawn from outside the Government to advice on broader aspects of policy. For example, a panel of experts on Economics, Agriculture Land Reforms, Education, health etc. was set up by the Planning Commission from time to time. The scope of the working groups set up by the planning Commission is also very wide. For example, they set up working groups on agriculture, Irrigation, Power, Education, Scientific Research, Health and Family Planning, Housing and Urban Development, Rural Development, Social Welfare, Financial Resources etc

One of the most important working groups is the one on resources. It estimates the financial resources, internal and external, available in both private and public sectors.

On the basis of the preliminary studies undertaken by various groups and the preliminary suggestions of the panels, the Planning Commission gathers the main features of the Plan under formulation including the principal magnitudes. These are then arranged into a Draft Memorandum. This document presents the principal issues involving consideration at the highest policy level and draws attention to the areas in which further strengthening will be required. The Draft Memorandum is submitted to the Cabinet where it is discussed in detail. After the consideration of the Cabinet, it is placed before the National Development Council. The regional break-up of the various proposals is still not available. The main purpose of the consideration of the draft Memorandum by the National Development Council is to provide a basis for the formulation of the State Plans. The comments of the National Development Council and the Draft Memorandum constitute the basis for the preparations of the draft plan. In the later plans, the Draft Memorandum has often been called an approach to

the plan. At this stage, the Deputy Chairman of the Planning Commission takes the opportunity of conferring with the main political parties in the Parliament.

Third Stage – Preparation of the Draft Plan

On the basis of the comments of the National Development Council, the Union Government and political parties on the Draft Memorandum or the Approach Paper, the planning commission prepares the draft Five Year Plan. This draft plan gives more content to the Plans envisaged for different sectors and brings out more clearly the main issues of Policy and Objectives and the approach which is proposed to be adopted. With the approval of the Union Cabinet and the National Development Council, the draft plan is published as a document for the widest public discussion and consideration. Comments are invited from all sections of the opinion. The State Governments arrange for the discussions of the draft plan thoroughly at the district and the state levels. At the national level, both the Houses of Parliament arrange for the discussion of the draft plan, first in a general way for a few days at a time, and then in greater detail through a series of Parliamentary Committees which individual members are free to join.

Fourth Stage – Finalization of the Plan

While the draft plan is under discussion throughout the country, the Planning Commission, in association with the Ministries at the Centre holds detailed discussions regarding the plan of the individual States. These involve a study of their financial projections, proposals for raising additional resource and their detailed plans for development in different sectors. With each state, the discussions are held both at the expert level and at the political level. The final conclusion is reached in consultation with the Chief Ministers of individual States. The conclusions provide a basis for an understanding between the Planning Commission and the State for-

- i) Size and composition of each State's Plan;
- ii) Main targets and programmes to be fulfilled;
- iii) Obligations undertaken by the Centre to provide a quantum of financial assistance; and
- iv) Obligations undertaken by each State to find its share of resources and to observe the agreed priorities.

On the basis of detailed discussions with the States, comments from different sources and more detailed recommendations which various working groups and panels are now in a position to provide, the Planning Commission submits a fresh Memorandum to the Central Cabinet and the National Development Council in which it brings together:

- (i) the principal features of the plan;
- (ii) the policy directives to be stressed;
- (iii) the issues which may require further consideration before the report on the Plan is drawn up.

Approval of the Final Plan

The conclusions reached on this memorandum become the basis of the final report on the Five Year Plan. This detailed report, outlining the objectives, policies, programmes and projects in the plan is again commented upon by the Ministers at the Centre and by the State Governments and is finally submitted to the Cabinet and National Development Council. With the approval of the Council, the report is published and presented in the Parliament, usually by the Prime Minister. After discussions lasting for several days, each House of the Parliament accords its general approval to the plan and gives a call to the nation for its implementation and for the achievement of the objectives and targets embedded in it.

These are the various steps by which a Five Year Plan takes shape. A whole process of Public discussion and consideration by the most representative bodies like the National Development Council and the

Parliament makes the plan generally acceptable to the people. The Planning Commission continues to watch and report on its implementation assisting the Central and State executive agencies to the extent necessary advise on change and adjustments and otherwise help ensure its implementation.

C. Five-Year Plans of India

Indian Economy is based on the concept of planning. This is carried through **Five-Year Plans**, developed, executed and monitored by the Planning Commission.

The Tenth Plan is currently underway.

First Plan (1951—1956)

The first five-year plan focused on Agriculture. During First Five-Year Plan net domestic product went up by 15%. This increase was due to the fact that the first plan laid foremost priority on agriculture. Per capita income also went up by 8%. Lower increase of per capita income as compared to national income was due to the rapid increase in population.

Second Plan (1956-1961)

The second five-year plan focussed on industry, especially heavy industry. Domestic production of industrial products was encouraged, particularly in the development of the public sector.

Third Plan (1961-1966)

The planned stress was on agriculture, but due to the Sino-Indian War of 1962 instead of agriculture the focus shifted towards defence and development. China war exposed the weakness of the economy.

In 1965-66, the Green Revolution was started for the advancement of Indian agriculture. The wars lead to the rise in price in India.

Therefore the priority shifted to price stabilization.

Between 1966 to 1969 only Annual Plans.

Fourth Plan (1969-1974)

During the early period of the plan, several droughts affected the economy. Indian Currency was devalued due to rising inflation. Then an annual plan was introduced to resolve immediate problems, but still unemployment and poverty were major problems so this remained the focus of the plan. Another problem rose in 1973 in form of the hike in fuel prices but the focus remained unchanged.

Fifth Plan (1974-1979)

Stress on employment poverty removal and justice. Self reliance with respect to agricultural production and defence. During the 4th and 5th plan, stress was on rural minimum; but it was realized that still poverty plagued the nation. In 1978 the newly elected Morarji Desai government rejected the plan.

Sixth Plan (1979-1984)

Called the *Janata Government Sixth Five Year Plan*. The new government rejected the *Nehruvian Model* of economy and stressed on village and cottage industries, natural mobilization of resources, so increase in employment.

Seventh Plan (1984-1989)

The comeback of Indian National Congress Party into power. The stress was on improving productivity level of industries by upgradation of technology.

The time period of 1989-91 was a time of political instability for the nation hence no five year plan was implemented. Between 1990 and 1992 only Annual Plans

Eighth Plan (1992-1997)

Modernization of industries, gradual opening of economy because of huge deficit and foreign debt.

Ninth Plan (1997-2002)

1997-2002 The target rate of growth during the plan is proposed to be 7%. India should be able to achieve it because sound base for rapid growth has already been laid in the country.

Tenth Plan (2002-2007)

The tenth five year plan gives more importance to empowerment of women, cleanliness of rivers, rising the age of marriage and improve the economic base of India.

D. Annual Plans

Every Five Year Plan is prepared in the context of a perspective plan of 15 to 20 years duration. This perspective plan forms part of the Five Year Plan document. It is made to provide the general direction in which the economy is intended to move. Since 15 years is too long a period, medium term Five Year Plan forms the main basis for planning. However, even Five Year is too long a period to provide a basis for an operative plan. Annual plans are, therefore, prepared to form an operative plan in the overall context of the Five Year Plan.

The first Annual Plan was prepared at the beginning of the Second Five Year Plan. Working on the Annual Plan precedes the annual budget. Around September each year, the Planning Commission indicates to the State Governments the more important objectives towards which the plan for the following year should be oriented and the amount of Central Assistance they could reckon for their plans, and ask for their draft proposals within the general frame work of the Five Year Plans. Simultaneously, the States are asked to indicate their

proposals for raising additional resources for financing their plans. The proposals of the States are discussed in detail during November and December. The Central Ministries also participate in these deliberations. Similar examination is undertaken with the Ministries at the Centre where work on the Annual Plan is linked up with the preparation of the Capital Budget. The allocations agreed to with the Ministries form basis of the budgetary provisions for the following year. The balance of payment estimates, exports programmes and foreign exchange budgets are also worked out as integral programmes and foreign exchange budgets are also worked out as integral elements in the Annual Plan. Other exercises are undertaken in the Planning Commission to fit the various proposals into a coherent scheme. Annual Plans are the main operational instruments for the implementation of the Five Year Plans.

Chapter II

The Planning Commission

The economic planning in the country is a continuous process. When a plan is put into operation, the feed back coming from its implementation necessitates a lot of modifications in the original plans. Over a length of time, preparation of an entirely new plan may become necessary. For this purposes, the need for planning machinery was felt for quite sometime. In October 1946, the Interim Government appointed an Advisory Board to review the work that had been done in the field of Planning and to make recommendations for the future set up of planning. An important recommendation of the Board was the establishment of a Planning Commission to devote continuous attention to the whole field of development. The Government of India accepted this recommendation and announced its intention to create a Planning Commission in the Parliament on 28th February, 1950. The Commission was actually established on 15th March, 1950 by a Cabinet resolution. The resolution pointed towards the need for the setting up of the Planning Commission in the following words:

“The need for comprehensive planning based on a careful appraisal of resources and on an objective analysis of all the relevant economic factors has become imperative. These purposes can best be achieved through an organization free from the burden of day to day administration, but, in constant touch with the Government at the highest level”.

A. Role, Composition and Functions

The Planning Commission was constituted in March, 1950 by a Resolution of the Government of India, and it works under the overall guidance of the National Development Council. The Planning Commission consults the Central Ministries and the State Governments while formulating Five Year Plans and Annual Plans and also oversees their implementation. The Commission also functions as an advisory Planning body at the apex level.

Functions

The following functions have been assigned to the Planning Commission as per the Government of India (Allocation of Business) Rules, 1961:

- (a) Assessment of the material, capital and human resources of the country, including technical personnel, and formulation of proposals for augmenting such of these resources as are found to be deficient.
- (b) Formulation of Plan for the most effective and balanced utilization of the country's resources.
- (c) Definition of stages in which the Plan should be carried out on a determination of priorities and allocation of resources for completion of each stage.
- (d) Determination of the nature of machinery necessary for the implementation of the Plan in all its aspects.
- (e) Identifying the factors which are tending to retard economic development and determine the conditions which in view of current social and political situation should be established for the successful execution of the Plan.
- (f) Appraise from time to time the progress achieved in the execution of each stage of the Plan and recommend adjustment of policies and measures that such appraisal may show to be necessary.
- (g) Public Co-operation in National Development.
- (h) Specific programmes for area development notified from time to time.
- (i) Perspective Planning.
- (j) Institute of Applied Manpower Research.
- (k) The overall coordination of the Pradhan Mantri Gramodaya Yojana.

Note: The overall coordination of the Pradhan Mantri Gramodaya Yojana (PMGY) will be the responsibility of the Planning

Commission. However, overall management and monitoring of the individual sectoral programmes under PMGY will be the responsibility of the concerned nodal Ministry/Department.

Composition of The Commission

The Prime Minister in his capacity as Chairman of the Planning Commission, participates and gives direction to the Commission on all major issues of policy. Deputy Chairman, Planning Commission enjoys the rank of a Union Cabinet Minister whereas all full-time Members are in the rank of Union Minister of State. The Deputy Chairman and the full time Members of the Planning Commission function as a composite body in the matter of detailed Plan formulation. They direct, guide and advise various Subject Divisions of the Commission in the exercises for preparing Approach Papers / Documents leading to Five Year Plans and Annual Plans. Their expert guidance is also available to the subject Divisions for monitoring and evaluating the Plan Programmes, Projects and Schemes.

The Planning Commission functions through several subject matter Divisions and a few Specialist Divisions. Each Division is headed by a Senior Level Officer of the level of Joint Secretary or Additional Secretary designated as an Adviser and / or by a Secretary level officer designated as a Principal Adviser.

These Divisions fall under two broad categories:

- i Specialist Divisions which are concerned with aspects of the entire economy e.g. Perspective Planning, Financial Resources, Development Policy Division, etc. and
- ii Subject Divisions e.g. Agriculture, Education, Health, Housing Divisions, etc. which are concerned with specified fields of development in the related areas.

B. The Specialist Divisions functioning in the Planning Commission are:

- i. Development Policy Division,
- ii. Financial Resources Division, including State as well as Central Finances.
- iii. International Economics Division,
- iv. Labour, Employment and Manpower Division,
- v. Perspective Planning Division, including Statistics & Surveys
- vi. Plan Coordination Division,
- vii. Project Appraisal and Management Division,
- viii. Socio-Economic Research Unit
- ix. State Plan Division,
- x. Multi Level Planning Division including Hill Area Development, Western Ghats Development, Development and Reform Facility, Decentralized Planning etc.

C. The Subject Divisions are:

- i. Agriculture Division,
- ii. Backward Classes and Tribal Development Division,
- iii. Communication & Information Division,
- iv. Education Division,
- v. Environment and Forests Division,
- vi. Health, Nutrition & Family Welfare Division,
- vii. Housing & Urban Development Division,
- viii. Industry & Minerals Division,
- ix. Power & Energy Division,
- x. Rural Development Division,
- xi. Science & Technology Division,
- xii. Social justice & Women's Empowerment Division,
- xiii. Transport Division,
- xiv. Village & Small Enterprises Division,
- xv. Water Resources (including Water Supply) Division., and
- xvi. Tourism Cell

The Programme Evaluation Organization undertakes evaluation studies to assess the impact of selected Plan Programmes/Schemes in order to provide useful feedback to planners and implementing agencies.

D. Links with the Union and State Governments

From the nature of the planning process it is quite obvious that if the commission is to formulate its plans and ensure their successful implementation, it must secure active cooperation, close collaboration and goodwill of the state governments.

Links with the Union Government

The Planning Commission has many organizational links with the Central Government. Some of the important ones are described below:

- (i) The Prime Minister, who is the real Chief Executive, has from the very beginning been the Chairman of the Commission. He has thus provided a link at the highest level. Although the Prime Minister does not attend all the meetings of the Planning Commission, his association with the Commission lends it a high degree of prestige. Since the Prime Minister is associated with the major decisions of the Planning Commission, there is not much problem about their acceptance by the Central Cabinet. The Administrative Reforms Commission had opposed the direct association of the Prime Minister with the Commission. Their recommendations were not accepted by the Government.
- (ii) Besides the Prime Minister, a number of other Ministers have always been members of the Planning Commission. In this connection, the association of the Finance Minister with the Planning Commission is very significant. He is known as the Finance Member of the Commission. Being responsible for presenting the national budget, he can provide a link between

the Annual Plan and Budget.

- (iii) It was decided in 1953 to appoint a Minister of Planning to act as a spokesman of the Commission in the parliament. Mr. Gulzari Lal Nanda, who was already the Deputy Chairman of the Planning Commission, was given this portfolio later. However, the Planning Minister has not always remained the Deputy Chairman of the Commission.
- (iv) At the office level, the Cabinet Secretary was initially made the ex-officio Secretary to the Planning Commission. This provided a very good link at the highest administrative level between the Commission and the Government. However, this arrangement could not continue for long because Cabinet Secretary is a very busy person. A separate Secretary of the Planning Commission was, therefore, appointed.
- (v) The deputy Chairman of the Planning Commission has also provided a very important link between the Commission on the one hand and the Central Cabinet and Chief Ministers on the other hand. He is a permanent invitee to the meetings of the cabinet and its committees.
- (vi) Many officers of the Commission function as members of the various Government Committees and vice-versa.

Links with the state governments

National Development Council is the most important link in achieving coordination between the Planning Commission and State Governments. The need for such a link was felt as early as in 1946 when Mr. K.C. Niyogi, Chairman of the Advisory Planning Board pointed out the desirability of a Consultative body representing the Provinces, Princely States and some other interests to advise the Planning Commission. Later, the draft outline of the First Five Year Plan had observed that in vast country like India it is necessary to have a forum where the Prime Minister of India and the Chief Minister of the States can review the working of the Plan and of its various aspects. Accordingly, the National Development Council was created in August, 1952 by a resolution of the Government of India.

The objectives, functions, composition and working of National Development council are dealt in detail in the next chapter.

Chapter III

The National Development Council

National Development Council is the most important link in achieving coordination between the Planning Commission and State Governments. It was created in August, 1952 by a resolution of the Government of India.

A. Objectives & Functions

The main objective of the National Development Council is to ensure uniformity of approach in the Planning process. The Council tries to overcome or at least soften the rigidities which are incidental to the existence of autonomous States in the federation. In addition to this principal objective of securing coordination between the States and Central Government and the Planning Commission in the formulation and implementation of the Plan, the council has been allotted the following functions by the resolution which set up the council:

- (i) to review the working of the National Plan from time to time;
- (ii) to consider important questions of social and economic policy affecting national development;
- (iii) to recommend measures for the achievement of the aims and targets set out in the National Plan including measures to secure active participation and coordination of the people, improve the efficiency of the administrative services, ensure that fullest development of the less developed regions and sections of the community and through scarifies borne equally by all citizens build up resources for National development.

Thus the Council helps in reconciling the interest of the various State Governments with each others as well as with the Centre. In this process, it is helped by the expert advice of the Planning Commission. By its very composition, the Council is very well suited to:

- (i) mobilize the resources and efforts of the country for the implementation of the plan;
- (ii) to evolve common policies in all vital spheres;
- (iii) to ensure balanced development of the country.

B. Composition of National Development Council

The National Development Council is a very high powered body comprising the following:

- (i) The Prime Minister – He is the Chairman of the Council.
- (ii) The Chief Ministers of all the States.
- (iii) The Members of the Planning Commission.
- (iv) All the Union Cabinet Ministers.
- (v) The Administrators of the Union Territories.

The other Union Ministers and the State Ministers may also be invited to participate in the deliberations of the council. The usual practice is to invite those Ministers whose subjects are likely to be discussed during the meeting.

C. Committees

Obviously, the National Development Council is too large a body to function effectively. At the very beginning this fact had been recognized and a Standing Committee of the Council was created in 1954, comprising the members of the Commission and Chief Ministers of 9 states. But, somehow, this agency was never put to much use. In 1955, the Council formed a committee on village and small industries under the Chairmanship of D.G Karve to prepare an industry-wise and State-wise scheme for the utilization of resources to be earmarked for the purpose in the second plan. A year later the Council set up the Committee on Plan Projects, with a view to achieving the economies consistent with efficiency in the execution of the projects included in the plan. Unlike other committees, it is a standing committee. The Council also constituted committees on Price

Control (1960) and on Savings (1961). The committee on savings was set up to suggest ways for maximum mobilization of resources for the third plan. However, over the years, these committees have not come up to the expectations. Except the Committees on Plan Projects, all the other committees have by and large not functioned. The Administrative Reforms Commission, however, still suggested that the system of Committees may be adopted to make the function of the Council more effective.

D. Working of the National Development Council

The resolution creating the National Development Council was passed by the Union Cabinet in 1950 and it shall meet as often as may be necessary and in any case atleast twice in each year. Each meeting usually continues for two days. The Council makes its recommendations to both the Central and the State Governments. The Secretary of the Planning Commission act as the Secretary to the Council. The Planning Commission furnishes the secretarial, administrative and other assistance for the work of the Council. Any member of the Planning Commission, any Cabinet Minister or any Chief Minister can suggest the agenda for the meeting. The Secretary of the Council causes the memorandum to be prepared on each agenda items suggested by the members. The agenda notes are circulated to members well in time. After the meeting, the Secretary prepares the minutes and circulates them.

Since its inception the Council has been discussing almost all matters of importance. The issues considered by the Council have been quite varied in nature. It periodically meets to undertake a review of the Plan, thus securing its coordinated implementation. In addition, it concerns itself with the important questions of social and economic policy affecting National development, for example, at different times it considered important question like the decentralization of industrial production, balanced development of the country, setting up of suitable indicators of general development, establishment of Panchayat Raj, prohibition etc.

Chapter IV

Planning Machinery at the State Level

State Plans account for substantial part of the total outlay of the Government under the Five Year Plans. These plans relate to important development functions in the field of agriculture, cooperation, irrigation, power, road transport, education, social services, etc. In the fields which come closer to the welfare measures, fulfillment of important national goals depends directly to the successful implementation of the State Plans. For these reasons, a great deal of value both in Planning and implementation is attached to the State Plans. It has already been mentioned that the national plan is formulated in close cooperation and consultation with the State Governments. The final plan incorporates the State Plans also. Since the State Plans have to be incorporated in the National Plan the need for effective planning machinery at the State level has been felt for the long time. No much information is available about the details of the States Planning Machinery in the textbooks as well as in the National Plan Documents. However, we will study here some of the efforts that have been made in strengthening the planning machinery at the state level.

A. Efforts of Government of India

From the very beginning the government of India has been exhorting the State Governments to set up adequate planning machinery at the State level. Since no response was coming from the State Governments, the Government of India collected whatever information was available in the State planning machinery in 1972 and accumulated certain guidelines for strengthening it. They found that the existing planning organization available with the State Governments is unable to fulfill the various tasks connected with the formulation of the Fifth Five Year Plan which was in the process at that time. In a significant communication addressed to all the State Governments in May 1972, the Planning Commission stressed the

need to set up a two level organization for formulating State Plans and watching their implementation. A description of these two levels is given below:

a) Apex level

The essential features of the organization at the Apex level as suggested by the Government of India were:

- i) The Apex Body at the State level should be set up under the Chairmanship of the Chief Minister. The Finance Minister and a couple of other important Ministers should also be made members. This would ensure that the decisions arrived at by the Central Commission will command the respect of the plan as well as its implementation. However, the number of Ministers should not be too large, otherwise the planning body would be overshadowed by the Government functionaries and lose its expert character.
- ii) Apart from the few ministers mentioned above, the Apex body should have a few respected professional experts, in important fields like commerce and industry, agriculture, economics, public finance, administration etc.
- iii) The work of the Apex body should be supported by steering groups consisting of technical experts preferably from outside the Government in the fields of agriculture, industry, irrigation and power, social service, transport, manpower and employment and other important functional fields.
- iv) Since the Chief Minister is a very busy person who would not be able to attend all the meetings of the State Planning Board nor would he be able to associate with its day to day working, the Board should, therefore, have a full time non-official Deputy Chairman. The Deputy Chairman can operate through the State Planning Department which should provide the security to the

Apex Planning Body. The department can maintain a liaison with the Planning Board on the one hand and Ministries/Departments of the Government on the other. Being a non-official, the Deputy Chairman may also keep contact with other shades of public opinion like the legislators, opposition parties and other interested groups like Chambers of Commerce and Industry, Farmers Forums, Labour Organizations, etc. The Deputy Chairman has to function as the de facto Chairman of the Planning Board and has to provide the necessary guidance and leadership to it. He should be the moving spirit behind it. The Deputy Chairman should, therefore, be a person of high eminence in public affairs, if possible, with some previous experience or association in the planning process at the State or the National level.

b) Supporting Services

The present organization of the Planning Department consists of only the usual compliment of officers like the Secretary, Deputy Secretary, Under Secretary etc. They do not have any particular expertise – in any field. The Planning Department, as it is constituted, would, therefore not be in the position to provide effective Secretariat to the Apex Planning Board. For enabling the Planning Department to adequately discharge their secretarial functions for the apex Planning Boards, their strength should be suitably augmented with experts drawn from various disciplines. These experts will also have to be functionally reorganized into different units. It was suggested that the secretariat should have at least the following important units:

(i) Perspective Planning Unit

The main function of this unit will be to prepare and update the resources inventories and prepare the long

term perspective plans. For this purpose, the unit will have to take the assistance of the existing statistical organizations. The main organization at the State level is the Directorate of Economic and Statistics. Besides a lot of information has to be gathered from other Government Departments like Agriculture, Directorate of Manpower planning, Irrigation, Commissioner Land Records etc. who are maintaining their own statistics. The perspective planning unit will have to develop their own detailed guidelines as to the form in which the data has to be compiled on a continuous basis. Naturally, it will require experts who can provide the guidelines for data collection and analyze and interpret the data which becomes available from so many sources.

(ii) ***Project Formulation Unit***

This unit will have to assist various departments in the preparation of the projects for investment. Most of the departments in the State Governments do not have the necessary expertise in project formulation. The collection and presentation of data and projection of the anticipated benefits over a period of time and analyzing it by the appraisal techniques like cost benefit analysis or calculation of internal rate of return etc. are still not very well known to a number of departments in the States. Often the State Governments are not unable to take advantage of the national and the international finances because of their inability to properly prepare project reports. In any case, the formulation and implementation of State Plan is almost impossible without a properly staffed project formulation and appraisal unit.

(iii) ***Regional/District Planning Units***

A great emphasis has been laid on the decentralization of

the planning process in the country. The successive Five Year Plans have been emphasizing the need for initiating district level and block level planning. At the moment, the districts and the blocks do not have any worthwhile planning machinery. However, the block and districts plans will have to be incorporated in the State plans just as the State Plans were incorporated in the National Plans. But before this can be done, the district and the block plans will have to be prepared in a proper format. Even when proper district/block planning units are set up, they will need proper guidance to prepare their plans in a form which can be incorporated in the State Plans. This function will have to be performed by the regional/district planning unit, recommended to be set up in the secretariat of the planning department at the State level. The unit will require experts with experience in district/block planning.

(iv) ***The Plan Coordination Unit***

The function of this unit would be:

- a) to assess the existing /anticipated level of development;
- b) to determine inter se priorities within the integrated strategy for the next five years or one year depending upon whether a five year plan or annual plan is being considered;
- c) to ascertain the availability of manpower and material resources and synthesis spatial and sectoral plans into a balanced and operational plan.

(v) ***Monitoring and Evaluation Unit***

The weakest link in Indian Planning is the monitoring and evaluation. Any plan encounters a number of problems when it is put into execution. The progress of

the plan is to be assessed from time to time mainly for two reasons:

- a) to find out whether the plan is progressing according to the anticipation of the planners. Any slackness on the part of any individual or the organization has to be set right.
- b) Any bottlenecks have to be identified so that corrective action can be devised while the plan is still in operation.

To achieve this objective it is necessary to collect information on the various parameters which indicate the progress of the plan. The purpose of the unit is to design such information systems which will enable it to exercise the necessary supervision over the implementation process. This unit is also expected to pursue the various departments and ministries to send the progress reports according to the system designed by it.

The evaluation is a much more complicated process which is meant to judge the impact of the particular programme on the socio-economic system of the State. It will require the help of experts who can devise the evaluation systems and conduct the field operation to assess the impact of the programmes. The monitoring and evaluation unit is, therefore, a very important part of the planning machinery which provides it with the necessary feed-back to assess the progress of the implementation of the plan and its impact after such implementation.

(vi) ***Manpower and Employment Unit***

Due to the growing populations, the country is facing a lot of problems in providing employment in urban as well as in the rural areas. It is therefore, necessary to have a

very strong component about employment programmes in the Five Year Plans. To assess the extent of unemployment and to devise suitable employment programmes it is necessary to have a Manpower and Employment Unit at the State level. The functions of this unit would be:

- a) To collect available information and analyze it with a view to present the current situation and trends with regard to the demand, supply and utilization of different cadres of employees.
- b) To identify gaps in the information system and devise procedures for the improvement of the information system with regard to the manpower.
- c) To initiate studies and surveys in collaboration with the concerned departments, universities and research institutions.
- d) To judge requirements of different categories of manpower so that proper programmes can be formulated for matching the manpower with their requirements.
- e) To ensure that the programmes for sectoral and spatial development are drawn up keeping in view the problems, objectives and policies with regard to the augmentation and diversification of employment opportunities.

B) Financial Assistance

The Governments

The Government of India felt that most of the State Governments do not realize the importance of setting up of planning machinery. Moreover, a suitable strengthening of the planning machinery at the State level will definitely require a good deal of expenditure. While such an expenditure is not much compared to the advantages which would accrue in proper formulation, implementation, monitoring and

evaluation of the plans. Since the State Governments were not listening to the exhortations of the Government of India, the latter came forward with a scheme to provide financial assistance for setting up suitable planning machinery at the State level. While the Government of India gave detailed guidelines to the State Governments for setting up such a machinery, a great deal of flexibility was permitted to the States to adopt the general pattern to their conditions. The Government of India also agreed to finance the State Governments to the extent of two-thirds of additional expenditure incurred in the strengthening of the State Planning Machinery. This was done with a view to provide a financial inducement to the State Governments to adopt the recommended pattern which in any case will be found by them to be useful in plan formulation and implementation. It was expected that the State Government would later themselves like to continue this arrangement.

C) **The Progress**

In spite of the efforts of the Government of India, the progress of strengthening the planning Machinery at the State level has not been very satisfactory. Detailed information on this aspect is not available in any books on Public Administration or in any Government Publication. The available information is analyzed below:

(i) ***Setting up of the Board***

Almost all the State Governments have set up State Planning Boards. The position of the Board and its effectiveness in the planning process varies from State to State. The Boards of Gujarat, Maharashtra, Tamil Nadu, Karnataka, West Bengal etc. are said to be functioning rather effectively. The others are not so effective.

(ii) ***Chairman***

In most of the States, the Chief Minister is the Chairman of the

State Planning Board.

(iii) ***Deputy Chairman***

In Bihar, Gujarat, Maharashtra, Nagaland, Rajasthan and Uttar Pradesh, Minister of Planning is either Vice-Chairman or Deputy Chairman. In Haryana, Himachal Pradesh, Tripura, Mehalaya, usually, an MLA is nominated as full time Deputy Chairman with the Status of a Minister. In other States, either some officer or a prominent non-official is made the Deputy Chairman.

(iv) ***Members***

The number of members on the Planning Board varies very widely from State to State. For example, there are only two members in the Planning Boards of Assam whereas Uttar Pradesh Planning Board has as many as 24 members. Very few Boards have full time members. Most of the members are therefore working part time.

(v) ***Secretary***

The usual pattern is that the Secretary of the Planning Department of the State acts also as the Secretary of the Planning Board. In some cases, e.g. Kerala and Tamil Nadu, there is a whole time Member-Secretary. In some States, Joint Secretary, Special Secretary or Deputy Secretary Planning is made the Secretary of the Planning Board.

Chapter V

Planning Machinery at the District Level

In a vast country like India, the need for decentralization of the planning process has been felt for quite some time. The need is more keenly felt in the activities which come closer to the people like:

- (i) Agriculture, minor irrigation, soil conservation, village forests, animal husbandry, dairying.
- (ii) Development of cooperation.
- (iii) Cottage and village industries.
- (iv) Elementary Education, essentially provision of the schools for the local communities.
- (v) Rural water supply and programmes of minimum rural amenities, including construction of approach roads linking each village to nearest road or rail road.
- (vi) Works/programmes for fuller utilization of manpower resources in rural areas.
- (vii) National Programme of minimum needs.

In these fields, plans are expected to emanate at the local level and to be built up largely from below. There are other areas in which, in the first instance, the plans have to be formulated at the State level for the State as a whole and then broken up to the extent possible by districts and blocks. These would include, for instance secondary vocational education, expansion of health facilities, inter-district roads, industrial estates etc. In a third group of areas, the plans have to be formulated essentially for the State as a whole and implemented accordingly. For example, major irrigation works, major power projects, State highways, university education etc. There may be yet other areas where the planning may be possible only at the central level, for example, setting up of steel plants, ordinance factories etc.

Planning in India is thus essentially a multi-level planning process. The crux of this process is that it incorporates the principle that proper decision-

making is possible at a particular level only if the strategy at each decision level is determined after a careful consideration of the potential needs and limitations of the next higher as well as next lower level of the plan. In this sense even though agriculture and allied activities, expansion of economic infrastructure, provision of social services and development of village and small industries is the responsibility of the States, it may not rule out the possibility of this responsibility being borne at the district and regional levels also. In fact, the concept of multi-level planning envisages that it is neither economical nor feasible to collect and analyze information relevant to all decisions involved in planning at the Central or State levels.

A. Planning at the District level

The successive plans been emphasizing that the State Government should encourage district planning and incorporate the district plans in the State Plans. From third plan onwards, the question of inter-linking the Panchayati Raj institutions with the decentralization of the system of Planning has also been engaging the attention of the planners. In the beginning when the block was chosen as a unit of planning and development, the idea was that of the 3-tier local self-Government institutions, at the district, block and village levels, the Panchayat Samiti at the block level should be the most crucial agency for local planning. However, later on when in the States of Maharashtra and Gujarat, district was chosen as at more viable unit of planning and development, Zila Parishad emerged as the most important local development agency. The development plans at the district level were therefore, attempted in all those States where Zila Parishad was the most effective unit. It had more resources and more competent technical staff and, therefore, had greater strength to attempt planning for development. However, the nature of planning attempted at the district level by the Zila Parishad was on the same lines as that attempted by the Panchayat Samiti at the block level .It was merely a combination of the schemes within the budget of Zila Parishad and the allocation of the State Government at the district level and could not be considered to be an adequate arrangement of horizontal planning at the district level.

The unsatisfactory state of district planning attracted the attention of many economists, planners and administrators to this subject. Prof. D.R. Gadgil worked out certain concepts regarding the frame work of the district plan. He identified four components which must be part of the district plan namely:

- (i) Development of internal resources of the district;
- (ii) Development of infrastructural facilities;
- (iii) Development of productive employment in the field of agriculture and industry; and
- (iv) Development of growth centers in the economy.

B. District Planning as Spatial Planning

The district plan is essentially a horizontal plan. It is, therefore, a form of Spatial Planning. District plan formulated as a by-product of a vertical plan is not the same thing as a spatial plan. The spatial plan concentrates on the analysis of the local resources and works out measures for the maximum utilization of these resources, for the production of goods and services. The spatial planning combines geographical, demographical and economical approaches with the subject of planning. The concept of spatial planning is linked with another approach evolved by demographers namely; the identification of growth centers. The basic idea behind this is that development does not take place without some pattern and the pattern is that of a series of linked centers of growth. Each growth centre provides stimulus to the surrounding areas. An approach to planning which does not take into account the growth centre is bound to lose site of dynamics of economic development. The subject of growth centers has received a great deal of attention from regional planners. The district planning is, therefore, also to take into consideration the identification and development of growth centers in the district.

The district planning will also have to take into account several other factors like the existence of different institutions and development efforts undertaken by them. It will have to consider their deficiencies

and steps to improve their performance. In short, the district planning will have to take into account and integrate the following components:

- (i) Identification and full utilization of natural resources;
- (ii) Identification and utilization of manpower resources;
- (iii) Building institutions and organizations and using them for maximum productive effort. This will also include improvement in the existing institutions;
- (iv) Mobilization of efforts of financial institutions for mopping up savings and their productive investment;
- (v) Building up of infrastructural facilities;
- (vi) Identification and developments of growth centers;
- (vii) Provision of minimum needs of social concern; and
- (viii) Planning for technology development in rural areas,

Each of these elements would have to be incorporated in the areas of horizontal development planning for the district.

However, the formulation of horizontal district plan on such a basis would require adequate collection of data, interpretation of this data and formulation of concrete and feasible plans, programmes, and schemes for various components of the plan. There was no planning machinery at the district level to take care of these functions. The planning functions as enumerated above are quite complex ones. They require collection of large amount of data through surveys or census operations. The still more difficult job is to analyze this data and make it fit for formulation of meaningful projects and programmes. The Government of India had, therefore, been taking steps to issue necessary guidelines to the State Governments for taking up “district planning”. In September 1969, the Planning Commission issued “Guidelines for the formulation of district plans”. These guidelines explained the concept of district planning and outlined the steps involved in preparing the district plan. The Fifth Plan suggested that every state should bring out a supplement to their plan documents, giving details of the rationale for resources allocation, the sectoral distribution of outlays and physical targets for each district. The Sixth Plan went to the extent of suggesting that in addition to the district

plan, the States should also prepare the block plans for the different development blocks.

Chapter VI

Recent Developments in District Planning

A. Constitutional Provisions

The basic suggestions given for revitalization of the District planning is that there should be a clear demarcation of responsibilities for planning between the district and the states. Obviously this could not be done unless the district is recognized not merely as an administrative unit, but as a unit of self governance. Fortunately seventy-third Amendments to the Constitution have now established a three tier Panchayat Raj frame work under which District Panchayat is an important unit responsible for development of the district. Similar provisions have been made in the seventy fourth Amendment of the constitution established urban local bodies as effective instruments of self governance in urban areas. These Amendments leave the details to the state legislature to provide by suitable legislation, but, lay down the basic constitutional frame work to establish strong rural and urban units of self governance. Obviously any unit of governance responsible for the development of any area has to plan its activities. It is, therefore, inherent in these provisions that these strong units of self governance will under take Development Planning as is done by the National Government and the state Governments. It was, however, realized that for planning purpose, district as a whole should be taken as a unit and any artificial division into rural and urban area is impractical. There may be many matters of common interest like spatial planning, sharing of water and other physical and natural resources, integrated development of infrastructure, common concern for environmental conservation etc. All this points to the need for having common planning machinery for the urban and rural areas. Such a machinery would be able to coordinate the development plans prepared by Panchayat for rural areas and by the Municipal

Corporations/Municipalities for the urban areas. The new constitutional provisions take care of such integration. Before these constitutional provisions were made, the state government had tried to set up District Planning Boards of which the MPs, MLAs, Chairman of urban and rural local bodies were members. They did not succeed as they had no legal status and there were no separate funds earmarked for them. Most of the schemes they were supposed to plan (or really oversee) were central sector or state sector schemes which did not allow much freedom to the District Planning Boards except for choosing locations or beneficiaries of these schemes. Later some united funds were provided to the District Planning Boards to enable them to take up works of local importance in addition to overseeing the implementations of central sector/state sector schemes. But, such funds constitute a very small fraction of the total budget most of which continue to remain tied to various schemes with definite expenditure patterns. The new constitutional provisions seek to remedy this situation by creating a statutory District Planning Committee responsible for integrated Development Planning of the District.

B. District Planning Committees

Article 243 ZD of the Seventy-fourth Constitution Amendment Act provides that a District Planning Committee shall be set up in each district to consolidate the plans prepared by the Panchayats and Municipalities in the district and to prepare a draft development plan for the district as a whole. The need for such consolidation and integration of development plans of rural and urban areas is obvious. There are many matters of common interest and may require sharing of infrastructure and sharing of resources.

The same article (243 ZD) lays down that the composition of District Planning Committees and the manner of filling their seats shall be determined by legislation enacted by the State legislators. The only limitation placed on the State legislature is that not less than four-fifths of the total number of members of such committee shall be

elected from amongst the elected members of the Panchayat at the district level and of the Municipalities in the district in proportion to the ratio between the population of the rural areas and of the urban areas of the district. This is a very health provision to ensure that the District Planning Commission retains its representative character and does not have an abundance of nominated members. It also ensures a proper balance in membership from rural and urban areas of the district. Of course, the Committee should include the key functionaries connected with development planning such as Collector/Deputy Commissioner, District Planning Officer, District Statistical Officer, Chief Executive Officer of Zila Panchayat and Chief Municipal Officers/Municipal Commissioners of Municipality/Municipal Corporation. If all of them cannot be accommodated as full members of the District Planning Committee in view of the limitations of non-elected membership, some of them can be either co-opted by law or otherwise invited to participate in the deliberations of the District Planning Committee without voting rights. Similarly some NGOs may be included in the Committee to provide input in the district planning from the non-Governmental sector which is going to assume more and more importance in future.

The State legislation setting up the District Planning Committee has also to make provision for the manner in which the chairperson has to be chosen and about the functions to be performed by the District Planning Committees. The constitution does not mention the functions to be allotted to these committees, and leave the matter to the state legislatures. The working group on District Planning set up by the Planning Commission had recommended that the following functions could be entrusted to the District Planning Committee within the framework of multi level planning:

- i) Crystallization of local needs and objectives within the broad framework of national and state objectives.
- ii) Taking stock of the natural and human endowments of the district and the region within the district as well as the level and pattern of development attained so far.
- iii) Listing and Mapping of amenities at the village block and

- district levels.
- iv) Formulation of district plans in their social, economic, temporal and spatial dimensions along with their linkage with the rest of the economy.
 - v) Formulation of policies, programmes and priorities relevant to the district.
 - vi) Coordinate implementing of the district plans, and
 - vii) Monitoring and review of implementation of district plans and programmes with regard to their linkage and dependencies.

The newly formed District Planning Committees may be given these functions by the State Legislature through the legislation enacted to meet the requirement of the seventy-fourth Amendment to the constitution. These provisions will empower District Planning Committee to prepare district development plans and review and monitor their implementation.

The seventy-fourth Amendment also lays down that in the preparation of the draft District Development Plan the District Planning Committee shall take the following into account:

- (i) Matters of common interest between the Panchayats and Municipalities.
- (ii) Extent and type of available resources financial and others.
- (iii) Consult and take into account views of such institutions and organizations as the Governor may by order specify.

Formulation of District Plan

The formulation of district development plan involves integration of area plans prepared by the rural and urban local bodies with development plans of the sectoral departments in the districts and credit plans prepared by the Lead Bank of the district. The planning methodology involves, the following stages viz.,

- Formulation of objectives and strategies
- Collection of data

- Preparing a District Profile
- Analysis of data, which includes (1) Situation analysis (2) Sectoral analysis (3) Spatial analysis.
- Preparation of area plans by the local and urban local bodies.
- Integration of area plans and departmental plans and credit plans.
- Putting together all the plan proposals and formulating a draft district plan.
- Approval of the District Plan and forwarding to District Planning Committee/State Planning Commission.

In addition to the above, the development plan formulation at each stage requires to ensure

- (i) Linkage within the three tiers of Panchayats and urban local bodies.
- (ii) Removal of overlapping/duplications.
- (iii) Preparation of estimates.
- (iv) Estimation of likely employment generation and possible poverty reduction.
- (v) Environmental check of the impact on the carrying capacity of the resources

Thus the districts planning exercise involves and pose a tremendous challenges at district level.

District Planning machinery at the district and State level –

To assist the District Planning Committee (DPC) in consolidation of plans prepared by the rural and urban local bodies and its integration with sectoral development plans and credit plan, there is a small modicum of staff in the District Planning Cells created in each district, which is headed by District Planning Officer, who also acts as Secretary of the District Panchayat. In addition there is one Technical Assistant and one Assistant.

Data Requirement for Decentralised Planning –

Planning at district level require a careful study of human and natural resources along with field realities for optimum utilization of resources and responsive planning. Variety of data on physical

resources, human and economic aspects is the prerequisites for preparing an integrated plan for the district. The data required for District planning can be broadly grouped into the following categories:

(i) *Natural Resources*

- a. Water Resources
- b. Soil
- c. Flora and Fauna
- d. Land use pattern
- e. Livestock
- f. Cropping pattern (season-wise)
- g. Climate,
- h. Rainfall etc.

(ii) *Human Resources*

- a) Population
- b) Literacy
- c) Occupational status
- d) Vital statistics
- e) Social /Economic groups
- f) Employment/Unemployment

(iii) *Infrastructure - Economic & Social*

- *Economic infrastructure*
 - a. Markets
 - b. Banks/Financial Institutions
 - c. Roads /Transport/Communication/Electricity
 - d. Agri input Centres, Agri. Extn. Officers
 - e. Veterinary Centres

- *Social Infrastructure*
 - a. Schools/Colleges/Educational Institutions
 - b. Hospitals/Health institutions
 - c. Community Centre /Libraries/etc
 - d. Placement of entertainment centers

e. Drinking water /sanitation.

(iv) *Trade & Industry*

- a. Mining & quarrying
- b. Small Scale Industries
- c. Household /Cottage Industries
- d. Handicrafts
- e. Forest, Agro based industries
- f. Wholesale/ Retail trade

(v) *Financial Resources*

- a. Grants received from the State/Central Govt.
- b. Credit from the banking at financial institutions
- c. Local bodies General fund
- d. Peoples Contribution
- e. Loan from the financial institutions

The above list is not exhaustive but only indicative. The details required can vary from place to place depending on the situation. In essence depending on the situation the data requirements has to be assessed. Data of the Village level should be collected with the involvement of the people since the felt needs of the people and its solutions need to be assessed and its information is crucial in the planning process. The data thus collected for plan formulation should be compiled and processed in such a way that it will be very easy for analysis and also easy to understand.