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## UNIT 3 MULTI-LEVEL PLANNING

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### 3.0 OBJECTIVES

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This unit aims to provide you with an understanding of multi-level planning, which is important for the development of any planning system. At the end of the unit, you should be able to:

- 1 state the strengths and weaknesses of decentralized planning;
- 1 indicate the factors to be considered in multi-level planning; and
- 1 describe the levels of planning.

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### 3.1 INTRODUCTION

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Course MRD-101 should have given you an idea of the socio-economic structure of rural India and the working of rural development administration. Course MRD-102 would have given you a comprehensive picture of the variety of development programmes that have been undertaken by the Government. In the preceding two units of this block, you studied development planning and its process in India. We made a brief mention there of the role that structures below the State level play in the overall planning system. This unit examines the planning structures at different levels.

Decentralized planning for rural development should be viewed in relation to various levels and agencies of development. The linkage between decentralized planning for rural development and the total system of planning has to be understood. This understanding will be essential for more meaningful designing of projects, managing development projects during implementation and monitoring of such projects.

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### 3.2 DECENTRALISED AND MULTI-LEVEL PLANNING

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Decentralized planning is defined as that form of planning where the task of formulating, adopting, executing and supervising the plan is dispersed, rather than entrusted to a central authority. In decentralized planning, the regional and local bodies are given greater freedom to formulate, adopt and implement the plan.

Why do we need decentralized planning? Centralization or decentralization are not

by themselves good or bad. Both these methods of planning derive their character from the political and administrative structure, political philosophy, past practice and public pressure. Centralized planning may also not be able to keep in view the socio-economic, climatic and ecological diversities in the country, as is the case in India. Decentralized planning makes the plans and programmes more suitable to local conditions. In several developing countries, following the model adopted in socialist countries, in the initial phases, a somewhat centralized planning approach was adopted. However, a mix of planning exercises through devolution of such functions at different levels is important in most situations. Planning in India is decentralized to some extent since the States have definite responsibilities. In fact, serious consideration has been given to make district planning an effective entity. Most commentators have been of the view that we need to work more and more towards decentralized planning.

The stimulus for consideration of multi-level planning arises from recognition of the need for decentralized planning. Strictly speaking, a plea for decentralization implies that some functions, which can be more efficiently performed at lower levels in the hierarchy, are currently being performed at higher levels. Logically, therefore, any plea for decentralization implies a hypothesis about the appropriate functions to be performed at different levels. The approach of multi-level planning involves capturing the logical hypothesis in the interest of optimal functioning of a system. In the context of planning for social change, such appropriateness of both levels and functions will have to be determined in the socio-political context.

The need for decentralized planning provides the justification for planning at multiple levels. The former provides the logic for the existence of the latter. Decentralization of the planning process makes planning more meaningful, more democratic and more responsive to the needs of those for whom planning is meant. However, planning at multiple levels has to be integrated. This is the primary objective and the main challenge of multi-level planning.

In brief, therefore, multi-level planning may be defined as the utilization of a number of well-defined area levels and agency levels, performing well understood functions, operating in the same territory and people inhabiting such territory.

Let us note the factors in multi-level planning. Multi-level planning implies identification of levels at which planning functions are assigned and the respective areas of responsibilities. It includes determination of criteria on the basis of which such allocation of functions are made and integrating the planning structures at different levels into the planning system. Multi-level planning, thus, leads to decentralization of planning functions.

### **Merits and Demerits of Decentralized Planning**

- 1 Under centralized planning, decision making at the centralized level and direction from a single level is possible. However, there are high costs of obtaining information, loss of time, difficulties in applying concepts uniformly to all situations, problems of distortions in transmitting decisions for implementations etc., which reduce the effectiveness of centralized planning. In other words, from a purely cost-effective angle of decision making, it is better to have a number of agency levels in a semi-hierarchical fashion, entrusted with decision-making powers. Further, the socio-political compulsions may require that decision-making powers are distributed to more than one level for the same area. Similarly, decisions can be made at different levels by the same agency or by different agencies.

- 1 Decentralized planning gives greater freedom to the regional bodies and local enterprises, as compared to centralized planning.
- 1 Decentralized planning represents, in a way, planning from below and spreads out authority – political and economic – to lower and horizontal levels. It, thus, promotes popular participation and recognizes the value of local and sub-regional factors, and the needs of a pluralistic society.
- 1 Centralized planning is affected by bureaucratic functioning and growth of red tapism and, therefore, there is loss in the efficiency of management. Decentralized planning helps to a large extent in overcoming this problem.
- 1 Centralized planning may result in the centralization of powers. Moreover, individual initiative and enterprise may be adversely affected by such a system. Decentralized planning helps to overcome these possibilities.
- 1 In centralized planning, the formulators are often not aware of ground realities, and often standardized programmes and schemes are prepared, which may not be suitable at all places. In decentralized planning, the plans are more realistic.
- 1 Decentralized planning has its own handicaps. These are:
  - Decentralized planning, sometimes, does not reflect national priorities, which is possible in centralized planning. It is, therefore, not able to strengthen the nationalist forces or fight divisive forces.
  - In decentralized planning, the administrative and political structures at the lower levels may act as constraints to change and development. This may be through cornering the benefits of development or by covertly or overtly opposing alterations, which will empower other groups. The disadvantaged may be too weak to stake their claims.
  - Technical capabilities in planning are often limited at the lower levels. On balance, however, an optimum mix of centralized and decentralized planning seems desirable. For instance, areas of national and international importance like core sector industries, communication, etc. may need centralized planning, while areas of agriculture, rural development, water supply, etc. may benefit from decentralized planning. By and large, areas, which are widely dispersed, dissimilar in resources, and have problems, which are locality specific, need decentralized planning. Rural development is an area, which meets this description and needs a decentralized system of planning.

### Decentralized Planning in India

The idea of decentralized planning and “Planning from Below” have been familiar to planners for a long time. There have been several efforts at decentralized planning in many States. Maharashtra’s experiment with District Planning Boards in 1972 has been a subject of much discussions. The states of Andhra Pradesh, Karnataka and West Bengal attempted decentralized planning in 1980s. In the initial years of planning, certain hard choices had to be made between the needs of national security, unity and growth on the one hand, and redistribution of growth on the other. Since the former took precedence over the latter, decision making functions remained centralized and vertical upto the State level. The design of political and developmental set up in the country, therefore, did not seriously consider decentralization at the sub-state level.

The Second and the Third Plans had mentioned local horizontal plans, preparation of State plans based on district, block and village plans and devolution of responsibilities to *Panchayati Raj* institutions. However, these ideas did not really take off due to the fact that the overall framework of centralized planning continued and also

because of the inadequacy of planning capabilities at such levels. In the Fourth Plan period, the need for strengthening the planning machinery at different levels was recognized. Decentralized planning came into the forefront only with the advent of the Fifth Plan when a number of Special Area Programmes were undertaken with specialized agencies for their implementation.

During the Sixth Plan, the procedures for effective functional, financial and administrative decentralization upto the district level were outlined to the States. However, decentralized planning, to be effective, would need building up capabilities assiduously, evolving of right procedures and suitable structures, and changes in technical and administrative areas including attitudinal changes. The process of encouraging assimilation of new ideas needs to be taken up through learning by doing.

During the Seventh Plan, a High Level Committee to Review the Existing Administrative Arrangements for Rural Development and Poverty Alleviation Programmes (CAARD) was set up under the Chairmanship of Shri G.V.K. Rao. The report of the CAARD Committee suggested devolution of administrative powers in a re-structured administrative set up for decentralized planning.

The fact remains that the Indian experience with decentralized planning is mixed. The Working Group Report of 1984 noted, “(There has been) a certain disconcentration of administration from the state to the district levels, with the planning and decision making functions mostly confined to the higher echelons of administration and with the local population only marginally, if at all, associated with the activities that concern their development and welfare”. In many States the District Development Boards or Councils exist, but they have little or no autonomy in local decision making, although admittedly, the extent of decentralization would vary from State to State.

The 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendments of 1992 have made specific provisions for the preparation and implementation of plans by Panchayats and municipalities and for setting up District Planning Committees.

**Check Your Progress I**

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

b) Compare your answers with the text.

1) Define decentralized planning.

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2) List three merits of decentralized planning.

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### 3.3 MULTI-LEVEL STRUCTURE OF PLANNING

The important feature of planning in India is that it operates in a democratic framework through a federal system, involving concurrent planning at the national and State levels.

The federal nature of India's Constitution demands planning at least at two levels, i.e., Union and States (economic and social planning) being in the Concurrent List of the Constitution. However, in view of the mixed economy resulting from a pluralistic socio-economic environment and the large size of some States, planning at sub-State and micro-levels is also required. Thus, multi-level planning in India has to be viewed in terms of activities at different area and agency levels extending well beyond the union and State framework.

A multi-level structure of planning for the country, based on the politico-administrative structure, is shown in Table 3.1 below:

**Table 3.1: The Levels and Types of Planning**

<b>Planning Level</b>	<b>Political / Administrative Territorial Equivalent</b>	<b>Abstract Territorial Equivalent</b>	<b>Planning Concept</b>
Macro-level (National Plan)	Nation	–	Central planning/Policy planning/Sectoral planning
Meso-level (sub-national plan or State plan)	State	State/Resource/Region/ River valley/ Metropolitan Region	State plan/sectoral budgetary planning/ Regional planning/Town & Country Planning
Micro-level (Decentralized plan)	District	Area	District planning Area Development
	Block	Sub-area/micro-region Local level	Micro-level planning/block level planning
	Village		Village plan and planning for target group.

The territorial equivalents of macro and meso-level planning are clearly defined as nation and States, respectively. However, the term micro-level planning will continue to remain vague until the actual levels of planning are clearly defined. In the Indian context, the abstract territorial equivalent of micro-level is the district. However, in the Integrated Rural Development Programme (IRDP), currently under implementation, the block, which is the lowest unit of development, administratively, has been considered as the unit of planning at the micro-level.

The macro or national plan mainly provides the broad framework of national objectives and resource allocation pattern to achieve these objectives. It includes the State plans and indicates the sectoral allocation of resources. The micro-level or district and lower level plans are mainly based on local priorities and needs. The outlays for these are found from the State plans. Thus, as we move down to the lower levels of planning, local needs and priorities draw more attention. In a country

like India, micro-level planning would, therefore, be more rural oriented.

In considering planning for rural development in the context of multi-level planning, the following important considerations have to be kept in view:

- 1 At each level, there may be a number of agencies taking decisions, which appear to be independent of each other, but are, in fact, an expression of cognizance of the inter-relationship of their respective functions. For instance, laying a railway line would be the function of the Union Government, a bus taking passengers to the railway line may be run by a State level public enterprise and the road on which the bus travels may include the national highways, State highways, or village roads under the control of *panchayats*, etc. Thus, decentralized planning or local planning will have to constantly interact with other planning agencies at higher levels, particularly in designing physical or locational aspects.
- 1 Apart from interaction among the governmental levels, there will be need for interaction with other organisations, such as cooperatives, farmer's associations, voluntary organisations and other agencies.
- 1 The decentralized planning unit will also interact with adjacent decentralized units either on its own or through a higher level. Thus, if there is an anicut on a rivulet constructed by one village, there may be no water left for the village down below. Similarly, industry in one village can cause pollution in the next village.
- 1 It is difficult to draw a rigid line between rural and non-rural areas. Even in rural areas, there are villages of different sizes. There is also the phenomenon of rural-urban continuum caused by interdependence, continuity and flow between rural and urban societies. Many villages depend on urban areas for services. Inputs are often purchased by the rural people from urban markets and output may also have to be sold to urban markets. Similarly, some educational and health facilities, repairing facilities, etc. are available only in towns. It is not possible, therefore, to plan for all facilities in all villages. Thus, decentralized planning in a rural development context cannot confine itself only to rural areas, but should be able to interact with planning in urban areas also.

### Consistency Factors

The focus of development planning is on transforming the rural areas, keeping the social, economic, technological and cultural horizons in mind. Therefore, the primary characteristic of any plan must be consistency among the planning exercises undertaken at different levels. This means that a plan undertaken at one level should be in harmony with exercises undertaken at other levels.

The plan at lower levels should have the freedom to choose among national objectives for the following reasons:

- i) **Feasibility or Relevance:** Depending on the feasibility or relevance of the national objective to the block, a plan may or may not correspond or give the same weightage to national plan objectives. For instance, the national plan objective of self-reliance translated at the block level would imply that outflow of goods and services from the block to the rest of the country increase to a level at which these can pay for the inflow of goods and services. Since the block is a part, even if a smaller part of the national economy, self-reliance in this sense is, therefore, not feasible.
- ii) **Freedom to Fix Priorities:** Since the specific situation at the local level is quite different from the national scene, a block plan may even give different weightage to national priorities in its scheme of priorities. For example, let us consider the

case of a national programme designed to generate self-employment and income in rural areas. It is obvious that the actual priority areas chosen in the local areas will vary according to their needs and feasibility. For instance, it will not be possible to generate employment/income through poultry farming or dairy projects in all places across the country

- iii) **Target Fixing:** A block drawing upon the available resources and its own experiences should have the freedom to fix its own targets, depending upon their feasibility. Now, what is a target? It is a quantified expression derived from the objective and indicates the time frame for its achievement. When fixing a target, the quantum of resources and relevant institutional and organisational arrangements, manpower, feasibility, etc. have to be taken into consideration.

A target can be used to assess the magnitude of the task that lies ahead for achieving the stated objectives. As an illustration, consider the objective of removing poverty at the block level. Assume that 70 per cent of the population in the block is poor and the per capita consumption expenditure among this section is much below a specified minimum. Now, while assessing the efforts in fulfilling the block plan objective for removing poverty, you discover that only about 30 per cent of the poor could be effectively served by suitable employment and income earning opportunity. Such being the case, you would have to assess the magnitude of the task that lies ahead of you. Hence, effort will be needed to effectively serve the needs of the remaining 40 per cent of poor.

- iv) **Information Base:** The information base is a very crucial component and has to be developed at different levels. This has to be developed as an integrated system that the information flows help to strengthen and reinforce the inter-linkages, both horizontally and vertically. The designing of an information base requires professional expertise as well as data gathering, processing and transmission facilities.
- v) **Relationship among Plan Objectives:** There may be either a complementary or a competitive relationship between plan objectives. A complementary relation is ensured if a plan, which contributes positively to one objective, makes a positive contribution to the second as well, or at least, does not make a negative contribution. A competitive relationship, on the other hand, means that a positive contribution to one objective may (in some cases at least) lead to a negative contribution to the other.

There exists, for example, a complementary relation between employment generation and poverty removal; also between poverty removal and better distribution of income and assets. In contrast, there are, in some cases, conflicts between higher income growth and its better distribution (at least in the short run) and also between higher income growth and higher employment.

Since conflicts between objectives occur typically at the block and lower levels, the nature of the relationship among plan objectives should be identified. Then, the various instruments and institutions available – public investments, subsidies, credit facilities, levies, fees, public and cooperative forms of property ownership and other such organisations – should be used in such a way that the block plan reinforces complementarity among objectives and does not unduly sacrifice one objective in favour of another, whenever there is a conflict. For example, a programme designed to boost agricultural output may result in generating higher incomes – but not necessarily for agricultural labourers. Thus, in this case, the objective of generating higher output may conflict with the objective of achieving more equitable growth. In such a situation, special measures may have to be taken to achieve the second objective as well.

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## 3.4 SOME ISSUES

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The process of multi-level planning involves identification of the area levels, activities, and agencies. Let us briefly consider these.

### Identification of Area Levels

The need for decentralization in the planning process is widely recognized. However, what the levels ought to be and how the various levels are to be integrated into a cohesive planning structure, is a matter of debate.

A major problem, widely recognized, is one that relates to the activities that should appropriately be undertaken at each area level. Over time, there has been tension between the Union and the State governments over both political, financial and economic matters. Center-State relations have been a matter of intense debate in our country. The States are particularly incensed with the matter relating to financial powers being concentrated heavily in the hands of the Union Government. This, according to them, has severely handicapped them, particularly in the area of financial independence, to manage their own affairs. The Administrative Reforms Commission, the different Finance Commissions and the Sarkaria Commission have submitted comprehensive reports on Centre-State relations in different spheres. However, the issue raised from time to time, particularly by states that are governed by a political party different from that at the Center, has not been resolved.

In determining appropriate area levels, there is need to take into account not only planning requirements in terms of techniques and processes, but also social, political and administrative structures. At the time of Independence, there was need to integrate a large number of technically sovereign units, of varying sizes and differing structures, into one coherent entity. States were carved out within a formal federal structure. 'Districts' within the State, as basic units, were kept intact wherever viable, with occasional changes. Villages were consolidated into Community Development Blocks in the early fifties on a nation-wide basis. Formalizing and functionalising the units peacefully was a great achievement of the fifties.

There are intermediate tiers between area levels also with a view to ensure coordination. Thus, 'Zonal Council' (not quite active) was envisaged for a group of States. In some of the larger States, groups of districts are under a Division for administrative coordination. In many States, regulatory administration is carried out by a *taluk* (which has been redefined to be coterminus with a development block) and these are often grouped under a Sub-division for administrative purposes.

The units below the State are entirely within the jurisdiction of the State concerned. In the mid-eighties, Andhra Pradesh and Karnataka modified the block level and introduced mandals as units, analogous to, but smaller than a block.

### Identification of Activities

A ticklish problem, however, relates to the issues or activities that should appropriately be undertaken at each area level. The division of powers and responsibilities between the Union and the States is enshrined in the Constitution. Over the period, however, as in the case of most federations, there have been tensions between the Union and States both on political and on financial – economic plane.

An important issue of discussion for long has been whether the division of powers

and functions between State and sub-State level should be nationally determined or left to individual States to decide. The need to introduce Constitutional provisions to ensure continuity and authenticity to such arrangements, particularly in regard to elections for bodies at sub-state levels, has also been under discussion. The 1992 Amendments says that “Panchayat-shall continue for five years”... (Article 243E). It also provides for State Election Commission for “the conduct of ....all elections to the Panchayats” .....(Article 243K).

A variety of approaches have been advanced in regard to differentiation of activities based on micro and macro aspects, degree or linkages in developmental programmes, potentialities of development, and efficiency factors in execution of projects and processes.

The official committees (including the Hanumantha Rao Working Group of 1984 on district planning), however, focussed on the techniques and procedures of formulating, implementing and monitoring district plans, and replicating (and adopting) comprehensive planning process, coupled with detailed planning for projects. Realizing the intricacies involved, the Government of India had decided to attempt model district plans (in 1988).

The Ninth Plan makes it clear that “district development plans would have to be prepared – through the institution of District Planning Committee” set up by the states under the 73<sup>rd</sup> and 74<sup>th</sup> Amendments. “Gram Sabha would list out priorities and a list in the selection of beneficiaries for various programme and schemes.... village level plans... would be incorporated in the intermediate plans and finally merged into a district plan”. The Plan also suggests that the District Planning Committee should not only consolidate plans from below but should take decisions of the district within the given resource potential and identified needs and constraints.

### **Identification of Planning Agencies**

The area levels have significance for purposes of policy with reference to the functional agencies, their powers and inter-relations, both vertical and horizontal (i.e. across the area levels and within the same area level). For convenience, these agencies could be categorized into political decision making bodies; the planning organisations; the staff agencies (ministries); the line agencies (the government executive departments); the public enterprises; and the cooperative structure. In addition, there are a number of specialized agencies, especially at district level, established under the Societies Registration Act in the form of government committees for integrated planning. A number of private bodies, such as associations of farmers, traders and industrialists may also be involved in the process.

Thus, in a given geographical area, there are various levels of government, such as Centre, state and district and several agencies at each level functioning in the same area. The relationship in each category could vary in degree from superior-subordinate, equal, to semi-independent in nature.

The way the agencies are structured at each area level in terms of representation to area-levels, and the superior-subordinate, semi-equal or equal nature of relationship in access to resources and powers of decision making, constitutes the core of multi-level planning. When the framework at sub-State level is varying and unclear, the functioning in reality can be very much at variance with formal structures (leading to accusation of hypocrisy or real centralization in the guise of decentralization).

### Check Your Progress II

- Notes:** a) Use the space provided below for your answers.  
b) Compare your answers with the text.

1) Name some Commissions, which have deliberated on Centre-State relations in different spheres.

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2) State the areas where there have been increasing friction between the Centre and States.

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## 3.5 LET US SUM UP

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In this unit, we saw the linkage between decentralized planning for rural development and the total system of planning so essential for a meaningful designing of projects.

Multi-level planning, we stated, requires a decentralized planning system. Decentralization implies assumptions about the appropriate functions to be performed at different levels. Multi-level planning operationalises these assumptions in the interest of optimal functioning of the system. In the context of planning for social change, appropriateness of both levels and functions is determined in the socio-political context. The socio-political compulsions may require that decision making powers are distributed among more than one levels for the same area. Therefore, multi-level planning implies existence of several well defined area levels and agency levels. A ticklish problem, we saw, relates to the issues of activities that should appropriately be undertaken at each area level. We also noted the various consistency factors in multi-level planning.

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## 3.6 KEY WORDS

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**Anicut** : Dam on a river built for irrigation purposes.

**Decentralization** : Delegation of decision-making powers to different levels in a hierarchy.

**Mixed economy** : An economy characterized by the co-existence of government and private sector activities.

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### 3.7 SUGGESTED READINGS

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Alagh, Y.K. (1973), "District Planning for Integral Development" *Journal of the Lal Bahadur Academy of Administration*, Mussoorie.

Redd Y. Venugopal (1979), *Multi-Level Planning in India*, Vikas, New Delhi.