UNIT 1 ECONOMIC PLANNING AND EDUCATION

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1.0 INTRODUCTION

This is the first Unit of this Block which presents the national perspective with regard to educational planning. We begin the present Unit with a discussion on the nature of capitalist and socialist economies, and the mixed economy of India. This provides a context to our discussion on the economic disparities in the second section with regard to poverty, regional imbalance in per capita income and government expenditure, and disparities in national income. In the subsequent two sections, we present the approaches to educational planning and the expenditure on education in various Five Year Plans to give you a preliminary idea of the economics of education as it has been shaped over the years in India.

1.1 OBJECTIVES

After going through this Unit, you should be able to:
• explain the concepts such as the capitalist economy, the socialist economy, and the mixed economy (of India);
• explain the economic disparities in India with reference to poverty, per capita income, government expenditure and national income;
• describe the process of educational planning in India; and
1.2 THE MIXED ECONOMY IN INDIA

India has all along been working to develop a socialistic pattern of society for which the mixed economy is seen as an essential instrument. This is evident from the resolution adopted by the Parliament in December, 1954 which contains the following clauses:

i) the objective of the economic policy should be to develop a socialistic pattern of society; and

ii) towards this end, the tempo of economic activity in general and industrial development in particular should be stepped up to the maximum possible extent.

The Second Five Year Plan of India (1956-1960) proposed a long-term strategy for economic advancement based on the philosophy of the socialistic pattern of society. It noted that the task of an underdeveloped country, like India, was not only to get better results within the framework of the then existing economic and social institutions, but also to mould and refashion those institutions so that they contribute effectively to the realisation of the wider and deeper social values. Such values in a socialistic pattern of society meant that:

i) the basic criterion for determining the level of socio-economic advance must not be the private good but the social good; and

ii) the pattern of development and the structure of socio-economic institutions should be so planned that they result not only in appreciable increases in national income and employment but also in greater equality in incomes and wealth.

The major decisions regarding production, distribution, consumption and investment, to be made by the agencies concerned, must have a social purpose.

The socialistic pattern of society assumes a high rate of growth of the economy which is the essential condition for achieving a rising level of living for all citizens, and especially for those who are in the low income groups and who suffer inadequately from social and economic opportunities. A socialistic pattern of society must be efficient, progressive in its approach to science and technology and capable of growing steadily to a level at which the well-being of the masses can be secured. With the rapid expansion of the economy, wider opportunities arise for both the private and public sectors; and in many ways their activities are complementary to each other.

The Five Year Plans enlarge the scope for individual initiative as well as for corporate and co-operative effort in investment in enterprise. In the context of planned economic development, the private sector has a large area in which to develop and expand itself. It has to function within the framework of national planning and in harmony with its aims. Therefore, it is all the more important that it understands its obligations to the community, and the opportunities
available to it should not be allowed to lead to concentration of economic power in the hands of a few. On the other hand, the State, on behalf of community as a whole, has a large responsibility for assessing the long term needs of the country as against the claims of individual, sectoral or regional interests, and in setting the national goals to be achieved. With this backdrop, the mixed economy in India came into existence.

The mixed economy was chosen as the means for attaining the socio-economic objectives enshrined or embodied in the socialistic pattern of society in India. In such a mixed economy, the public sector comprises of administrative departments, and departmental enterprises. Besides this, the mixed economy envisages the co-existence of the private sector. In 1950-51 (i.e., the beginning of the First Five Year Plan), the private sector contributed 92.50% to the national income, its contribution but decreased to 76.90% in 1983-84. This indicates that under the influence of a mixed economy, the contribution of the public sector has increased in relation to that of the private sector. This takes us to a consideration of the different socio-economic systems which evolved in different countries of the world such as the UK, USA and USSR which we shall discuss in the following sub-section.

Here we need to note that irrespective of the nature of the economy, every economic system must perform three basic functions:

i) It should determine what goods and services are to be produced and the order of their importance.

ii) It must organise productive efforts so that goods and services selected are procured in right quantities.

iii) It must determine how the finished output is to be shared among the members of the society.

All the nations in the world are confronted with these central economic problems, but the methods used to resolve them differ widely. Of these, the most widely used approaches/methods are: (a) capitalist economy (US, UK, etc.), (b) socialist economy (former USSR), and (c) mixed economy (India).

1.2.1 Capitalist economy

"Capitalism", both as an economic and a political system, first developed in its full form in England in the late 18th Century. Thereafter, it spread to Europe, the United States, Australia, New Zealand and other countries. The famous economist Adam Smith's book *Wealth of Nations* laid the precept of an effective politico-economic system for increasing the wealth of nations, and provided the best analysis of the nature of capitalism.

A capitalist economic system allows free enterprise private approach to the three functions of an economic system noted above.

Under this free enterprise system, there exists the institution of private property. The individuals as well as the private organisations can own private property. Emphasis is given to individual freedom of choice and action. All the economic activities are guided and directed by market prices, and are motivated by the pursuit of self interest. Each consumer tries to spend his/her income in such a way as to maximise his/her individual well being, and each
business firm tries to maximise its profits. In such an economy, maximisation of profit is the basis of all social and economic activities, which, in turn, are guided by the principle of consumer sovereignty. The pursuit of individual self interest in the ways mentioned above is assumed to result in the greater economic welfare and the progress of society as a whole.

1.2.2 Socialist economy

"Socialism" was commonly used around 1840 throughout Europe to connote the doctrine that the ownership and control of the factors of production viz., land, labour capital, etc. should be held by the community as a whole and administered in the interest of all the members of the community. The government, as the representative of the people, owns or controls the instruments of production of the economy, and this is the basis for a socialist economic system.

The profit motive, in the capitalist system, organises economic activities. In a socialist system, governmental planning is used for organising economic activities. The government undertakes the responsibility of planning public sector investment and it plans what is to be produced and operates enterprises in various sectors of production.

The underlying philosophy of the socialist economy is that the interest of the individuals should be subordinated to the interests of the community as a whole. In such economies it is an article of faith that the government is the best judge of the interests of the society and hence its economic objectives. Therefore, under a socialist system, there is greater compulsion by the state and less voluntary action by the individuals than one finds in a capitalist economy.

1.2.3 Mixed economy

In practice, neither the free enterprise economy of a capitalist variety nor the socialist variety with complete government ownership and control has been fully developed. The United States has a predominantly private market-oriented economy, but government regulation, control and even ownership of production facilities are not entirely unknown it that country. On the other hand, a predominantly socialistic economy, like USSR, also uses the market mechanism to accomplish some of its economic responsibilities and operations.

In countries that have adopted the mixed economy system, the state owns and operates most of the strategic and basic industries. India, after independence, conceived herself as a welfare state and a mixed economy was adopted for directing the course of socio-economic development. This approach entails that the government:

i) undertakes a wide range of activities to promote growth and welfare;

ii) functions as an active agent in the commercial and industrial undertaking, such that it tries to occupy the commanding heights of Indian economy; and
iii) regulates and directs private economic activities so as to ensure that such activities are in conformity with the national plan priorities.

Since the passing of industrial policy resolution in 1956, the public sector in all its dimensions has grown tremendously. For example, the total government expenditure in the public sector as a percentage of total national expenditure has grown from 13% in 1955-56 to 34% in 1985-86. Tax revenues have risen from nearly 6% in 1950s to 17% of the gross domestic product (GDP) in 1985-86. The output in the public sector has grown from around 10% in 1960-61 to 25% in 1985-86.

In the mixed economy both the public and the private sector take part in the process of economic growth and development. In such an economic system, the respective areas of activities for both the sectors are decided and made known in the planning documents and policies, but this demarcation differs from country to country.

Check Your Progress 1

Compare in about 15 lines, the three economic systems: capitalist, socialist and mixed.

Notes: a) Space is given below for writing your answer.
      b) Compare your answer with the one given at the end of the Unit.
1.3 ECONOMIC DISPARITIES

The expression “economic disparities” refers to the disparity in the economic structure of the society, viz., individual income, national income, government expenditure, etc.

Economic disparities may take many forms. That is why the first question to be decided in the study of such disparities is the choice of the unit(s) for analysis and the variables on the basis of which the units as samples are selected from the entire country. We can study economic disparities by taking the state, or the district or the block or even the village as the unit of analysis. If we take the state as the unit of analysis and select only one sample state, we are liable to produce a highly distorted picture of reality because the situation across the states is far from homogeneous. In fact, the disparity among the districts in a state is also sometimes quite large. Similarly, one cannot very accurately compare districts within one state and/or different states because each district has within it blocks (village within each block, and households within each village) with different levels of income. Therefore, while analysing economic disparities, it is necessary to bear in mind the above limitations. Because of these limitations, the FiveYear Plans of India have, instead, focused attention on “poverty” in India and identified the number of households which are below a well defined level of income called “poverty line”. While discussing economic disparities in India in the following three sub-sections, we shall be focusing on, besides poverty, the regional imbalances in per capita income and government expenditure, and disparity in the national income as seen across the various Five Year Plans.

1.3.1 Poverty in India

The question of defining the “poverty line” in India was first mooted by the Indian Labour Conference in 1957. In July 1962, a poverty line for India was first recommended by a Working Group set up by the Planning Commission of India. The Planning Commission Working Group in 1962 recommended the national minimum of consumer expenditure as Rs.20 per capita per month at 1960-61 prices to provide a minimum nutritional diet in terms of calorie intake and to allow for a modest degree of consumer items other than food. It suggested that for urban areas the minimum should be raised to Rs.25 per capita in view of the higher cost of living in those areas. In 1971, Dandakar and Rath (two economists) recommended an average calorie norm of 2250 per capita per day. With the above development, in 1977, the Planning Commission set up a task force to project the minimum needs and effective consumption demand on the basis of which a poverty line could be recommended in the Sixth Plan.

The task force recommended the figures of 2,400 and 2,100 per capita calorie requirement for rural and urban areas respectively for 1982-83. An expenditure of Rs.49.09 per month in rural areas and Rs.56.64 in urban areas at 1973-74 prices corresponded to 2,400 calories and 2,100 calories per day in rural and urban areas respectively. The higher price per capita for urban areas, though with lower calorie intake, was due to the higher cost of living in those areas. An advisory group was also constituted by the Planning Commission for calculating the percentage of persons below the poverty line using 1983 National Sample Survey Organisation (NSSO) data for the Seventh Plan. The
updated poverty line for 1983-84 was worked out to be Rs.101.80 and Rs.117.80 per capita per month in rural and urban areas respectively. In 1993-94, 320 million (36%) people were living below the poverty line in India.

The approach to the Seventh Plan envisaged a goal of bringing down the percentage of population below the poverty line to less than 10% by 1994-95. For eradicating poverty in India, target-orientated poverty alleviation programmes like Integrated Rural Development Programme (IRDP) in 1980, National Rural Employment Programme (NREP) in 1980, Rural Landless Employment Guarantee Programme (RLEG) in 1983, and Minimum Needs Programme (MNP) were implemented by the Government of India. In 1989-90, a new scheme for intensive employment generation in backward areas, called the Jawahar Rozgar Yojana, was launched by merging together the NREP and RLEG. The MNP was introduced in the first year of the Fifth Plan (i.e., 1974-75), and unlike other programmes noted above, it is essentially a programme of investment in human resources designed to assist in raising the living standards and in reducing regional disparities in development. The basic needs of the people identified in this programme were elementary education, adult education, rural health, rural water supply, rural roads, rural electrification, rural housing, improvement of urban slums, and nutrition. The objective of the programme was to establish a network of basic services and facilities in all the areas within a specified time frame.

The poverty ratio

The “poverty ratio” has been defined as the percentage of the population whose per capita consumption expenditure lies below a stipulated level, known as the “poverty line”. Poverty line is further defined as the minimum monetary requirement of any individual, which will ensure sufficient food intake for satisfying his/her need for average calorie requirement. The average calorie requirement of any individual has been assessed on the basis of age, sex, and occupation, and the calorie norms recommended by the Nutrition Advisory Committee of the Government of India. The private consumption expenditure figures of NSSO are being used to determine the expenditure line of the people. The poverty line undergoes revision from time to time with changes in prices, food composition, and age and sex composition of rural and urban people.

1.3.2 Regional imbalance

In this sub-section, you will study about the second dimension of economic disparity, i.e., regional imbalances in per capita income and government expenditure.

In the early 1960s, the per capita income (based on the State Domestic Product) of the richer states like the Punjab, Maharashtra and Gujrat was, on an average, about 80% higher than the average per capita income of the poorer states like Bihar, Uttar Pradesh, Orissa and Madhya Pradesh. In the 1980s, this disparity increased to 150% indicating thereby that the developed states have been growing at a much higher rate than the poorer states. Thus, while there are growing regional disparities in development, there is also a preponderance of poverty in the less developed states. Such wide regional disparities have arisen mainly because of the fact that the per capita plan
outlays for the developed states have been nearly 50% higher than those for the poorer states. This is so because there have been larger surpluses available from the richer states for further investment by the State Governments. However, the transfer of resources of the richer states to the poorer states by the Central Government through the FiveYear plans and the Planning Commission would have neutralised only marginally the disparities in internal resource-generation among these states for public investment.

Further, the household savings have grown at a much faster rate in the states with higher per capita income. This has provided the richer states the advantage of higher rate of investment. Besides the disparity in public and private investments, there has also been disparity in the investments of the co-operative sector between the richer and poorer states, with the richer states having a larger network of co-operatives along with their higher internal resources than the poorer states.

1.3.3 Disparity in the growth of national income

The national income of India increased from Rs.8,821 million in 1950-51 to Rs.11,492,150 million in 1996-97 at current prices (Government of India, 1998).

We have taken into consideration the growth of the Gross National Product (GNP), Net National Product (NNP) and per capita NNP to indicate the growth of national income across various FiveYear plans. The disparity in these three growth indicators are given in Table 1.1 below.

Table 1.1: Annual compound growth rates of GNP, NNP and per capita NNP in the Indian economy

<table>
<thead>
<tr>
<th>Year</th>
<th>GNP at factor cost*</th>
<th>NNP at factor cost*</th>
<th>Per capita NNP (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950-51</td>
<td>426.44</td>
<td>404.54</td>
<td>1,127</td>
</tr>
<tr>
<td>1960-61</td>
<td>625.32</td>
<td>586.02</td>
<td>1,350</td>
</tr>
<tr>
<td>1970-71</td>
<td>894.65</td>
<td>822.11</td>
<td>1,520</td>
</tr>
<tr>
<td>1980-81</td>
<td>1,227.72</td>
<td>1,106.85</td>
<td>1,630</td>
</tr>
<tr>
<td>1990-91</td>
<td>2,084.81</td>
<td>1,864.46</td>
<td>2,220</td>
</tr>
<tr>
<td>1995-96</td>
<td>2,709.88</td>
<td>2,399.57</td>
<td>2,608</td>
</tr>
</tbody>
</table>


Before we proceed to interpret Table 1.1, let’s clarify the meaning of the terms: GNP, NNP and FC.
GNP (gross national product): GNP refers to the aggregate value of final goods and services produced during a year.

NNP (net national product): GNP minus depreciation (i.e., wear and tear of equipment used in production process).

At factor cost: i.e., at the cost of the four factors of production—land, labour, capital and enterpreneurship. This cost is not at market prices (i.e., in this cost, tax and subsidy are not included).

GNP, NNP and NNP per capita are calculated at current (market) prices, but it is not possible to compare the growth of GNP or NNP over a period, since on account of rise of prices, the GNP or NNP may increase in money terms without an actual increase in the production of goods and services. For this purpose, GNP, NNP or per capita NNP are calculated at constant prices by using a deflator. In India, national income aggregates for the period 1980-81 to 1995-96 are available at 1980-81 prices. Table 1.1 provides figures at 1980-81 prices for a period of 40 years.

It may be noted that NNP in 1950-51 (1980-81 prices) was only Rs.404.54 billion, it rose to Rs.822.11 billion by 1970-71 and reached a level of nearly Rs.2,400 billion by 1995-96. During the 45-year period, NNP increased by 493%, but per capita NNP increased by only 131%. Taking a long period view, during the 45 year period, the growth rate of NNP was on the average of the order of 4.0% per annum and that of per capita NNP was 1.9%. The difference is accounted for by the average growth of population by 2.1% per annum during this period.

However, it may be noted that during the first decade (1950-51 to 1960-61), NNP growth rate was of the order of 3.8% and per capita NNP grew at the rate of 1.8%. However, during the next two decades, the growth rate of the economy slowed down. During 1960-61 to 1970-71, NNP growth rate was 3.4% per annum and average per capita NNP growth rate declined to 1.2%, but the situation worsened during the period 1970-71 to 1980-81, in which NNP average growth rate was 3% but per capital NNP growth rate slumped to 0.7%.

The situation took a turn for the better during 1980-81 to 1990-91, which witnessed an average NNP growth rate of the order of 5.3% and per capita NNP growth rate of the order of 3.1%. During the next 5 years (1990-91 to 1995-96), NNP growth rate averaged 5.2% and per capita NNP grew at the rate of 3.4% per annum.

Survey of the growth rate of the economy reveals that during the 30-year period (1950-51 to 1980-81), the average NNP growth rate of the economy was of the order of 3.4% and per capita NNP growth averaged 1.2%. But as the growth rate improved during the subsequent 15-year period (1980-81 to 1995-96), Indian economy showed an average NNP growth rate of 5.3% and per capita NNP growth rate of 3.2%.

Per capita NNP (or to use a common term, per capita income) is an indicator of the level of living of the people. During the 30-year period (1950-51 to 1980-81), per capita income increased from Rs.1,127 to Rs.1,630 indicating an increase of 44.6%. But during the next 15-year period, per capita...
increased from Rs. 1,630 in 1980-81 to Rs. 2,608 in 1995-96—indicating an increase of 60% in the 15-year period. The growth rate during this period got accelerated.

Check Your Progress 2

Describe, in about 15 lines, the various types of economic disparities existing in India.

Notes:  a) Space is given below for writing your answer.
       b) Compare your answer with the one given at the end of the Unit.

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originally established in 1921, dissolved in 1923 and revived in 1939), which considered the problem of educational reconstruction in India. It appointed a number of sub-committees to examine different aspects of educational reconstruction, viz., basic education, adult education, welfare of school children, school buildings, recruitment, training and conditions of service of teachers and technical education. It was, however, Sir John Sargent, the then Educational Commissioner of India, who first prepared a comprehensive plan for educational development in 1944. The objective of this was to create a national system of education in India which would be comparable with standards already reached in Great Britain and other western countries before World War II. The Sargent Plan laid down the educational objectives to be attained by 1980. With the launching of FiveYear Plans system in India in 1951, educational planning has continued to be a part and parcel of every FiveYear Plan of India.

The major responsibility of the Planning Commission of India is to formulate and monitor the implementation of the FiveYear Plans. So far, it has formulated the First Five Year Plan of India (1951-1956), the Second Plan (1956-61), the Third Plan (1961-66), three Annual Plans during plan holidays of 1966-69, the Fourth Plan (1969-74), the Fifth Plan (1974-79), the Annual Plan 1979-80, the Sixth Plan (1980-85) the Seventh Plan (1985-90), two Annual Plans 1990-92 and the Eight Plan (1992-97). The Ninth Five Year Plan (1997-2002) has also been formulated.

In the following sub-sections, we shall discuss the approaches followed in different Five Year Plans. But before taking up this discussion, let's take a brief note of the process of educational planning as given in sub-section 1.4.1 below.

1.4.1 Process of educational planning

The process of formulating a Five Year Plan of comprehensive socio-economic development begins about two years before every Plan period. In collaboration with the concerned Ministries, the Planning Commission reviews the progress made in the implementation of the earlier Five Year Plan, sets up broad targets with generally a 15-20 years perspective for different sectors as well as short term targets or guidelines for the next Five Year Plan. While taking this decision, the overall national economic situation and the resources available for planned development are taken into consideration. In this task, the Commission is assisted by working groups or task forces consisting of the representatives of the Planning Commission, the concerned Ministries, the State Governments, and experts in the field. On the basis of the deliberations of these working groups, the Planning Commission prepares the first memorandum on the Five Year Plan which is presented to the National Development Council for its approval after which detailed plan is drawn up. For the education sector, the initiative is taken by the Bureau of Planning of the Ministry of Human Resource Development. It reviews the progress made in the preceding Plan, determines the broad programmes of educational development for the next Plan (usually against a broad perspective of educational development for the next 15-20 years) and prepares a draft document for educational development for the next five years in consultation with the State Governments. This is then placed before the Central Advisory Board of Education which adopts it. This document becomes the basis for
negotiation with the Planning Commission. It also consolidates the Central Plan prepared by the Ministry of HRD and State Plans prepared by various State Governments, and proposes an integrated national plan for educational development. This plan is included as a part of the overall plan of economic development of the country. The development and approval of Annual Plans also follow the same procedures as are followed for the Five Year Plans.

1.4.2 First Five Year Plan

The very First Five Year Plan document of India (1951-56), published by the Planning Commission, stated “the Planning Commission is concerned with viewing education as part of national effort, establishing and strengthening its links with other aspects of national life and assigning priorities for the various educational programmes awaiting implementation” (First Plan Document, 1951:525). It further noted that the development effort is something more than just investment (the latter being defined as additions to capital equipment). For example, measures to raise the level of education and health of the masses require only a moderate amount of capital equipment. But the benefits reaped from the investment on such measures are much more durable than many other forms of investment.

In the First Plan, the following tasks were given high priority:

i) to make available, in various fields, personnel of suitable calibre;  
ii) to satisfy the cultural needs of the people; and 
iii) to stimulate the growth of facilities that would help in the development of creative abilities, and to increase the capacity for enjoyment and to develop the spirit of critical appreciation of arts, literature and other creative activities.

The literacy rate during this period was a few 17% and higher education was available for only 9% of students in the age group 17-23. During this period, the University Grants Commission (UGC) was set up. The IIT, Kharagpur was established as the first of the four higher technological institutions recommended by the All India Council for Technical Education.

In the First Plan, education was allocated 1,690 million rupees, but only 1,530 million was actually spent. This was 7.80% of the total plan outlay. The following table (Table 1.2) shows the priorities for education (i.e. plan expenditure) by level and type.
From Table 1.2, you would notice two facts that are indicative of the approach followed for educational investment in the First Plan.

i) First, within the general category of education, elementary education was given the highest priority, followed by secondary and university education. The weightage given to secondary and university education put together was a little above one-third of that given to the elementary education.

ii) Second, the priority given to technical education was a little more than one-sixth of that given to general education.

### 1.4.3 Second Five Year Plan

In the Second Plan period of 1956-61, a commission was appointed to scrutinise afresh the system of education in the country: the Mudaliar Commission for Secondary Education. Guided by the recommendations of this Commission and the University Education Commission (known as the Radhakishan Commission) of 1948-49, in the Second Plan, priority was given to: basic education, expansion of elementary education, diversification of secondary education, improvement of standards in higher education, extension of facilities for technical and vocational education, and implementation of social education and cultural development programmes. It had also the specific objective of enrolling 60% boys and 40% girls in the age group of 6-11 years in schools. It emphasised sustained effort to enrol all the children in the age group of 6-14 years in school as a long-term goal.

In the Second Plan, a sum of Rs.3,070 million rupees was allocated to education. Out of this amount, Rs.2,730 million rupees was actually spent.
which was 5.93% of the total plan outlay. The priorities given to different levels and type of education are given in Table 1.2.

Table 1.2 suggests a few changes in priorities as compared to the First Plan.

First, in the general category, the weightage given to elementary education was drastically reduced (21%) and this was diverted to the university sector (9% more) and the secondary education sector (6% more).

Second, there was an increasing trend in the priority given to technical education (5% more than the First Plan).

1.4.4 Third Five Year Plan

The Third Plan noted the slow growth of literacy in the preceding decade, i.e., between 1951-61, and emphasised the spread of literacy and education of girls. The Plan visualised the provision of increasing facilities for the education of the children in the age group of 6-11 years, extension and improvement in the teaching of science at secondary and university stages, development of vocational and technical education at all levels, and expansion and improvement of facilities for teacher training. This Plan period was followed by a plan holiday for 3 years, i.e., 1966-69 during which only the existing programmes of the Third Plan were continued without undertaking any fresh programmes.

In the Third Year Plan, education was provided Rs.5,600 million. The actual expenditure, however, was Rs.5,890 million which was 6.86% of the total Plan outlay. So far as weightage to various levels and types of education were concerned (see Table 1.2), there were minor reductions in the expenditure of all the levels of general education, whereas more importance was given to the spread of technical education.

Towards the end of the Third Plan, a need was felt to review the Indian educational system so that a more rational effort at educational reconstruction could be made. Therefore, appointment of the Education Commission was made in 1964 under the Chairmanship of Dr. D. S. Kothari, popularly known as the Kothari Commission, and submitted its report entitled Education for National Development in 1966. The Kothari Commission suggested a national pattern of education and recommended the general principles for development of education at all stages and aspects of human life. The opening sentence of the report reads as follows: "The destiny of India is now being shaped in her classrooms. In a world based on science and technology, it is education which determines the level of prosperity, welfare and security of the people". Obviously, the major thrust of the educational development was viewed from the perspective of the expansion of the classroom-based education. The perspective and the priorities put forward by this Commission were considered, to a great extent, by the Government of India for formulating the National Policy of Education, 1968.
1.4.5 Fourth Five Year Plan

The Fourth Plan (1969-74) document specifically pointed out the shortcomings in the then prevailing educational system and its lack of quality, inspite of its quantitative expansion. It observed that:

i) the Indian educational system had not been sufficiently geared to economic development;
ii) insufficient attention had been paid to vocational and agricultural education; and
iii) education of girls still had a long way to go before it could catch up with that of boys.

It further noted that the high proportion of failures at all levels of education and the increasing number of student passing in the third division indicated the need to improve the quality of education. The Fourth Plan addressed itself to the tasks of:

i) removing various deficiencies (in teaching, planning, organisation, management, evaluation, education-industry linkage, etc.) in the educational system; and
ii) linking education more effectively with the social and economic development in the country.

During the Fourth Plan, at the school level and the level of general higher education, the approach of meeting social demand was adopted. However, in the case of the professional education for doctors, nurses, engineers, agricultural graduates, craftsmen, etc., the manpower planning approach was considered as inevitable. In all the above mentioned professional courses, the targets for admission and output were liberally fixed on the basis of the principle that the shortage of manpower is more serious than a marginal surplus of trained manpower.

In the Fourth Plan, an amount of Rs.8,220 million was allotted to education, out of which only Rs.7,860 million were spent (i.e., 4.94% of the total Plan outlay). Table 1.2 shows the record of the weightage given to various levels and types of education in the plan period under consideration. You would notice that, in comparison to the Third Plan, in the general category of education, weightage given to university education increased from 15% to 24%. Another important point to note here is the low priority given to technical education (the weightage was lower than even that of the Second Plan). So it can be concluded that there was expansion of general higher education at the cost of technical education.

1.4.6 Fifth Five Year Plan

The Fifth Plan (1974-79) aimed at ensuring equality of opportunity as part of the overall planning strategy to provide social justice, and establish closer links between the pattern of education on the one hand and socio-economic development on the other hand. As is evident from Table 1.2, the emphasis shifted from university education to the expansion of elementary education. The reduction of weightage for technical education was 1%.
Moreover, there was a slight increase in the weightage given to general education. In the Fifth Plan, the total allocated budget for the educational sector was Rs. 12,850 million (i.e., 3.3% of the total plan outlay), out of which only Rs. 9,110 million (i.e., 2.31%) were finally spent.

### 1.4.7 Sixth Five Year Plan

The Sixth Plan (1980-85) took serious note of the shortcomings of the Indian educational system that had given more emphasis to "inputs" to the system. Therefore, the Plan outlined an approach that laid emphasis on the "outputs" of the system, and a result-oriented approach was evolved.

The following were the major components of the approach:

i) Greater emphasis was to be placed on effective universalisation of elementary education of children in the age group of 6-14 years, by giving more emphasis on the retention of children, especially girls and those from the weaker sections of the society, so that dropout from the school could be avoided or at least reduced.

ii) Higher priority for adult education.

iii) Improvement in the quality of education and vocationalisation of education at the secondary stage.

iv) Improvement in the quality of implementation of the educational schemes, particularly in the backward States.

v) Greater provision for non-formal education.

vi) Development of a rural bias in the implementation of various educational programmes.

vii) Strengthening of planning, monitoring and evaluation mechanisms of various educational programmes.

viii) Making extension programmes an integral part of higher education.

In the Sixth Plan, the total outlay for education was Rs. 25,237 million, constituting 2.60% of the total Plan outlay. The actual expenditure for the entire Plan amounted to Rs. 25,300 million (i.e., 2.59% of the total outlay).

You would notice from Table 1.2 that though there was reduction in the weightage given to technical education and university education, and increasing priority attached to elementary education, the total weightage given to the total general education showed an increasing trend. This difference was due to more emphasis given to general education (an increase of 2.20%) which included adult and non-formal education.
1.4.8 Seventh Five Year Plan

The Seventh Five Year Plan (1985-90) began with a comprehensive review of Indian educational policy. The planners realised that human resource development had to be assigned a key role in formulating any development strategy in the country. Though there was quantitative expansion of education, the planners of the Seventh Plan felt the need for a new design of education. The task was to harness the human resources of the country for improving their capacity for increasing national development. It was felt that introducing poverty alleviation programmes, reducing social and economic inequalities and improving productivity should be integrated with educational development. Further, strategies for educational programmes and training, and their organisational design should particularly focus on the youth and the economically weaker sections so that they could make increasing contribution to socio-economic development of the country. Priority was accorded to universalisation of elementary education; eradication of illiteracy (age group 15-35); vocationalisation and skill-training programmes; linking education to the world of work, science and environment, and value orientation; qualitative education facility in every district; and modernisation of technical education. The Seventh Plan allocated Rs.63,826 million to education, i.e. 3.55% of the total plan outlay; while the actual expenditure came to be Rs.76,330 million (i.e., 4.24%). The actual outlay on education in various heads for the Seventh Plan is given in Table 1.2.
1.4.9 Eighth Five Year Plan

So far as education is concerned, the Eight Plan (1992-97) gives priority to the ongoing concern of human resource development. It states, “It is now universally acknowledged that the goal of Plan efforts is human development, of which human resource development is a necessary pre-requisite. Education is the catalytic factor, which leads to human resource development comprising better health and beneficial natural environment for all…” (Govt. of India, Eighth Five Year Plan, 1992:283). Though in the 1991 Census, the literacy rate was a little over 52%, the priority areas in this Plan include universalisation of elementary education, eradication of adult illiteracy, achievement of “Education for All” by 2000 AD, and strengthening of vocational education. To achieve these goals, the formal, non-formal and open channels of learning would be utilised. The Plan further states, “In view of the employment orientation of the Plan and the need to establish meaningful linkages between the world of work and the world of learning, VE (vocational education) would be another priority area…. A combination of vocational and academic courses would be offered at secondary stage with open education (OE) as an important channel, preparing the students for wage employment and self employment” (Govt. of India, Eighth Five Year Plan, 1992:286).

The approved sectoral outlay on education of the Eight Plan is given in Table 1.2. The proposed total outlay was 2.66% of the total Plan outlay.

In the Ninth Plan, emphasis has been given on achieving cent % literacy by 2005 AD, and allocation of 6% GDP on education out of which 50% shall be devoted to primary education. The secondary education curricula shall be modified and diversified so as to provide skill training. For higher education, there shall be more networking, expansion of open university education, and linking grants-in-aids to performance criteria to improve quality and inject accountability.

1.5 NATIONAL POLICY ON EDUCATION (1986) AND THE APPROACH TO EDUCATIONAL PLANNING

A close scrutiny of educational planning in various Five Year Plans of India reveals the following facts.

i) There has been quantitative expansion of education in terms of institutions, enrolment of student, as well as the amount of money spent on education. Educational expenditure has risen from Rs.1,530 million in the First Plan to about Rs.196,000 million in the Eighth Plan.

ii) Though the enrolment has increased, there has also been considerable amount of wastage, especially at the school stage.

iii) Illiteracy is still quite large in terms of the percentage of population.

iv) At the secondary education level, vocationalisation of education has not yet become a reality.
v) At higher levels of education, equality of educational opportunity is yet to be fully ensured. There are disparities of various kinds, viz., regional, male-female, high caste-scheduled caste/scheduled tribe, and so on.

vi) There has not been much improvement in the quality of education in general.

Taking note of the above major deficiencies of the Indian educational system, the National Policy on Education, 1986 (NPE) and the document outlining Programme of Action (1986) were passed and adopted by the Indian Parliament.

Divided into twelve parts, the NPE has at the outset noted the essence and the role of education, and tried to create a national system of education. It diagnosed the main cause for the non-implementation of National Policy of Education resolution of 1968, i.e., the failure to get it translated into a detailed strategy of implementation, accompanied by the assignment of specific responsibilities to concerned agencies, and financial and organisational support. Subsequently, it noted that various problems related to access of students, quality and quantity of educational input and output and financial outlay got accumulated over the past years. This accumulation has assumed such massive proportion that they must be tackled with utmost urgency. Therefore, it laid down various objectives for educational development, some of which are quantitative and time bound, while others are qualitative. Some of the important target-oriented objectives are given as follows:

i) By 1990, a minimum of five years of education will be given to all children up to 11 years of age through both formal and non-formal streams.

ii) By 1995, all children up to 14 years of age will be provided with free and compulsory education.

iii) Vocationalisation of education will be introduced at secondary schools. At least 10% of higher secondary students will be provided with vocational courses by 1990 and at least 25% by 1995.

iv) More opportunities for higher education should be provided through distance learning programmes and open university system so as to democratise higher education.

It was resolved to wipe out the phenomenon of “dropout”, for which minimum facilities at the primary educational level for all school are to be provided under a Centrally sponsored scheme called “Operation Black Board”. The Kothari Education Commission in 1966 recommended to allocate 6% of the GNP to the education sector, and in Part X of the NPE 1986, a new system of planning and management was envisaged in which the guiding considerations will be the following:

i) Evolving a long-term planning and management perspective for education and its integration with the development and manpower needs of the country.

ii) Creating a spirit of autonomy for the educational institutions, and further decentralisation of education.
iii) Giving prominence to the involvement of people, at large, in the
development of education in association with the non-government and/or
voluntary agencies.
iv) Inducting more women in the planning and management activities of
education.
v) Establishing the principle of accountability in education in relation to the
given objectives and norms.

In the last 50 years and especially in the last decade, a number of articles and
research papers on educational planning in India have been published. In the
mid-seventies, a debate was initiated on “Micro Planning of
Education” (planning at the regional and project level) and the reasons of its
failure, and the alternatives to what existed then. The debate and the
subsequent discussions were based on the publications of the UNESCO,
World Bank and some international journals. These discussions were not so
much directed to the improvement of planning of education as to the very
need for micro planning. The objective for research arising out of these
debates was the very need for micro planning of education. However, it is
increasingly felt that macro models of the past (i.e., the models dealing with
the entire country, the entire educational system, etc.) have led nowhere in
terms of shaping educational policies conducive to development. Experts now
feel that narrow policies on specific issues are likely to be more fruitful and to
be implemented with ease than a big plan that looks for 20 years into the
future and covers all levels and types of education.

1.6 LET US SUM UP

In this unit, you learnt about the nature of and differences between the
capitalist, socialist and mixed economies. While capitalist economy is a free
market economy that is guided by individual profit motive, in the socialist
economy there is government control of the production and distribution of
goods and services that are guided by the considerations of social
development. In a mixed economy, such as India, there is coexistence of
public and private sectors, and the spheres of activity for both the sectors are
well demarcated in policy documents. Both sectors are guided by the
approaches to economic development formulated in various Five Year Plans.
You have seen that, in spite of planned growth and development in the
country, there exist economic disparities in the per capita consumption in
urban and rural areas; regional imbalances in the per capita income and the
expenditure incurred by the governments; and disparity even in the annual
growth rate of GNP, NNP and per capita NNP.

In the various Five Year Plans, the approach invariably has been guided by
considerations of social welfare and rapid economic development. However,
the objective of cultural development and the development of creative
abilities envisaged for the First Plan got radically changed to human resource
development and linking educational development to the larger context of
socio-economic development in the country. From a meagre Rs. 1,530 million
in the First Plan, the educational expenditure has increased to Rs. 196,000
million in the Eighth Plan. However, in terms of the percentage of
expenditure on education to the total expenditure under various Plans, it has
shown a declining trend: from 7.80% in the First Plan to 2.66% in the Eighth
Plan. The lowest level was in the Fifth Plan with only 2.31% expenditure on
education. Another trend that you have noticed is the increase in Plan outlay on cultural programmes, and youth affairs and sports. Expenditure on other educational programmes including adult education has shown an increasing trend. Though the expenditure on technical education increased in the Third Plan (21%), it decreased in the subsequent Plans.

The National Policy on Education, 1986 gave top priority to universal elementary educational to all children up to 11 years of age; increasing vocationalisation of education and diversification to vocational stream at the secondary education stage; and expansion of open learning systems at the higher education stage. Besides, the open learning system for the secondary education stage has been strongly recommended in the Eighth Plan document for further expansion in the period between 1992-1997.

1.7 CHECK YOUR PROGRESS: THE KEY

1. In a capitalist economic system, there is private ownership of property; economic activities are guided by profit motive, market forces and self-interest. In a socialist economic system, there is ownership of property and the factors of production by the government and the co-operatives (i.e., the communities); the investment decisions are made by the government; and all economic activities are geared to achieve the well being of the community as a whole. On the other hand, in a mixed economy, both the government and the individuals own property, make investment decisions and produce goods and services. The private sector works with the objective of profit motive and the public sector with the objective of social gain. However, in such an economy, the government has the additional responsibility of the general welfare of the society as a whole, and thus regulate economic activity, more especially of the private sector to adhere to agreed social goals.

2. Basically, economic disparity could be explained in terms of poverty, regional imbalance, and national income. High economic disparity between the haves and have-nots exists in the country, in spite of many poverty alleviation programmes undertaken by the government. So far as per capita income is concerned, in the 1980s, such income in the richer states like the Punjab, Maharashtra and Gujrat was 150% higher than the poorer states like Bihar, Orissa, U.P. and M.P. Moreover, the government expenditure on the richer states is 50% higher than that on the poorer states. Also, disparity in the growth of the national income, e.g., the GNP, NNP and per capita NNP decreased up to the Fourth Plan, but again showed an increasing trend afterwards till the Seventh Plan. Across the various Five Year Plans, there existed disparity in all these three growth indicators: at 1980-81 prices while all the three had the lowest average annual growth in the Third Plan, the growth rates for all the three were the highest in the Seventh Plan.

3. The expenditure on education varied considerably across various Five Year Plans. Though there has been an increase in the total amount of expenditure, the percentage expenditure was the highest (i.e., 7.80%) in the First Plan and the lowest in the Fifth Plan (i.e., 2.31%) and has continuously indicated a decline to 2.66% in the Eighth Plan.
The National Perspective

So far as percentage expenditure on various levels and types of education is concerned, there have also been wide variations across various Plan periods. You would have noticed that the expenditure on elementary education varied from 56% in the First Plan to 30.60% in the Sixth Plan, indicating thereby a decreasing trend. There have also been wide variations in the expenditure pattern of the total general education. On the other hand, the expenditure on university education and other education programmes has been rising across various Five Year Plans: in the case of university education, it increased from a mere 9% in the First Plan to 19% in the Sixth Plan; for other educational programmes, the expenditure on technical education increased up to the Third Plan, and decreased thereafter.