UNIT 10 PLANNING PROCESS

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10.0 OBJECTIVES

After studying this Unit you should be able to:

- Analyse the importance and meaning of planning and discuss its evolution in India;
- Examine the planning machinery at the central level;
- Discuss the role of National Development Council; and
- Explain the problems of centralised planning.

10.1 INTRODUCTION

Planning represents the ethos of the age. The debate as well as the faith in planning moves almost like a pendulum from one end to the other. Intellectual origin of planning can be traced back to many sources and circumstances but the primary impetus for planning came from the Soviet experience. The importance of planning was felt during the worldwide economic depression in the 1930s. It also led to prolonged debate on the need and the nature of planning.

Many countries in Europe and elsewhere resorted to some kind of planning with an eye on military preparedness. The widespread destruction during World War II in many countries in Europe and elsewhere projected the importance of planning as a tool for reconstruction and the rehabilitation of the devastated economies.

After World War II, where many countries in Asia and Africa attained independence, planning was regarded as an important and effective tool for rapid socio-economic development. It was recognised that planning in the developing countries attained a central position of importance because in the developing societies, state has to play a much more activist role in the economy in order to fulfil the expectations of the people.

10.2 MEANING OF PLANNING

Planning is preparation for action. Planning is a conscious effort to achieve desired ends. It is a rational method of application of resources for the fulfillment of specific objectives. Planned economy would mean an economic system in which
the government controls and regulates production, distribution, prices, etc., through deciding on acts, purposes and strategies for development beforehand. The term planning has been widely defined and in most cases the definition carried the same viewpoint. Dimock defines planning as 'the use of rational design as contrasted with chance, the reaching of a decision before a line-of-action is taken instead of improving after the action has started'. Millett defines, "Planning is the process of determining the objectives of administrative effort and of devising the means, calculated to achieve them". According to Urwick, "Planning is fundamentally an intellectual process, a mental pre-disposition, to do things in an orderly way, to think before acting, and to act in the light of facts rather than guesses. It is the antithesis of, speculative tendency." Seckler-Hudson defined it as "the process of devising a basis for a course of future action". Thus, planning is 'thinking ahead' or thinking before doing. It is an intellectual process of determination of course of action undertaken in a conscious manner.

In short, planning is the conscious process of selecting and developing the best course of action to accomplish defined objective. Planning is thus the exercise of foresight and network of action for defined goals.

10.3 NEED FOR PLANNING

The growth of human knowledge and its extending control over the environment made human beings realise the increasing importance of planning in a society. Planning is no more restricted to communist methodology nor associated with totalitarianism and authoritarianism. The old prejudice that planning is unfit for democratic way of living is fast vanishing. Today planning has become popular, the politicians at the highest level plan a policy manning the future of a nation, or seeking the survival of humanity. Every aspect of governmental action is relating the future of a nation, or seeking the survival of humanity. Every aspect of governmental action is to be planned - objectives, policies, organisation, finances, work methods, incentive systems and public relations. Programmes based on well-reasoned priorities are invaluable for such countries as they cannot afford to waste time, people or material. Drawing up plans, usually in the form of five year programmes for public expenditures, in particular relating to capital formation, has in many developing countries become the accepted practice under which the responsible government agencies must look ahead, determine their long range objectives and agree upon certain priorities in the light of the probable demands of the various sectors of the economy. The programmes of the individual government agencies are usually coordinated by a central planning office in the light of overall available financial resources.

10.4 TYPES OF PLANNING

As the planning is of continuous process it is impossible to suggest water-light categories of planning. None of the types of planning are self-contained, they are mere ideal types. Following may be stated as the types of planning:

a) Overall Planning
b) Limited Planning
c) Administrative Planning

a) Overall Planning: The overall planning commonly called socio-economic planning is more comprehensive. It is more than laying down a few economic targets here and a few physical targets there. It is an overall effort to achieve an all round development of the country. This type was first adopted by Stalin in USSR and being used in Russia since then. Most of the third world countries are adopting this type. Four years and seven year plans are manifestations of this type.

b) Limited Planning: Limited planning does not centralise all the socio-economic activities at one focal point. The state opting for this type of planning selects the main objectives which the society as a whole considers
fundamental. Through proper planning and regulation of the activities of the individuals and group it directs the life and activity of the society in such a way that those objectives are attained.

c) **Administrative Planning:** Government planning is nothing but administrative planning. The administrative planning is mainly concerned with administrative programmes. It seeks to provide a broad framework for action as it defines major objectives, establishes inter-bureau policy and links departmental policy and programmes with the related departments. Its main purpose is to give a detailed shape to the policy plan, to make objectives clearer and more workable.

Administrative planning may be divided into four different phases, viz., policy planning, administrative planning, programme planning and operational planning.

A brief explanation of these phases is given below:

i) **Policy Planning:** Policy planning is concerned with developing broad general outlines of government in power.

ii) **Administrative Planning:** According to Pfiffner it seeks ‘to provide a broad framework for action by defining major objectives, establishing inter-bureau policy and to a lesser extent, linking departmental policy and programmes with those of related departments’. This policy is formulated by the chief executive in consultations with the departmental heads to give effect to the policy planning and to make objective clearer and more workable for the public officials.

iii) **Programme Planning:** According to Millett, it is ‘concerned with the preparation of the specific purposes to be realised and the procedures to be employed by administrative agencies within the framework of existing public policy’. It is an overall review of the proposed programme to determine the volume of services involved, the resources in man and money needed to provide them, the general procedures required and the organisation structure necessary to use these resources to the best advantage. It is a detailed plan for implementing the programmes in a particular department.

iv) **Operation Planning:** According to Pfiffner, it is ‘concerned with the systematic analysis of an authorised programme and determination of the detailed means of carrying it out. After the objectives have been determined and the means and methods of achieving those objectives have been found, then comes operational planning by the divisional and sectional heads who lay down specific procedures and how those have to be used to save time, accelerate production and increase net output. The different units are assigned specific functions and their performance measured in terms of time, quantity and quality of production and overall product. It is, in fact, a ‘workshop-stage’ of the programme planning.

Besides the above types of planning, several new types of planning have emerged in the recent years known as perspective planning, rolling plan, short range or long-range planning, and district planning or grass root planning.

**Check Your Progress 1**

**Note:**

i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

1) Define the term Planning.
2) Discuss need of Planning.

3) Explain the types of Planning.

10.5 GENESIS OF PLANNING IN INDIA

India has attempted to bring about rapid economic and social development of the country through a planned effort. Although an awareness of the importance of planning was manifest in the pre-independence era, realistic and ambitious planning on an all-India basis could not be started effectively until India became free in 1947 and its major problems growing out of the partition of the country and the task of unification of the native Indian States were resolved.

The first effort at introducing social planning in India was made by an individual noted for his pioneering zeal and breadth of vision, the late Dr. M. Visveswarayya. In 1936 he published an essay underlining the desirability and feasibility of planning for industrialisation of the country. For the formulation, implementation and administration of the plan he had suggested formation of a 60-member advisory body, with political leaders, economists, businessmen, administrators, etc., and a Planning Commission of five to seven members for discharging day-to-day functions. He also recommended the setting up of a development department at the Centre and Economic Councils in the provinces. Though interesting as an intellectual exercise, this could not directly influence any social action or any governmental move.

In 1937, soon after the assumption of power in the provinces, the Working Committee of the Indian National Congress initiated planning preliminaries by adopting a resolution which recommended to the Congress Ministry the appointment of a committee of experts to consider urgent and vital problems the solution of which was necessary to any scheme of national re-construction and social planning. Following this resolution, a Planning Committee was constituted by Subhash Chandra Bose, the then President of the Indian National Congress under the Chairmanship of Jawaharlal Nehru. Later in 1944, the government established a Planning and Development Board and published three private development plans – the Bombay Plan, the Gandhi Plan and the People’s Plan. A Planning Advisory Board was also constituted in 1946 after the establishment of the interim government headed by Jawaharlal Nehru. These pre-Independence efforts at planning tend to bring out a certain unity of approach to the problems of national reconstruction in as much as each of these plans mooted not only had certain objectives in common but also sought to achieve them through similar
All the plan proposals explicitly accepted the rapid improvement of the living standards of the people as the central objective of development.

The central theme of public policy and philosophy of national planning in India since Independence has been promotion of balanced economic development so as to provide foundations for sustained economic growth; for increasing opportunities for gainful employment, for promoting greater equality in incomes and wealth and raising living standards and working conditions for the masses. Even the Directive Principles of State Policy carries the same spirit of balanced economic development. The Constitution of India includes the subject of social and economic planning in the concurrent list. The legal basis for national planning for the country as a whole, therefore, has been provided through a parliamentary statute on the subject. The discussions on the setting up of a planning machinery in 1949 had envisaged the establishment of a Planning Commission and the creation of National Economic Council which would work as an organ of intergovernmental cooperation in the economic and social fields. Following the recommendations of the Advisory Planning Board of 1946, the Planning Commission was established by a Cabinet resolution of March 15, 1950. The National Development Council was later constituted in 1952.

10.6 PLANNING MACHINERY AT CENTRAL LEVEL

The Planning Commission is the machinery for planning at the central level. The Planning Commission is essentially a non-political advisory body which makes recommendations to the government. It has no sanction of its own. Care has been taken to organise it neither as a pure research institute, out of touch with the various political, economic or administrative problems nor as an administrative ministry, which is too closely involved in day-to-day affairs and is prone to lack the perspective and detachment required of a national planning agency. Now we are in the Tenth Plan process.

10.6.1 Organisation and Role of the Planning Commission

The Planning Commission is a multi-member body and the number of members has varied from time to time. In the initial year of its inception, the Commission concentrated mainly on plan formulation. It was composed of only full-time members. The Prime Minister as Chairman of the Commission provided the needed close relationship with the Central Government. But over the years the Commission got involved in a number of administrative matters and also gathered to itself certain functions of a purely executive nature. The composition of the Commission underwent a substantial change and a number of Union Ministers were appointed as a part time member of the Commission. The Planning Commission was reconstituted in August 1967 on the lines suggested by the ARC except that the Prime Minister continued to be the Chairman of the Commission and the Union Finance Minister, its part-time member. In addition to full-time members, which varies from three to eight, other Ministers of Central Government have also been appointed as Members for certain specific reasons connected with the portfolios. The appointment of Ministerial Members and Full Members varies according to the party, which comes to power at the center.

Members of the Planning Commission

The composition of the Planning Commission as in 2004 is as follows:

- Prime Minister – Chairman;
- Deputy Chairman;
- Minister of State (Planning);
- Seven Full time Members; and
- Member-Secretary.
The Planning Commission functions through several divisions and sections, each headed by a senior officer, usually designated as Advisor or Chief or Consultant or Joint Secretary or Joint Advisor. The full time members of the Planning Commission assume responsibility for the day-to-day work of particular divisions, although the Commission functions as a composite body and tenders advice jointly on all-important matters.

The Prime Minister of India being the Chairman of the Planning Commission ever since its inception has added considerably to the prestige of the Commission and helped it a great deal in its coordinating functions at the political level.

Role of Planning Commission

The Planning Commission has been assigned a lot of functions.

1) The Commission makes an assessment of the material, capital and human resources of the country, including technical personnel and investigate the possibilities of augmenting such of these resources as are found to be deficient in relation to the nation’s requirements;

2) It formulates a plan for the most effective and balanced utilisation of the country’s resources;

3) On a determination of priorities, the Commission defines the stages in which the plan should be carried out and propose the allocation of resources for the due completion of each stage;

4) It indicates the factors which are tending to refund economic development and to determine the condition for the successful execution of the plan;

5) It also determines the nature of machinery which would be necessary for securing the successful implementation of each stage of the plan in all its aspects;

6) It appraises from time to time the progress achieved in the execution of each stage of the plan and to recommend the adjustment of policy and measures that such appraisal might show to be necessary;

7) Moreover, it makes such interim or ancillary recommendations as might be appropriate on the prevailing economic conditions, and current policies.

In addition to the above, the Government of India Allocation of Business Rules, has assigned responsibility to the Planning Commission in respect of:

a) Public cooperation in national development
b) Hill Area Development Programme
c) Perspective planning
d) Directorate planning and
e) National Informatics Centre (NIC)

It is, thus, that the Planning Commission was established as a staff agency to prepare national plan for economic development of the country.

10.6.2 Internal Organisation

The Office of the Planning Commission consists of three types of divisions (1) General Division, (2) Subject Division and (3) Services Division. The work of the first two types of divisions is primarily technical, of the third administrative or secretarial.

The General Divisions are concerned with certain special aspects of the entire economy. These are:

1) Economic Divisions: Financial Resource Division, Development Policy Division, International Economics Division and Socio-Economic Research Unit;

2) Perspective Planning Division;

3) Labour, Employment and Manpower Division;
4) Statistics and Surveys Division;
5) State Plans Division, including multi-level planning. Border Area Development Programme, Hill Area Development and North Eastern Region (NER);
6) Project Appraisal and Management Division;
7) Monitoring and Information Division;
8) Plan Coordination Division; and
9) National Informatics, Yojana Bhawan Unit.

Among the General Divisions, the perspective Planning Division provides general guidance for work on long-term development which is undertaken in detail in different divisions. Coordination of work within the Planning is undertaken by the Plan Coordination Division.

Subject divisions are concerned with certain specified fields of development. Some Subject Divisions are:

1) Agriculture Division
2) Backward Classes Division
3) Communication & Information Division
4) Development Policy Division
5) Education Division
6) Environment & Forest Division
7) Financial Resources Division
8) Health, Nutrition & Family Welfare Division
9) Housing, Urban Development & Water Supply Division
10) Industry & Minerals Division
11) International Economic Division
12) Labour, Employment and Manpower Division
13) Multi-level Planning Division
14) Monitoring Division
15) Perspective Planning Division
16) Plan Coordination Division
17) Power & Energy Division
18) Programme Evaluation Organisation
19) Project Appraisal & Management Division
20) Rural Development Division
21) Science & Technology Division
22) Social Development & Women’s Programme Division
23) Social Welfare Division
24) State Plans Division
25) Transport Division
26) Village & Small Enterprises Division
27) Water Resources Division
28) Administration & Services Division
29) Other Units
   - Border Area Development Programmes
   - Socio-Economic Research Unit
   - Western Ghat Development

The Subject Divisions of the Planning Commission maintain close contact with their counterparts in the various Ministries and the State Governments. They are responsible for collecting, processing and analysing all relevant information required for the formulation, processing and evaluation of the policies and programmes included in the Plan.
Advisory Board on Energy which was functioning as a Unit under the Cabinet Secretariat was transferred to the Planning Commission with effect from 1st September 1988. Consequently, a new technical division, viz., 'Energy Policy Division', has been setup in the Planning Commission.

The National Informatics Centre, which was earlier under the Department of Electronics, was transferred to the Planning Commission with effect from 14th March 1988. Since then, it has become a part of the Planning Commission. The Computer Services Division, which was earlier functioning under the Advisor (Monitoring and Information) has now been merged with the National Informatics Centre. Apart from research and plan formulating structural units described above, the Planning Commission has Services Division which is concerned with the administration, accounts and general services, required for the commission. The general administration including accounts is under the overall charge of the Secretary, Planning Commission. The Accounts Branch functions with an Internal Finance Advisor and Controller of Accounts who works under the ambit of General Administration.

Check Your Progress 2

Note:  
\[ \text{i) Use the space given below for your answers.} \]
\[ \text{ii) Check your answers with those given at the end of the Unit.} \]

1) How did Planning evolve in India?

2) Write about the organisation of Planning Commission.

3) Discuss the role of Planning Commission.

10.6.3 Committee on Plan Projects

An analysis of the Second Five Year Plan indicates the traditional view of economy, namely reduction in the staff strength, which has become outdated in the context of the Plan. The real issue in the plan expenditure requires a great deal
of thought and effort in standardising the practices and procedures of execution in order to ensure realistic estimation of costs; to achieve basic economy based on scientific development of the techniques from the inception of the projects; and to set up norms and standards for evaluation. It was against such background that the COPP was established in 1956 for exploring the possibility of achieving economy consistent with efficiency in the projects included in the second Plan. It had the Home Minister as Chairman and Ministers for planning and finance and Deputy Chairman, Planning Commission as members. In addition, the Prime Minister, as Chairman of the National Development Council nominated two Chief Ministers of the States as members of the Committee for each class of Projects. The Union Member concerned with a project under investigation was also a member of the Committee.

Some of the important functions entrusted to the COPP were to:

a) organise investigation, including inspection in the field of important projects, both at the Centre and in the States, through specially selected teams.
b) initiate studies with the objectives of evolving a suitable form of organisation, methods, standards and techniques for achieving economy, avoiding waste and ensuring efficient execution of projects.
c) promote the development of suitable machinery for continuous efficiency audit in individual projects and in agencies responsible for their execution.
d) secure the implementation of suggestions made in reports submitted to it and to make the results of studies and investigations generally available and
e) undertake such other tasks as the National Development Council may propose for the promotion of economy and efficiency in the execution of the Second Five Year Plan. The COPP, as a separate entity was wound up in 1970.

10.6.4 Programme Evaluation Organisation

Evaluation has been an essential aspect of formulation and execution of development plans and programmes since the beginning of the plan process. The Programme Evaluation Organisation was set up in 1952 as an independent organisation working under the general guidance and direction of the Planning Commission. Initially, it was entrusted with the specific task of evaluating the Community Development Programme and other intensive area development schemes. But in recent years the organisational sphere of work and activities has been extended and diversified to cover evaluation studies of Plan/Programmes/Schemes in a variety of sectors, viz., Agriculture, Cooperation, Rural Industries, Health, Family Welfare, Rural Development, Public Distribution, Tribal Development, etc.

The Programme Evaluation Organisation evaluates projects and programmes periodically and undertakes ex-post evaluation of a few selected major projects in different sections.

The main function of the Programme Evaluation Organisation is to undertake evaluation studies which encompass: (1) assessment of programme results against the stated objectives and targets; (2) the measurement of their impact on beneficiaries; (3) the impact on the socio-economic structure of the community; (4) the delivery of service to the target group. In addition to this Programme Evaluation Organisation has also been discharging two more functions, viz., (a) giving technical advice and guidance to the State Evaluation Organisations and (b) imparting training to the State Evaluation Personnel.

10.7 ROLE OF NATIONAL DEVELOPMENT COUNCIL (NDC)

The NDC is headed by the Prime Minister and consists of the Central Ministers, Chief Ministers of the States and Lt. Governors, Administrators of Union Planning Process
Central Administration

Territories and Members of the Planning Commission. It is a nodal body, which considers and approves policies and strategies of development planning. The Secretary of the Planning Commission acts as the Secretary of the Council. From a strictly legal point of view, NDC is essentially an advisory body. Since, it comprises the highest political authority in the country it has assumed an important position. The meetings of NDC are held at least twice a year. The role of the NDC is discussed briefly:

i) It acts as a kind of bridge between the Union Government, the Planning Commission and the State Governments.

ii) NDC prescribes guidelines for the formulation of National Plan including the assessment of resources for the Plan.

iii) NDC considers the National Plan as formulated by the Planning Commission.

iv) NDC considers important questions of social and economic policy affecting national development.

v) It also reviews the work of the Plan from time to time and recommends such measures as are necessary for achieving the aims and targets set out in the national plan including measures to secure the active participation and cooperation of the people, improve the efficiency of the administrative services, ensure the fullest development of the less advanced regions and sections of the community and, through sacrifice, borne equally by all the citizens, build up resources for national development.

The NDC gives its advice at various stages of the formulation of the Plan and it is only after its approval has been obtained that a Plan is presented to the Parliament for its consideration. The Council has been largely responsible for giving Indian plan a national character and for ensuring unanimity in approach and uniformity in working.

10.8 PROBLEMS OF CENTRALISED PLANNING

Ever since 1951, when the First Five Year Plan went into operation, right through the formulation of the Seventh Five Year Plan in recent years, India has been following national policy of central planning for controlled and unified development. This has given rise to a number of problems in administration:

1) Whether planning should come from above or below?

2) To what extent should the society be subject to planning and how the people should be associated in the formulation and execution of plans?

3) What modification should be made in the relationship between the Centre and the States which have distinct powers in a federal constitution so as to make centralised planning effective?

4) Who should constitute the members of the planning body?

5) If the planning body is set up outside the normal executive organisation of the government, as the Planning Commission in this country is, should its advisory services be arranged in the existing organisation or should it have an administration of its own for this purpose?

6) To what extent should the Planning Commission concern itself with the details of the Plan?

7) What should be the Planning Commission’s responsibility in reviewing the progress of the Plan and what reports is the Planning Commission entitled to ask from the executive authorities?

8) What is the mechanism for dove-tailing the work of the planning machinery in the states with that of the centre, etc.?

Although some of these problems have been taken care of in the initial establishment of the Planning Commission and its subsequent reorganisations, it must be confessed that the administrative organisation for planning has grown
haphazardly without any systematic examination of these problems. The result is that Planning Commission today is a mammoth organisation, almost 'a parallel government' in the words of Pandit Nehru.

It is to be noted that the Planning Commission and the National Development Council are not constitutional bodies. Now we have a constitutionally mandated District Planning Committee in every District, for further reading vide-the planning process.

**Check Your Progress 3**

**Note:**

i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

1) Describe the functions of Programme Evaluation Organisation.

2) Discuss the importance of National Development Council.

3) Examine the problems of centralised planning in India.

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10.9 **LET US SUM UP**

We have seen in the foregoing pages what is the importance and meaning of planning and how it has evolved in India. We have analysed the organisation and role of the Planning Commission. With NDC playing an important role, we have also seen that since India has opted for a centralised planning, she is faced with several administrative problems. Though many of these problems have been tackled with, a systematic examination of these is yet to be done.

10.10 **KEY WORDS**

**Planned Economy**: detailed scheme, method, etc. put together for achievement of development goals.
Central Administration

**Rolling Plan**

During the three years (1977-79) of Janata-Lok Dal rule an attempt was made to change the planning system by introducing the concept of rolling plan.

The Rolling Plan system had the following features:

i) year to year targets were to be set for sectoral outlays and output for major sectors within the five year plan, and

ii) the horizon of the five year plan was to be extended by working out these selected sectoral targets for one additional year at the end of each year.

**Totalitarianism**

Characterises a dictatorial one party state that regulates every realm of life.

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### 10.11 REFERENCES AND FURTHER READINGS

Dubhashi, P.R., 1976, *Economics, Planning and Public Administration*; Somiya Publications Private Limited, Bombay

Krishnamachari, V.T., 1962, *Fundamentals of Planning in India*; Orient Longmans, Bombay


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### 10.12 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

**Check Your Progress 1**

1) See Section 10.2.

2) See Section 10.3.

3) See Section 10.4.

**Check Your Progress 2**

1) Your answer should cover the following points:
   - Important features of the essay published by the late Dr. M. Visveswaraya in 1936 emphasising on the desirability of planning in India.
   - Establishment of planning and Development Board in 1944.
   - Constitution of Planning Advisory Board in 1946.
   - Setting up of Planning Machinery after Independence.

2) See Section 10.6.

3) See Sub-Section 10.6.1.

**Check Your Progress 3**

1) See Sub-Section 10.6.4.

2) See Section 10.7.

3) Your answer should cover the following points:
   - Constitution of members of the planning body
- Modifications in the relationship between the centre and the states to make centralised planning effective.
- Association of people in the planning process
- Nature of the Planning Commission’s responsibility in review of progress of plan.