
UNIT 9 PLANNING COMMISSION AND NATIONAL DEVELOPMENT COUNCIL

Structure

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9.0 OBJECTIVES

After reading this unit, you should be able to :

- explain the structure and functions of the Planning Commission
- highlight the composition and role of the National Development Council
- discuss the process by which Five-Year and Annual Plans are formulated and the role of agencies involved in the process.

9.1 INTRODUCTION

India is a developing country. It does not yet fall under the category of economically advanced nations. But this was not the case always. In the seventeenth century we were economically more advanced than Europe. But it was the colonial rule and the impact of the industrial revolution which destroyed our economy resulting in widespread stagnation and poverty. Dadabhai Nauroji, writing in 1876, focussed on the detrimental impact of British rule and the laissez-faire policy on the Indian economy. Many nationalist leaders stressed the point that for removal of mass poverty the state must play an active role. And that this was to be done by an independent and popular government. As the freedom struggle progressed these ideas got concretised and took the shape of National Planning Committee in 1938 under the Indian National Congress. However due to the Second World War, when most of the leaders were imprisoned, not much progress could be made in this sphere. Again in 1946, before the transfer of power, a Planning Advisory Board was appointed which recommended the appointment of a Planning Commission to devote total attention to the task of planned development. This unit will highlight the structure and functions of the Planning Commission and the National Development Council. The process of formulation of Five Year Plans which has been discussed in the previous block will also be dealt with in some detail. The planning process at the state, block and village levels will be explained in the subsequent units of this Block. We will now first look into the task assigned to the Planning Commission in independent India.

9.2 FUNCTIONS OF PLANNING COMMISSION

The role of the Planning Commission is directly related to the economic and social

tasks assigned to the government by the Indian Constitution in its Directive Principles. The Directive Principles of State Policy urge upon the state to secure right to adequate means of livelihood for its citizens and control the inequalities in the ownership of wealth and means of production. In other words, the state is required to ensure reduction in mass poverty which implies that it has to ensure growth in production and its equitable distribution among the various sections of people.

In March 1950 when the Planning Commission was set up by a resolution of the Government of India it meant that the state had decided to play a major role in socio-economic transformation as required by the Directive Principles of State Policy. The functions of the Planning Commission with which you must be already familiar are as follows :

- 1) Planning Commission makes an assessment of the material, capital and human resources of the country, including technical personnel, and investigates the possibilities of augmenting such resources which are found to be deficient in relation to the nation's requirements;
- 2) formulates a plan for the most effective and balanced utilisation of country's resources;
- 3) on a determination of priorities, defines the stages in which the plan should be carried out and proposes the allocation of resources for the due completion of each stage;
- 4) indicate the factors which tend to retard economic development, and determines the conditions, which in view of the current social and political situation, should be established for the successful execution of the plan;
- 5) determines the nature of the machinery which will be necessary for securing the successful implementation of each stage of the plan in all its aspects;
- 6) appraises from time to time the progress achieved in the execution of each stage of the plan and recommends the adjustments of policy measures that such appraisal may show to be necessary; and
- 7) makes such interim or ancillary recommendations as appear to it to be appropriate either for facilitating the discharge of the duties assigned to it or on a consideration of prevailing economic conditions, current policies, measures and development programmes or on an examination of such specific problems as may be referred to it for advice by the Central or state governments.

In addition to the functions referred to above, the Planning Commission has been entrusted with responsibility in respect of the following matters as provided for by the Government of India Allocation of Business Rules :

- a) Public Cooperation in National Development;
- b) Hill Area Development Programme;
- c) Perspective Planning;
- d) Institute of Applied Manpower Research; and
- e) National Informatics Centre.

The functions appear to be really colossal. But a little explanation will make them clear. In simple terms it means that the Planning Commission has been made responsible for almost all aspect of planning except its execution. To plan we must have a set of objectives or goals which we try to achieve like the growth of national income, reduction of the percentage of people below the poverty line and so on. We must also decide on the time-frame and the stages in which these goals are to be achieved. But to do this we need to estimate our resources. For example, do we have enough resources to give gainful employment to everyone in say five years? Together with estimating resources we must also determine a strategy by which we can make the best use of our limited resources. For example, the decision whether to use our foreign exchange for importing petrol or food has to be made or not? In short, the formulation of a plan implies the setting up of priorities and stages; estimating the resources and deciding on a strategy. This is the task of the Planning Commission.

After the plan is formulated, its execution is the responsibility of the Central ministries and the state governments which through their departments execute the

plan by building bridges, setting up factories, importing oil and raising taxes. The Planning Commission has to keep an eye on the progress of the plan and must identify impediments and suggest remedial measures. Further it must also make a postmortem of the past plan and learn lessons which can then be used to build subsequent plans. Monitoring and evaluation of plans are therefore essentially the responsibility of the Planning Commission. The Planning Commission is assisted in its tasks by the National Informatics Centre which runs a national computer based information and data system and by the Programme Evaluation Organisation which periodically undertakes detailed or quick studies of the implementation of selected development programmes for the Commission. Under the present scheme of things the National Informatics Centre and the Programme Evaluation Organisation are attached to the Planning Commission and together the three form the Department of Planning.

9.3 PLANNING COMMISSION: STRUCTURE

We have seen that the Planning Commission was set up by a resolution of the Government of India. It is therefore not a statutory body and the plans formulated by it have therefore no legal status. Further, we noted that its tasks are primarily the formulation, monitoring and evaluation of plans and not their execution or implementation. All this makes the Planning Commission appear as an advisory body though in practice it wields considerable amount of power. To understand this we have to understand the structure of the Planning Commission and its position relative to other governmental agencies. Let us now explain the internal structure of the Planning Commission.

Chairman

The Prime Minister of India has since the very inception been the Chairman of the Planning Commission. This has sometimes been a subject of difference of opinion. It lends status to the Planning Commission and is a great aid in coordinating functions of ministries. However, the Administrative Reforms Commission recommended against this practice. It must be noted that the Prime Minister attends only the most important meetings of the Commission which ensures that the Commission's proposals coming up before the cabinet are viewed objectively.

Deputy Chairman

The day-to-day work of the Commission is looked after by a full-time Deputy Chairman who is usually a politician of standing belonging to the ruling party at the Centre. He has the rank of a Cabinet Minister although he/she may not necessarily be a member of the ministry. If this be the case, then for answering to the Parliament a Minister of State, sometimes assisted by Deputy Minister, is given the portfolio of planning.

Members

There are two types of members of the Planning Commission in addition to the Minister of State for Planning who is also an ex-officio member of the Commission. First, there are a few full-time members who are eminent public persons, administrators, economists or technical experts. In addition, the Commission has as its members a few important Cabinet Ministers who attend only the most important meetings of the Commission. The meetings of the Commission which all members, full-time and minister-members, attend are called the meetings of the full Commission. These are few and cover only important decisions. Otherwise the Commission consisting of full-time members alone meets frequently and acts as a team.

The day-to-day work of the Commission is looked after by the Deputy Chairman and the full-time members. The full-time members are appointed by the Prime Minister after consulting the Deputy Chairman from among prominent public persons and experts. They are given no tenure but normally continue till there is a change in government. Only in 1990 we had the odd case of three Planning Commissions in a single year (the full-time members were changed thrice). Each member looks after a specific set of subjects as indicated in Chart I. However, the Commission has collective responsibility and works as a collective body. While each

member individually deals with the technical and other aspects of his/her allotted subjects, all important cases requiring policy decisions and cases of differences of opinion between members, are considered by the Commission as a whole.

Office of the Commission

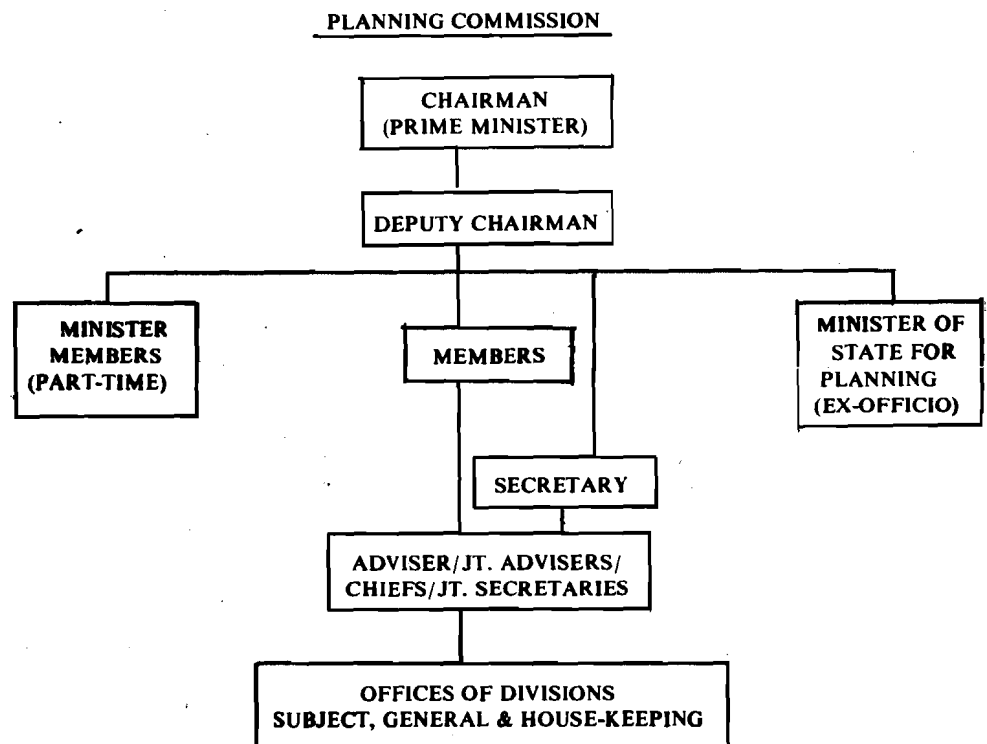
The Commission is assisted in its tasks by an office comprising various technical and subject divisions. Each of the divisions is headed by a senior officer or expert often designated as the 'advisor'. However, officers with other designations like Chief Consultant, Joint Secretary, Joint Advisor may also be put in-charge of divisions. The advisor normally has the rank of an Additional Secretary of the Government of India. The heads of divisions function under the guidance of the member in-charge of the subject. The tasks of co-ordination and overall supervision and guidance of the work of the division, specifically relating to non-technical matters, is the responsibility of the Secretary, Planning Commission who is a senior civil servant.

The divisions concerned with plan formulation, monitoring and evaluation are classified as (a) subject divisions and (b) general divisions. The subject divisions look after some specific subject areas like the agriculture division, education division, rural development division, transport division, etc. The number of subject divisions have gradually increased and at the end of March 1990 stood at eighteen. The creation of divisions seem to be based on short-term considerations.

The general divisions are concerned with broad matters which have either to do with overall planning or with coordination or with technical matters which are relevant to all divisions. One example is the project appraisal division which is required to technically appraise large projects being undertaken by different departments. Other examples are perspective planning division concerned with long-term overall planning and the plan-coordination division responsible for coordination. In March 1990 there were eight general divisions. The functions of these divisions are (a) the setting up of steering groups and working groups to help in plan formulation, (b) the sponsoring of studies and seminars, (c) liaison with ministries for formulation of projects and schemes, (d) analyses of proposals received from ministries and (e) formulation of plans for ministries and states in specified subjects.

Chart I

The chart below will give you a clear picture of the structure of Planning Commission.



Clearly, therefore, the task of formulation of a plan is a massive effort requiring technical inputs of various kinds and specialised knowledge of the subjects. The precise manner in which national plans are formulated and concretised by the Planning Commission needs to be discussed in detail. This will also help in understanding the relation between the Commission and other agencies of the

government. This discussion on the process of plan formulation will be taken up in section 9.5. But before that we need to look at the National Development Council, the other important body associated with national planning.

9.4 NATIONAL DEVELOPMENT COUNCIL

The National Development Council is the product of the Planning Commission's recommendations. In the draft outline of the First Five-Year Plan, the Commission recommended the need for a body comprising the central and state governments to enable the plans to have a national character. It laid down that "In a country of the size of India where the states have under the Constitution full autonomy within their own sphere of duties, it is necessary to have a forum such as National Development Council at which, from time to time, the Prime Minister of India and the Chief Ministers of States can review the working of the plan and its various aspects".

The National Development Council was set up in August 1952 on the basis of a resolution of the Government of India. The Council is composed of the Prime Minister, the Chief Ministers of States and the members of the Planning Commission. However, other central ministers who are not members of the Planning Commission also have attended the Council's meetings. Sometimes outside experts have also been invited to the Council's meetings whenever considered necessary.

The functions of the National Development Council (NDC) as laid down in the Government of India resolution are as follows:

- 1) to review the working of the national plan from time to time;
- 2) to consider important questions of social and economic policy affecting national development; and
- 3) to recommend measures for the achievement of 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 citizens, build up resources for national development.

As you can see for yourself the functions assigned to the NDC are fairly general. The NDC can take up almost any issue related to national development. In the past, the NDC has deliberated and decided on a number of diverse issues like inter-regional disparities, panchayati raj, prohibition, agrarian cooperation and even irrigation levies. However, given the large size of the NDC and the fact that it comprises of very important and busy personalities it has not been possible for it to meet frequently and go into great details on specific matters. The NDC is required to meet at least twice a year though it has sometimes met more often. The agenda for these meetings generally include the approach paper to the Five Year Plan, the draft Five Year Plan and the final Five Year Plan. (These terms are explained in section 9.5). Other matters form a part of the agenda if raised by the Central or State governments. The Secretary of the Planning Commission is also the Secretary of the NDC.

The decisions of the NDC have been in the nature of policy formulation. It would not be an exaggeration to call it the highest policy making body in the country. Though the NDC is a non-statutory advisory body which makes recommendations to the Central and State governments, the very stature of the Council has ensured that these 'recommendations' have the prestige of directives which are usually followed and obeyed.

Check Your Progress 1

Note : 1) Use the space given below for your answers.

2) Check your answers with those given at the end of the unit.

- 1) Discuss the functions of the Planning Commission.
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2) What is the structure of the Planning Commission?

3) Highlight the role of the National Development Council.

9.5 PLANNING PROCEDURE

A brief discussion has already been made on the planning process in Unit 7 of Block 2. In this section we shall try to familiarise ourselves with the planning process in the country in a little detail. But before that we must know the meaning of the term national plan. A national plan comprises the plans of the Central government, the State governments, the Central and State public-sector undertakings and the entire private sector of the economy especially the private corporate sector. If you take a look at any Five Year Plan document you will find the size of the plan—i.e. the amount of money that is proposed to be spent under different plan heads during the five years is broken up into public sector outlay and private sector plan outlay. The total is the proposed national plan outlay. The public sector plan is the more important part as the government has only indirect and limited control over what the private sector would spend during a five-year plan period. The private sector plan, in practice, is only slightly more than an estimate or a projection. The public sector plan, with which we shall be concerned here, is further divided into the Central plan and state plans indicating projects and schemes to be launched by the different levels of governments. There is also an indication of the amounts to be spent and the projects and schemes to be undertaken by various departments and public sector undertakings. The preparation of the national plan therefore is a mammoth effort involving many parties and encompassing almost the entire economy.

The national plan, if it is to be a meaningful document, must therefore have the willing involvement and broad agreement of the concerned parties. Thus every plan involves a large amount of discussions and meetings in addition to a considerable

amount of technical work. Through discussions, by an interactive process, a consensus is built up by the Planning Commission.

The need for building a consensus arises principally from the facts that India has a federal and democratic polity. The federal system lays down demarcation of powers between the central, the state and the concurrent lists. Planning as a subject falls under the concurrent list and is therefore the responsibility of both the Central and State governments. However, many areas like agriculture are the primary responsibility of the states while some others like communication are Central subjects. The national plan must therefore be able to carry along the Central ministries and state governments on a generally accepted course of action. Moreover, the democratic structure requires that the national plan is formulated through consensus and not by a Central 'Directive'. The people are to be persuaded and not coerced into accepting the plan. This involves widespread discussions and participation of non-departmental agencies. Besides involving a large number of specialised institutions like the Reserve Bank of India, the Central Statistical Organisation etc., the discussions are aimed at involving non-governmental institutions also like universities, research institutions and the press. Representatives of the people are also involved at various stages and the general public opinion is also sought to be gauged on the more important aspects of the plan.

9.5.1 Five Year Plans

This elaborate consensus-building process—the process of plan formulation—has three clearly distinguishable stages. The first and the preliminary stage involves the preparation of an 'approach' to the plan. The approach paper is a brief document broadly outlining the goals to be achieved during the proposed Five Year Plan period. The approach paper reflects the basic economic and social objectives of the political leadership (the government in power) and also has a background of a long-term (15 to 20 years) perspective. The approach paper is discussed by the full Planning Commission and then by the Union Cabinet and the NDC.

The broad five year targets of the approach paper finally accepted are then given as guidelines to a number of Working Groups. These Working Groups are set up by and work with the assistance of the divisions of the Planning Commission. They are generally subject or area-specific and function under the concerned divisions. For example, the education division of the Planning Commission set up in August 1988 thirteen Working Groups on various aspects of educational development for the eight plan (1990-95).

The Working Groups usually consist of economists, concerned technical experts and administrators in the concerned Central ministries and in the Planning Commission. The primary task of the Working Groups is to work out the detailed plans for each sector and sub-sector on the basis of the preliminary guidelines. They are expected to spell out the details of policies and programmes needed for achieving the targets. Since there are a large number of research studies on many of the areas, the Working Groups are expected to benefit from them. In cases of gaps in knowledge, the concerned division often promotes specific research studies or holds seminars, etc. Thus a large amount of technical and detailed subject-specific work goes into this second stage of plan formulation. The state governments are encouraged to have their own Working Groups and the Central Working Groups are also expected to interact informally with their state counterparts. On the basis of the exercises done in the second stage, the Planning Commission prepares a 'draft' Five Year Plan. As in the case of the approach paper, the draft plan that gives tentative details of the plan is first discussed by the full Planning Commission and then by the Union Cabinet and is then placed before the National Development Council.

The draft plan is subjected to public scrutiny in the third and final stage of plan formulation. It is discussed with and commented upon by various central ministries and state governments. Also the draft plan is published (like the approach paper) for wide public discussions. The draft plan is discussed by the Parliament first in a general way and then in greater detail through a series of parliamentary committees which individual members join according to their preferences. In this stage the Planning Commission also holds detailed discussions on the plans of individual states. With each state the discussions are held at the experts level as well as the political level culminating in a meeting with the Chief Minister. These meetings with

state governments lead to an understanding between the Commission and the states regarding the details of the plan including central financial assistance, etc. On the basis of these various discussions at different levels with diverse parties and on the basis of reactions from elected representatives, experts and the general public the Planning Commission prepares the final plan document. This document is again scrutinised by the full-Commission, the Union Cabinet and the NDC. Thereafter, it is presented to the Parliament which after discussions gives its assent. In India the general approval of the Parliament is considered to be sufficient and no law is required for taking up the plan for implementation.

9.5.2 Annual Plans

The discussion above broadly highlights the formulation of Five Year Plans. In the course of actual implementation however the effective instrument is the annual plan. Due to delays in the formulation of Five Year Plans or due to political or significant economic changes during a Five Year Plan, a great deal of importance has come to be assigned to annual plans. Since a considerable part of the Central and State governments, expenditures are for plan-projects, the annual plan has become an integral part of the budgeting exercise at both the Central and state levels. It has also become an important feature of our federal financial structure.

You are aware that the financial year in the government starts on 1st of April and the budget is prepared by February end. The task on the annual plan therefore has to start a few months earlier, usually around September, of the preceding year. The Planning Commission indicates to the state governments the important objectives of the annual plan and the likely quantum of central assistance they may expect. The states then propose draft annual plans detailing, among other things, mobilisation of resources. These drafts are discussed in meetings, held in November-December every year, between the Planning Commission and state governments. The state annual plan outlays are decided in these meetings which also decide the important item of Central plan assistance. This channel of transfer of resources from the Centre to the States is outside the purview of the transfers recommended by the Constitutional body—namely, the Finance Commission. Fiscal transfers through the Planning Commission, a non-statutory and supposedly advisory body, has therefore been a subject of controversy. But this is the practice that is being followed. The state budgets are crucially dependent on annual plans, but so are the budgets of Central ministries. The Central ministries' budget allocations are also to a great extent dependent on their annual plans which are worked out in consultation with the Planning Commission. The Planning Commission therefore is in practice not merely an advisory body as it is supposed to be. It wields considerable power in the allocation of substantial volume of financial resources between Centre and States and between different departments. By going into details of developmental schemes and projects it wields considerable influence regarding their acceptance or substantial modification.

9.6 ROLE OF PLANNING COMMISSION

We have by now got a fair idea about how national plans are formulated. The functions of the Planning Commission and the NDC in this process must have also become clear. We have also seen how important these two bodies are despite the fact that they are non-statutory advisory bodies. This expectedly has been one of the subjects of controversy. The Planning Commission has been criticised for trying to assume the role of a super-cabinet and being yet another bureaucratic hurdle in the initiation of development schemes. However, diametrically opposite views have also been expressed. It is sometimes argued that the Commission is practically ineffective as it has little power in the process of implementation of the plans. And even during plan formulation, the Commission is guided more by political pressures or expediency than by its expert judgement. The truth perhaps lies somewhere in between. As we have seen, the Planning Commission makes the plan but cannot do so without the active involvement of Central ministries, State governments, public sector undertakings and other agencies. Its non-statutory character perhaps helps the process as it is seen as an agency independent of the Central and State governments and ministries. It also has some control over plan implementation through the

mechanisms of annual plans, project appraisal, plan allotments, etc. It is therefore neither an ineffective ornamental body nor a super-cabinet but merely a co-ordinator in the process of evolving a framework for governmental schemes and projects for development. In this process it also has to make compromises and give weightage to political considerations in addition to its own technical inputs.

This brings us to the actual process of plan formulation which some believe has lost its meaning and has become merely a ritualistic and cumbersome exercise. We have seen that the process of plan formulation is a lengthy one and crucially dependent on the political leadership's development perspective. Therefore either due to political changes or due to the elaborateness of the process or other reasons, Five Year Plans are seldom prepared on time. The Eighth Plan's approach paper alone is ready after almost a year of the plan-period has passed. Annual plans however have been continuing *de facto* as budget time tables have to be met. But annual planning in the sense of an overall, co-ordinated and directed multi-instrument governmental initiative is often absent. Significant changes need to be brought about in the planning procedure if its relevance is to remain.

The final, and a related question, is that why should we have a Planning Commission? With planning going out of fashion in even the centrally planned economies and with the re-emergence of the free-market economy ideology, this question is being increasingly asked. It is obviously related to the question 'why plan?'. The Department of Economic Affairs in the Ministry of Finance, it is argued, is adequate to decide upon macro-economic priorities and policies. The other ministries can decide similarly on sectoral matters. But in India the economic role of the State involves not only macro-economic policy formulation, as in fully capitalist countries, but also substantial public sector involvement in production and distribution. The public sector is a very substantial part of the Indian economy and has been developed keeping in view the Directive Principles of State Policy. The need for a Planning Commission arises from this fact. The role of the government in our mixed economy involves market regulation and public sector initiatives. The Planning Commission similarly is a product of the mixed economy logic. Its functions lie somewhere in-between those of the Department of Economic Affairs and the planning agencies of centrally planned economies. As long as our commitment to a mixed economy continues the Planning Commission will remain relevant.

Check Your Progress 2

Note : 1) Use the space given below for your answers.

2) Check your answers with those given at the end of the unit.

1) Discuss the procedure of formulation of Five Year Plan in India.

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2) In the course of actual implementation of plan the effective instrument is the annual plan. Discuss.

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9.7 LET US SUM UP

In this unit we have studied the functions of the Planning Commission which has also helped us in understanding the meaning of planning. We have examined the structure of the Commission and its office. The role and composition of the National Development Council have also been examined. We gained some insight into the plan formulation process and the manner in which different agencies interact in this process. Finally, we discussed a few current controversies regarding the role of the Planning Commission.

9.8 KEY WORDS

Directive Principles of State Policy : Chapter IV of our Constitution contains the Directive Principles of State Policy (Article 35-51). These are in the nature of general directions or institutions to the State. They embody the objectives and ideals which the Union and state governments must bear in mind, while formulating policy and making laws. The Directive principles are not legally enforceable by any court and the State cannot be compelled through the courts to implement them. Nevertheless, the Constitution declares that they are fundamental in the governance of the country and that it shall be the duty of the State to apply these principles in making laws.

Laissez Faire Policy : It is the policy that is based on the idea that the government and the law should not interfere with business and other economic activities.

Macro Economic Policy : Policy relating to the national economic system as a whole. For example, policy relating to total employment, the level of prices and production in the entire economy.

Monitoring : It means keeping a check on the progress of a plan, project or scheme during the course of its implementation.

Perspective Planning : Long term overall planning taking into view all aspects of socio-economic problems.

Poverty Line : It is defined as the income necessary to purchase foodgrains to fulfil a minimum standard of calories/food intake.

Project Appraisal : Evaluation of a project in order to estimate its achievements as against the established goals, estimated cost, time and resources.

9.9 REFERENCES

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Planning Commission. 1975. *The Planning Process; Government of India*, Delhi.

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9.10 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

1) Your answer should include the following points :

- Planning Commission plays a major role in socio-economic transformation of the country
- it makes an assessment of the available resources

- investigates the possibilities of augmenting these resources
- formulates a plan for the most effective and balanced utilisation of country's resources
- defines the stages in which the plan should be implemented
- indicates the factors that retard economic development
- determines the machinery required for successful implementation of the plan
- monitors the progress achieved in the execution of each stage of the plan.

2) Your answer should include the following points :

- Planning Commission consists of a Chairman, who is always the Prime Minister, a Deputy Chairman, part-time members (ministers), full-time members, Minister of State for Planning as an ex-officio member, advisers, secretaries and offices of subject, and general divisions.

3) Your answer should include the following points :

- National Development Council came into being to enable the Five Year Plans to have a national character
- it is a body comprising representatives of states' and central governments
- it reviews the working of the national plan from time to time
- it considers important questions of social and economic policy affecting national development
- it recommends measures for the achievement of the aims and targets set out in the national plan
- it suggests measures to secure active participation and cooperation of the people, improve administrative efficiency, ensure balanced regional development and the development of the less advanced sections of the country
- it aims at building up resources for national development.

Check Your Progress 2

1) Your answer should include the following points :

- preparation of an 'approach' to the plan
- discussion on approach paper by Planning Commission and setting up of five year targets
- the Working Groups of Planning Commission work out the detailed plans for each sector and sub-sector
- they spell out the details of policies needed for achieving the plan targets
- the Central and state governments have their own Working Groups
- Planning Commission prepares a 'draft' Five Year Plan which is first placed before the Union Cabinet and then the National Development Council
- the draft plan is subjected to public scrutiny
- the draft plan is discussed by the Parliament and by the Parliamentary Committees
- Planning Commission also holds discussion on plans of individual states
- final document is prepared after the meetings of the Planning Commission with states, diverse parties, experts and general public
- the final document is then approved by the Union Cabinet and the NDC
- finally it is presented to the Parliament and approved by it.

2) Your answer should include the following points:

- since a considerable part of the central and state governments' expenditures are for plan-projects the annual plan has become an integral part of the budgeting exercise
- the work on the annual plan starts usually around September

Planning Process

- **Planning Commission indicates to the state governments the important objectives of the Annual Plan**
- **it also indicates the likely quantum of central assistance they may expect**
- **states propose draft annual plans**
- **the drafts are discussed thoroughly and state annual plan outlays are decided**
- **state budgets are dependent on annual plans**
- **Central ministries' budget allocations are dependent on their annual plans.**