

governments. Planning Commission and the NDC are not involved in plan implementation. Planning Commission only determines the machinery for proper implementation of plan, it does not by itself carry out the formulated plan. Monitoring and evaluation of plans is done by the Planning Commission and the NDC through Programme Evaluation Organisation and other agencies engaged in appraisal of plans.

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) What are the functions of Planning Commission ?

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2) Discuss the process of planning in India.

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7.6 LIMITATIONS OF PLANNING IN THE COUNTRY

Our Five Year Plans have broadly aimed at increase in growth rate, extensive modernisation, establishment of socialistic pattern of society, attainment of self-reliance, upliftment of backward classes, balanced growth, systematic regional development, removal of poverty and promotion of heavy and capital goods industries. All these objectives will be discussed in detail in unit 8 of this block. But here it is essential to note that despite four decades of planning, we have not been able to solve the problems of unemployment, under-employment, rise in prices and poverty. Regional inequalities continue to persist. We have not been able to utilise our manpower resources to the maximum extent. Our growth rate has been inadequate. Concentration of economic power has increased. Thus there has been a wide gap between targets and achievements. These problems can be attributed to several limitations in our planning process.

Administrative Reforms Commission (ARC) in its Report on the Machinery for Planning (1968). noted that there was a lack of proper coordination between the Planning Commission and the private sector. Private sector is only involved at the time of plan formulation, even here the consultations between the two are held very rarely. The ARC criticised the functioning of Central Advisory Council on industries and various Development Councils which have been created by the government for consultations with the industrial sector. It noted that these councils suffer from lack of proper leadership and technical support and thus have been generally ineffective.

The Planning agencies also suffer from lack of trained personnel with requisite calibre and experience. There is lack of coordination between the related sectors of economy at the time of plan formulation and implementation. Moreover, implementation of the plans has been rather inadequate. While formulating plans, the practicability of the schemes must be kept in view. Proper attention has to be paid to agencies and people involved in implementation and evaluation of plans, and a proper feedback mechanism has also to be established.

Economic development alone will never lead to overall development of the country, it

is, therefore, imperative to bring about structural and institutional changes in the society. Usually it has been found that there is an absence of realism in planning. Though agricultural production has increased, process of land reforms has been very slow, the small and landless labourers continue to live in poverty. Planning in India is not geared towards undertaking continuous and scientific investigation of social obstacles such as the kinship and hereditary relations based on caste system which come in the way of economic reforms and development. Financial incentives to reduce backwardness are not enough. Certain non-economic, political and social factors have to be kept in mind.

Our plans have not been able to adhere to time schedules, as a result there have been cost overruns. The process of execution of plans is so slow that the financial outlays for plans become insufficient after a certain period of time. Expenditure increases because with the passage of time the prices go up. There is no emphasis on sense of urgency in plan implementation and evaluation. Supervision of plans at all the levels has been ineffective. Plan execution and evaluation is marked with red tape and wastage of resources.

Regional and Area Planning in the strict sense of the term has never been introduced in India. Planning in India has been sectoral. Plans at the state, district, block and village levels have just been mere break-ups of sectoral plans. Planning at the grass-root level is very weak. The district, block and village bodies merely collect data for the state and central governments. No full-fledged planning is done at these levels. Usually the policies are handed over from above and people at the local levels are required to fill in this framework. Participation of people and voluntary agencies in planning has also been quite inadequate.

7.7 CONCLUSION

Though our planning process is facing several problems, the situation is not all that grim. We have been able to maintain a moderate growth rate. There has been a growth of infrastructure and basic industries. We are no longer dependent on food imports. Education, social services and human capital has developed and expanded to some extent. Domestic investment has increased. There has been development of economic infrastructure, energy resources, irrigation works and transport facilities. Industrialisation has been quite impressive. There has been a diversification and expansion of India's industrial capacity with public sector playing a leading role. Indigenous production of consumer items has also gone up.

Proper emphasis on administrative research and evaluation of plans, simplification of procedures of work to avoid delay and reduce costs, better coordination between various sectors of economy on interconnected tasks, better trained personnel and development of grassroot planning can remove the bottlenecks confronting the planning system in India.

No effective planning can be possible without people's participation. People have to be not just the goals but also the means of development strategy. People and voluntary agencies have to be involved in plan formulation and decision-making, implementation of planned activities, distribution of benefits of development and monitoring and evaluation of plans.

Check Your Progress 3

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

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

1) Briefly discuss the objectives of planning in India.

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2) What are the limitations of our planning process ?

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7.8 LET US SUM UP

Thus we saw that planning is an indispensable component of any country committed to the goals of socio-economic development. Plan formulation, implementation and evaluation calls for the participation of various planning agencies, central and state ministries, Parliament, private sector and voluntary organisations. Our plans have always aimed at bringing about social, economic and structural changes in the country in order to attain systematic and balanced growth. The unit has analysed the system of planning in India by explaining the importance of planning, evolution of planning and the nature of planning process in the country. India's plan objectives and various constraints behind proper fulfilment of these goals have also been discussed in the unit.

7.9 KEY WORDS

Economic Overheads : Building of economic overheads means development of network of roadways, construction of irrigation and hydro-electric works, development of railways and other capital intensive projects which are economic assets for the country.

Fragmented Holdings : These are very small holdings of land that are formed due to subdivision and fragmentation of land into small parts. This type of fragmentation leads to wastage of agricultural land, rise in cost of agriculture, and underutilisation of labour and capitals.

Kinship Relations : Family relations or relations between close and distant relatives that govern the social behavioural pattern. They are rooted in the caste system of Indian society.

Regional Planning : It involves coordination of various sectors of the economy in a specific region, these sectors have to be correlated with certain natural and economic homogeneities.

Sovereign Socialist Secular Democratic Republic : The preamble (serving the introduction) to our Constitution declares the ultimate sovereignty of the people of India and that the Constitution rests on their authority. The Constitution envisages that the state representatives have to be elected by the people. All the religions in the country will have the equal status, prestige and respect from the state. The Constitution also envisages a democratic form of government infused with the spirit of justice, liberty and equality. The words 'secular' and 'socialist' were inserted in the preamble of the Constitution by the 42nd Amendment Act, 1976.

7.10 SOME USEFUL BOOKS

Avasthi, A. and S.R. Maheshwari.1988. *Public Administration* ; Laxmi Narain Agarwal : Agra.

Jain, R.B. 1976. *Contemporary Issues in Indian Administration* ; Vishal Publications : Delhi.

Sarup, A. and S. Bramhe. 1990. *Planning for the Millions* ; Wiley Eastern : New Delhi.

Uppal, J.S. 1984. *Indian Economic Planning* ; Macmillan : Delhi.

7.11 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Your answer should include the following points :
 - Planning is a systematic pre-thought out action
 - It involves clear perception of the problem, determination of objectives, choice of means, formulation of a plan, ascertaining suitable machinery to carry it out and proper evaluation of the plan
 - Planning is needed for all kinds of tasks committed towards development.
- 2) Your answer should include the following points :
 - India inherited a stagnant economy
 - Private sector was not in a position to solve the problems prevailing at that time
 - There was a need for development of agriculture and industry, infrastructural facilities also had to be developed
 - Planning enables a comprehensive understanding of problems, avoids wastage and leads to increase in production
 - Planning increases the rationality of the system, prevents inconsistency of individual decisions and brings about structural change.

Check Your Progress 2

- 1) Your answer should include the following points :
 - Planning Commission assesses the resources available
 - It formulates plans for effective utilisation of resources
 - Defines the stages in which plans should be carried out
 - Allocates resources and determines the machinery for plan implementation
 - Points out the factors hindering development.
- 2) See Section 7.5

Check Your Progress 3

- 1) Your answer should include the following points :
 - Plans aim at strengthening the socialistic pattern of society
 - They aim at increasing the growth rate
 - Bringing about balanced regional development
 - Accelerating balanced growth
 - Provision of employment opportunities
 - Upliftment of backward classes
 - Promotion of self-reliance.
- 2) Your answer should include the following points :
 - lack of coordination between related sectors of economy at the time of plan formulation and implementation
 - Absence of grassroot planning
 - Lack of people's participation
 - Absence of regional planning
 - Increase in expenditure due to non-adherence to time schedules.

UNIT 8 GOALS OF DEVELOPMENT

Structure

- 8.0 Objectives
- 8.1 Introduction
- 8.2 Concept of Development
- 8.3 Development Goals in India
- 8.4 Our Plan Objectives
- 8.5 Conclusion
- 8.6 Let Us Sum Up
- 8.7 Key Words
- 8.8 Some Useful Books
- 8.9 Answers to Check Your Progress Exercises

8.0 OBJECTIVES

After reading this unit you should be able to :

- discuss the meaning of development and highlight its relationship with economic growth,
- state the goals of development in the country,
- state the goals of development in the country,
- discuss the different objectives of our Five Year Plans, and
- highlight the problems and loopholes hampering the proper achievement of development goals.

8.1 INTRODUCTION

Development is a complicated and multi-faceted concept. The goals of development depend on the concept of development which in turn depends on the social, economic and political conditions prevailing in the country. Development can neither be identified with economic growth, nor with the level of per capita income. It is a holistic and integral concept dealing with all the aspects of social existence in their organic unity.

Development goals or objectives can be short term as well as long term. They can also be real or stated, depending on whether they are actually or effectively pursued or not. India adopted development planning within the framework of a mixed economy system with a conscious choice of a number of objectives or goals. The primary objective which overshadowed every other objective is the growth of output. Social equity is the other objective which assumed a lot of importance because of its relevance to Indian conditions marked by unemployment, poverty, income inequalities and regional imbalances. Other goals of development which our country has been pursuing are attainment of modernisation, industrialisation and self-reliance. This unit will try to clarify the relationship between development and growth and highlight the different goals of development which have received a good deal of emphasis in all the Five Year Plans. An attempt will also be made to bring out the problems that we are facing in the formulation and implementation of development strategies and programmes.

8.2 CONCEPT OF DEVELOPMENT

Before analysing the various goals of development, it is essential to know the meaning of the term 'development'. Though the concept of development has been highlighted in unit 1 of block 1, it is necessary to bring out the relationship between development and growth. Development is a difficult concept to define, generally speaking, it means

moving to the next stage of condition which is better. According to Hahn-Been-Lee "Development is a process of acquiring a sustained growth of a system's capability to cope with new, continuous changes toward the achievement of progressive political, economic and social changes". Development means change plus growth. According to Gerald M. Meier, the definition that would gain wide approval is one that defines economic development as the process whereby the real per capita income of a country increases over a long period of time, subject to the stipulation that the number below an "absolute povertyline" does not increase, and that the distribution of income does not become more unequal.

The term development should not be equated with the term growth. Though growth is a pre-condition to development, mere growth of an economy does not make it a developed economy. Charles P. Kindleberger rightly asserts that economic growth merely refers to a rise in output whereas economic development implies changes in technical and institutional organisation of production as well as in distributive pattern of income. Compared to the objective of development, economic growth is easy to realise. By mobilising larger resources and raising their productivity, output level can be raised. The process of development is far more extensive. Apart from a rise in output, it involves changes in the composition of output as well as shift in the allocation of productive resources so as to ensure social justice. In some countries, the process of economic growth has been accompanied by economic development. This, however, is not necessary. Though development without growth is inconceivable, growth without development is possible.

In India, the planners realised the fact that the concept of development must incorporate the following elements :

- i) Economic growth cannot be equated with development. In fact, there is no guarantee that growth of investment, capital formation, industries and national income would by themselves bring about overall development, which would lead to better lives for the poor. Hence development must be viewed in its totality as one single, unified concept incorporating social, political, cultural and economic dimensions.
- ii) Social justice is basic to development
- iii) Development has to be a participative exercise and not one in which a select minority of the elite controls and directs the process of development
- iv) Self-reliance is an integral part of development. It means that the developing countries should be able to participate in the development process on the basis of full equality in international relations for the mutual benefit of all concerned.
- v) Due to scarcity of natural resources, it is essential that the pursuit of growth should lead to neither excessive nor imbalanced use of those resources in order to maintain their natural balance.

These aspects of development have been given due emphasis in our Five Year Plans. The next section would deal with these aspects.

8.3 DEVELOPMENT GOALS IN INDIA

Growth and development continue to dominate the public policies of both the developed and developing countries. Everywhere, the collective efforts of the state are given a role in development, which varies qualitatively and quantitatively among different countries. This depends on a number of factors, the most important being the objective or the goal of development. It means that there is a different understanding of the concept of development in different countries. These differences relate to the variety and diversity of goals of development adopted by different countries. The differences in the objectives of development reflect the differences in the conditions and approaches of different countries depending on their history, natural conditions, political and social system, place in the world community and values. The concept of development in India is also dependent upon the goals of development in the country. These objectives are self-reliance, industrialisation, modernisation, economic growth and social justice. We will now discuss these goals in detail.

Economic Growth

have tried to increase the stock of capital goods, viz., machinery, tools, equipment and infrastructure facilities. This is essential as it helps our labour force to produce a steady flow of goods and services which ultimately leads to an increase in the rate of savings and capital formation. Thus development through increase in production has become the corner stone of Indian planning. It has featured in all our development policies and strategies. It is clearly evident from the very character of Indian Plans, that major focus of our planning has been on economic growth. The underlying objective behind the setting of plan targets and allocating the resources to various sectors has been economic growth.

The era of economic planning, starting with the First Five Year Plan (1951-56) laid a target of 2.1 per cent per annum increase in the national income. The Second Five Year Plan envisaged a target of 4.5 per cent increase in national income by laying emphasis on the development of the public sector. The Third Plan aimed at securing a 5.6 per cent annual increase in national income. It laid stress on raising agricultural output. The main focus of the Fourth Plan was growth and stability. The Fifth Plan aimed at 5.5 per cent increase in national income. It treated the objective of economic growth as a complementary goal to the other goals of eradication of poverty and achievement of self-reliance. The Sixth Plan aimed at 5.2 per cent increase in the Gross Domestic Product (GDP). To achieve this target, it laid emphasis on improving the efficiency level of existing capital stock utilisation, raising the investment rate, making the investment pattern more rational and keeping the balance of payments within certain limits. The Seventh Plan aimed at 5 per cent per annum increase in the national income.

Thus the major thrust of our plans has been on economic growth. While evaluating the performance of a plan, its growth rate is always looked into. High rate of production is considered to be essential to meet the basic needs of the people. Thus emphasis has always been laid on utilisation of our resources in an appropriate manner so as to satisfy the needs of our population. It is believed that growth impulses arising from our production process would gradually spread to the entire economy. The role and importance of suitable technology in increasing production has also been stressed upon. Right from the beginning of our planning era, we have been giving highest priority to economic growth by introducing ways for increasing production in the economic sphere. Increase of production is regarded as an essentiality for removal of poverty, establishment of just and equitable society and raising the standards of living of the people.

Our plans also seek to achieve a balanced rate of growth, that is, a balance between industry, agriculture, light industry (industry producing consumer goods) and heavy industry (industry producing capital goods) has been sought by our plans.

Self-reliance

A country can be regarded as economically independent only if it follows the path of development according to its own needs, resources and values. The developing countries such as India cannot become self-reliant unless and until they are able to detach themselves from the dependency relationship which they have with other countries in trade, investment and technology.

Our plans stress upon the different dimensions of self-reliance :

- i) reduction in the dependence on foreign aid
- ii) diversification of domestic production
- iii) reduction in imports for certain critical commodities ; and
- iv) promotion of exports to enable us to pay for imports from our own resources.

As foreign exchange can become a constraint in promoting development, its management has been sought by our Five Year Plans through emphasis on self-reliance and import substitution. We have been trying to achieve import substitution by development of machinery manufacture within the country. We are also trying to buildup our capacity in the fields of project consultancy and design engineering.

Through achievement of self-reliance, a country is able to ensure a more equal relationship with the world economy and reduce its vulnerability to outside pressures and disturbances. Self-reliance has to be sought along with the objective of economic growth and not at the cost of growth. The term self-reliance should not be confused

foodgrains, defence etc. It is needed from the point of view of national security. In the remaining sectors, only self-reliance is sought, it means that in these areas, normally demand is satisfied from domestic production, but where it is necessary to import from other countries, purchases are made on the basis of foreign exchange earned through exports. That is, demand for foreign exchange (equal imports) is set equal to supply of foreign exchange (equal exports). This is the essence of self-reliance.

In the 1950s, India was dependent on foreign countries because the output of foodgrains was not adequate, basic industries were virtually non-existent and rate of savings was sufficiently low. Due to these reasons, it became imperative for Indian planners to give due emphasis on the goal of self-reliance in our plans. Self-reliance did not receive much emphasis in the first two Five Year Plans. In the Third Plan, for the first time, it was stated that "the country would endeavour to become self-reliant over a decade or so". It stated that "the balance of payments difficulties that the country is facing are, not short term or temporary, they will continue for several years to come. External assistance is essential for this period, but the aim must be to make the economy more and more self-reliant, so that it is able to support within a period of ten or twelve years, an adequate scale of investment from its own production and savings. The normal flow of foreign capital may continue but reliance on special forms of external capital has to be reduced progressively and eliminated". The Fourth Plan concretised this goal and determined the time phasing for its realisation. The subsequent plans have also laid stress on the objective of self-reliance.

Industrialisation

As we know the central theme of India's planned development has been an increase in the growth rate of national income. To achieve this, the need for development of capital goods and basic industries was strongly felt at the beginning of our planning era. Thus the development of capital good industries has been assigned a key role in the growth profile of the country. Emphasis has been laid on the production of basic materials and goods like coal, steel, machines, electricity, chemicals etc. This is essential for setting up of infrastructural facilities and accumulation of capital. Despite the initial problems of industrialisation such as production of only heavy and basic goods, non-production of consumer goods and lack of increase in employment opportunities, it is felt that emphasis on this objective ultimately leads to expansion of capital and consumer goods, availability of job at higher levels of income, capital formation and increase in rate of growth.

Our plans have given a high priority to the objective of industrialisation. They have laid emphasis on organising an adequate supply of consumer goods. Cottage industries are being promoted to produce consumer items. Such type of industries do not require large amount of capital and are also labour intensive. Our stress on increased rate of savings and investment, import substitution and export expansion has given a boost to our industrial production. In order to ensure the speedy implementation of this strategy for industrialisation, large amount of funds have been allocated to the industries in our Five Year Plans. Our Plans have accorded a very high priority to the development of certain sectors of the economy such as industry and mining, power and transport and communications.

Modernisation

As per the Sixth Five Year Plan document, the term 'modernisation' means a variety of structural and institutional changes in the framework of economic activity. A shift in the sectoral composition of production, diversification of activities, advancement of technology and institutional innovation have all been a part of the drive for modernisation. Indian planners have always emphasised the role of science and technology in bringing about development. Application of science and technology in production raises the output level and accelerates the pace of economic growth. Our plans have stressed upon the need for research and development (R & D) in order to avoid our dependence on foreign technology. Though structural diversification commenced with the Second Five Year Plan, the concept of modernisation was clearly spelt out only in the Sixth Five Year Plan.

To bring out modernisation, efforts have been made to promote industrial growth and diversification. Besides this, the strategy for modernisation, involves a shift in the industrial sector towards industries producing basic materials and capital goods and the growth of the public sector in industry. The development of the public sector has

been the principal element in our drive for industrial diversification. The public sector as we read in unit 7, plays an important role in industries such as steel, petroleum, fertilisers, petro-chemicals etc. The crucial role of private sector has also been recognised by our government and it has been accorded due recognition in our plans.

A sort of network in the form of banking institutions has been established to promote and finance private investment in industry. The government has set up a variety of institutions to assist in the provision of infrastructure, supply of raw materials and the development of marketing and technology. Small scale industries and artisans are also being protected through product reservation i.e. by restricting production of specified commodities by small-scale industries and fiscal concessions. Besides industry, our plans have also aimed at achieving modernisation in the sphere of agriculture. As we read in unit 5 of this block, at the beginning of our planning era, our agricultural growth was not much because of the then existing outmoded land tenure system, the primitive technology of cultivation and lack of infrastructure for raising productivity. Thus modernisation in this field was a very difficult task. The elimination of zamindari and other intermediary tenures, spread of high-yielding varieties and extension of irrigation has brought about considerable change in the technology of cultivation. The elaborate network of agricultural research and extension set up, production of major food grains and horticulture crops, establishment of a system of support prices, procurement and public distribution of goods are the results of modernisation.

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) Bring out the relationship between growth and development.

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2) Discuss the need for having a self-reliant economy.

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3) What is the strategy adopted by India towards attainment of industrialisation ?

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4) Discuss the strategy for bringing about modernisation in India.

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Social Justice

One important cause of underdevelopment and backwardness is widespread and multi-dimensional inequalities. Social, economic, political and cultural spheres in India are marked by serious disparities. There is no use of political rights (guaranteed in the Constitution) if social inequalities continue to persist. For removing poverty, unemployment, regional imbalances and income inequalities and for making democracy effective, it is very essential to introduce greater equity. Indian plans have stressed upon the transformation of her economy into a socialistic pattern of society. The Second Five Year Plan highlighted the need for a socialistic pattern of society within the framework of a mixed economy. It stated that the basic criterion for determining growth should not be private benefit but social gain. It suggested that the major decisions regarding planning should be made by agencies committed to social upliftment and that the less privileged classes should benefit most from our plans. The concentration of income and wealth must be reduced and the public sector should play a very crucial role in the economy.

The objective of Social Justice laid down in our plans, aims at

- i) increase in the living standards of the poorest groups in society
- ii) reduction in inequalities in asset distribution
- iii) removal of unemployment
- iv) bringing about balanced regional growth; and
- v) upliftment of backward classes.

We will now discuss these objectives briefly.

i) Reduction in Income Inequalities

Another way of achieving social justice in India can be reduction in income inequalities and concentration of wealth. The issue of income inequalities in India is linked with the inequalities in the ownership of agricultural land and concentration of economic power in the industrial sector. This is a cause of inequalities in rural areas. In urban areas, also, inequalities due to the rapidly growing assets of big business houses have been growing. Income disparities between urban and rural areas are also on the increase. Economic growth and industrialisation, instead of solving the problems, have aggravated them further.

According to the Planning Commission, the existing economic inequalities in India have their roots in the remnants of the feudal system and privileges associated with them, and these semi-feudal relations must be destroyed. In order to achieve this objective, the Government of India through its plan objectives has made a commitment to eliminate all intermediaries from the area of agriculture by appropriate legislation in this regard. Ceiling on agricultural holdings could be another measure towards elimination of inequalities. One more step in this connection could be fixing up of ceiling on incomes.

In developing countries, there are mainly three sources of high income :

- i) capital gains receipts
- ii) entrepreneurial profits
- iii) salaries and perquisites of business executives.

Thus according to the Planning Commission, removal of inequalities should involve firstly, restriction of capital gains and speculative profits and secondly, our taxation system must be geared to the need of detecting the income from the above mentioned sources and must punish the tax evaders severely. Other measures that can be undertaken in order to reduce inequalities are rise of agricultural production, development of agro-based industries and social services, ensuring fair price to the products of farmers, increasing the rate of growth, improving the productivity of weaker sections and fair dispersal of ownership of means of production.

ii) Removal of Poverty and Unemployment

Our Five Year Plans have stressed on removal of poverty and unemployment through creation and expansion of job opportunities. Our plans do not merely envisage the establishment of labour intensive industries, small scale industries and promotion of handicrafts, but also to make employment productive and output per worker higher. The plans aim at fuller utilisation of available production capacity, provision of credit and other assistance to people living below the povertyline, small and marginal cultivators and eligible persons seeking self-employment.

There is also a provision for special employment programmes in areas, specially rural, with high incidence of unemployment and poverty. Eradication of poverty has featured in all the Five Year Plans. The real thrust on poverty removal came with the Fourth Plan but it was the Sixth Plan that replaced the term 'poverty removal' with 'poverty alleviation'. The Sixth Plan approached the problem of poverty alleviation in three major ways, firstly, by identification and measurement of poverty, secondly, by developing realistic targets and thirdly, by formulating specific programmes to match the targets. In the Fourth Plan, emphasis was laid on removing poverty completely, since for total eradication, reduction is a major step, the government's approach towards Sixth Plan changed towards realistic norms and emphasis was rightly placed on moving step by step towards the goal. The Seventh Plan continued with similar stress and the Eighth Plan will also lay a good deal of stress on poverty alleviation.

A major step towards poverty alleviation is land reforms. It includes measures such as abolition of intermediary tenures and tenancy rights, fixation of ceiling on land holdings, development of institutional credit and marketing, improvement of agriculture taxation, agriculture extension education, supply of modern inputs etc. Another step towards this goal is poverty alleviation programmes. Some important programmes are the Integrated Rural Development Programme (IRDP), Training Rural Youth for Self-Employment (TRYSEM), National Rural Employment Programme (NREP). These programmes aim at creation of employment opportunities for rural poor and landless, provision of training for those seeking self-employment, creation of self-employment opportunities, establishment of training centres and assisting rural poor through credit and inputs.

We have a special programme for helping rural women and children known as DWCRA, that is Development of Women and Children in Rural Areas. It seeks to provide income generating activities to women which will have a positive impact on the economic and nutritional status of their families.

In the past also we have had programmes like the Community Development Programme which was launched in 1952, which aimed at making rural people self-reliant. Its objective was to inculcate among them a feeling of cooperation through better utilisation of human resources and science and technology. Then there were Intensive Agriculture District Programme (IADP), High Yielding Variety Programme (HYVP) and Multiple Cropping Programme which were started in the 1960s to give a boost to agricultural production and attain self-sufficiency in foodgrains production. Rural Works Programme was launched in 1967. It aimed at providing employment during the lean agricultural season. Small Farmer Development Agency (SFDA) was started in 1969 which provided assistance to target groups and credit institutions by ensuring credit and subsidies.

Pilot Intensive Rural Employment Projects (PIREP) and Crash Scheme for Rural Employment (CSRE) were started as employment generation schemes through execution of labour intensive projects. Minimum Needs Programme (MNP) aimed at meeting the basic needs of the poor in order to enable them to improve their standard of living. It provided for elementary education, rural health, water supply, electricity, rural roads, assistance to landless for rural housing and nutrition and improvement of urban slums. Food For Work Programme (FFWP) which was started in 1977 aimed at developing rural economy and generation of employment.

Thus, all these programmes not only aimed at removal of poverty and unemployment but they also tried to curb the rural-urban migration. They aim at reducing the problems of unemployment and poverty in urban areas too, as most of the problems are a result of influx of rural population in urban regions. For urban areas, a new programme called the Self-Employment Programme for Urban Poor (SEPUP) was initiated in the Seventh Plan Period.

iii) Removal of Regional Imbalances

As we read earlier, if development has to be fruitful, then it has to be a balanced development, that is, development of all the regions in the country. Growth of a few areas or regions at the cost of others will always have negative effects on the economy of a country. The Finance Commission, thus, pays special attention to backward regions of our country at the time of allocation of funds. The policy is to locate public sector undertakings in backward regions and encourage the private sector to invest in those areas.

To attain balanced development, different location centres have been evolved by the planners for the two set of industries, that is the capital intensive, large scale industries and labour intensive small scale consumer goods industries. The need for dispersal of industries as a means of attaining a balanced development of the economy as a whole has been emphasised in the industrial licensing policy also. The Planning Commission is of the view that the States can play a major role in the reduction of regional disparities. The States are asked to prepare their plans in a manner that would result in the reduction of disparities between different areas and to give due attention to backward regions, while distributing the plan resources between different programmes.

The Fourth Five Year Plan provided for formulation of a national policy for development of backward areas in the country. The policy laid down the need for undertaking the identification of areas, selection of special area development schemes and evaluation of policy and instruments for the implementation of the policy. The main objective of the area development planning was to provide a concrete programme for sustained overall development of the area. As a result some Area Development Programmes were started such as the Hill Area Development Programme (HADP) which aimed at maximising agricultural production in hilly areas through demonstration campaigns which were organised to teach the farmers about the need for improved seeds, pesticides, fertilisers, new agricultural technology etc. It provided for development of forestry, better marketing and credit facilities in hilly regions. Drought Prone Area Programme (DPAP) aimed at restoration of ecological balance, development of agricultural and allied sectors in drought prone areas through optimum utilisation of land, water and livestock resources. Desert Development Programme (DDP) was launched in 1977-78 as central sector scheme to specially cover extremely arid areas. It aimed at curbing the growth of deserts through afforestation, conservation of surface water and grass land development. There was also a special area development programme for tribal regions known as Tribal Area Development Programme (TADP). It was launched in 1972, it aimed at increasing agricultural production, developing animal husbandry, horticulture, constructing roads, controlling shifting cultivation, conservation of soil and land and cattle development. These programmes, thus aim at making the backward areas of the country economically developed.

iv) Upliftment of Backward Classes

Our plans have always included programmes for social welfare. Special schemes for the betterment of the disadvantaged groups has been an important feature of the plans. In the Fifth Plan, the National Programme of Minimum Needs was conceived as a means of enabling the disadvantaged areas and weaker sections of the society to achieve parity in the basic social consumption levels.

Special programmes have been started for the welfare of scheduled castes and tribes. The Fifth Plan has evolved a new strategy of specific sub-plans for tribal areas operating through the Integrated Tribal Development Projects (ITDPs). The long term objectives of these tribal sub-plans are to bridge the gap between the level of development of tribal and other areas and to bring about a qualitative change in the life of the tribal community. With the Sixth Five Year Plan, three more programmes were started :

- i) the Special Component Plan of the states and central ministries which tries to provide benefits to scheduled castes and scheduled tribes from general sectors of plans of states and central ministries. Through income generating schemes and provision of basic amenities, it aims to benefit the scheduled castes and tribes financially and physically.
- ii) the Special Central Assistance Scheme—aims to provide for development of scheduled castes and tribes through income generating schemes.
- iii) Scheduled Castes Development Corporations (SCDCs) in the States — The SCDCs are visualised as an interface between poor scheduled castes, and financial institutions in respect of bankable schemes of economic development.

Besides these programmes, there are other ways of safeguarding the rights of SCs and STs in India. The Special Officer for SCs and STs is appointed vide Article 338 to investigate all matters relating to safeguards provided for SCs and STs under the

3 of the Fifth Schedule provides for an annual report on the STs to be sent by the Governor to the President who can give direction to the Governor regarding any important matter concerning tribals and harijans. Para 4 of the Fifth Schedule provides for the establishment of Tribal Advisory Councils in States. Para 5 of the Schedule calls upon the Governor to make regulations for the peace and good administration of any area in a State which has been identified as the scheduled area. Article 275 provides funds from the Consolidated Fund of India for raising the levels of administration of scheduled areas in the form grants-in-aid to the States.

8.4 OUR PLAN OBJECTIVES

Our Five Year Plans, as we read in unit 7 of this block and as it is clear from the preceding sections of this unit, have consistently placed emphasis on the attainment of the objectives of self-reliance, social justice, industrialisation, modernisation and economic growth. All plans do not place equal emphasis on each objective. Whereas earlier plans laid more stress on rapid economic growth, the later plans attached more importance to self-reliance and removal of poverty. The Seventh Plan laid emphasis on the attainment of modernisation. Thus an overview of our Five Year Plans would give us an idea about the different objectives and priorities under each plan. The First Five Year Plan (1951-56) was started after the process of political and administrative unification of the country was completed. The situation at the beginning of the plan was not very good. We had to tackle the massive problems of backwardness and underdevelopment. Thus the plan aimed at :

- i) restoring the economy, resist the inflationary pressures, improve the food and raw materials position and develop the transport system
- ii) formulating and implement such development programmes that could lead to future progress
- iii) initiating measures of social justice
- iv) building up such administrative and other organisations that would be conducive to development.

This was basically a rehabilitation plan as Indian planners had to correct the disequilibrium in the economy caused by influx of refugees, severe food shortage and inflation. It emphasised on increase in agricultural production, improvement in living standards and growth of national income.

The Second Five Year Plan (1956-61) laid emphasis on industrial development. The plan aimed at rapid industrialisation with particular emphasis on the development of basic and heavy industries. The plan laid special emphasis on increased production of iron and steel, heavy chemicals and development of heavy engineering and machine building industries. It also aimed at an advanced increase of five per cent in national income, provision of additional employment and reduction of inequalities in income and wealth.

The Third Plan (1961-66) set as its goal the establishment of a self-reliant and self-generating economy. It aimed at :

- i) securing five to six per cent annual increase in national income,
- ii) achieving self-sufficiency in foodgrains,
- iii) expanding basic and key industries,
- iv) utilising to the fullest possible extent the man-power resources of the country,
- v) increasing employment opportunities,
- vi) establishing progressively greater equality of opportunity ; and
- vii) bringing about reduction in disparities in income and wealth and a more even distribution of economic power.

The Fourth Plan (1969-74) laid emphasis on the major objectives of removal of poverty and achievement of self-reliance. It aimed at achieving a 5.5 per cent annual growth rate. Its objectives were to :

- i) boost up industrial productivity
- ii) help weaker producers and increase employment opportunities
- iii) increase agricultural production, specially production related to the primary

- iv) use monopoly legislation and appropriate fiscal policy for reducing concentration of economic power.
- v) utilise Panchayati Raj institutions in planning at the local level.

The Fifth Plan (1974-79) proposed to achieve two main objectives : i) removal of poverty and ii) attainment of self-reliance.

It aimed at achieving these goals through promotion of higher rate of growth, better distribution of income, increase in the rate of growth of agriculture, production of level and expansion of production of consumer goods.

The focus of the Sixth Five Year Plan was on enlargement of the employment potential in agriculture and allied activities, encouragement to household and small industries producing consumer goods for mass consumption and raising the incomes of the lower income groups. Its main objectives were :

- i) strengthening the strategies adopted for modernisation
- ii) achieving economic and technological self-reliance
- iii) reducing the incidence of poverty
- v) improving the quality of life of the people in general with special reference to the economically and socially handicapped population
- vi) reducing income inequalities
- vii) promoting policies for controlling the growth of population ; and
- vi) promoting the active involvement of all sections of the people in the process of development.

The basic objectives of the Seventh Plan (1985-90) are the same as stated in the earlier plans, but the stress is more on growth, modernisation, self-reliance and social justice. The major goals of the plan are :

- i) to eliminate poverty and illiteracy
- ii) to achieve near full employment
- iii) to achieve self-sufficiency in the basic needs of clothing and shelter and to provide health for all
- iv) to augment agricultural production ; and
- v) to improve technology in the fast growth areas and control inflation.

Thus all our plans have aimed at achieving economic growth, industrialisation, self-reliance, modernisation, and social justice in some form or the other.

8.5 CONCLUSION

Thus, it is clear that our planners have been trying to bring about development by pursuing five major objectives viz., economic growth, self-reliance, modernisation, industrialisation and social justice. India's experience shows that a considerable amount of success has been achieved in certain areas. In agriculture and rural development, a large number of new programmes have been started. Along with these, a diversity of organisational arrangements and administrative structures have been established. There has been a substantial diversification of the industrial base over the last four decades. Now we are able to produce a broad range of industrial products. We have achieved self-reliance in basic and capital goods industries. Indigenous capacities have been established. The process of industrialisation has fostered entrepreneurship. A wide variety of technical, managerial and operative skills have been developed. The major thrust for development of heavy industries has been provided by the public sector. An elaborate network of specialised development banking institutes, has been established to help finance industrial investment in the private sector.

Though the list of achievements is exhaustive, we still cannot conclude that we have been able to develop in the way we wanted to. The list of failures and the problems hampering our drive towards development is equally exhaustive. Some economists doubt India's achievements on self-reliance. We have achieved considerable self-sufficiency in food but that is not the case in other areas. Import of capital goods, technology, petroleum products, edible oils, etc. make a huge dent in our external resources and we have a heavy balance of trade deficit. Though the growth rate has

modernisation in agriculture has just begun. Average yield levels in most regions and farming systems are below what can be attained with known technology. India now has a large and wide scientific and technical workforce in the world, still the capacity of the system to absorb these skills fully in productive employment has been less than adequate. Also in pure and applied research, advances have been limited except in a few areas like agricultural research, atomic energy and space. Average productivity levels are below the targets.

Monopolies in industry have grown. Progressive taxation has been quite ineffective. Circulation of black money has increased in the market. Increase in production has also led to increase in economic inequalities. The objective of income equality in terms of priority, has always got a very low place in our plans. The publications of Planning Commission and Plan Documents have never provided estimates of inequalities of income and wealth distribution. The Fifth and Sixth Plans did not clearly lay down the measures to be followed for eliminating income inequalities. The Seventh Plan also did not make any reference to it. We have been under the misconception that fiscal policy, industrial licensing, monopoly control measures and additional employment opportunities would be enough to reduce income inequalities.

We have also not been able to make a dent on poverty problem. Anti-poverty programmes have brought only temporary relief. Improper identification of beneficiaries, lack of awareness among the poor regarding the benefits of programmes, wastage of funds, lack of monitoring and evaluation, overemphasis on wage employment schemes, lack of training of staff involved in implementation of programmes and less involvement of voluntary agencies and cooperatives in rural development have proved to be the major problems facing our programmes. Neither the incidence of poverty has reduced nor the living standards have improved.

Land reforms have not been implemented effectively. Shortage of updated land records, existence of benami transactions, distribution of bad quality of land, declaration of less land as surplus, lack of participation by benefactors, almost non-existent cooperatives for land reforms, use of inappropriate technology in agriculture have impeded their success.

In the early phase of planned development in India, regional factors were not given enough weightage. Moreover, the major industrial projects in the public sector located in industrially backward areas have not produced the desired effects. It has also not led to diversification of the regional economy. We have achieved some success in the development of huge irrigation power projects, which have led to agro-industrial development, but our policy of attracting private sector to invest in industrially backward regions has not succeeded much.

In education, health care and family welfare, past efforts have been concentrated on target-oriented expansion in facilities or on enrolment and coverage. The greater access of the poor to secondary and higher education has not been able to reduce the illiteracy rate. Our Five Year Plans accepted the objective of equity, however, the concrete details of this objective such as the extent to which income and wealth would be distributed, different types of social equity to be introduced, the extent to which concentration of income and wealth would be reduced etc., have not been spelt out. Various policies and programmes for bringing about equity and steps needed for this purpose were never specified.

Certain measures can be adopted to improve this state of affairs. There is an urgent need for re-examining our priorities and strategies in pursuit of development. There is a need for refinement in the process of identification of schemes relevant for scheduled castes, scheduled tribes and rural poor, both by the state governments and central ministries. Adequate attention has to be given to these schemes, their economic base has to be strengthened. We should try to involve the voluntary organisations, cooperatives and people in the formulation, implementation, monitoring and evaluation of the schemes for the poor and the downtrodden. A strategy is required whereby we can improve the performance of staff engaged in development tasks, ensure their accountability to people and increase their accessibility to the common man. Similarly problems of corruption and red-tapism can be tackled properly.

To strengthen the country's scientific and technological base, its domestic

and research and development efforts in crucial areas of science and technology have to be initiated. The evaluation of social welfare schemes in quantitative terms is not going to solve any problem. We must try to find out the qualitative effect of such programmes, for example, we must know their ultimate effects on literacy, educational status, incidence of diseases, mortality rates, nutritional status and living standards.

To remove regional imbalances, what is needed is a strategy which identifies the natural, physical and human endowments and potential in different districts and formulates viable projects which are based on these resources. The plans must also bring out overall sectoral and spatial requirements of the backward districts which would help in the inter-district disparities within the States.

Unemployment problem can be solved if our poverty alleviation programmes are able to produce the desired results. Besides this, the employment potential of an investment project should be clearly studied. It should also be kept in mind that for each region, sector and economic class, different employment plans should be initiated, keeping in view their specific needs. We have to mobilise our resources in an effective manner, expand our exports, increase our agricultural production, develop proper technology for ecologically handicapped regions, utilise fully our irrigation potential, develop effective substitutes for imported products, technology and energy, revitalise our family planning programmes, strengthen the Panchayat Raj system and introduce a job-oriented education system in order to solve our goals of development.

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) Our plans have always aimed at bringing about social justice through various strategies and programmes. Comment.

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- 2) Discuss the various methods adopted by the government for removal of poverty and unemployment.

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8.6 LET US SUM UP

Our major goals of self-reliance, economic growth, modernisation, industrialisation and social justice have been ardently pursued by our Five Year Plans. The difficulties impeding the full achievement of the goals can be removed with the help of people's participation and right political will. The aim should be to make India a technologically viable and progressive economy where everyone would enjoy the basic amenities of life. To attain our goals we need to expand economic and technological growth, initiate development programmes for the poor and weaker sections of the society, improve our health and education facilities, bring about sharp reduction in the rate of population growth, inculcate awareness among the people and revitalise our panchayats, cooperatives, voluntary agencies and other decaying administrative institutions.

8.7 KEY WORDS

Capital gains receipts : A financial gain resulting from the sale of a capital asset at a higher price than was paid for it. The gain arises out of an appreciation of capital value. It creates in the hands of the receiver a clear capacity to pay taxes.

Ceiling on agricultural holdings : Maximum limit fixed under the system of regulation of holdings. A person cannot possess agricultural holding beyond a certain fixed limit.

Diversification of domestic production : Production of new domestic products while continuing the production of existing products.

Entrepreneurial profits : The difference between the receipts and outlay in business. It reflects the excess of receipts over the expenditure.

Foreign Exchange : The means of payment in which currencies are converted into each other and with which international transfers are made.

Labour Intensive production : A form of production requiring a high proportion of labour in relation to the other factors of production employed.

Marginal cultivators : A cultivator who has minimum means of cultivation and slight reduction in these means would make him landless or totally non-operative.

Poverty line : The usual method is to fix a poverty level on the basis of minimum level of per capita expenditure required for normal calorie intake (2250 calories as average per capita per day requirement). The extent of poverty is measured by estimating the number of people whose overall per capita consumption falls below this level. This level is called the poverty line.

System of support prices : The policy of the administration by which a minimum price is fixed for procurement of certain commodities specially food crops so that the producers do not suffer a financial loss in case of a glut in production. Such a price also takes into account the cost of various inputs used by the farmers for production.

8.8 SOME USEFUL BOOKS

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8.9 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

1) Your answer should include the following points :

- Development means progress, it includes growth as well as change

- Growth refers to rise in output
 - Development implies changes in technical and institutional areas of production
 - Process of development is far more extensive than growth
 - Development includes rise in output as well as changes in the composition of output
 - While development without growth is inconceivable, growth without development is possible.
- 2) Your answer should include the following points :
- Self-reliance is needed for economic independence
 - Through self-reliance, a country is able to ensure a more equal relationship with the world economy
 - It reduces a country's vulnerability to outside pressures and disturbances
 - To avert foreign exchange crisis
 - Help a country to support adequate scale of investment from its own production and savings
 - Reduces dependence on foreign capital.
- 3) Your answer should include the following points :
- Emphasis on development of capital goods and basic industries
 - Expansion of consumer goods industries
 - Cottage industries are being promoted
 - Labour intensive industries needing less amount of capital are being developed
 - Five Year Plans have allocated large amount of funds for promotion of industries.
- 4) Your answer should include the following points :
- Emphasis on the role of science and technology in bringing about modernisation by the government
 - Emphasis on the need for Research and Development
 - Promotion of industrial diversification
 - Development of the public sector
 - Promotion of a support network of financial institutions
 - Protection of small-scale industries and artisans
 - Elimination of zamindari and intermediary tenures to bring about modernisation in agriculture
 - Establishment of a system of support prices.

Check Your Progress 2

- 1) Your answer should include the following points :
- Indian plans have stressed upon the transformation of her economy into a socialistic pattern of society
 - We aim to achieve social justice through improvement in the living standards of the poor
 - Through reduction in income inequalities
 - Through removal of poverty and unemployment. For this purpose many anti-poverty programmes have been launched
 - Through reduction of regional imbalances
 - Welfare of scheduled castes, tribes and rural poor has been sought by our plans.
- 2) Your answer should include the following points :
- Our Five Year Plans have stressed on removal of poverty and unemployment through creation and expansion of job opportunities
 - We aim to provide credit and other assistance to people living below the poverty line
 - Fuller utilisation of available production capacity is sought
 - Special employment programmes such as the IRDP, TRYSEM, NREP, etc., have been started
 - Land reforms is considered to be a major step towards removal of poverty.