

Planning Commission – Five Year Plan & NITI Aayog

- Before India gained independence, the value of planning was understood in that country.
- A few people and institutions used their influence to apply different ideological perspectives to the efforts made at plan formulation.
- One of the most notable inventions of the 20th century was socioeconomic planning.
- The nation understood the value of planned growth even before it attained independence.
- Several well-known public figures, like Dadabhai Naoroji (1825–1917), M. C. Ranade (1842–1901), and R. G. Dutt (1848–1909), produced in-depth works on the social and economic issues facing Indians.
- Throughout the protracted era of India's war for independence, issues of mass poverty, the need to safeguard farmers and artisans, the necessity of industrialization, and the reconstruction of the entire social and economic financial life.
- Nearly all of the national leaders saw political freedom as the major solution to these core issues.
- For Mahatma Gandhi, achieving freedom was not only a political objective but also a necessary step in releasing the masses from oppression and stagflation.
- During the 1930s, the social and economic objectives of the battle for freedom were clearly defined.
- Planning gradually spread to about two thirds of the world after the Soviet experiment in 1928.
- Only the USSR was immune to the impacts of the great depression that swept the globe during the 1930s.
- The world was drawn to the USSR because of its planning after that because of its planning.
- Later, the Indian National Congress highlighted in its resolutions that in order to end poverty and better the economic and social conditions of the

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masses, the current economic structure of society needed to undergo radical change, as did the need to eliminate significant inequities.

- These resolutions date back to 1929.
- The first methodical work was created in 1934, when eminent engineer and statesman M. Visvesvaraya developed a ten year plan.
- He outlines a strategy for the nation's economic growth in his book "Planned Economy for India."
- A Congress government was established in eight provinces as a result of the Government of India Act of 1935, which introduced provincial autonomy.
- The Congress Working Committee recommended the committee of interprovincial experts to consider urgent and crucial issues in August 1937.
- These issues must be resolved for any plan for national reconstruction and social planning.

National Planning Committee (1938):

- Indian National Congress formed this committee Subhash Chandra Bose was Congress president and was chaired by Jawaharlal Nehru Aim was to release detailed blueprint of an economic plan for independent India.

Bombay plan (1944):

- Industrialists of Bombay including Mr. JRD Tata, GD Birla, Purshottamdas Thakurdas, Lala Shriram, Kasturbhai Lalbhai, AD Shroff, Ardeshir Dalal, & John Mathai prepared this plan.
- It was neglected by the political parties and by the business class due to various reasons.

People's Plan (1945):

- MN Roy, this plan gave greatest priority to Agriculture.
- This plan was for ten years.
- It recommended nationalization of all agriculture and production.

Gandhian Plan (1944):

- By Sri Shriman Narayan who was principal of Wardha Commercial College.
- Plan emphasized economic decentralization with primacy to rural development by developing cottage industries.

Sarvodaya Plan (1950):

- By Jaiprakash Narayan inspired by Gandhian plan as well as Sarvodaya Idea of Vinoba Bhave.
- It emphasized on small and cottage industries and Agriculture as well.
- Plan also stressed upon land reforms and decentralized participatory planning.

Planning Commission (1950):

Long term objectives of Five Year Plans in India are:

- High Growth rate to improve the living standard of the residents of India.
- Economic stability for prosperity.
- Self-reliant economy.
- Social justice and reducing the inequalities.
- Modernization of the economy.
- Set up by a Resolution, with Jawaharlal Nehru as the first Chairman of the Planning Commission.
- The Planning Commission of India was a government institution that, among other things, formulated India's Five-Year Plans.
- The planning commission was tasked with ensuring that everyone had the opportunity to work in the community's service.
- The Planning Commission was directly responsible to India's Prime Minister.
- It was founded on March 15, 1950, under the chairmanship of Prime Minister Jawaharlal Nehru.
- The Planning Commission was established by the Central/Union Government and was not established by the Constitution or statute.
- In March 1950, the Government of India passed a resolution establishing the Planning Commission.
- The government's main goals were to push a quick rise in Indians' living standards through profitable exploitation of the country's resources,

increased output, and providing chances for everyone to work in the service of society.

- The Planning Commission was tasked with evaluating all of the country's resources, enhancing precious resources, making plans for the most productive and balanced use of resources, and determining priorities.
- The first Chairman of the Planning Commission was Pandit Nehru.

Composition of Planning Commission:

- **Chairman** – Prime Minister; presided over the meetings of the Commission
- **Deputy Chairman** – de facto executive head (full-time functional head);
- Was in charge of drafting and submitting the draft Five-Year Plan to the Cabinet of Ministers.
- The Central Cabinet appointed him for a defined term and he held the position of a cabinet minister.
- Without the ability to vote, he or she might attend cabinet sessions.
- **Part-time members** – Some central ministers
- **Ex-officio members** – Finance Minister and Planning Minister

Functions of Planning Commission:

- Make an assessment of the nation's capital, material, and human resources, including technical personnel, and look into ways to improve these resources for the nation's development;
- Prepare a plan for the most efficient and balanced use of the country's resources.
- Define the stages in which the Plan shall be implemented, as well as the resources required to complete each stage;
- Determine the causes that impede economic development and the circumstances that, in light of the current social and political environment, should be established to ensure the Plan's successful execution.
- Determine the type of machinery required for each step of the Plan to be completed successfully in all aspects;

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- Regularly assess the success made in implementing the Plan at all phases and offer any policy or measure corrections or changes that such an assessment may find essential;
- Make interim or supplementary recommendations to enable it to carry out the responsibilities entrusted to it, or based on a review of current economic conditions, policies, measures, and development plans, or a study of specific problems that the Central or State Governments may refer to it.

First Five-year Plan 1951-56:

- Based on the Harrod-Domar model.
- Its main focus was on the agricultural development of the country including irrigation and power projects.
- Targeted growth rate – 2.1 percent
- Achieved growth rate of 3.6% (more than its target)

Second Five Year Plan - 1956 to 1961:

- Rapid industrialization with a focus on heavy industries and capital goods.
- Targeted growth rate – 7.5 percent
- Achieved growth rate of 4.1%
- It was based on the P.C. Mahalanobis Model

Third Five Year Plan - 1961 to 1966:

- Also called ‘Gadgil Yojana’
- The main target of this plan was to make the economy independent and to reach the self-active position of take-off.
- For the first time, considered the aim of balanced, regional development.

Three annual plans (plan holiday) 1966 to 1969:

- Focus was on Self-reliance.
- During this plan, annual plans were made and equal priority was given to agriculture & its allied sectors and the industry sector.
- Green revolution was ushered in this period (1966-67).

Fourth Five Year Plan 1969 to 1974:

- Growth with stability and progressive achievement of self-reliance.
- Targeted growth rate – 5.7 percent

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- Achieved growth rate of 3.3% (plan failed to achieve targeted growth rate)

Fifth Five Year Plan 1974 to 1979:

- Focus on poverty alleviation and self-reliance
- Targeted growth rate – 4.4 percent
- Achieved growth rate of 4.8% (plan was successful)
- This plan was terminated in 1978.

Rolling Plan 1978 to 1980:

- As a continuation of the fifth year plan.

Sixth Five Year Plan 1980 to 1985:

- Targeted growth rate – 5.2 percent
- Achieved growth rate of 5.7% (plan was successful)
- **Objective** – poverty eradication and Employment generation.

Seventh Five Year Plan 1985 to 1990:

- **Objectives** – emphasized on rapid food grain production, increased employment creation and productivity in general.
- Targeted growth rate – 5 percent
- Achieved growth rate of 6% (plan was successful)

Two Annual Plans 1990-91 & 1991-92:

- Eighth Plan (1990–95) could not take off due to political situation of the country, the Fiscal imbalances and the BOP crisis.

Eighth Five Year Plan 1992 to 1997:

- Targeted growth rate – 5.6 percent
- Achieved growth rate of 6.8% (plan was successful)
- **Objective** – Development of human resources i.e., employment, education, and public health.
- Adoption of Indicative planning in totality
- Narasimha Rao Govt. Launched the New Economic Policies of India
- Rao-Manmohan Model– LPG (Liberalization, Privatization, Globalisation)

Ninth Five Year Plan 1997 to 2002:

- Targeted growth rate – 7 percent.
- Achieved growth rate of 5.6%

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- **Objective** – “growth with justice and equity”.
- It was launched in the 50th year of independence of India.

Tenth Five Year Plan 2002 to 2007:

- **Objective** – aims to double the Per Capita Income of India in the next 10 years.
- Targeted growth rate – 8 percent
- For the first time the Plan went to set the ‘monitorable targets’ for eleven select indicators of development for the Centre as well as for the states.

Eleventh Five Year Plan 2007 to 2012:

- **Objective** – “faster and inclusive growth”

Twelfth Five Year Plan 2012 to 2017:

- **Objective** – “Faster, More Inclusive and sustainable growth”
- Growth rate target is 9%

Twenty Point Programme (TPP)

- The programme was launched in July 1975.
- Programme was conceived for coordinated and intensive monitoring of a number of schemes implemented by the Central and the State Governments.
- The basic objective was to improve the quality of life of the people, especially of those living below the poverty line.

Targets under restructured TPP (2006)

- Poverty eradication
- Power to people
- Support to farmers
- Labour welfare
- Food security
- Clean drinking water
- Housing for all
- Health for all
- Education for all
- Women welfare
- Child welfare
- Youth development

- Improvement of slums
- Social security
- Rural roads
- Energising of rural areas
- Welfare of SC/ST/OBC and minorities
- Environment protection and afforestation
- Development of backward areas
- IT enabled and e-governance

Member Of Parliament Local Area Development Scheme (MPLADS)

- The MPLADS is the last of the Central Plans and the latest to have been launched.
- The scheme was launched on December 23, 1993 with only ₹5 lakh given to each MPs.
- In April 2011 the corpus was enhanced to ₹5 crore while announcing the new guidelines for the scheme.
- Funds under MPLADS are non-lapsable.

Objective:

- The scheme was launched so that the fruits of development could directly reach the masses via their representatives.

Recommendation of Works

- The Lok Sabha Members can recommend works in their respective constituencies.
- The elected members of the Rajya Sabha can recommend works anywhere in the state from which they are elected.
- Nominated members of the Lok Sabha and Rajya Sabha may select works for implementation anywhere in the country.

Central Sector Schemes and Centrally Sponsored Schemes:

Central Sector Schemes:

- 100 percent funded by the Union Government with states functioning as implementing agencies.
- These schemes are mainly formulated on subjects from the Union List.

- In addition, the Central ministries also implement some schemes directly in the states/UTs, which are called Central Sector Schemes, but resources under these schemes are not generally transferred to states.

Centrally Sponsored Schemes:

- A certain percentage of the funding is borne by the Centre and the states in fixed ratios and the implementation is done by the state governments.
- CSSs are formulated in subjects from the State List to encourage states to prioritize in areas that require more attention.

Central Plan Assistance

- Financial assistance provided by the GoI to support State's Five-Year Plans is called Central Plan.
- Assistance (CPA) or Central Assistance (CA).

National Development Council:

- The National Development Council is an important organization for India's decision-making, policy-making, and planning system.
- The NDC promotes cooperative federalism and serves as a tool to ensure that policy and decision-making are truly national in nature.
- In 1946, the planning advisory board under the chairmanship of K.C Neogi had recommended setting up an organization that would include the representatives of the provincial states and provinces.
- The planning commission in its first five-year plan drafted a National Development Council for a vast country like India to facilitate the involvement of states in making policies and implementing the policies of the government.
- Accordingly, the NDC was established on August 6, 1952, by an executive resolution of the Government of India on the recommendation of the first five-year plan of the Planning Commission.
 - To ensure the cooperation of states in the execution of the plan.
 - To promote basic economic policies in all important fields.
 - To maintain balance and rapid development throughout the country.
 - To strengthen and mobilize the efforts and resources of the nations in support of the plan.

Composition of NDC:

- Since the establishment of the National Development Council of India, it has consisted of top-level representatives from the central and state governments, along with members of the planning commission.
- The first Administrative Reform Commission, in 1967, was the first to deal with the issue of reorganization of the National Development Council, and the Commission recommended that the National Development Council be reconstituted as follows:

Prime Minister:

- The Deputy Prime Minister, if any.
- The Central Ministers of Finance, Railways, Food and Agriculture, Commerce, Transportation, Irrigation and Power, Labour, Employment, and Rehabilitation.
- The Chief Ministers of all states.
- The members of the Planning Commission.
- As per the recommendations, the PM was suggested to continue his chairmanship, and the Planning Commission's secretary should be the secretary.

Functions:

- To set forth the directions for creating the national plan.
- To accept the nation's plan as it was created by the former Planning Commission.
- Reviewing the National growth Council's draught of the national plan and asking crucial questions about how social, economic, and political policies are influencing the growth of the country.
- Prior to accomplishing the national development goals and objectives, it is important to regularly assess national plans and recommend them in the case that any problems arise.
- Additionally, outside of the national plan, it advised actions for achieving the goals and objectives of the plans of the federal and state governments.

- The National Development Plan is crucial in establishing a connection between the Planning Commission, the State Governments, and the Central Government.
- Along with the national plan, this aids in addressing issues like threats to national security, food shortages, land reform, and other natural disasters like earthquakes and tsunamis.
- The 5-year plan is initially created by the planning commission, submitted to the Union Cabinet for approval, and then given to the National Development Council.
- Following National Development Council approval, it is presented to Parliament for approval, at which point it becomes the official plan and is published in the official gadget.
- Despite serving as a planning commission advisory body, the National Development Council's
- The National Development Council is the highest body below Parliament, responsible for making policies and programs for the social and economic development of the country.

NITI AYOOG:

- **Chairperson:** Prime Minister
- **Vice-Chairperson:** To be appointed by Prime-Minister
- **Governing Council:** Chief Ministers of all states and Lt. Governors of Union Territories.
- **Regional Council:** To address specific regional issues, Comprising Chief Ministers and Lt. Governors Chaired by Prime Minister or his nominee.
- **Adhoc Membership:** 2 members in ex-officio capacity from leading Research institutions on rotational basis.
- **Ex-Officio membership:** Maximum four from Union council of ministers to be nominated by Prime minister.
- **Chief Executive Officer:** Appointed by Prime-minister for a fixed tenure, in rank of Secretary to Government of India.

- **Special Invitees:** Experts, Specialists with domain knowledge nominated by Prime-minister.

NITI Aayog Hubs:

- Team India Hub acts as interface between States and Centre.
- Knowledge and Innovation Hub builds the think-tank acumen of NITI Aayog.
- The Aayog planned to come out with three documents — 3-year action agenda, 7-year medium-term strategy paper and 15-year vision document.

Objectives:

- **Shared vision:**
 - For the national growth of sectors, strategy implementation requires the involvement of both the federal and state governments.
 - They can generate a common vision for the growth of communities through this.
- **Federal cooperation:**
 - A state government, federal government, and local government all work together to accomplish a common goal under cooperative federalism.
 - The flow of policy through NITI Aayog is bidirectional and includes state to central, state to state, and ministry to ministry, among other directions.
- **Trustworthy Planning:** Planning for the development of the villages where the nation's heart is located is done with credibility by NITI Aayog.
- **Section weaknesses:**
 - It focuses on regions known as national security areas specifically.
 - Therefore, it also gives vulnerable groups in our society.
 - Plans are made to accomplish the goal, which can be accomplished through a long-term process, therefore it produces strategies and long-term policies for more than five years.
- **Creative:**
 - NITI The innovation sector is given higher weight by Aayog in terms of producing knowledge.

- It supports entrepreneurship by working with networks of specialists on a national and worldwide scale as well as other partners.
- **Provide platforms:** It provides a platform for identifying cross-sectoral and departmental issues in order to realise the intended goal.
- **Technology advancement:** It concentrates on technology advancement and capacity development to successfully carry out the programmes specified.

Seven Pillars of NITI Aayog:

- **Pro-people:**
 - This pillar explains that it fulfils the aspirations of society as well as individuals.
 - It had been taken into consideration while planning for society.
- **Proactivity:** It focuses more on forecasting and responding to citizens' needs than other things.
- **Participation:** NITI Aayog is made for the democratic country of India, which gives democratic rights to every citizen so that the participation of every citizen is taken while preparing for any strategy.
- **Empowering:**
 - It gives respect to women also.
 - It is empowering to men and women both in all its aspects.
- **Inclusion of all:**
 - It does not differentiate between people due to their caste and creed.
 - It gives the same respect to all people irrespective of caste, creed, and gender.
- **Equality:**
 - NITI Aayog is established on equality.
 - It gives everyone an opportunity, especially our youth, due to their innovative mindset.
- **Transparency:**
 - Transparency makes the government visible and responsive.
 - So, NITI Aayog is fully transparent and has shown all its work.

Success of NITI Aayog:

- It has increased the involvement of the states in the planning process. **Ex:** Hosted three sub-group of chief ministers on revamping centrally sponsored schemes, Swachh Bharat and Skill Development.
- NITI Aayog has been at the forefront in conceptualizing initiatives to contribute to the growth of the country. **Ex:** Roadmap for digital payment, Aspirational district programme, monitoring implementation of sustainable development goals (SDG) etc.
- It is fostering a sense of cooperative as well as competitive federalism amongst the states. **Ex:** Releasing ranking on various development parameters.
- The Atal Innovation Mission, which is established under NITI Aayog, has done admirable work in improving the innovation ecosystem in India.

Issues relating to NITI Aayog:

- NITI Aayog has little influence over either public or private investment.
- The impact of NITI Aayog in addressing inequality has been insufficient. Inequality has continued to rise in Indian society.
- Recent politicisation of the organisation.
- There are still no solutions to the country's structural problems.
- NITI Aayog has been reduced to a glorified advisory organisation with insufficient authority to influence the government's policies.
- Insufficient funding for the new planning body.

Indexes/Reports/Programme by NITI Aayog:

- SDG India Index
- Composite Water Management Index
- Atal Innovation Mission
- SATH programme
- Aspirational District Programme
- School Education Quality Index
- District Hospital Index
- Health Index 2019 - (Healthy states, progressive India)