APPROACH PAPER TO THE NINTH FIVE YEAR PLAN (1997-2002)

GOVERNMENT OF INDIA
PLANNING COMMISSION
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TO
THE NINTH FIVE YEAR PLAN
(1997-2002)

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PLANNING COMMISSION
# Contents

<table>
<thead>
<tr>
<th>Chapter No.</th>
<th>Name of the Chapter</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>APPROACH, OBJECTIVES AND EMERGING ISSUES</td>
<td>1 - 21</td>
</tr>
<tr>
<td>II</td>
<td>MACRO DIMENSIONS OF THE PLAN</td>
<td>22 - 32</td>
</tr>
<tr>
<td>III</td>
<td>DEVELOPMENT STRATEGY AND POLICY PRIORITIES</td>
<td>33 - 53</td>
</tr>
<tr>
<td>IV</td>
<td>SECTORAL STRATEGIES</td>
<td>54 - 104</td>
</tr>
<tr>
<td>V</td>
<td>COOPERATIVE FEDERALISM</td>
<td>105 - 114</td>
</tr>
<tr>
<td>VI</td>
<td>IMPLEMENTATION AND DELIVERY SYSTEMS</td>
<td>115 - 123</td>
</tr>
</tbody>
</table>
Chapter I

APPROACH, OBJECTIVES AND EMERGING ISSUES

1.1 The Ninth Plan will be launched in the 50th year of the independence of our country. This is an opportune moment to take stock of the success of our planning process as well as its failures, and to provide appropriate direction for the socio-economic development of the country. The principal task of the Ninth Plan will be to usher in a new era of people-oriented planning, in which not only the Governments at the Centre and the States, but the people at large, particularly the poor, can fully participate. A participatory planning process is an essential precondition for ensuring equity as well as accelerating the rate of growth of the economy.

1.2 Although the macro-economy performed reasonably well in the Eighth Five Year Plan, some major weaknesses have also emerged. In particular, the growth pattern has not benefitted the poor and the under-privileged. The Ninth Plan needs to be designed to remedy the weaknesses in such a manner as to ensure that the benefits of growth reach the poor.

1.3 The country has been blessed with good agricultural seasons during the Eighth Plan, but its agricultural potential has not been nurtured. Investments in the agricultural sector, particularly towards creation of irrigation potential, has fallen short of targets. The strain on the agricultural economy is now beginning to show. The production of foodgrains for 1995-96 has declined and wheat procurement was well below target. Grain price rise in the last year has continued. Inspite of efforts to reverse this trend by schemes like the Additional Irrigation Benefit programme in the Annual Plan 1996-97, the percentage of shortfall in irrigation capacity expansion during the Eighth Plan will be one of the highest during any Five Year Plan.

1.4. The Ninth Five Year Plan has to make a serious effort to redress this situation with a set of concrete measures to raise the level of agricultural and rural incomes, to target these with programmes which aim at small, medium and marginal farmers and landless labourers. Provision of irrigation water, provision of inputs on a widespread basis in different agro-climatic regions of India, backed up by suitable policy measures for creating infrastructure, will be the most important components of the entire development programme. It is a matter of serious concern that the actual capacity realisation in practically all the infrastructural sectors during the Eighth Plan has fallen far short of the targets. For example, as against envisaged capacity addition of 30538 MW in power generation
capacity, the actual achievement during the first four years of the Plan has been as low as 14798 MW. These deficiencies will need to be rectified during the Ninth Plan.

1.5 Large States of the country, like Bihar and U.P., which account for a very substantial part of population have shown negative or constant per capita growth of incomes in real terms. Stagnation or decline of per capita income in these populous States of India accentuate regional disparities and have serious consequences for poverty levels.

1.6 A sustained and long lasting solution to the problem of poverty depends on the creation of adequate employment opportunities through a broad based programme of development and economic growth. This is of particular importance since the labour time unemployment rate for male workers has gone up in a significant manner. The very poor are heavily dependent on the slender work opportunities available to them in terms of labour days, and if this comes down, the consequences are very severe.

1.7 Economic growth and employment opportunities in themselves may not be sufficient to improve the living conditions of the poor. They need to be accompanied by measures which enhance the quality of life. For concretising this approach, a number of steps have already been taken which provide the initial outlines of the larger initiatives that will be contained in the Ninth Five Year plan. At a conference of Chief Ministers held in July, 1996, it was decided to implement a programme for the achievement of total coverage of seven Basic Minimum Services in a time bound manner. It was agreed to raise the outlays of these programmes by 15% in spite of stringent fiscal situation. The Ninth Five Year Plan will continue this commitment in real terms through each of the five years. While the objectives of this programme have been decided through the process of mutual consultation, the States have been given full opportunity to decide on the phasing of the target for each specific sector. The achievement of these targets will be jointly monitored by the State and the Central Governments. This approach is an ideal blend of national commitments with local initiatives.

1.8 The method of planning for agriculture related infrastructure, irrigation and water planning, other infrastructure like power, railways, communication and information technology and science & technology will be a variant of the methods developed for the Basic Minimum Services Programme. Plans will be set up with well defined target set at the national level in detailed consultation with States. Policies will be explored in each sector to provide for more investments from the private sector, from cooperatives and voluntary organisations and international private investments. However the slack in these selected
sectors will be taken by public investment. The objectives will be defined nationally but the States and local governments will be given much larger freedom for choice of programmes, phasing of schemes and choosing appropriate instruments of finance.

1.9 The process of development that is being contemplated will need to empower all the disadvantaged sections of the population, especially SCs, STs and OBCs, minorities and women and to integrate them in the mainstream. In pursuance of this objective, as a first step, a programme for disabled persons has been launched by setting up regional centres and special cells in district hospitals and for enforcing reservations and monitoring of programmes.

1.10 The financial requirements for achieving the specified objectives of the Plan will necessitate a degree of determination and willingness to take difficult decisions. The stability and sustainability of the growth process require determined efforts to cut down the revenue deficits of both the Central and the State Governments and to achieve a degree of fiscal balance. It is imperative that the ongoing process of economic reforms be implemented expeditiously during the Ninth Plan to ensure that the benefits of such reforms actually flow to the poorer sections of the society.

1.11 Radical economic reforms will be designed and effectively implemented, including achievement of efficiency-oriented tariff levels. Capital account convertibility will be sought to be achieved by ensuring that the pre-requisites for such convertibility are attained. In addition, removal of domestic hindrance to competition and productivity will have to be steadfastly pursued in order to improve the return from the investments made. These policies will lower the incremental capital-output ratio.

1.12 The Ninth Plan will target at breaking the structural backwardness of the economy, raising the income levels of its agricultural workers, small and marginal farmers and artisans and all the historically disadvantaged groups in a decisive manner. Obstacles to this process will need to be eliminated by forthright decisions and policies. This document elaborates the broad approach for the formulation of policies and programmes for the Ninth Plan. Before doing so it is necessary to take stock of the developments during the Eighth Plan which will end in March, 1997.

Background of the Economy

1.13 The Eighth Five Year Plan (1992-97) was launched against the backdrop of a severe balance of payments crisis
triggered off by financial profligacy and excessive borrowings of the Government which started in the early 1980s. The trade balance deteriorated sharply after the Gulf War in 1990, and remittances from Indian workers in the Gulf also went down. The net result was an almost US$ 3 billion decline in the current account balance and a sharp reduction in the foreign exchange reserves, which declined to only about US$1.1 billion by June 1991. In response to the emerging crisis, in July 1991, the Government initiated a series of stabilisation measures to bring the situation under control. The first step was a substantial devaluation of the rupee while retaining the import controls that had earlier been imposed by the Reserve Bank of India (RBI). In addition, the fiscal deficit of the Central Government was curtailed from 8.3 per cent in 1990-91 to 5.9 per cent in 1991-92. The Government also initiated a process of structural reforms in trade and industrial policies in 1991 which was aimed at correcting the macroeconomic imbalances and other distortions that had developed during the previous years. These measures included dismantling the licensing of domestic investment, removing much of the controls on foreign trade, particularly reforming the financial sector and tax system and reducing the high rates of tariffs and taxes.

1.14 At the time the Eighth Plan was formulated, the set-backs suffered by the economy in 1990-91 and 1991-92, the programme of structural reforms and the need for fiscal discipline had to be taken into account. It was, therefore, observed that: "... in view of the impact of structural adjustment programme, the resource crunch which the public sector is facing, and the need for correcting the fiscal imbalances, it would be prudent to plan more or less for the growth rate achieved during the decade and lay down foundations for higher growth in the future". Thus the growth target (5.6 per cent per annum), and the macroeconomic parameters supporting it, were set at relatively conservative levels compared to what may have been possible on the basis of the performance of the economy during the Seventh Plan period, particularly in view of the low base year values attained in 1991-92.

1.15 The actual growth performance of the economy, presented in Table-1, appears to have surpassed the expectations. In the first four years of the Eighth Plan, it has averaged over 5.7 per cent per annum, and there is every likelihood that the Plan may end with an average growth rate of nearly 6 per cent as compared to the target of 5.6 per cent. Much of this growth performance reflects the successive good performance of the agricultural sector, which has averaged a growth rate of 3.8 per cent per annum during the four years despite a set-back in 1995-96, and may average 3.5 per cent over the full Plan period, as compared to the target of 3.1 per cent growth per annum. The industrial sector has also recovered strongly in 1994-95 and
1995-96 after slow growth in the first two years of the Plan, and may marginally fall short of the target of 7.6 per cent by the end of the Plan.

**Table 1: Macro Indicators**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Rate of Growth</th>
<th>VII Plan</th>
<th>Target</th>
<th>VIII Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>GDP at factor cost</td>
<td>6.04</td>
<td>5.6</td>
<td>5.92</td>
</tr>
<tr>
<td>i)</td>
<td>Agriculture</td>
<td>3.35</td>
<td>3.1</td>
<td>3.5</td>
</tr>
<tr>
<td>ii)</td>
<td>Industry</td>
<td>7.54</td>
<td>7.6</td>
<td>7.24</td>
</tr>
<tr>
<td>iii)</td>
<td>Services</td>
<td>7.46</td>
<td>6.1</td>
<td>6.66</td>
</tr>
</tbody>
</table>

2 Prices

<table>
<thead>
<tr>
<th></th>
<th>WPI</th>
<th>6.66</th>
<th>-</th>
<th>9.24</th>
</tr>
</thead>
<tbody>
<tr>
<td>i)</td>
<td>CPIIW</td>
<td>7.96</td>
<td>-</td>
<td>9.34</td>
</tr>
<tr>
<td>ii)</td>
<td>CPIAL</td>
<td>7.49</td>
<td>-</td>
<td>9.63</td>
</tr>
</tbody>
</table>

**Note:** The data on prices is up to 1995-96.

WPI = Wholesale Price Index
CPIIW = Consumer Price Index for Industrial Workers
CPIAL = Consumer Price Index for Agricultural Labourers

1.16 Insofar as prices are concerned, the performance of the economy has been a mixed one. Initially, following the stabilisation measures, the over-all inflation rate as measured by the Wholesale Price Index (WPI) fell from a peak of 16 per cent in August 1991 to an average of 10 per cent in 1992-93 and further to 8.3 per cent in 1993-94. However, it again accelerated to 10.9 per cent in 1994-95. During 1995-96, the rate of inflation averaged 7.8 per cent after recording a low of 5 per cent in January 1996. Thus the average inflation rate during the Eighth Plan period is likely to be about 8.8 per cent per annum as measured by the WPI. As far as cost of living as measured by the CPI are concerned, the inflation rate is considerably higher being in the range of 9.3 to 9.6 per cent per annum.

1.17 On the external front too the economy appears to have performed reasonably well. Foreign exchange reserves have been steadily built up from the low level of US$ 1.1 billion in July 1991 to above US$ 18 billion at present. The current account deficit, which had averaged 2.4 per cent of GDP during the Seventh Plan and had reached a high of 3.2
per cent in 1990-91, is likely to average about 1.5 per cent during the Eighth Plan, which is more or less at the postulated level. This has been achieved to a large extent by the acceleration in the growth rate of exports which has averaged 15.8 per cent in US dollar terms during the first four years of the Plan as compared to the target of 13.6 per cent. Growth rate of imports, however, has also accelerated and is expected to be about 17.3 per cent average in dollar terms during this period.

1.18 The first four years of the Eighth Plan, therefore, have witnessed reasonably good performance as revealed by the macro-economic indicators of the economy in terms of higher than expected growth rate of GDP accompanied by a sustainable current account balance, reasonably comfortable foreign exchange reserves and a moderation in the rate of inflation. Confidence of international investors in the Indian economy also appears to have been restored. The macro-economic performance, however, hides a number of areas of vulnerability and weakness which would have to be explicitly addressed while formulating the strategy for the Ninth Plan.

1.19 The first major area of vulnerability is the prospect for sustained growth of agriculture. Much of the recovery and high growth in both output and employment experienced during the Eighth Plan was the outcome of a stronger than expected performance of the agricultural sector. This was permitted by eight good monsoons in a row - a circumstance which cannot be assumed to obtain in the longer run. Indian agriculture continues to remain vulnerable to weather related shocks and determined efforts would have to be made to reduce this vulnerability. This cannot be achieved without accelerating agricultural investment and credit availability which, as shown in Table-2, has more or less remained stagnant, growing by only about 2.8 per cent per annum, in real terms since the beginning of the 1980s. Public investment, particularly in irrigation, has in fact dropped sharply. Secondly, in view of the constant, and perhaps even declining, area available for cultivation, agricultural growth can come about only through rapid increase in productivity and changes in cropping patterns. These require substantial investment in water and land improvement and in technology development and dissemination.
Table 2: Investment and Credit to Agriculture

<table>
<thead>
<tr>
<th></th>
<th>84-85</th>
<th>89-90</th>
<th>92-93</th>
<th>93-94</th>
<th>94-95</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Fixed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td>4287</td>
<td>4191</td>
<td>5259</td>
<td>5550</td>
<td>5886</td>
</tr>
<tr>
<td>formation</td>
<td>(8.63)</td>
<td>(7.16)</td>
<td>(8.30)</td>
<td>(8.47)</td>
<td>(8.55)</td>
</tr>
<tr>
<td>2. Credit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Short Term</td>
<td>-</td>
<td>4390</td>
<td>4915</td>
<td>4998</td>
<td>5890</td>
</tr>
<tr>
<td>(b) Medium and Long Term</td>
<td>-</td>
<td>2684</td>
<td>3270</td>
<td>3415</td>
<td>3964</td>
</tr>
</tbody>
</table>

Note: Figures in brackets are percentages to GDP in Agriculture

1.20 There has been a substantial increase in food prices during the Eighth Plan period partly as a result of sharp annual increase in procurement prices. Food grain prices increased by 11.1 per cent annually and procurement prices for farmers increased by 13 to 14 per cent annually during the Plan period. The increase in procurement and food prices have helped to improve the terms of trade for agriculture although they remain below the base-year level. At the same time, however, these have had an unfavourable impact on the living standards of the poor, particularly, the landless, who are net buyers of food. The agricultural year is from July to June. The wheat price in June 1996 was 10 per cent higher than in June 1995 and the rice price 7.2 per cent. In the first four months of the agricultural year 1996-97, wheat prices increased by 18.4 per cent and rice prices by 9.4 per cent, which are higher than the increase in procurement prices.

1.21 There is also evidence of a deterioration of inter-regional disparities in per capita incomes. Some of the populous and less developed States have experienced growth rates which are lower than the national average. In Bihar, the per capita income as measured by the State Domestic Product, declined from Rs.1204 in 1990-91 to Rs.1067 in 1994-95 at 1980-81 prices. Per capita income in Uttar Pradesh stagnated during this period, rising from Rs.1652 in 1990-91 to only Rs.1663 in 1994-95. This would have had an adverse impact on the population below the poverty line in these States.

1.22 The Eighth Plan envisaged an average growth of 2.6 per cent to 2.8 per cent in employment which was expected to generate 8 to 9 million jobs in the first half of the Plan and 9 to 10 million jobs during the second half. The latest data are available only for the first two years of the
Eighth Plan (i.e. up to 1993-94). Between 1987-88 and 1993-94 the annual growth in employment was 2.23 per cent, falling short of the anticipated growth in the first half of the Eighth Plan. Of much greater concern is the increase in current daily status unemployment rate of male workers which has gone up from 5.54 per cent in 1987-88 to 5.91 per cent in 1993-94. This is so since this measure is the only estimate of person day utilisation of labour time. The rural male worker current daily status unemployment rate has also gone up from 4.58 per cent to 5.64 per cent.

1.23 Certain changes in the structure of employment and unemployment between 1987-88 and 1993-94 need to be noted. Table 3 shows that the rate of growth of female employment declined, and this decline was particularly pronounced in rural areas. Further, the rate of growth in employment in rural areas, both males and females, during this period was significantly lower as compared to the urban areas.

Table 3: Employment Scenario

<table>
<thead>
<tr>
<th></th>
<th>1987-88</th>
<th></th>
<th></th>
<th>1993-94</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Total</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>I. Annual Rate of Growth of Employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>1.43</td>
<td>1.52</td>
<td>1.46</td>
<td>2.25</td>
<td>0.87</td>
</tr>
<tr>
<td>Urban</td>
<td>2.97</td>
<td>2.95</td>
<td>2.97</td>
<td>3.57</td>
<td>3.64</td>
</tr>
<tr>
<td>Total</td>
<td>1.80</td>
<td>1.71</td>
<td>1.77</td>
<td>2.59</td>
<td>1.27</td>
</tr>
<tr>
<td>II. Unemployment Rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UPS</td>
<td>3.60</td>
<td>4.19</td>
<td>3.77</td>
<td>2.60</td>
<td>2.44</td>
</tr>
<tr>
<td>CDS</td>
<td>5.54</td>
<td>7.61</td>
<td>6.09</td>
<td>5.91</td>
<td>6.33</td>
</tr>
</tbody>
</table>

Note: UPS = Usual Principal Status
       CDS = Current Daily Status

1.24 According to the 50th Round of the NSSO while 'open' unemployment rates declined in 1993-94 as compared to 1987-88 from 3.77 per cent to 2.56 per cent, the rate of underemployment, at a little over 6.0 per cent, remained more or less unchanged. The States where the incidence of underemployment was over 10 per cent as per 1993-94 estimates are Goa, Kerala and Tamil Nadu.

1.25 Casualisation increased with a corresponding decline in self-employment, both in rural and urban areas. Casual wage employment increased from 31.2 per cent in 1987-88 to 33.5 per cent in 1993-94, while self-employment declined from 53.6 per cent to 51.9 per cent. Regular salaried employment also declined from 15.2 per cent to 14.7 per cent.
1.26 Sustained growth of the economy depends on adequate availability of basic infrastructural facilities, such as power, transport and communications, of adequate quality. The Eighth Plan has fallen significantly short not only of the targets but also of the Seventh Plan, in these areas, as indicated in Table 4, primarily due to the slower pace of investment than had been contemplated. Although the negative effects have yet to be felt in their entirety due to the improved capacity utilisation of existing facilities, there is a limit to which these options can be pursued. In the longer run there is no alternative to creating the requisite capacity. Efforts at containing the fiscal deficit of the government have fallen disproportionately on public investment, particularly in those sectors which are more dependent on budgetary support. The share of capital expenditure in the total expenditure of the government has declined sharply from around 30 per cent at the beginning of the Eighth Plan to 24 per cent. Sectors which have the potential to raise their own investible resources have recorded a mixed performance. Petroleum and telecommunication have performed well and have raised greater resources than targeted. Power, transport and irrigation, on the other hand, have performed well below expectations in so far as generating investible surpluses are concerned.

<table>
<thead>
<tr>
<th>Table 4: Performance of Infrastructure Sector</th>
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<tbody>
<tr>
<td>VII Plan</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>1. Irrigation potential (million ha.)</td>
</tr>
<tr>
<td>2. National Highway Network (Kms.)</td>
</tr>
<tr>
<td>3. Power Generation Capacity (MW)</td>
</tr>
</tbody>
</table>

(*) Anticipated

1.27 The programmes of direct State intervention in poverty alleviation and development of the social sectors designed during the Seventh Plan continued with changes in their content and scope. However, various rounds of the concurrent evaluation revealed that while the programmes implemented have been successful in providing incremental income to the poor and in providing supplementary wage employment of over a million man-days per year, in most cases this was not enough to enable them to cross the poverty line. The performance of social sectors like education, health and family welfare, women and child development, housing, water supply and urban development,
which depend exclusively on budgetary support for financing their Plan outlays, have shown shortfalls in expenditure, as indicated in Table-5.

Table 5: Social Sector Investment

(At Seventh Plan Prices)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Seventh Plan</th>
<th>Eighth Plan</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target</td>
<td>Actuals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Education</td>
<td>7686</td>
<td>13616</td>
<td>8553</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1.51)</td>
<td>(4.52)</td>
<td>(3.89)</td>
<td></td>
</tr>
<tr>
<td>2. Medical &amp; Public</td>
<td>3687</td>
<td>5263</td>
<td>3553</td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>(1.69)</td>
<td>(1.75)</td>
<td>(1.62)</td>
<td></td>
</tr>
<tr>
<td>3. Family Welfare</td>
<td>3121</td>
<td>4516</td>
<td>2962</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1.43)</td>
<td>(1.50)</td>
<td>(1.35)</td>
<td></td>
</tr>
<tr>
<td>4. Housing</td>
<td>2723</td>
<td>3663</td>
<td>2753</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1.24)</td>
<td>(1.21)</td>
<td>(1.26)</td>
<td></td>
</tr>
<tr>
<td>5. Urban Development</td>
<td>2113</td>
<td>3656</td>
<td>2598</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.97)</td>
<td>(1.22)</td>
<td>(1.18)</td>
<td></td>
</tr>
<tr>
<td>6. Other Social</td>
<td>15629</td>
<td>24186</td>
<td>16218</td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>(7.15)</td>
<td>(8.01)</td>
<td>(7.38)</td>
<td></td>
</tr>
<tr>
<td>7. Total</td>
<td>34960</td>
<td>54890</td>
<td>36647</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(15.98)</td>
<td>(18.20)</td>
<td>(16.67)</td>
<td></td>
</tr>
</tbody>
</table>

Note: (a) Figures in brackets are percentage to Public Sector Investment.

(b) Eighth Plan figures are for the period 1992-93 to 1995-96.

1.28 There has been a decline in the share of States in total Plan outlay. In the Eighth Plan it has declined to 36.4 per cent as compared to the projected 41.5 per cent. What is a matter of concern is that when the states' share decline, the sectors which suffer more severely are agriculture, basic minimum services, health; education and electricity, as has been noted above.

1.29 The pressure on public resources has also been exacerbated by the rapid increase in interest payments by the government, which has gone up from about 21 per cent of total government expenditure to above 29 per cent during the Eighth Plan period. This has been caused partly by the substantial increase in net government borrowings since
1993-94 after having declined mildly in 1991-92 and 1992-93. There was larger debt-financing of deficits, although the fiscal deficit in nominal terms rose by Rs. 20,100 crores in 1993-94 over 1992-93, government borrowings rose by Rs. 21,700 crores. As a result, the extent of non-debt finance of the fiscal deficit dropped from about 30 per cent in 1992-93 (which was also roughly the average during the 1980s) to less than 13 per cent in 1993-94. In 1994-95, the fiscal deficit rose by only Rs. 800 crores but borrowings rose by Rs. 5,700 crores. In 1995-96 the trend was marginally reversed with the proportion of debt finance of the fiscal deficit declining somewhat.

1.30 The high levels of government borrowings in recent years has also led to a sharp rise in interest rates, which has contributed significantly to the interest burden of the government. In particular, the interest rate on new public debt has risen from 11 per cent in 1990-91 to above 13.5 per cent at present. This has largely been on account of the decision to shift from fixed yields on government securities to market determined yields on all new issues in order to reduce the burden on the banking sector as part of the financial sector reform process.

1.31 On the external front, the positive developments that have been witnessed during the Eighth Plan need to be tempered with some caution. In particular, although the growth rate of imports in terms of US dollars has been 17.3 per cent per annum during the first four years of the plan, the quantum index of imports has risen at an average rate of 34.1 per cent. The difference is accounted for mainly by a decline in the unit values of some bulk items of import. It would not be desirable to plan on the basis of such fortuitous occurrences, particularly in view of the fact that petroleum prices, for instance, have firmed up significantly in recent months.

1.32 The maintenance of balance of payments stability would also depend upon the growth rate of exports that can be achieved on a reasonable basis. It needs to be realised that over 90 per cent of Indian exports originate from the manufacturing sector. Therefore, unless a substantial shift can be effected in the export basket, the rate of growth of exports would be limited by the infrastructure constraints and the profitability of manufactured exports versus profitability of domestic sale of manufactured goods. In view of the faster growth rate of imports that is expected, there is need to revitalise the export oriented schemes so that the average export propensity of manufacturing rises significantly. In addition measures would have to be implemented to diversify the export basket, particularly for agricultural products.

1.33 The Eighth Plan has witnessed improvement in technology levels in the country, particularly in the
industrial sector. However, much of this development has been based on repeated import of technology rather than on adequate development of technological capabilities within the country. This process cannot be carried on in the longer run and steps will need to be taken to enhance the technological capabilities of the nation. To this end, it is necessary to evolve a technology policy which would not only ensure adequate growth in productivity and quality, but would enhance the competitiveness of Indian products in the international market.

**Approach to the Ninth Plan**

1.34 The Planning Commission believes that the principal task of planning in a federal system is to evolve a shared vision of and a shared commitment to the national objectives and the development strategy not only in the Government at all levels but also among all other economic agents. No development strategy can be successful unless each component of the economy works towards a common purpose with the full realisation of the role that has to be played within an overall structure of responsibilities. The principal function of the approach to the Ninth Plan is to evolve such a shared vision.

1.35 Based on such a shared vision, the principal task during the Ninth Plan is to build on the successes of the Eighth Plan, while tackling the problems that have emerged, particularly in areas such as capital formation in agriculture, living standards of the poor, infrastructure, social sector, regional disparity, and fiscal deficits. Despite the considerable progress that has been made by the Indian economy in both economic and social spheres, the development task is far from complete and resources continue to be limited. Moreover, as has been indicated, the Indian economy is still vulnerable and the operation of a more open economic system has to be tempered by judicious public interventions to ensure that these vulnerabilities are gradually overcome.

1.36 In light of the emerging situation, sectoral investment planning continues to form an important component of the planning process. The planning process also needs to take stock of the resources for development and to indicate methods by which these resources can be augmented in a sustained manner. Since planning is done for the entire nation, the strategies for resource augmentation need to cover not only the government at all levels but also those which would be available to other sections of people.

1.37 Balanced regional development has always been an essential component of the Indian development strategy in order to ensure the unity and integrity of the nation. Since not all parts of the country are equally well endowed to take advantage of growth opportunities, planned
intervention is required to ensure that large regional imbalances do not occur.

1.38 The Indian economy still has a large number of its citizens who live in acute poverty both in rural and urban areas. Special employment programmes targeted to these people will continue in the Ninth Plan. Special attention will need to be paid to unorganised labour, particularly the agricultural landless labour, who are the most vulnerable among the poor.

1.39 Further, large disparities exist across various social groups. The disadvantaged groups include members belonging to scheduled castes and scheduled tribes, other backward classes and minorities. In addition, women and children and the physically handicapped and disabled are also vulnerable. For these sections of society planned state intervention is required in order to provide them with adequate opportunities for education and employment in an attempt to involve them productively in the development process.

1.40 At present therefore the role of Planning continues to be highly relevant, although the nature of the instruments available to implement the Plan has changed. The planning process today also needs to focus on planning for policy so that the signals that are sent to the economic system induce the various economic agents to behave in a manner which is consistent with the national objectives. In particular, investment patterns would be determined by sectoral policies.

1.41 Finally, recognising the federal nature of the Indian system, the planning process has to develop a common policy stance which would be adopted both by the Centre and the States. The role of planning would therefore involve considerable degree of policy coordination between the Centre and the States, between the States, and between the States and the sub-State level tiers of Government.

1.42 The Eighth Plan had identified peoples’ initiative and participation as a key element in the process of development, particularly in improving the effectiveness of development outlays which has been declining over the years. It had also recognised that the role of the Government should be to facilitate the process of peoples’ involvement by creating right types of institutional infrastructure, particularly in rural areas. The progress on this front has not been entirely satisfactory principally due to the fact that the other tiers of the Government were not fully integrated into the development strategy. The process of social mobilisation and development of peoples’ initiatives cannot be achieved without the active support and involvement of the political system at all levels. In the
Ninth Plan the Panchayati Raj bodies in rural areas and municipalities in urban areas will be directly involved in the development process. People's involvement via their elected representatives will be realised through genuine democratic decentralisation.

1.43 Other forms of peoples' participation also need to be strengthened. From the early days of planning, cooperatives have been perceived as the most important form of peoples' institution for promotion of equity, social justice and economic development. Every effort will be made to make the cooperatives work. They need to be liberated from tight bureaucratic control. Self-help Groups, Associations of Workers or Small Producers, etc. are other forms of institutions which will be encouraged. Government will seek active partnership with the voluntary sector in organising and promoting these institutions.

1.44 The fiscal deficit, particularly the revenue deficit, must be a central concern of macro economic management. The Ninth Plan will recognise explicitly the need to restore the fiscal health of the government at all levels and to regulate its borrowings programme in such a manner as to maximise the productive potential of the economy. An important component of this effort is to avoid excessively unrealistic projections of public resources at all levels of the government, and to adhere as closely as possible to these budgetary limits.

1.45 The Ninth Plan will lay great stress on evolving a long-term fiscal policy stance in order to reduce and eventually eliminate the revenue deficits of the government, both Centre and States. Commitment at all levels to implement these proposals is a prerequisite for successful implementation of the proposed development strategy.

1.46 The need to contain the revenue deficit of the government has to be seen within the context of ensuring health and optimal utilisation of existing public assets and increasing the effectiveness of social schemes/programmes. The Ninth Plan will be based on the premise that such measures, including emphasis on maintenance, are likely to yield much greater dividends than outlays on new projects or schemes. Such proposals will need to be strictly implemented and carefully monitored to ensure that the benefits of public expenditures are maximised.

1.47 The Ninth Plan will stress the crucial importance of sound foreign trade and investment policies in order to promote rapid and sustained export growth. It will seek to enhance the technological strength and economic efficiency of our domestic production, and to ensure a smooth and effective transition to a more open economy. The industrial and financial policy framework will also have to be streamlined to promote rapid expansion of foreign direct
investment flows in order to augment domestic investment and reduce reliance on external borrowings to the extent possible. The Common Minimum Programme of the Government has set a target of US$ 10 billion per annum in this regard. The Ninth Plan will take steps to attain this target. Domestic entrepreneurship, which is the backbone of the development process, will be fully encouraged through measures to enhance their competitive strength and to facilitate their growth and efficiency. In particular, the small scale and village and home industries will be provided the proper environment for growth and diversification.

1.48 Adequate quantity, quality and reliability of infrastructure are essential pre-conditions not only for economic growth and development but also to make the country internationally competitive and attractive for investment. The investment needs in this sector are of a magnitude that are beyond the resources available to the Government. There is an imperative need, therefore, to motivate the private sector to participate in the development processes, if the infrastructure gap has to be bridged. The public sector which has carried the burden of infrastructure development so far will also benefit by the competition and partnership with the private sector. Successful development of this crucial sector will require bold policy initiatives, framing of schemes and setting up of an institutional environment which would provide a level playing field to all competitors whilst simultaneously safeguarding the rights of consumers. Legislative backing to these institutional reforms would also require to be given. While new initiatives are being taken for additonal investment, optimum utilisation of the existing infrastructure should not be neglected. This needs to be done by technology upgradation, system improvement and ensuring public utilities function on commercial lines. Most importantly, care should be taken to ensure that in the provision of these services, the rural areas are provided their due share both in terms of magnitude as well as technology suited to their needs.

1.49 Over the years a number of subsidies, both direct and hidden, have come into existence. Fixation of administered prices on extra-economic considerations is an important element of non-transparent subsidies. Such subsidies are open-ended and in some cases have accrued to those who are not envisaged to be the real beneficiaries. The Ninth Plan will emphasise the need to move to a system of transparent subsidies directed towards specific target groups in a selective manner.

1.50 In recent years the problems of rapid urbanisation has become acute. There has been a progressive decline in the availability of essential services as well as in the quality of life in urban areas. The urban poor have been the worst affected segment in this process of decline. The health and environmental consequences of increasing
population density, lack of safe drinking water and inadequate urban sanitation are likely to become further aggravated unless steps are initiated during the Ninth Plan to improve the situation through a well considered and articulated urbanisation policy with identified programme components including those for disease surveillance, epidemic control and urban solid and liquid waste management.

1.51 The Indian planning process has always laid emphasis on measures to ensure sustainability of the development process not only in economic terms, but also in terms of social and environmental factors. Much of the measures adopted in the Agenda 21 of the United Nations Conference on Environment and Development already find reflection in the Indian plans. The Ninth Plan will carry this tradition further and consolidate on the creation of conditions for sustainable development.

Objectives of the Ninth Plan

1.52 The Eighth Plan had identified "human development" as its main focus. There can be no two opinions about this being the ultimate goal of all public action, including planning and development strategy. The emphases and nuances, however, will need to vary from time to time depending upon the objective conditions of the economy and the perceptions of the people. The objectives of the Ninth Plan arising from the Common Minimum Programme of the Government, the Chief Ministers' Conference on basic minimum services and the suggestions that have been put forward by the Chief Ministers of various states during extensive consultations are as follows:

(i) Priority to agriculture and rural development with a view to generating adequate productive employment and eradication of poverty;

(ii) Accelerating the growth rate of the economy with stable prices;

(iii) Ensuring food and nutritional security for all, particularly the vulnerable sections of society;

(iv) Providing the basic minimum services of safe drinking water, primary health care facilities, universal primary education, shelter, and connectivity to all in a time bound manner;

(v) Containing the growth rate of population;

(vi) Ensuring environmental sustainability of the development process through social mobilisation and participation of people at all levels;
(vii) **Empowerment of women and socially disadvantaged groups such as Scheduled Castes, Scheduled Tribes and Other Backward Classes and Minorities as agents of socio-economic change and development;**

(viii) **Promoting and developing people’s participatory institutions like Panchayati Raj institutions, cooperatives and self-help groups;**

(ix) **Strengthening efforts to build self-reliance.**

1.53 The above objectives, which seek to achieve "growth with equity", need to be seen in the context of four important dimensions of state policy. These are: (a) quality of life of the citizens; (b) generation of productive employment; (c) regional balance; and (d) self-reliance.

(a) **Quality of Life**

1.54 Quality of life is multi-dimensional encompassing not only the economic opportunities available to the people, but also their ability to take advantage of these opportunities, and the existence of living conditions which permit a healthy and productive life. Eradication of poverty and provision of basic minimum services are integral elements of any strategy to improve the quality of life. No developmental process can be sustainable unless it leads to visible and widespread improvement in these areas.

1.55 There is by now enough evidence to show that rapid growth has strong poverty reducing effects and, given a public policy stance which is sensitive to the needs of the poor, a focus on accelerated growth will also help in realising the objective of alleviating poverty. Nevertheless there are aspects of growth which can be displacing and impoverishing. There are also regions or pockets of poverty which are unable to benefit adequately from the over-all growth process. For the most part such pockets of poverty reflect the inadequate integration of the local economies in the wider growth process. Sustainable anti-poverty programmes would need to involve not only direct employment and income enhancing policies to tide over the immediate deprivation, but also measures by which the asset endowment of the poor can increase and such areas can become better integrated with the rest of the economy for sustainable growth.

1.56 In some regions of the country, relatively high levels of income continue to be associated with low human development indicators and poor provision of social infrastructure, such as safe drinking water, primary health and primary education facilities. These are areas in which private initiatives are unlikely to play any major role, and
it would be the primary responsibility of the government to ensure that appropriate interventions are made. There is therefore a need to identify the minimum norms of availability of such infrastructure and to accelerate public investment for achieving these norms in a balanced and time bound manner. The problem of shelter for the poor both in urban and rural areas is particularly acute and a programme of providing assistance for construction of houses will need to be implemented.

1.57 It should be realised, however, that social indicators cannot improve merely through increased investment, but in addition require a significant change in social attitudes and behavioural responses of the people. In order to achieve these objectives, there is no alternative to social mobilisation and community participation. In this process the role of women is critical. The process of empowerment of women at the political level has already begun, but it needs to be carried forward into the social and economic spheres as well. Special emphasis would have to be placed on ensuring that control of social infrastructure in the public domain is vested in women and women’s organisations.

1.58 In the past, food and nutritional security has been largely interpreted to mean adequate availability of basic food products in the country as a whole. The concept of food security now needs to be broadened to include peoples’ access to basic nutritional requirements, both physically and economically. This problem is particularly acute in the vulnerable sections of society and in the deficit and inaccessible regions of the country. The Ninth Plan will lay emphasis on developing strategies by which such inadequacies can be overcome by integrating the food production and distribution systems with the employment and poverty alleviation programmes. In particular, the Public Distribution System will be restructured in order to provide foodgrains at substantially lower prices to the poor in a focused manner and to ensure availability of such commodities in the remote and deficit areas of the country.

1.59 In view of the resource constraints being faced by the Government at all levels, the prioritisation of the various facets of quality of life would have to be carried out on a region specific basis. In particular, it will be necessary to identify those areas of the country where the growth process will more or less take care of the problem of acute deprivation. The focus of anti-poverty programmes would have to be shifted to those other areas which are as yet inadequately benefited by the growth process.

(b) Employment

1.60 A primary objective of the Ninth Plan will be to generate greater productive employment in the growth process
itself by concentrating on sectors, sub-sectors and technologies which are more labour intensive, in regions characterised by higher rates of unemployment and under employment. The experience of the last decade has been that relatively rapid growth does generate adequate employment opportunities. However, the quality of employment in terms of the incomes received and the work environment leave much to be desired. It is therefore necessary to shift the focus of employment strategies towards creating conditions whereby employment opportunities lead to significantly better living and working conditions of the people and to uphold the dignity of labour. In particular, the incidence of scavenging and child labour which arise out of acute poverty need to be eradicated keeping in mind the requirement of maintaining family incomes.

1.61 Improvements in the quality of employment can be achieved only in a situation of rapidly growing productivity to which the labour can lay a just claim. However, it is not enough to merely create the right kinds of employment opportunities, but also to provide the people with the human capital by which they can take advantage of these opportunities. Education and skill development are the essential features of such empowerment. Free and compulsory education of children supported by an adequate mid-day meal programme in schools is the first step towards this end. In addition, special programmes will have to be implemented to develop skills, enhance technological levels and provide marketing channels for people engaged in traditional occupations.

1.62 Recognising the high incidence of underemployment and increasing casualisation of labour, there is need to enhance employment opportunities for the poor. In this context, the Ninth Plan will seek to implement a national Employment Assurance Scheme.

(c) Regional Balance

1.63 With greater freedom and choice of location that is now available to industry, it is more than likely that some states would be able to attract more private investment than others. In such a situation it will be necessary to deliberately bias public investment in infrastructure in favour of the less well-off states. It will also have to be ensured that the states which benefit from this reorientation do not dilute their own efforts at generating investible resources or divert their resources to other uses.

1.64 The issue of regional balance operates at both the inter-State and the intra-State level and there is therefore the need to address it in a framework that is more flexible than the political and administrative boundaries of each individual state. Growth and development are intimately
related to the level of economic integration of the various parts of the country and the linkages that are formed between the backward and the more developed regions. In view of this, it is necessary to move away from the concept of competitive policy formulation to a framework of cooperative federalism, wherein neighbouring states adopt a common set of strategies for development of their backward areas in a coordinated manner.

1.65 The focus regarding the issue of backwardness and regional balance has traditionally been on industrialisation. The evidence, however, suggests that reduction in regional disparities, particularly in average standards of living, may be better achieved through greater focus on agriculture and other rural activities. For this it is necessary not only to increase the productivity of agriculture in backward areas, but also to increase the degree of integration between the rural areas and the rest of the country through improved connectivity in terms of transport and communications.

(d) Self-reliance

1.66 India has embarked on a process of gradual and phased opening up of its economy to take advantage of new opportunities in trade and investment. While this process needs to be continued and taken forward, it should be from a position of strength and not through either external compulsions or a lack of alternatives. In this sense, "self-reliance" must remain an important component of development policy and strategy. The Ninth Plan will address the issues of external vulnerability and develop suitable strategies for making India a strong and confident player in the international economy.

1.67 The first, and perhaps most important, component of self-reliance is to ensure balance of payments sustainability and avoidance of excessive external debt. This requires a commitment to sound and prudent macro-economic policies, particularly in fiscal and monetary management matters. The Ninth Plan will be based on a framework of prudent macro-management and greater reliance on non-debt creating external flows for financing balance of payments needs.

1.68 Accelerating the growth rate of the economy will require a significant step up in the availability of investible resources. Self-reliance demands that most of these resources should be generated domestically and recourse to external sources be resorted to the extent dictated by a sustainable proportion of external liabilities. The Ninth Plan will link the inflow of external resources to the level of domestic savings and the long-run ability to service external liabilities.

20
1.69 Self-sufficiency in food is a basic element in any strategy of self-reliance. In view of the fluctuations in agricultural production arising out of weather-related factors, India will have to target a secular growth rate of agriculture higher than that dictated by the needs in order to prevent periodic large-scale imports and the vulnerability that it entails. In order to support such growth rates, it will be essential to plan for regular and sustained export of food products in normal years and to create the conditions necessary for facilitating such trade.

1.70 Natural resources are a patrimony of the nation and it would not be desirable to excessively deplete the natural resource endowments of the country and thereby expose future generations to vulnerabilities over which they may have no control. The Ninth Plan will lay stress on conservation and optimal utilisation of natural resources, including herbs and plants of medicinal value, keeping in view the international availability of such resources and the need to maintain a viable balance of payments position.

1.71 A critical element of self-reliance is self-reliance in technology. While it is desirable to access the best and most appropriate technologies from wherever they are available, in the long-run it is necessary that domestic capacity is developed in respect of all critical technologies needed by the country. This aspect has gained further importance in view of the emerging restrictions being placed on a wide range of technologies on the grounds of "dual-use". A technology statement called "Vision 2020" has already been articulated, and the Ninth Plan will begin the process of its implementation.

1.72 In this background of the approach and objectives for the Ninth Five Year Plan, it is necessary to discuss certain specific aspects of the macro-dimensions, development strategies, policy priorities and important sectoral issues. In the context of the need for evolving a common and shared approach to development, it is also necessary to examine the manner in which cooperative federalism can be promoted. Finally, in order to ensure maximum possible return from all investments, a close look at project implementation and delivery system has become necessary. The following chapters deal with these aspects of development strategy in the Ninth Plan.
Chapter II
MACRO DIMENSIONS OF THE PLAN

Constraints to Growth

2.1 There are four principal constraints to acceleration of growth in India at present. These are: (a) availability of investible resources, or savings; (b) availability of resources to the Government, both Centre and States, for meeting the development objectives; (c) availability of foreign exchange for ensuring balance of payments sustainability; and (d) adequate availability of infrastructure for supporting high level of capacity utilisation and sustained growth. These constraints are not entirely independent of each other.

2.2 The total volume of investible resources available in the economy is determined both by the level of domestic savings and by the inflow of foreign savings to finance the current account deficit. Domestic savings originates from three principal sectors, namely, (a) the Government including the public sector; (b) the private corporate sector; and (c) households. The inflow of foreign savings can be either in the form of debt, both public and private, or foreign investment, both direct and portfolio.

2.3 In the Eighth Plan, total domestic savings is likely to average 23.75 per cent of GDP, with the private sector savings being 22.15 per cent and public savings about 1.6 per cent. In addition, the current account deficit may be 1.27 per cent of GDP. Thus total investible resources available are likely to be about 25 per cent of GDP. This level of investment has supported a growth rate of GDP of about 5.9 per cent, thereby implying an Incremental Capital Output Ratio (ICOR) of about 4.23. The possibility of increasing the rate of growth in the economy would depend upon increasing the total level of investible resources and/or reducing the ICOR.

2.4 The total tax receipts of the Government amount to about 15.3 per cent of GDP during the Eighth Plan, but after taking into account direct subsidies of about 2.6 per cent of GDP, the net tax receipts were of the order of 12.7 per cent. This is roughly divided between indirect taxes less subsidies of 9.8 per cent and direct taxes of 2.9 per cent. Direct consumption expenditure of Government works out to about 10.9 per cent of GDP. Therefore, in order to achieve a public investment level of even 9.1 per cent as compared to the target of 9.9 per cent, the Government has had to borrow 7.3 per cent of GDP from the rest of the economy and from abroad. Although some progress has been made in reducing the over-all fiscal deficit of the Government, public borrowings continue to be too high for sustainability. Any effort to increase the growth rate of
the economy has to take into account two important facets of the role of public investment and public borrowings. On one hand, efforts to increase public expenditures through enhanced borrowings tends to reduce private investment by pre-empting investible funds and causing what is known as "crowding out". On the other hand, it has also been found that private investments tend to be positively correlated to public investment, especially in infrastructure. The reason for this is that in the absence of adequate infrastructural facilities and the increase in aggregate demand caused by public investment, the efficiency and capacity utilisation of private investment tend to suffer. The influence of these two factors have to be explicitly taken into account while framing public investment plans. By and large, there is a certain level of public investment which is essential for private investment demand to be generated and to be productive. Public investment above this level may crowd out private investment unless the public sector generates sufficient additional savings of its own.

2.5 In so far as foreign exchange balances are concerned, the current account deficit during the Eighth Plan would amount to about 1.27 per cent of GDP, which is well below the flow of external funds into the economy. This has enabled the country to build up its foreign exchange reserves to over US $ 18 billion at present. However, any effort at increasing the rate of growth is likely to lead to a substantial increase in the demand for imports and, unless the rate of growth of exports also picks up adequately, the balance of payments may come under pressure. This may be obviated to some extent by external capital flows, which would have to be appraised in the light of their implications for future repayment and servicing requirements. If the country is not confident of being able to increase its domestic savings rate sufficiently and on a sustained basis, it would be imprudent to plan for faster growth on the basis of external capital flows.

2.6 At any given point in time, the availability and efficiency of economic infrastructure determines more or less the level of production in the economy and the extent to which trade transactions can take place both within the country and abroad. Since most infrastructural investment have fairly long gestation periods, the availability of infrastructure can be augmented in the short run only to a limited extent. In a planning framework, however, unless infrastructural investments are made to a sufficient extent in the current plan, it can have negative effects on the growth of the economy in the post-Plan period. In the Eighth Plan, investment in most of the infrastructure sectors has fallen well below target. Consequently, the total availability of infrastructural facilities places a restriction on the achievable rate of growth.
Assumptions for the Base Year

2.7 Keeping in view the above constraints, the broad quantitative dimensions of the Ninth Five Year Plan have been worked out. Since the Plan will commence from April 1, 1997 and will cover the five year period of 1997-98 to 2001-02, the base year for the exercises is 1996-97. All the calculations are presented at prices that are assumed to prevail in 1996-97. Since the full National Accounts data are not available for the year 1996-97, certain projections have been made on the basis of the data available up to this point of time (i.e., November, 1996). It has been assumed that the average growth rate of GDP during 1996-97 will be 6.6 per cent with an inflation rate of 7 per cent. It is also assumed that the current account deficit will be 1.7 per cent of GDP, with exports growing at about 15 per cent in dollar terms and imports growing somewhat faster at about 17 per cent. As indicated later, active policy initiative is necessary to achieve this.

2.8 The average growth rate that is likely to be achieved in the Eighth Plan in terms of the GDP market prices is 5.9 per cent. This has been supported by an average investment rate of 25 per cent of GDP, thereby yielding an ICOR of 4.23, which is higher than 4.1 which was assumed in the Eighth Plan calculations. This increase in ICOR has occurred despite perceptible improvement in the growth rate. The principal factors behind this increase in ICOR appears to be the significant increases that have taken place in the ICORS of some of the infrastructural sectors. This, however, should not be a matter of serious concern as the aims of development are more than merely increasing the levels of income measured in conventional terms.

2.9 A more serious problem however is that because of fiscal difficulties, a total public investment has slipped quite sharply from the Eighth Plan targets. During Plan formulation it had been assumed that public investment would form 43 per cent of total investments in the country. In actuality however it is unlikely to be greater than 36.5 per cent. On the other hand, total investment at 25 per cent of GDP has significantly exceeded the Eighth Plan target of 23 per cent. Taking this into account, the slippage in public investment as a percentage of GDP has been from the target of 9.9 per cent to 9.1 per cent. On the positive side, there appears to be some buoyancy in private investment which has increased from the target of 13.1 percent of GDP to 15.9 per cent.

The Base-line Scenario

2.10 Keeping these factors in mind, the macro-economic performance of the economy that is likely during the Ninth Five Year Plan has been worked out on the basis of a model that has been developed specifically for this purpose. In
calculating the parameters of the model for the Ninth Plan period, a number of specific assumptions have been made which need to be noted. First, it has been assumed that the trend towards improvement in public savings and total domestic savings, witnessed in the last couple of years, will continue during the Ninth Plan. It is felt however, that the bulk of the improvement in public savings will have to come about in the savings performance of the Government, and that the savings performance of the public sector undertakings as a percentage of GDP cannot be expected to improve very substantially without substantial improvements in efficiency and productivity. The improvement in Government savings will have to arise essentially from combined improvement in taxes net of subsidies, with public consumption expenditure more or less maintaining its share of GDP. Total public investment, which includes the Centre, the States and all public sector enterprises, has been determined with a view to achieving a fiscal deficit target of 4.0 per cent for the Centre during the Plan period. In view of the emphasis that is being placed on investment in infrastructure, the ICOR will tend to rise from 4.24 during the Eighth Plan to 4.34 during the Ninth Plan. This assumption is necessary to ensure that the growth rate of the economy does not suffer in the post-Plan period due to infrastructural bottlenecks. While it is necessary to protect the investment in infrastructure in the interest of sustaining growth in the longer-run, this emphasises the need for taking measures and adopting policies which induce efficiency and reduce ICORS.

2.11 The detailed quantitative projections of the base-line growth scenario for the Ninth Five Year Plan are presented in the tables contained in Annex-I. As may be seen, in the base-line scenario, based on recent trends, growth rate is projected to be average about 6.2 per cent per annum. This projected growth rate assumes a step-up in both private and public savings, and a current account deficit of about 1.7 per cent of GDP. If the current account deficit can be permitted to rise upto 2 per cent, some minor slippage in private savings may not be difficult to manage. As far as public savings is concerned, however, any slippage from the targets would lead either to an increase in public borrowings or reductions in the level of public investment, particularly in infrastructure. Neither is desirable.

2.12 As far as government revenues are concerned, it has been assumed that indirect tax receipts of the Central government as a percentage of GDP cannot increase significantly, and may indeed decline marginally. Indirect tax receipts of the State governments, however, can be increased quite substantially, and efforts would have to be made in this direction. More importantly, the growth rate of direct subsidies, by both the Centre and States, which account for about 3 per cent of GDP, need to be contained.
This scenario permits subsidies to grow at a rate of about 4 per cent per annum in constant prices. In this scenario, the share of direct taxes in GDP is assumed to grow slowly over the share that is likely to be achieved in 1996-97, reflecting a lower buoyancy than has been observed over the last three years.

2.13 Exports are assumed to grow at an average annual rate of 12 per cent in real terms, which translates to about 15.5 to 16 per cent in dollar terms. This rate of growth of exports is derived under the assumption that the share of exports in incremental output of the manufacturing sector rises from the present level of 22 per cent to above 35 per cent. If the domestic savings targets are attained, imports are likely to grow at a somewhat lower pace of 11.4 per cent in real terms. There is a possibility that if the dollar price of imports rises faster than the dollar price of exports, the current account deficit may widen, but there is some slack available to absorb this possibility.

2.14 In this scenario, public investment as a whole would be about 33 per cent of total investment in the economy, which is considerably lower than the 43 per cent that was assumed during the Eighth Plan and the 36.5 per cent that is likely to be attained. This is primarily the outcome of attempts at achieving a more sustainable fiscal balance. It is necessary therefore to prioritise public investment carefully in order to ensure that the objectives of growth and welfare are met within the limited resources that would be available to the government.

2.15 The size of national investment (public and private sectors taken together) under this scenario will be about Rs. 2004 thousand crores for the entire Plan period, of which public investment will be Rs. 663 thousand crores. This implies a step-up in public investment of about 20 per cent over the Eighth Plan in real terms. In view of the increased emphasis on social sectors, and the higher revenue to capital component of these expenditures, the current outlay component of the plan will be 18 per cent. This would yield a total outlay for the Ninth Plan of Rs. 780 thousand crores.

2.16 The standard of living of the people is determined by the growth in private consumption. In this scenario private consumption is likely to grow by 5.9 per cent per annum, which amounts to a growth in per capita consumption of 4.2 per cent assuming a growth rate of population of 1.7 per cent over the Plan period. This compares very favourably with the 2.9 per cent and 3.5 per cent growth that were recorded during the Seventh and Eighth Plan periods.

2.17 On the negative side, under this scenario, the pattern of growth and the likely employment elasticities are
such that the employment potential created will barely absorb the additions to the labour force during the Plan period. However, because of increase in infrastructure investment, the conditions are created for sharp reduction in the unemployment rate during the post-Plan period. Even during the Plan, the quality of employment is likely to be considerably better than earlier in view of the rapid increases in income.

The Accelerated Growth Scenario

2.18 The Common Minimum Programme announced by the Government envisages a growth rate of 7 per cent during the Ninth Plan. In order to reduce unemployment and alleviate poverty, this order of growth rate is desirable, and it should constitute the objective of Ninth Plan. However, in order to achieve a growth rate of this order, a great deal of effort would be required to further step up the rate of savings and investment in the economy, in addition to substantial improvement in productivity of a few key sectors leading to a drop in the capital-output ratios. Efforts will need to be made to achieve an agricultural growth rate of 4.5 per cent per annum through regionally differentiated strategies in order to make a visible impact on poverty. The quantitative projections for this accelerated growth scenario are presented in the tables given in Annex-II. It needs to be noted that in working out this scenario it has been assumed that the public investments in social infrastructure are maintained at the same level as have been assumed in the base-line scenario.

2.19 Although investment in basic infrastructure sectors that are in the pipeline are barely adequate for sustaining a growth rate of around 6 per cent as projected in the base-line scenario, there does exist some possibility of increasing the availability through sharper increases in efficiency and capacity utilisation than has been assumed. In the accelerated scenario, therefore, it is assumed that the public sector, particularly in the infrastructure sectors, will improve its efficiency and financial performance to a substantial extent. This will not only generate the necessary resources for public investment, but it will also enhance the attractiveness of infrastructural investment by the private sector.

2.20 The investment rate required to attain a growth rate of 7 per cent would be 28.8 per cent of GDP as compared to 26.9 per cent of GDP in the base-line. This is despite a drop in the ICOR from 4.34 in the base-line scenario to 4.08, which is significantly lower than the Eighth Plan average. This drop in ICOR occurs from two influences. First, it would be assumed that the process of economic reforms would continue. This would lead to phased elimination of outdated technologies and therefore, higher energy and material efficiency in the industrial sectors.
Second, the efficiency and productivity of five infrastructural sectors, namely Irrigation, Mining, Power, Railways and Communications, are assumed to go up significantly. This has two positive effects. First, the increase in efficiency and capacity utilisation provides the supply from these sectors necessary to maintain the 7 per cent growth rate. Secondly, the increase in the average price realisation, through rationalisation of tariffs, leads to increases in both the savings originating from these sectors and the measured value-additions, which is the instrumentality for reducing the ICORS.

2.21 Since prudent management of external liabilities do not permit an increase in the current account deficit to more than 2.5 per cent of GDP, it becomes necessary for the domestic savings rates to rise by 1 percentage points over the base-line, that is from 25.2 per cent of GDP to 26.2 per cent. Since private savings are not likely to go up significantly, public savings will need to increase from 2 per cent of GDP in the base line to 2.8 per cent. This increase in the savings rate would have to come partly from higher internal resource generation of the public sector enterprises, particularly the public infrastructural sectors mentioned above, and partly from the government. In particular, the revenue raising potential of the government should increase through greater tax effort and local efforts, consequent on decentralisation, at revenue raising by Panchayati Raj Institutions. Effective decentralisation and people’s participation should certainly lead to better local efforts to mobilise local resources. Therefore, by the end of the Ninth Plan period, the government as a whole, including both the Centre and the States, would have to reach a position of revenue neutrality as compared to the large revenue deficits that exist at present. This is no easy task, particularly in view of the Ninth Plan focus on Basic Minimum Services, which have large revenue components in expenditure.

2.22 Since much of the additional growth occurs due to an increase in the growth rate of the industrial sector, it permits a higher target level of export growth, which rises to 14.5 per cent in real terms. However, as is to be expected, import growth is much faster at 15.3 per cent. Although this leads to an increase in the current account deficit, it is within a manageable range. To the extent that domestic savings, public and private can be increased further, there will be scope for current account deficit to be lower than projected.

2.23 The size of national investment in this scenario rises substantially to Rs. 2190 thousand crores. Public investment rises even faster to Rs. 760 thousand crore, so that the share of public investment to total investment rises to 34.7 per cent from 33 per cent in the base-line. The total size of the Ninth Plan therefore works out to Rs.
875 thousand crores, including the higher internal resource
generation of PSEs and local resource mobilisation of the
PRIs, with the current outlay component of the Plan dropping
to 15 per cent of the investment. These are indicative
figures, and to the extent that public investment turns out
to be lower, there would have to be a corresponding increase
in private investment in order to attain the growth target.

2.24 Although this is a feasible strategy to attain a 7
per cent growth rate during the Ninth Plan on the basis of
the existing behavioural parameters for private savings and
investment, it must be emphasised that it requires some
deliberate and difficult decisions. In particular, it
requires that the pricing of irrigation services,
electricity, railway passenger fares, postal and
telecommunication rates, petroleum and other mineral prices
be rationalised so that both the value-added and saving of
these sectors improve substantially and are not eroded.

2.25 Private consumption expenditure in this
scenario grows at the rate of 6.7 per cent, which implies a
per capita consumption growth of 5 per cent. At this rate,
the per capita consumption level in the country would double
in 14 years as compared to 17 years in the base-line. More
importantly, this scenario sets the stage for even faster
growth in the post-plan period, which could be as high as
7.5 per cent, by creating the appropriate level of pipe-line
investment in the infrastructure sectors.

2.26 The other positive outcome of this scenario is
that it not only creates higher quality employment, it
actually reduces the unemployment rate even during the Plan
period quite significantly. In the post-Plan period (that
is by 2004-05) the unemployment rate can potentially be
reduced to 5.5 per cent from the existing level of 7.5 per
cent.

2.27 The critical aspect of this exercise in
examining the implications of an accelerated growth of the
economy is that the required increase in public investment
can be accommodated only if public savings are increased
substantially. Failure to do so would render the economy
vulnerable to both balance of payments instability and to
increasing public debt. It needs to be re-emphasised,
therefore, that acceleration in growth can only occur if the
government increases its tax and non-tax revenues, and also
compresses its non-essential consumption, subsidies and
transfers.

The Perspective

2.28 The Ninth Plan will contain a carefully worked out
topic perspective vision. This will consist of
economic/demographic scenarios and long-term plans for
demographic, human resource development, infrastructure,
environment and science and technology sectors. Sustainability considerations will be important. Preliminary work shows that to meet the requirements of food security, diversifying domestic food demand and agricultural exports, since the entire expansion of output has to be derived from productivity expansion, cropping intensity will have to rise in a manner not seen earlier. Land and water management practices required for this are of the kind developed through historical time in East Asia, will have to be internalised quickly in our country. A High-level Commission on Perspective Planning for Water Resources will need to get into operational details. Similarly, exercises of the Vision 2020 kind will need to be detailed. A vision of India as a part of wider regions, both to its East and to its Western borders with increasing trade flows and cooperation on scarce non-renewable resources like water and energy, as also communication infrastructure would need to be developed as a part of the emerging multi-polar world.
Annex-I: BASE-LINE SCENARIO

Table 1: Macro Parameters

<table>
<thead>
<tr>
<th>Parameter</th>
<th>VIII Plan</th>
<th>IX Plan</th>
<th>Post Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Domestic Savings Rate (% of GDP at market price)</td>
<td>23.7</td>
<td>25.2</td>
<td>25.7</td>
</tr>
<tr>
<td>2. Current Account Deficit (% of GDP at market price)</td>
<td>1.3</td>
<td>1.7</td>
<td>1.6</td>
</tr>
<tr>
<td>3. Investment Rate (% of GDP at market price)</td>
<td>25.0</td>
<td>26.9</td>
<td>27.3</td>
</tr>
<tr>
<td>4. ICOR</td>
<td>4.24</td>
<td>4.34</td>
<td>4.2</td>
</tr>
<tr>
<td>5. GDP Growth Rate (% Per Annum)</td>
<td>5.9</td>
<td>6.2</td>
<td>6.5</td>
</tr>
<tr>
<td>6. Export Growth Rate (% Per Annum)</td>
<td>11.4</td>
<td>12.0</td>
<td>12.0</td>
</tr>
<tr>
<td>7. Import Growth Rate (% Per Annum)</td>
<td>13.6</td>
<td>11.4</td>
<td>11.6</td>
</tr>
</tbody>
</table>

Table 2: Composition of Domestic Savings (% of GDP at market prices)

<table>
<thead>
<tr>
<th>Sector</th>
<th>VII Plan</th>
<th>VIII Plan</th>
<th>IX Plan</th>
<th>Post Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Public Sector (of which)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Government Sector</td>
<td>-1.6</td>
<td>-1.9</td>
<td>-1.4</td>
<td>-1.2</td>
</tr>
<tr>
<td>1.2 Public Enterprises</td>
<td>3.9</td>
<td>3.5</td>
<td>3.4</td>
<td>3.3</td>
</tr>
<tr>
<td>2. Private Corporate Sector</td>
<td>1.9</td>
<td>3.7</td>
<td>4.4</td>
<td>4.6</td>
</tr>
<tr>
<td>3. Household Sector</td>
<td>16.1</td>
<td>18.4</td>
<td>18.8</td>
<td>19</td>
</tr>
<tr>
<td>4. Gross Domestic Savings</td>
<td>20.3</td>
<td>23.7</td>
<td>25.2</td>
<td>25.7</td>
</tr>
</tbody>
</table>

Table 3: Inter-sectoral Flow of Resources (Rs. thousand crores)
(Figures in bracket are % of GDP at market prices)

<table>
<thead>
<tr>
<th>Public Sector</th>
<th>Private Corporate</th>
<th>Household</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Investment</td>
<td>663</td>
<td>633</td>
<td>708</td>
</tr>
<tr>
<td>(8.9)</td>
<td>(8.5)</td>
<td>(9.5)</td>
<td>(26.9)</td>
</tr>
<tr>
<td>Financed by:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Own Savings</td>
<td>149</td>
<td>328</td>
<td>1401</td>
</tr>
<tr>
<td>(2.0)</td>
<td>(4.4)</td>
<td>(18.8)</td>
<td>(25.2)</td>
</tr>
<tr>
<td>2. Borrowings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 From Households</td>
<td>477</td>
<td>216</td>
<td>-693</td>
</tr>
<tr>
<td>(6.4)</td>
<td>(2.9)</td>
<td>(-9.3)</td>
<td>(0)</td>
</tr>
<tr>
<td>2.2 From External Sources</td>
<td>37</td>
<td>89</td>
<td>0</td>
</tr>
<tr>
<td>(0.5)</td>
<td>(1.2)</td>
<td>(1.7)</td>
<td></td>
</tr>
</tbody>
</table>

Note: GDP at market prices are assumed to grow from Rs. 1240 thousand crores in 1996-97 to Rs. 1675 thousand crores in 2001-02.
Annex-II: ACCELERATED 7% GROWTH SCENARIO

Table 1: Macro Parameters

<table>
<thead>
<tr>
<th>Parameters</th>
<th>VIII Plan</th>
<th>IX Plan</th>
<th>Post Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Savings Rate</td>
<td>23.7</td>
<td>26.2</td>
<td>26.6</td>
</tr>
<tr>
<td>(of GDP at market price)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Account Deficit</td>
<td>1.3</td>
<td>2.4</td>
<td>2.6</td>
</tr>
<tr>
<td>(of GDP at market price)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Rate</td>
<td>25.0</td>
<td>28.6</td>
<td>29.2</td>
</tr>
<tr>
<td>(of GDP at market price)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ICOR</td>
<td>4.24</td>
<td>4.08</td>
<td>4.05</td>
</tr>
<tr>
<td>(of GDP at market price)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP Growth Rate</td>
<td>5.9</td>
<td>7.0</td>
<td>7.2</td>
</tr>
<tr>
<td>(% Per Annum)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export Growth Rate</td>
<td>11.4</td>
<td>14.5</td>
<td>14.5</td>
</tr>
<tr>
<td>(% Per Annum)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Import Growth Rate</td>
<td>13.6</td>
<td>15.3</td>
<td>14.6</td>
</tr>
<tr>
<td>(% Per Annum)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Composition of Domestic Savings

(% of GDP at market prices)

<table>
<thead>
<tr>
<th>Parameters</th>
<th>VII Plan</th>
<th>VIII Plan</th>
<th>IX Plan</th>
<th>Post Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(of which)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Government Sector</td>
<td>-1.6</td>
<td>-1.9</td>
<td>-1.0</td>
<td>-0.9</td>
</tr>
<tr>
<td>1.2 Public Enterprises</td>
<td>3.9</td>
<td>3.5</td>
<td>3.8</td>
<td>3.8</td>
</tr>
<tr>
<td>Private Corporate Sector</td>
<td>1.9</td>
<td>1.7</td>
<td>4.5</td>
<td>4.7</td>
</tr>
<tr>
<td>Household Sector</td>
<td>16.1</td>
<td>18.4</td>
<td>18.9</td>
<td>19.0</td>
</tr>
<tr>
<td>Gross Domestic Savings</td>
<td>20.3</td>
<td>23.7</td>
<td>26.2</td>
<td>26.6</td>
</tr>
</tbody>
</table>

Table 3: Intersectoral Flow of Resources

(Rs. thousand crores)

(Figures in bracket are % of GDP at market prices)

<table>
<thead>
<tr>
<th></th>
<th>Public Sector</th>
<th>Private Corporate</th>
<th>Household</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Investment</td>
<td>759 (10.0)</td>
<td>683 (8.9)</td>
<td>748 (9.7)</td>
<td>2190 (28.6)</td>
</tr>
<tr>
<td>Financed by:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Own Savings</td>
<td>214 (2.8)</td>
<td>345 (4.5)</td>
<td>1447 (18.9)</td>
<td>2006 (26.2)</td>
</tr>
<tr>
<td>2. Borrowings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 From Households</td>
<td>498 (6.5)</td>
<td>201 (2.6)</td>
<td>-699 (-9.1)</td>
<td>0</td>
</tr>
<tr>
<td>2.2 From External Sources</td>
<td>47 (0.6)</td>
<td>137 (1.8)</td>
<td>0</td>
<td>184 (2.4)</td>
</tr>
</tbody>
</table>

Note: GDP at market prices are assumed to grow from Rs. 1240 thousand crores in 1996-97 to Rs. 1750 thousand crores in 2001-02.
Chapter III

DEVELOPMENT STRATEGY AND POLICY PRIORITIES

3.1 The macroeconomic considerations discussed in evaluating the likely growth paths are a part of the overall development strategy that needs to be addressed in the Ninth Plan. This chapter discusses some of the other issues which are of economy-wide significance. The more detailed sectoral policy issues are taken up in the next chapter.

3.2 At macro level the planning model in the Planning Commission is used to allocate resources among economic sectors. The implicit logic of allocation in the model is the need for consistency in the mutually supporting role of these economic sectors to make feasible a target rate of growth and demand pattern. However, the allocation of resources to the social sectors like health, education, welfare, minimum needs and poverty alleviation, etc. is done mainly on the basis of the perceptions of the policy makers and planners as to the need in these sectors within the overall constraints of available resources.

3.3. There is no standard set of criteria for deciding allocation of funds to programmes, schemes and projects within a sector. The schemes which take the shape of a project in energy, transport, irrigation and communication, etc. have to pass the minimum standards of financial and/or economic rates of return. However, there are no ways of making a choice from amongst a large number of projects or schemes which would pass the same standard. Programmes and schemes which are not amenable to such cost-benefit analysis do not have to pass through even this type of scrutiny. Therefore it is necessary to evolve certain guidelines for the selection of programmes, schemes or projects from among the many which are possible at a given time. The following tests are proposed:

i) The schemes which are of larger benefit to the poor as compared to the rest of the population should have a priority.

ii) The schemes which benefit the women, children and the weaker sections of the society more than the population as a whole should have a priority.

iii) The schemes which are of larger benefit to the backward region should have a priority.

iv) Schemes which are non-displacing, empowering and labour-intensive should have priority.

v) The schemes which give long term sustainable benefit should have a priority over scheme which
give a little higher benefit but only of a transitional nature.

vi) The schemes which help the creation of productive assets (personal assets or economy-wide assets) should have a priority over those which only help to raise the current level of income or well being.

vii) Service-oriented schemes (except those in the category of basic minimum services), which require high level of subsidisation, should have low priority and effort should be made to encourage commercial operation of such services.

viii) Schemes which require creation of enabling environment by way of systemic reforms, changes in legislative framework, institutional development, promotion of participatory approaches and self-governance should have a high priority.

Sustainability of Development

Population

3.4 Population stabilisation is an essential prerequisite for sustainability of development process. The National Family Planning Programme was launched in 1952 with the objective of "reducing birth rate to the extent necessary to stabilise the population at a level consistent with requirement of national economy". The technological advances and improved quality and coverage of health care resulted in a rapid fall of mortality rate from 27 in 1951 to 9.8 in 1991. In contrast, the reduction in birth rate has been less steep declining from 40 in 1951 to 29.5 in 1991. As a result the annual exponential population growth has been over 2% in the last three decades. During the Eighth Plan period the fall in birth rate has been steeper than that in the death rate; consequently annual growth rate is around 1.9% during 1991-95. The rate of decline in population growth is likely to be accelerated during the Ninth Plan period.

3.5 Though the decline in birth and death rates have occurred in all states, the rate of decline was slower in some states like U.P. and Bihar; even within the same state there are substantial differences between districts. The Family Welfare Programme, therefore needs to be re-oriented to remove or minimise the inter- and intra-State differences, with emphasis on improved access and quality of reproductive and child health services through PHC based decentralised area specific microplanning without recourse to specific centrally fixed targets.

3.6 It is imperative that adequate data-base is available at PHC level on yearly basis, both for the need
assessment as also to provide an independent mechanism for impact assessment and midcourse correction. This can be achieved only through complete registration of all births and deaths. For this, it is necessary to strengthen the Civil registration system through involvement of ICDS workers, Panchayati Raj institutions, as well as health personnel.

3.7 Simultaneously, the Ninth Plan will launch an intensive drive to promote health education so that India builds a sound foundation for a successful preventive and promotive national health paradigm. Basic principles of hygiene, sanitation, nutrition, and prevention of illness and disease will be promoted through not only the educational institutions and the adult education programme but also through the ICDS programme, through counseling offered by the health workers at all levels, and the mass media.

Natural Resource Management

3.8 The second important element of sustainability pertains to the protection of the environment and preservation of the natural resource base of the nation. Rapidly growing population, urbanisation, changing agricultural, industrial and water resource management, increasing use of pesticides and fossil fuels have all resulted in perceptible deterioration in the quality and sustainability of the environment. It needs to be realised that environment protection does not only involve a prevention of pollution and of natural resource degradation, but has to be integrated with the over-all development process and the well-being of people. This approach has been articulated in the Agenda 21 of United Nations Conference on Environment and Development. The steps outlined in this document need to be adopted and integrated with the development strategy. A synergy between health, environment and development is recognised.

3.9 Regeneration of the forest cover is an important component of environmental sustainability. This not only requires attention to the preservation of existing forests, particularly in the fragile eco-regions of the Himalayas and the Ghats among others, but also a greater effort to create forest cover in a wide-spread manner. It is proposed that every district in the country should reserve at least 2 per cent of its available area as forest.

3.10 One of the main problems in taking a rational decision on natural resource use is the lack of an appropriate information system and a methodology for natural resource accounting. As a result, the depletion of the national asset base is simply not taken into account while evaluating alternative strategies. The Ninth Plan will lay great stress on evolving such natural resource accounting
methodologies so that decisions can be taken on the basis of the full cost to the Nation.

3.11. The most important methodology for preventing undue depletion of natural resources is by ensuring their efficient use at all levels. This has two important dimensions. First, exhaustible or vulnerable natural resources should be priced appropriately in order to prevent over-exploitation. In India, since a large proportion of natural resources are subjected to administered prices, there has been a tendency to under-price resources quite significantly. This approach needs to be changed urgently. Second, technologies which conserve the use of natural resources need to be developed and promoted vigorously.

3.12 Food and nutrition security as well as poverty alleviation are inalienable components of sustainable development. In view of the fact that the net sown area is likely to decline in the future in order to preserve the ecological balance, emphasis will have to be placed on increasing the productivity of land use. There is therefore need to enhance the flow of resources to agriculture from both public and private sources and to vigorously promote the implementation of land reforms so that the productivity of land use is enhanced. In addition, steps will need to be taken towards more efficient use of soil and water resources. A start has been made in this process by encouraging a diversified growth of agriculture by agro-climatic regions. This would have to be carried forward vigorously. New initiatives will need to be developed for intervention on the basis of agro-economic categorisation. In the lean agricultural season, up to 100 days of assured employment will be provided under the Employment Assurance Scheme, which is being universalised.

Technology

3.13 In order to strengthen the technological capabilities of the Indian industries, both for meeting the national needs and for providing global competitiveness, a number of new initiatives have been launched. A Technology Development Board has been established in 1996 with a mandate to facilitate development of new technologies and assimilation and adaptation of imported technologies by providing catalytic support to industries and R&D institutions to work in partnership. Matching grants to R&D institutions showing commercial earnings through technology services was also introduced in 1996 and will be carried forward and broadened. Already a long-term perspective called Technology Vision for India 2020 has been prepared, which could form the basis of technology development programmes.

3.14 Issues of natural resource conservation and agricultural growth cannot be effectively tackled in the
absence of an appropriate technological base. In addition, technology is essential for increasing the competitiveness of the Indian economy in international markets. Indigenous development of technology is therefore of the highest importance and deliberate planned steps need to be taken to increase technological self-sufficiency of the Nation.

3.15 Rapid technical progress is altering fundamentally the skills, knowledge, infrastructure and institutions needed for the efficient production and delivery of goods and services. So broad and far-reaching are current technological developments that many see the emergence of another industrial revolution driven by a new technological paradigm. This paradigm involves, not only new technologies and skills in the traditional sense, but also different work methods, management techniques and organisational relations within firms. As new transport and communications technologies shrink international ‘economic space’, it also implies a significant reordering of comparative advantage, and trade and investment relations, between countries.

3.16 In India also, there is considerable technological activity in a wide spectrum of firms. What is most impressive is the number of small and medium sized enterprises that are investing in new technology based ventures, and often striking out in world market as exporters. However, the rest of the industrial sector still needs to invest on technology upgrading. Experience of many developing and industrialised countries suggests that a rapid acceleration of industrial technology development calls for a deliberate ‘strategy’, in the sense that it requires the government to coordinate and guide an essentially market-driven process. Free markets suffer from various kinds of ‘market failures’, they may not throw up the appropriate amounts of infrastructure, skill, information and institutional support, and mere exposure to market forces, while getting rid of inefficient policies, may not suffice to create the technological dynamism that continued industrial growth needs.

3.17 Indian technology policies are undergoing significant changes, and on the whole have improved greatly in recent years. They are not, however, ideal. A coherent technology strategy in India must address a number of interconnected elements in the incentive regime and the relevant factor markets and institutions. The following approach should guide future policies in technology:

**Skills:** Technology development calls for both general and specific forms of human capital, and emerging technologies are highly skill intensive in both technical and managerial terms. While India is endowed at present with large amounts of high-level human capital, investments in the creation of new skills (as measured by enrolment levels in technical
subjects at all levels) are low. In addition, firm level investments in training are highly variable, and large parts of industry invest very little in training. The SME sector in particular suffers from very low levels of skill, while industrial training institutes are often unresponsive to their needs.

**Technological effort** : R&D in Indian industry has been rising, but the overall level is still low and over three-quarters of research effort originates in the public sector. This is in contrast to Taiwan and Korea, where most of R&D is undertaken by industrial enterprises. It is important for the Government to analyse current technological trends in industry in order to formulate appropriate policies to encourage R&D.

**Technology access** : Technology upgrading requires that Indian enterprises of all types have information on relevant technologies in international markets and also within the country. Many countries have well-developed systems of computerised on-line technology information and dissemination services, often backed up with consultancy and financial assistance for small and medium enterprises to enable them to know about, test, and implement new technologies. The availability of similar facilities are weak in India. Note needs to be taken of the emerging trends of restrictions on access to technology through stringent intellectual property restrictions and on "dual use" technologies by certain groups of industrially advanced countries. Special efforts have to be made to ensure that such restrictions do not inhibit progress in high technology sectors.

**Technology institutions** : India has a large infrastructure of technology support institutions, some of which are undergoing reform to make them more relevant to industrial needs. A number of universities, especially the IITs, are interacting increasingly with industry on technological matters, while others are outside this circle. There is a need to strengthen 'Technology Foresight Programmes' to analyse the implications of emerging technologies, analyse domestic strengths and weaknesses and target future technologies for local development.

**Other infrastructure** : Technology development generally requires the setting up of clusters of industries that can share information and skills, as in 'science parks' or dedicated industrial estates. Some such facilities exist in India, but their efficacy and functioning need to be strengthened.

**Integration of Regions**

3.18 Finally, an important component of sustainability of the development process is in the achievement of a high
level of integration between the various parts of the country so that the benefits of rapid and sustained growth can be spread widely in order to improve both regional balance and the economic opportunities available to the people. The most important components for achieving this end are transport linkages and communications. The Ninth Plan will place great emphasis on providing the requisite connectivity to all parts of the country.

3.19 Although the Government can increase the connectivity of villages through public works and employment generation programmes by involving the local bodies, major road network development would still require a considerable amount of resources. Fresh initiatives need to be taken in this direction by coordinated action between the various tiers of Government and with assistance from private agencies and financial institutions. Innovative methods of combining public and private resources would need to be worked out in order to make such investments productive and viable.

3.20 Similarly, in so far as communications are concerned, it is unlikely that the resources available with the Government would be sufficient to expand the telecommunications network to the extent desired. The initiatives that have been taken to supplement the public sector efforts need to be carried forward, and a proper enabling environment needs to be created. This is essential since communications are as essential an infrastructural input as they are critical for integration.

The Fiscal Imperative

3.21 In light of the macro-economic constraints being faced by the economy and the analysis of the feasible growth paths, it appears that a sustained acceleration in the growth rate of the economy will have to be associated with a determined effort at raising public savings, mainly by reducing the revenue deficit and improving the performance of public sector enterprises. This is necessary in order to provide both the necessary level of investible resources and prevent the re-emergence of balance of payments unsustainability. Steps would also have to be taken to ensure that private savings increase in a sustained manner.

3.22 In respect of public savings, while the rate of growth of revenues must be increased, the rate of growth of revenue expenditure too should be slowed down. The Government will mobilise financial resources by utilising all sources which have remained untapped so far. At the same time, the structure and manner of deployment of public expenditure should be altered significantly in order to ensure the maximum positive impact on poverty alleviation and the social sectors.
3.23 It is to be noted that the ratio of total revenues of the Centre and the States to GDP had reached 23.8 per cent in 1989-90, but declined thereafter and came down to 22.6 per cent in 1990-91 and stayed at the level in 1993-94. However, there is a major difference between the behaviour of revenues between the Centre and the States. The gross revenues of the Centre declined steadily from 14.4 per cent in 1989-90 to 12.2 per cent in 1993-94, whereas in the case of the States, it increased steadily from 9.4 per cent in 1989-90 to 10.4 per cent in 1993-94. The ratio of total tax revenues of the government sector to GDP had reached 16.9 per cent in 1989-90 but declined thereafter and reached 15.3 per cent in 1993-94 (it is estimated to have reached around 16 per cent of GDP in 1995-96). In view of this, it would be reasonable to aim at raising the tax ratio by about 1.5 to 2.0 percentage points of GDP so that it reaches the level of 17.5 per cent in the post-Plan period. This would only mean slightly exceeding the ratio that had already been reached in 1989-90.

3.24 In 1995-96, the gross tax revenues of the Centre amounted to 10.24 per cent of GDP. The corresponding figure is 10.70 per cent as per the 1996-97 Budget. With appropriate policy measures and administrative efforts, it should be possible to raise this ratio to 11.50 per cent. In 1995-96, the own tax revenues of the States amounted to 5.72 per cent of GDP of which sales taxes alone brought 3.25 percentage points. Given the potential of the sales tax and the scope for rationalisation and better enforcement of the other State taxes too, it should be possible to raise the ratio of State tax revenues to around 6.5 per cent of GDP. Tax revenues should be raised primarily through rationalisation and broadening of the bases of the existing major taxes.

3.25 Tax laws would need to be simplified and exemptions brought down to bare essentials. Such measures would be applicable to both the Central Government as well as the State Governments. In addition, there is need for greater inter-State coordination, especially in sales tax matters and between the States and the Central Government on the issue of moving towards a system of VAT.

3.26 The yield of income taxes can be increased substantially by broadening the base and strengthening the administration, while at the same time ensuring that the main aim of administration would be to collect increasing revenues without harassment and that the exacting of illegal payments is drastically cut down. The most important step in this direction is to make it mandatory by law that a permanent account number (PAN) must be acquired by several categories of persons, and that it should be compulsorily used for a number of transactions. A Central Computer Unit should be set up which will cover all ranges in India and will contain all the PAN numbers and detailed information
from every account. It must be pointed out that at present no master file of tax payers or of PAN holders exists in a central place. The creation of this master file is of the highest priority.

3.27 The large and growing black or parallel economy in India has been a drag on the development process and on the ability of the government to meet the pressing needs of the poor and vulnerable sections of the people. There is need to tap these forms of income and wealth in order to provide the necessary resources for growth and development. The presumptive element in the existing tax system should be strengthened by introducing expenditure-based presumptive income tax on the basis of reliable reference lists of proxies, such as telephones, cars and other vehicles, gas and electricity connections. A close look also needs to be taken at real estate, which forms an important component of black assets. The tax base can be expanded further by strengthening the system of tax deduction at source (TDS) and requiring tax to be deducted at source in respect of all dividends, income from units of mutual funds and interest on debentures and deposits. All TDS circles must be computerised so that all large tax deductors will be able to file their TDS returns electronically.

3.28 Non-payment of corporation tax by a number of companies is a serious issue. In order to broaden the base of this tax, the government has recently introduced the Minimum Alternate Tax (MAT). Methods of taxing corporate profits to yield more revenues need to be considered, consistent with the need to promote investment and growth in the economy.

3.29 As regards excise duties, considerable progress has been achieved in rationalising the duty structure and in moving towards a system of VAT at the manufacturing stage. There is agreement in principle that the base must be broadened and the rates must be moderate. But high rates on particular commodities cannot be brought down unless the burden is more widely shared through the removal of a plethora of exemptions. It is to be remembered that the existence of exempted goods also opens up loopholes for misuse of MODVAT credit. The existing system of different rate bands needs to be continued since it is too early to give up relatively higher taxation of luxury goods both for resource generation and equity considerations.

3.30 The service sector has registered impressive growth during the recent years and is expected to continue to grow during the Ninth Plan period, but its contribution to budgetary resources is not commensurate with its share in GDP. The MODVAT presently under operation in the excisable sector of the Centre should be extended mutatis mutandis to service sectors as well. Alternatively, the Centre could
delegate the powers to levy, collect and retain the yield of such taxes to the States.

3.31 Computerisation has hardly made headway in the excise department. It is suggested that full computerisation as under a VAT regime be introduced. Along with this, the procedures and documentation can be simplified.

3.32 Among the State taxes, the sales tax is by far the most productive tax. It is generally agreed that with the rationalisation of the tax structure and improvement in the administration, it is possible to increase the yield of the sales tax substantially. A Committee of State Finance Ministers on Sales Tax Reform had recommended that the base should be broadened by reducing the number of exemptions to a few, by having only three rates apart from zero, by putting an end to the policy of competition among the States in offering sales tax concessions and by gradually moving over to a system of value added tax in each State. Even without adopting the value added tax, by adopting the other recommendations of the Committee, it is possible to raise the sales tax yield significantly if tax administration could be improved by computerisation and related activities through central support.

3.33 The rationalisation, inter-state coordination and better enforcement of the other State taxes, particularly the stamp duty and the motor vehicles tax, would also generate a considerable increase in revenues. In this context it needs to be noted that the required constitutional amendment to enable the Parliament to enact the necessary legislation for levy of consignment tax to prevent evasion of sales tax was carried out in 1982-83. There are differences of opinion among States as regards its implementation. A consensus needs to be developed before implementation of this tax measure.

3.34 Sufficient attention has not been paid to realisation of non-tax revenues. Areas from where non-tax revenues can be augmented are irrigation charges, royalties on minerals and revision of user charges on services rendered by the government. There is an urgent need for more frequent revision of water rates and effective water rate administration. The approach should be collect at least enough revenues to meet the full O&M expenditures of the irrigation department. There is also urgent need to raise the efficiency of irrigation systems by reducing costs and supplying water in time and in adequate measure. The Ninth Plan will encourage transfer of irrigation management to users' associations/organisations in order to improve operational performance and user-charge recovery. Privatisation/Cooperation in all possible areas of irrigation development may also be considered. As far as revision of royalty on minerals are concerned, they should
be revised at least once every two years.

3.35 With the increased role that is being proposed for the Panchayati Raj Institutions (PRI) in the Ninth Plan, the issue of resources for these bodies assumes of paramount importance. Along with the devolution that may be made by the State Finance Commissions, some taxation powers may also need to be devolved. In addition, PRIs should be given powers to raise revenues from common properties, such as land and sub-soil water.

3.36 The local bodies and other autonomous agencies have the potential to tap substantial resources through fiscal and financial measures and to eventually become self-reliant. All encouragement needs to be provided in this direction through enabling measures by the central and state governments.

3.37 In view of the spirit of cooperative federalism it is necessary that the share of the flow of central assistance for State Plans should be substantially higher. In order to achieve this, it would be necessary that a large number of centrally sponsored schemes which are within the purview of subjects assigned to the States should be abolished and the surplus funds should be channelised to Central Assistance for State Plans. The Central Government should cut down the size of Ministries and Departments dealing with subjects which are mainly the responsibilities of the States.

3.38 Along with efforts to raise additional revenues, there is a need to curtail public expenditures in such a manner as to subserve the objectives of efficiency and growth on the one hand, and equity and social justice on the other. The Ninth Plan will work towards evolving an integrated income, wages, price and expenditure policy. Some of the elements of such a policy are addressed.

3.39 There is agreement that there is surplus staff in general administration and also in the administration of functional departments. There is also overstaffing in the public works department. This surplus staff must be identified and shed. At the same time, employment in primary schools, health centres and road building will increase. The share of expenditure on priority sectors cannot be increased unless the share of administrative expenditure is brought down.

3.40 The share of interest payments must be brought down by limiting the fiscal deficit as suggested in the present exercise and by retiring some of the existing public debt. Given the size of the debt, retirement would achieve only a relatively small reduction in the debt burden. In particular, the need to contain the inflationary pressures, preferably to around 5 per cent per annum, places
restrictions on the use of money finance of the fiscal
deficit to reduce the debt burden. However, through the
sale of seized contraband gold and some of government lands
and through disinvestment of PSU shares, substantial funds
could be raised and used for the retirement of debt. The
State Governments could sell off many of their enterprises
and use the proceeds for the retirement of debt.

3.41 Subsidies have become an important and growing
component of public expenditures. At present, open
subsidies absorb nearly 20 per cent of the tax revenues of
the government, both Centre and States taken together. In
addition, there are a number of hidden subsidies whose
magnitude and quantum are rarely measured or monitored.
While it would not be desirable to have fiscal neutrality
between the poor and disadvantaged on one hand and the rest
of the country on the other, subsidies should be deliberate
instruments of government policy and should not arise
through oversight and default. It is therefore of utmost
importance that subsidies be transparent and closely
targetted. Considerable savings may be effected by this
measure alone.

3.42 Similarly, cross-subsidisation between different
groups of people depending upon their needs and ability to
pay is a well-accepted form of transfer and forms an
important component of public policy. In this case too care
needs to be taken to ensure transparency and targeting in
order to prevent undue and unjustifiable burden on the
transferors, which may have negative effects on the over-all
economic system.

3.43 Fixation of administered prices and control of
prices charged by public sector enterprises on extra-
economic considerations are important forms of non-
transparent subsidies. It is of utmost importance that
such prices be fixed on the basis of economic considerations
and the subsidy element be pre-specified in order to prevent
it from increasing by default.

3.44 All efforts need to be made to make the public
sector enterprises strong and competitive. The issue of
proper pricing has already been discussed, but there are
other dimensions. In particular, it is necessary to
professionalise the management of these companies, and to
introduce greater involvement of workers in their
management. Government interference in the operation of
these enterprises must be removed, and all autonomy, along
with the necessary accountability, must be granted to the
Board and the management.

3.45 Finally, public resources will need to be leveraged
in order to derive the maximum impact from their deployment.
In order to do so effectively, innovative methods of public-
private partnerships will be evolved and implemented during
the Ninth Plan.

Infrastructure

3.46 As has been pointed out, there has been considerable slippage in the growth of capacity in the infrastructure sectors during the Eighth Plan period. In view of this, even in the base-line scenario of 6.2 per cent growth there is a need to improve the efficiency and capacity utilisation of the existing infrastructural assets. In the accelerated growth scenario such steps would need to be taken with even greater vigour.

3.47 The first priority for augmenting the availability of infrastructural facilities will lie in accelerated completion of ongoing projects so that they start yielding returns as early as possible. This in itself, however, will not be enough and efforts would have to be made to initiate new infrastructure investments. In view of the resource constraint, the Government will be able to provide only a part of the total requirements. This is even more pressing in view of the fact that a large number of infrastructure projects will be of a long gestation type, particularly in the road and irrigation sectors, which would have to be mainly in the public domain. Substantial private involvement in infrastructure will have to be encouraged not only in order to provide the requisite capacity during the Ninth Plan, but also to create the pipeline investment that would be necessary for maintaining and accelerating the growth rate of the economy in the post-Plan period.

3.48 In order to achieve the desired levels of investment, both public and private, in the infrastructure sectors, it is of great importance that the issues of appropriate pricing and cost recovery are tackled at the earliest. Appropriate pricing policy, on the one hand, will enhance the resource availability with the public authorities so that not only is the necessary finance available for undertaking adequate maintenance and upgradation of existing facilities, but also for providing investible resources for making fresh investment. On the other hand, the revision of prices is a necessary instrument for making infrastructural projects viable and attractive for the private sector. At the same time steps would have to be taken to reduce transmission losses, including theft of power, which in themselves are important reasons for raising the average cost of energy. Reduction of such avoidable losses will be critical for reducing the burden of the consumers and ensuring viability of investments.

3.49 There will, however, be other infrastructure sectors where the gestation periods would be long and immediate pay back cannot be expected. In such sectors, either the Government would have to do the bulk of the investment, or would have to evolve appropriate methods of
public-private partnership so as to make such projects attractive for the private sector.

3.50 These and other issues relating to infrastructure sector, including Transport, Energy and Communications are dealt with in greater detail in Chapter-IV on "Sectoral Strategies".

Improving Efficiency

3.51 The resource constraints being faced by the government at all levels and the public sector requires that the existing assets be used more productively and efficiently. This would not only generate additional resources for development, but would also reduce the ICOR significantly so that a higher rate of growth can be achieved with the same level of investment. The primary cause of low capacity utilisation of existing public assets is that maintenance needs have not been met to the extent required for keeping these assets in good condition. This has largely been the outcome of the financial stringency that has been faced by the public authorities. This has led to a situation where, on the one hand, fresh capacities are being added to social and economic infrastructure, while on the other existing capacities are getting rapidly eroded. As a result the net operational accretion to capacities is far below the gross investment, which raises the capital-output ratio significantly.

3.52 The Ninth Plan will lay great emphasis on improving the productivity of existing assets. The first step in this process is to improve the financial viability of public authorities through sensible pricing strategies and reduction of non-transparent subsidies. The Planning Commission will closely monitor the maintenance programmes of major public assets in order to ensure that they are kept in good operational condition.

3.53 In most cases, revamping and modernising of existing assets require considerably less investment than fresh investment in green-field sites for the same effective output. The Ninth Plan will give priority to such investment as compared to proposals for creating green-field capacities.

3.54 The other important methodology for improving effectiveness of public sector activities is through proper targeting. This is particularly important in anti-poverty and employment programmes and in the social sectors. The Ninth Plan will give special attention to concentrating these programmes towards the more vulnerable groups, particularly the poor, in specific areas and regions where deprivation is most acute.

3.55 Existing efforts at improving the economic
conditions of the poor and underprivileged are based largely upon creation of employment opportunities for part of the year, implementation of land reforms, fulfillment of certain basic needs and providing credit for self-employment. The progress of implementation of land reforms remains sluggish in many parts of the country. In most of the other programmes subsidies constitute an important component, which leads to the danger of mis-use and misappropriation by non-target groups. While these programmes will and should continue to play an important role, with proper monitoring of implementation, emphasis also needs to placed on securing an increase in the real effective wage levels of unorganised workers, especially in the rural areas. Past experience shows that this cannot be realised by legislative action alone.

3.56 An over-all increase in the level of real wages of the unorganised workers will also help empowering them to be able to secure maximum advantage from the other developmental programmes of the government. The very concepts of democratic decentralisation and empowerment of the people imply a steady reduction in the paternalistic role of the State and increased emphasis on empowerment of the people themselves.

3.57 The strategy during the Ninth Plan will focus attention on bringing about awareness among the unorganised workers about the intention underlying the legislations, encouraging organisation of workers to take advantage of the legislative intentions to the fullest measure, and providing effective redressal mechanisms to enforce their rights.

3.58 One of the most important weaknesses of the Indian social sector programmes has been its inability to inform the target beneficiaries about the schemes that are available and to which they have a rightful claim. The Ninth Plan will therefore stress the creation and deployment of an effective information dissemination system, and the necessary redressal mechanism for making the demands effective.

3.59 Indeed, information is the basis of any empowerment process. The informatics revolution has changed the character of economic transactions the world over in a fundamental manner. The Ninth Plan will emphasise the creation of a basic informatics infrastructure with universal access along with the development of the other, more traditional, forms of infrastructure.

International Dimensions

3.60 A viable external sector is an important component of a successful development strategy. The experience on the balance of payments front during the Eighth Plan so far clearly demonstrates four very important lessons. First,
the balance of payments outcome is closely influenced by macro-economic, fiscal and monetary policies. Prudent macro-policies, of which control of the fiscal deficit, particularly the revenue deficit, is a central element, are not only essential for internal balance but also for external balance.

3.61 Second, excessively high tariffs on imports often impart an anti-export bias to policies through cost escalation of imported inputs essential for exports and through pre-emption of domestic resources for the relatively high cost production of low priority importables in the domestic economy. Third, the apprehension that Indian industry will be adversely affected by external competition, when import licensing is relaxed, has largely been proved to be false. Overall industrial growth recovered quickly from the crisis-hit low of 1991-92. In 1994-95 and 1995-96 both industrial output and imports grew unusually rapidly, dispelling apprehensions about Indian industry’s ability to take advantage of external opportunities. Interestingly, during recent years, small scale industry has grown even faster than overall industry. Fourth, the experience during the Eighth Plan demonstrates that the small scale sector can effectively utilise export opportunities and generate high quality employment opportunities through the export of labour-intensive items.

3.62 External sector performance during the Ninth Plan will build on the experience of the Eighth Plan. The actual balance of payments outcome will depend on developments in the world economy - for example, the state of international commodity prices including that of oil, world growth, and the state of the international capital market which have important bearing on our exports, imports, invisible earnings (especially remittances), foreign investment flows and non-resident deposit flows. These are exogenous factors which are beyond the control of the country. However, the policy environment and internal macroeconomic balance will also be crucial determinants of the balance of payments outcome.

3.63 The maintenance of an appropriate policy-mix through the Ninth Plan is essential for consolidating and building on the strength of the external sector achieved during the Eighth Plan. Such an appropriate mix requires a close and concerted coordination of fiscal policy, monetary policy, exchange rate policy, EXIM policy, industrial policy, foreign investment policy, external borrowing policy and external assistance policy. Furthermore, a restructuring of the policies with reference to the oil sector would be required.

3.64 Large fiscal deficits entail high government borrowing from the Reserve Bank of India, leads to an acceleration of growth in money supply, and this, in turn,
fuels inflation (thus making our exports less competitive) and encourages legal and illegal outflows of capital abroad. Therefore, it is critically important for successful balance of payments management that the consolidated general government fiscal deficit is steadily brought down.

3.65 The monetary policy stance of the RBI has to strike a fine balance between providing for legitimate credit needs of Government and productive sector versus controlling inflation and maintaining orderly conditions in the foreign exchange market. If money credit conditions are too loose, then domestic demand will strengthen, the spread between domestic and international interest rates will narrow, and the Rupee is likely to depreciate in a disorderly fashion along with excessive loss of foreign currency reserves. The more success that is achieved in reducing the fiscal deficit, the greater will be the scope for extending credit to productive sectors of the economy without endangering external payments balance.

3.66 Policies must be supportive of sustained high export growth. This includes streamlining of customs and banking facilities and procedures for exporters, removal of remaining quantitative restrictions on exports (including agricultural products), implementation of special schemes for exporters to allow them duty-free access to imported inputs, preferential access to exporters for external commercial borrowing approvals, and special efforts to release infrastructure bottlenecks which are hampering the export effort. Other policies necessary to strengthen the export effort include:

(i) Enhancement of investment limit of the SSI sector against committed export obligation to encourage production base for exports.

(ii) Special efforts and policy measures to reduce transactions costs of foreign trade.

(iii) Implementation of Electronic Data Interchange (EDI) in a time bound manner covering export facilitation sectors like banking, transport, insurance, trade information etc.

(iv) Effective involvement of States in export effort including removal of inter-state barriers/levies for free movement of export goods.

(v) Strategic support to the exporting community to upgrade marketing and information skills, standardisation of quality and common facilities for research, development and training through budgetary resources.

(vi) Developing new instruments specifically for export
finance and insurance schemes for various tradable commodities.

(vii) Enhancement and upgradation of overall infrastructural facilities, particularly in respect of power, transport and communication facilities.

3.67 Tariff reforms are an important component of the efforts at increasing competition and efficiency in the economy, and making Indian exports more competitive. The Ninth Plan will achieve international levels of tariffs, while carefully phasing out the changes, keeping in view the larger interests of the economy and the progress made on other fronts.

3.68 External capital flows have always played an important supplemental role in over-all resource availability for investment in the country. In the past, however, most of such inflows was in the form of debt, which created problems in terms of the repayment and servicing obligations. In recent years the role of non-debt creating external flows have become significant. Direct foreign investment flows into India have been increasing steadily. Attracting higher levels of direct foreign investment in high priority infrastructural sectors such as power, telecommunication, roads, ports, etc. and removal of all policy barriers is necessary for improving facilities in these sectors and achieving an acceleration in the GDP growth during the Ninth Plan. An inadequate policy and regulatory framework continues to inhibit direct foreign investment in infrastructure, and this problem will have to be redressed. The Ninth Plan will also phase out quantitative restrictions on imports thus replacing license protection by tariff protection, calibrated to ensure competition for domestic and foreign investors and to preserve the relative profitability of investment in infrastructure, intermediate and capital goods.

3.69 Prudence with regard to external commercial borrowing will continue to be important until the sustainability of balance of payments is completely secure. Similarly, the policy in respect of portfolio investment will have to carefully balance the need for raising external finance to support domestic investment, while at the same time ensuring that the volatility attached to these flows does not make the balance of payments situation and monetary management of the economy excessively vulnerable. A well-defined policy in respect of such flows needs to be articulated. Improvements in the access of Indian industry to international capital markets (as well as the terms at which such access is available), the volume of foreign direct and portfolio investments, and the spread between domestic and international interest rates will provide important yardsticks to strength of our balance of payments.
3.70 A strategy will need to be evolved for meeting the challenges of inter-regional blocs. The Ninth Plan will place special emphasis on the development of regional initiatives in trade and investment under the broad aegis of SAARC. Efforts at realising the objectives of SAPTA, and eventually SAFTA, are critical for building upon the potential synergies that are available in the South Asian region. These go beyond trade and investment. Regional cooperation can yield even greater potential dividends in a number of non-traded products such as power, transport and water resources.

3.71 With the steady reduction of controls in trade matters, the exchange rate has emerged as a major instrument of policy. It needs to be used firmly but judiciously to achieve steady and sustainable growth of trade, investment and competitiveness. With the introduction of convertibility on the current account, the exchange rate has already been made more sensitive to the demand for and supply of foreign exchange in the economy. This, however, has to be tempered by strategic intervention by the government in order to ensure that the imperatives of macro-economic policy are met. The Ninth Plan will strive to achieve capital account convertibility by ensuring that the pre-requisites for such convertibility are attained. These include: (a) the fiscal position is brought under control; and (b) Indian exports are sufficiently robust so as to withstand periodic fluctuations in the exchange rate and in international prices.

Encouraging Alternate Initiatives

3.72 Any effort at raising the growth rate of the economy through increases in productivity and entrepreneurial dynamism would need to look beyond the usual forms of production organisation. In this context, the revitalisation of the cooperative sector is of great significance. Cooperatives have played an important role in development and promotion of equity and social justice. Some have grown into substantial size; however, there are some policy and procedural limits in their rapid growth and diversification. The Ninth Plan will lay stress on removing the impediments to growth of the cooperative sector and to creating an environment which would be conducive to greater entrepreneurial initiative through this sector. In particular, there is a need to de-bureaucratise and de-politicise the operation of this sector and to enable it to access investible resources from other sources on its own strength.

3.73 The growth of the small scale sector and its contribution to exports has been impressive. However, this sector requires even further encouragement to be able to
grow by tapping both domestic as well as international markets. New initiatives need to be taken in this regard. The Ninth Plan will encourage the formation of small scale industries consortia for attaining the required volume and financial strength to compete effectively both at home and abroad.

3.74 Improvement of the economic conditions of the rural population is closely linked to the growth and development of rural industries. Rural industrialisation must therefore form a central component of industrial policy, and the Khadi and Village Industries institutions need to be strengthened in order to meet the challenges posed by rapid industrialisation of the economy.

3.75 One of the most important influences that has emerged during the Eighth Plan is the inadequate development of physical infrastructure. This is partly due to the reliance that was placed on private sector investment, which did not materialise in adequate measure. In the Ninth Plan too public investment in infrastructure will need to be supplemented by private participation. It is necessary that the impediments and bureaucratic delays are speedily removed. In particular the legal, procedural and regulatory framework has to be suitably revised in order to create a conducive environment for making such investment both possible and viable.

3.76 An important component of attracting private investment in infrastructure is financial sector reform. A number of steps have been taken, but many of these steps have been infructuous in view of the fact that fiscal balance, which is a precondition to successful financial regularisation, has yet to be achieved. There are other measures, such as creation of a healthy bond market, which need to be implemented urgently in order to mobilise resources for long gestation investment in infrastructure sectors. These include reforms of the Insurance sector, reforms in the investment policies relating to Provident Funds and further reforms of the banking sector. Reforms are also required in order to widen the market for public debt, particularly for debt instruments of local bodies.

3.77 Enhancing the savings behaviour of households has always been an important component of national development strategy. Early impetus to this had been given by various small-savings schemes initiated by the Government and through mechanisms such as pension or provident funds. The scope of such initiatives can be broadened. Efficient forms of financial intermediation by the financial sector can improve the attractiveness of savings and lead to an increase in the savings rate. New and innovative instruments will have to be evolved, and the enabling conditions for their development will need to be implemented. Care must, of course, be taken to protect the
interest of the savers and the regulatory and prudential framework will need to be put in place.
Chapter IV

SECTORAL STRATEGIES

In this chapter, the sectoral programmes of the Eighth Plan are reviewed and the strategies consistent with the objectives already spelt out discussed in some detail.

4.1. Development of the North East

There are many areas such as the North-Eastern region where the benefits of economic development have not accrued in the same measure as in the rest of the country. Some of these regions are endowed with natural resources which could be exploited to their advantage. The socio-economic development of these regions is crucial for the progress of the country.

The Ninth Plan will focus attention on identifying the gaps in these regions in terms of power, communications, railways, roads, education, agriculture etc. so that efforts could be made to bridge the gaps through supportive measures to enable these regions to join the mainstream of economic development of the country.

The development programmes for these regions will aim at creation of employment opportunities, provision of basic minimum services, promoting efforts towards land and water management and flood control. Communications, credit availability, industrialisation, tourism, exports, transport infrastructure, power etc. will be accorded priority. Wherever necessary and relevant, border area development will be given due attention. Special efforts will be made to complete ongoing projects in these regions.

There will be a closer inter-action between the Central agencies and the States in these regions. The Central agencies concerned with the development of these regions will be suitably strengthened to be able to fulfil the task of accelerated development of each of these regions.

4.2. Agriculture and Allied Activities

4.2(a) Agriculture

Agriculture Sector has a vital place in the economic development of the country as it contributes 29.4% of GDP and employs about 64% of the workforce. Significant strides have been made in agriculture production towards ensuring food security. Foodgrain production registered an annual growth rate of 3% during 1984-85 to 1994-95. There has been a significant improvement in agriculture
productivity which has helped in reducing rural poverty. Though capital formation (1980-81 prices) in agriculture grew at the rate of 6.06% during 1989-90 to 1994-95, its share in the total gross capital formation declined to 10.85% per cent from 18.86% recorded in 1980-81. Public sector capital formation in agriculture declined during this period, showing a negative annual growth rate of 0.13% while private sector capital formation registered an annual growth rate of 8.43%. The infrastructure targets set for the Eighth Plan could not be fully achieved.

Foodgrain production performed well rising from 168.4 million tonnes in 1991 to an expected level of 196.0 million tonnes in the terminal year of the Eighth Plan period. Commercial crops like oilseeds, sugarcane and cotton performed well during the Eighth Plan, excepting jute and Mesta. Production of non-food sector including horticulture crops, milk, egg, fish, poultry products recorded a significant growth. The trend in the growth of foodgrains production, particularly in high productivity areas like Haryana and Punjab is on the decline. Agricultural productivity in the Eastern region, excepting West Bengal, is low, and it is mainly attributed to weak infrastructure.

In the Eighth Plan, the agriculture sector is expected to register an annual growth rate of 3.5% while foodgrain production is expected to register an annual growth of 3.0%. In the accelerated growth scenario for the Ninth Plan, efforts will need to be made to achieve an agricultural growth rate of 4.5% per annum. Allied sectors such as horticulture including fruit and vegetables, fisheries, livestock and dairy will continue to register acceleration in growth during the Ninth Plan period.

In the Ninth Plan, targets will be realised through a regionally differentiated strategy based on agronomic, climatic and environment-friendly conditions. At the macro level, the agriculture development strategy will be differentiated by broad regional characteristics of agro-economic situation as follows:

North-Western High Productivity Region: The strategy will be to promote diversification and high value crops and to strengthen strong linkages with the agro-processing industry and exports and creation of basic infrastructure.

Eastern Region with abundant water: Productivity in this region is very low despite abundant water availability; the strategy for this region will be to exploit the productivity potential of this region, bringing the yield to the levels of high productivity States of Haryana and Punjab. The major thrust will be on flood control, drainage management, improvement of irrigation facilities, input delivery systems supported by adequate agricultural credit and extension services.
Water scarce region - Peninsular India including Rajasthan: The productivity in this region is low because of water scarcity. The emphasis will be on development of efficient water harvesting and conservation methods and technologies, suitable irrigation packages based on watershed approach and promoting an appropriate farming system.

Ecologically fragile regions including Himalaya & Desert areas: The thrust will be on the development of eco-friendly agriculture in these regions.

Basic Inputs

Timely and adequate availability of inputs for agriculture and agriculture-related infrastructure will receive special attention. The regional programmes will be formulated in such a manner as to ensure provision of inputs to the farmer, particularly in the remote, hilly, backward and tribal areas. Augmentation of irrigational facilities is necessary to increase the gross crop areas even under rainfed conditions and increasing cropping intensity in agriculture areas and assigning priority to the completion of ongoing major and medium irrigation projects. Fertiliser consumption in low-use areas and crops will be stepped up besides reducing of imbalances in the use of plant nutrients and adoption of integrated pest management and use of biotic agents. For this process to be effective, it will be necessary to initiate a wide-spread programme of soil-testing across the various agro-climatic regions.

There is urgent need to reduce dependence on fertilizer imports by improving output and productivity in fertilizer production units through better capacity utilisation and modernisation, wherever necessary. Importance will be given to improvements in energy efficiency in the fertilizer sector with a view to reducing the cost of production of fertilizers. Emphasis will be given to promote a higher seed replacement rate. In the post GATT period, new plant variety protection rights make it necessary to augment facilities for registration of varieties. Implementation of the National Watershed Development Programme will be intensified for the development of rainfed farming areas.

Greater credit flow will be ensured to meet the investment requirements of the farming community for stepping up the growth of production. Efforts will be made to ensure timely and adequate availability of credit, particularly to small and marginal farmers and tribal farmers at reasonable rates so as to enable them to make investments necessary for higher production. Crop insurance scheme as an instrument of providing security for marginal and small farmers in rainfed areas will also receive attention during the Ninth Plan.

In every district, the RIDF must be used to cover projects which encourage group of small farmers, artisans...
and landless labourers to organise for skill upgradation, processing, transport infrastructure, quality improvement or centred around large agro based projects or identified sources of regional, national and export demand.

The research efforts will be accelerated through bio-technology, micro-biology, genetic improvement of crops including hybrid technology, genetic upgradation of animal resources, improvement of fish genetic stock and post-harvest technology, etc. In agricultural education, thrust will be on human resource development through upgrading teaching facilities. The existing infrastructure for transfer of technology will be made more effective and responsive to meet farmers needs.

4.2(b) Allied Sectors

Efforts will be made towards proper blending of technology, credit, scientific management, post-harvest infrastructure and marketing for accelerated growth of horticulture. Removing of various constraints in horticulture development, including low productivity of perennial fruits and spices will receive special attention. Post-harvest infrastructure will be accorded a high priority as it accounts for 20 to 40% losses at different stages of storage, grading, packing etc.

The plantation sector provides direct and indirect employment for about 42 million people, besides generating downstream economic activities. The main emphasis will be on increasing productivity, accelerating replanting activities, rapid expansion in non-traditional areas, improvement in packaging and quality assurance.

Efforts will be made to intensify R&D activities for production of quality fish seeds and feed for augmenting fish production and productivity, besides checking indiscriminate growth of brackish water farms and prevention of over exploitation of coastal fisheries and development of basic marketing infrastructure.

Animal Husbandary and Dairying will receive greater attention for development during the Ninth Plan as this sector plays an important role in generating employment opportunities and supplementing incomes of small marginal farmers and landless labourers, especially in the rainfed and drought-prone areas. Effective control of animal diseases, declaration of disease-free zones, scientific management of genetic stock resources and upgradation, breeding, quality feed and fodder, extension services, enhancement of production, productivity and profitability of livestock enterprise will be given greater attention.

Some of the critical areas requiring priority attention are improvement and expansion of breeding
services, upgradation of health care services, fodder and feed activities, strengthening of training and research facilities, adequate credit and marketing support, extension of processing facilities and measures for harnessing the energies of private enterpreneurs, cooperative institutions, self-help groups and other voluntary agencies. Such well coordinated and comprehensive approach will induce the farmers to take up improved breeding, feeding and scientific management of livestock and all these will bridge the gap between potentialities and actual performance of this crucial sector.

Agro exports

Agricultural exports will receive special attention as this area offers greater potential for increasing farm incomes, tackling unemployment and earning foreign exchange. Development and promotion of markets and products, brand names and dissemination of information among exporters, improvement in quality and packaging, encouragement to export-oriented units and backward linkages with growers are the important areas which will receive greater attention.

Cooperatives

Efforts will be made to evolve an environment in which cooperatives become efficient, viable and competitive. This will be achieved through professionalisation, diversification of activities, including of market opportunities and effective recovery systems

Efforts will be made towards structural changes that may be necessary in the case of non-credit cooperatives to facilitate technology upgradation and acquisition of capabilities, product and design development, quality improvement, marketing, human resources development etc.

In every district, RIDF will be used to involve projects which encourage groups of small farmers, artisans or landless labourers to organise for skill upgradation, processing, transport infrastructure or quality improvement, centred around large agro-based projects or identified centres of regional, national and export demand.

4.3. Rural Development

Over the last two decades there has been a considerable decline in the incidence of rural poverty. However, a large number of persons continue to live below the poverty line. Hence, there is a need for continued direct State intervention for poverty alleviation. While the programmes for self employment and supplementary wage employment would continue in the Ninth Five Year Plan, these would be redesigned in order to make them more
effective as instruments of poverty alleviation. They would also be integrated with the various sectoral programmes as well as the area development programmes within the umbrella of the Panchayati Raj Institutions.

To make self employment programmes more effective in the Ninth Plan, there will be a shift in strategy under IRDP, from an individual beneficiary approach to a group and/or cluster approach. This would facilitate higher investment levels to ensure viability of projects. Further the ingredients of this approach would include development of skills of the poor through an inbuilt training component, upgradation of technology, establishment of forward and backward linkages, availability of appropriate infrastructure and market tie ups.

The Training of Rural Youth for Self Employment (TRYSEM) will be revamped in its design, curriculum and method of training in order to improve the employment opportunities of the poor. It will focus on activities in which the rural youth are already engaged and where there exists a potential for skill upgradation or else on activities which would enhance production under the group-cluster approach.

The artisans in rural areas, despite their rich heritage and skills, belong to the poverty group. The existing programme aimed at upgrading their skills and improving their production capabilities, by supplying them with modern tool kits, would be strengthened and expanded in the Ninth Plan. This would facilitate enhancing the productivity and income levels of the rural artisans.

Development of Women and Children in Rural Areas (DWCRA), which is based on a group approach, has been successful in empowering women and in improving their economic status, in selected States. A mechanism for replicating the successful DWCRA groups would be evolved. Thrift will be the starting point for the formation of Self Help Groups (SHGs). A greater integration of DWCRA with IRDP and TRYSEM will be attempted to provide women's groups with greater access to financial resources and training.

A new initiative for social mobilization will be taken up in the Ninth Plan, for creating self-managed institutions of the poor. A mechanism for training of social animators to assist the poor to form their own organisations and articulate their felt needs and aspirations would be taken up.

The Ninth Plan will introduce a country-wide Employment Assurance Scheme. There are two major wage employment programmes namely the Jawahar Rozgar Yojana (JRY) and the Employment Assurance Scheme (EAS) in operation. Both these schemes provide employment for a short duration
in the form of casual manual work, during the lean agricultural season and also create economic infrastructure and community assets in the rural areas. However, the JAY is being implemented through the panchayats with funds going to every village panchayat for taking up small works according to the felt needs of the people. On the other hand under the EAS, which is a demand driven scheme, funds flow to the district administration and they are required to take up public works for generation of assured employment of upto 100 days in the lean agricultural season. So far the EAS is being implemented in 3206 blocks of the country but will be universalised by 1997-98. In the Ninth Plan this scheme would also be implemented through the Panchayati Raj Institutions. A specific provision for the maintenance of assets would be made in the wage employment programmes.

The scheme of Indira Awaas Yojana (IAY) will receive a greater thrust in the Ninth Plan as it is one of the identified basic services for complete coverage in a time bound manner. The scope of the Million Wells Scheme which provides for construction of open irrigation wells, tanks and water harvesting structures will now be expanded to include borewells/tubewells and lifting devices.

The area development programmes of DPAP and DDP will be based on the preparation of complete treatment plans along watershed lines. These would include works of drainage, land development and terracing as also afforestation, horticultural development, pasture development, and crop demonstration. This approach would mitigate the rigours of drought, and also generate additional employment. Training of functionaries in area planning and watershed management will be expanded.

Rural Poverty is largely among the landless and marginal farmers. Therefore access to land remains a key element of the anti-poverty strategy in rural areas. The programme of action for Land Reforms in the Ninth Plan would include the following:

(a) detection as well as redistribution of ceiling surplus land
(b) updation of land records on a regular basis
(c) tenancy reforms providing for recording the rights of tenants and share croppers
(d) consolidation of holdings
(e) preventing alienation of tribal lands
(f) providing access on a group basis to the poor on wastelands and common property resources.
(g) leasing-in and leasing-out of land will be permitted within the ceiling limits

(h) preference to women in the distribution of ceiling surplus land and legal provisions for protecting their rights on land.

Scant attention has been paid to the fact that there are some laws and policies which militate against the interests of the poor. These would be identified and suitable modifications attempted.

Seven Basic Services have been identified for priority attention with an all out effort for their complete coverage in a time bound manner. These are safe drinking water, availability of primary health service facilities, universalisation of primary education, provision of public housing assistance to all shelterless poor families, nutritional support to children, connectivity of all villages and habitations by roads and public distribution system targeted to the poor. Policies and programmes relating to these areas would be given a thrust in the Ninth Plan.

The Panchayati Raj Institutions will function as effective institutions of local self-government and they would prepare plans for economic development and social justice and implement them. The PRIs will be the umbrella for integration of sectoral programmes with poverty alleviation and rural development programmes. CAPART will continue to provide projectised financial assistance to Voluntary Organisations whill will have to play a more dynamic role in empowering the poor through advocacy, awareness generation and formation of Self-Help Groups during the Ninth Plan.

4.4. Irrigation, Command Area Development and Flood Control

As a result of the large investments made in this sector, the irrigation potential of the country has risen from 22 million ha. at the beginning of the First Plan to 87 million ha. by the end of March, 1996. Correspondingly, the utilisation has increased to 78 M.ha..

Recognising water as a precious national asset, the National Water Policy adopted in 1987 embodies the nation's resolve that planning and development of water resources would be governed by national perspectives. The policy recognises drainage basin as the basic unit of planning for water resources development and calls for appropriate measures to optimise utilisation of these resources, not only for the benefit of the people living in the basin but also for transfer of surplus water to meet the requirement of water-short areas. The Policy is being implemented by both the Central and the State Governments.
A high priority has been accorded to the irrigation sector which is evident from the fact that RIDF-I was launched in 1995-96 with a corpus of Rs.2000 crore to attend to the needs of rural infrastructure which aims at accelerating completion of on-going irrigation projects. During 1996-97 also, an amount of Rs.2500 crore has been provided under RIDF-II. In addition, an additional loan assistance of Rs.900 crores has been provided to the States under Accelerated Irrigation Benefit Programme for the year 1996-97.

During the Eighth Plan, a little less than 70% of the resources were allocated for major and medium irrigation works whereas the remaining 30% allocated for minor irrigation works, Command Area Development (CAD) and flood control. In physical terms, only 61% of the additional potential to be created and 70% of the additional utilisation are likely to be realised during the Plan in the case of major and medium irrigation works. In the case of minor irrigation works, the corresponding achievements are likely to be of the order of 70% and 66% respectively.

The Ninth Plan will lay emphasis on recognising water as a scarce resource to be utilised prudently. Towards this end, the following will be the approach:

(i) Improve the efficiency of on-farm use of water through adoption of water efficient devices, efficient practices etc. in agriculture and other sectors to optimise water use efficiency.

(ii) Promote conjunctive use of surface and ground water and optimum use of rainfall to supplement the same.

(iii) Encourage greater community participation in irrigation management for bringing about greater awareness of the need for judicious utilisation of water.

(iv) Ensure progressive reduction of conveyance losses in irrigation systems.

(v) Bridge the gap between the irrigation potential created and actual utilisation by strengthening the organisation of Command Area Development in the Centre and the States.

(vi) Completion of all ongoing irrigation projects to yield benefits at the earliest.

(vii) Restoration of old minor irrigation works particularly irrigation tanks through modernisation.
(viii) Encourage construction of new minor irrigation works consistent with water availability and parudent irrigation practices.

(ix) Introduction of rational pricing of water supplies for agriculture in a phased manner.

(ix) Review the existing approach to assessment of utilisation of irrigation potential in terms of the irrigated area and introduce an assessment based on the number of waterings of uniform water depth per hectare in an irrigation system and, then, gradually moving towards assessment based on volumetric measurement.

(x) Concrete steps will be taken towards implementation of a national perspective on water development through inter-river basin transfers of surplus water.

(xi) Emphasis will be placed on the adaptive research and development and use of remote sensing techniques in the development and management of water resources.

4.5. Environment, Forests and Wild Life

India has a land frontier of 15,200 Kms., and its sea coast runs to the length of 6100 Kms. It is the second most populous and seventh largest country in the world. The total geographical area of the country is 3.28 million Sq. Kms. The total forest area in the country is 0.76 million Sq. Kms which constitutes 23.2% of the total geographical area. (The percentage of actual forest to geographical area is 19.5). According to the National Forest Policy (1988), 33% of the total geographical area of the country should be under forest cover. However, the present level of forest cover is much lower than desired.

Over 45,000 plant species are found in the country. The vascular flora which form the conspicuous vegetation cover itself comprises about 15,000 species. Several thousands of them are endemic to this country and they have so far not been reported from anywhere in the world. The biological diversity of the country is so rich that it may play a very important and crucial role in future for the survival of entire mankind, if it is conserved with the utmost care. Today, two hot spots in biological diversity have been identified in the country namely, Eastern Himalayan region and the Western Ghats. An integrated policy for the development of the Himalayas is
called for to check degradation for conservation and protection of the region. The loss of forest species is so rapid that if they are not conserved and protected, then probably most of the forests will vanish from the country in the next century.

The approach for the Ninth Plan for environment protection, forest development and wild life conservation will be as follows.

Environment

Environmental conservation and protection will form an important component of development programmes in all sectors.

To clean up the polluted rivers in the country, River Action Plans were started in phases. The first phase of the Ganga Action Plan (GAP) which began in 25 Class-I towns in the three States viz. U.P., Bihar and West Bengal remains incomplete even after ten years of its inception. Out of the total sanctioned 261 schemes, some are incomplete due to serious problems relating to contractual matters, technology selection, cost overruns etc. Even in case of the completed schemes, the created assets are in a dilapidated state, needing repair work. The question of operation and maintenance of these assets after the completion of the scheme still remains unsettled. As regards Phase-II of GAP, the survey reports in case of Damodar and feasibility reports in other cases are still awaited. These factors have delayed implementation of GAP and National River Action Plan (NRAP). Resolution of these issues and completion of these projects will be given priority in the Ninth Plan.

Studies will be carried out on carrying capacity in environmentally fragile areas of the country. A proper legislative and institutional framework will be evolved for the protection of such areas which are endangered.

Consistent with the emphasis on conservation of biodiversity, a time-bound inventorisation programme of the flora and fauna of all the regions of our country will be formulated. The scope of botanical and zoological surveys will be redefined to promote this as also to facilitate a study of their reproductive biology.

Inadequate data on environment at the State level makes it difficult to judge the problems faced and to allocate sufficient resources. The States will establish Natural Resource Management Groups at the district level to closely monitor the state of the environment. With the collation of adequate data, they will bring out status reports from time to time.
The various environmental regulatory agencies will be reorganised to become self-supportive. Environmental programmes, such as river cleaning projects, will also be so designed as to become inherently viable.

The industry will be motivated through incentives to be responsive to environmental protection measures and thereby cooperate with the regulatory agencies in their endeavour to implement environmental safeguards.

Programmes aimed at bringing about environment education and awareness will be accorded priority. The local Panchayati Raj institutions and the community at large will be involved in implementing environmental protection programmes and bringing about environmental awareness.

The existing institutions will be net-worked for identification of pollution sources and prevention of pollution.

**Forests**

The national goal will be to have a minimum of 33 per cent of the total land area of the country under forest cover. If for some unavoidable reasons, any State cannot achieve this norm, the forest cover should not be less than 20 per cent of the total land area in the State and those districts which have less than 1 per cent of the geographical area under forest should achieve 2 per cent during the Ninth Plan period. In the hilly regions, the aim will be to maintain at least 60 per cent of the land area under tree cover.

The present trend in favour of production forestry for industrial use will be reversed. The concept of privatisation of forest areas is not conducive in the Indian context and will, therefore, be discouraged in the management of forest resources.

The local communities will be conferred with the right to derive the full benefit of the forest produce in their respective areas. The concept of Joint Forest Management between the Government and the local communities will be the basis of management of the forest resources during the Ninth Plan. The local institutions will play an important role in this. In the management of forests, biological diversity will be promoted as it has multifarious advantages for the local communities as well as for the economy as a whole.

Special efforts will be made to afforest all degraded and deruded lands. The local communities will be fully involved in the selection of the plant species. The Central and the State agencies will assist the local
institutions in promoting proper silvicultural and conservation practices. An adequate proportion of resources available under JRY and other rural development programmes will be made available for social forestry and regeneration schemes.

Special efforts will be made to contain the continued trend of diversion of forest land for non-forest activities.

All existing forest-based industries will be encouraged to raise on their own the raw material needed by them. Private sector participation will be encouraged for afforesting degraded and denuded lands.

There is a symbiotic relationship between tribal communities and the forests in which they live. The local tribal communities will be fully involved in the management of the forests. Legislative and other efforts will be made to prevent damage to forests from encroachments, illicit felling, forest fires etc.

Special programmes will be taken up for promoting research on forests and wild life related problems. The Indian Council for Forestry Research and Education (ICFRE) and other academic institutions will be involved in such a programme.

Improving the fuelwood requirements of the local communities and fodder requirements of the local livestock population will form an integral part of the forest management programme. The Ministry of Environment & Forests will prepare a Bio-diversity Action Plan to be initiated during the Ninth Plan for conserving the bio-diversity in the Indian forests.

Development of the villages in and around the forest areas should be consistent with the need for ecological conservation.

Non-forest wastelands development will be given a high priority as it will relieve the pressure on the natural forests and provide the additional forest cover that is essential on ecological considerations. Wasteland development will be encouraged with the programme taken up for providing fuel, fodder etc. to the local communities on a sustainable basis.

Wild Life

Wild life conservation which will form an integral part of forest management will be realised through public awareness and peoples' participation.
4.6. Industry

4.6(a) Major and Medium Industries

Industrial activity in the Eighth Plan has been based on the New Industrial Policy of 1991, which aimed at industrial development through greater competitiveness, increased efficiency, strengthening of indigenous capabilities, delicensing, deregulation and larger flow of foreign investment. While initially the rate of industrial growth was low, in 1993-94 it showed a sharp rise from 2.3 per cent to 6 per cent; this rose further to 8.6 per cent in 1994-95 and to 12.2 per cent in 1995-96. This increase in industrial growth is attributable to the various revival measures taken by the Government. The role of the public sector has been more clearly defined and their continuation in the core areas including infrastructure emphasized. Foreign direct investment of US $19.38 billion has been registered till March, 1996.

The textile industry is unique in its diversity with regard to the scales of production, technologies of manufacturing and use of fibres. It has strong linkages with agriculture. From farmers producing cotton, jute and silk to artisans, self-employed weavers and the organised mills of different compositions, the industry economically supports millions of people. It accounts for about one-fifth of the total industrial production and one-third of overall exports from the country. It has demonstrated a satisfactory growth potential in the past and is poised for new challenges during the next decade. However, it will be imperative to develop competitive strength of the industry with special emphasis on increase in productivity and quality upgradation of textile products. The growing concerns for environment, health and safety standards will also have to be kept in view in the process of growth.

The policy changes introduced during the Eighth Plan will continue during the Ninth Plan. Consistent with this, the following supplementary measures will be taken:

(i) The number of industries subject to licencing will be reduced further. Coal and sugar will be delicensed;

(ii) The list of industries for which automatic approval up to 51% foreign equity participation has been permitted will be suitably enlarged to cover among others, mining and exploration services, to stimulate FDI flows; besides, this limit will be raised to 74%. Foreign equity participation up to 100% will be considered in activities such as hotels, tourism etc.
(iii) Disinvestment will be considered up to 51% and beyond in the case of PSEs operating in the non-strategic and non-core sectors.

(v) The policies relating to PSEs will be fine tuned to ensure greater autonomy, their more efficient functioning and increased resource generation. Potentially viable units will be assisted through restructuring, offering a more attractive VRS package and conversion to joint ventures etc. Public Enterprises with comparative advantages will be supported in their drive to become global giants.

(vi) A part of the proceeds of disinvestment of PSEs will be earmarked for revamping/restructuring of PSEs. The Management of PSEs will be strengthened through professionalisation and encouragement of workers’ participation. While encouraging a competitive environment, the domestic industry in the private and public sectors will be assured of a level playing field.

(vii) The existing criteria for identifying sickness in the case of an enterprise and referring it to the BIFR will be reviewed to permit timely action for rehabilitation of such enterprises. The existing BIFR procedures will be streamlined to expedite the process of rehabilitation of potentially viable PSEs.

(viii) The scope and content of National Renewal Fund (NRF) will be reviewed with a view to ensure that the NRF subserves the objectives for which it has been instituted.

(ix) Appropriate policies would be evolved to encourage location of new industries in backward areas. The Growth Centres Scheme in operation during the Eighth Plan will be reviewed and adapted to make it an effective instrument for promoting industrial development of backward areas.

(x) The recommendations of Chelliah Committee on rationalisation and simplification of the tax structure will be implemented.

(xi) The system of monitoring implementation of projects in the public sector will be suitably strengthened to ensure that time and cost overruns in project implementation are minimised;

(xii) A greater degree of coordination will be brought about between the industrial policies of the Centre and the States.
4.6(b) Village and Small Industries

The Village & Small Industries sector includes sub-sectors such as Small Scale Industries (SSI), Coir Industry, Khadi and Village Industries (KVI), Handlooms, Powerlooms, Handicrafts, Wool Industry, Sericulture and Food Processing Industries (FPI). The VSI sector has a considerable potential for generating employment. It is more amenable to widespread regional dispersal and also more elastic in responding to the changes in the market. The SSI sector contributes more than 40% of the value added in manufacturing and more than 35% of the exports, both direct and indirect. The Textile Industry, in particular, contributes substantially to the country's exports. It is for these reasons that the VSI sector needs greater focus in terms of investment and technology upgradation, infrastructural support, marketing and credit facilities, testing, quality certification and training facilities.

The main highlights of the Ninth Plan strategy for the VSI sector will be:

i) The small scale and village industries will be provided incentives and support to facilitate their growth and employment. It will be ensured that foreign investment does not displace such industries.

ii) The investment limit for the small scale industry sector will have to be revised to take account of inflation and to enable the achievement of minimum economies of scale and upgradation of technology so as to withstand emerging competition.

iii) The list of items reserved for small scale industries (SSI) will be reviewed with a view to achieve the benefits of economies of scale, technological upgradation, export capabilities, etc.

iv) Credit flow to SSI will be augmented. The financial institutions will be motivated to offer factoring services to SSI in addition to the present system of discounting bills.

v) The coverage of programmes such as the Prime Minister's Rozgar Yojana (PMRY) will be enlarged to create new self-employment opportunities for the educated unemployed.

vi) The KVIC will be organisationally and financially strengthened to be able to generate more job opportunities under the 2-million jobs programme in khadi and village industries.
vii) Technology development and upgradation in the VSI sector, especially in the case of small scale industries, handlooms, powerlooms, coir, handicrafts, wool, etc. will receive special attention.

viii) In the case of sericulture which has a large rural employment generation potential, in addition to enhancing credit availability on easy terms, special attention will be paid to improvement of quality of raw silk by introducing better silkworm breeding practices.

ix) In the case of wool industry, special attention will be paid to improvements in sheep breeds, adoption of scientific animal husbandry practices, enlarging the availability of grazing areas to the shepherds, etc, and enhancement of pre-loom and post-loom facilities.

x) New institutional mechanisms will have to be evolved for augmenting credit flow to informal and rural non-farm sector.

The Food Processing Industry contributes about 18% of the total output of the industrial sector and provides employment to about 1.5 million persons. However, about 70% of the units in this sector are in the informal sector, in a primitive state of technology. This sector has enormous scope for growth. The country being the largest grower of fruits and second largest producer of vegetables, having a large livestock population and a long coastline for exploiting fisheries resources, the food processing industry promises to be an area where the potential for development is enormous.

The following measures will be taken in the Food Processing sector during the Ninth Plan:

i) Provision of activity-specific infrastructure such as cold storage and transportation facilities, efficient processing facilities, technologically advanced abattoirs, trained manpower, adequate capital availability and better packaging.

ii) The existing legal framework will be suitably modified to promote the growth of this sector, particularly with reference to dairy products, cold storage facilities, etc.

iii) Linkages will be established between farmers and processing units through contract farming.

iv) Special efforts will be made to rehabilitate and modernise flour milling units, rice hullers, etc, by providing credit and other facilities. The experiment of "Factory on Wheels" that has been tried in
Karnataka will be extended to other parts of the country,

v) Excise policy applicable to the industry will be reviewed to minimise the levy on production and introduce the MODVAT concept.

4.7. Labour

The labour policy during the Ninth Plan will rationalise, simplify and integrate Labour Laws to bring them in tune with the needs of the changing socio-economic scene. At the same time, the existing legislative framework will be strengthened to protect the interests of the labour in the unorganised sector. The following specific steps will be taken.

- In the context of newly emerging labour market scenario, the role of the Employment Exchanges will be reoriented from being mere registration and placement agencies to centres for compilation and dissemination of comprehensive market information, promotion of self-employment, career counselling and vocational guidance.

- For the improvement of economic and working conditions of the workers in the unorganised sector, a multi-dimensional approach will be adopted with involvement of voluntary organisations and schemes meant for the welfare of the unorganised sector and for bringing about awareness among them of their legislative entitlements.

- An integrated approach will be adopted to rehabilitate bonded labour by pooling resources from a variety of sources.

- Abolition of child labour will be attempted through a multi-pronged approach involving identification and enumeration of child labour and their eventual emancipation.

- Women will be provided access to education, training and skill development to enable them to improve their productivity, access to employment and to take up new jobs involving technological changes. Necessary legislative protection for home workers to protect and safeguard their interests and promote their well being will also be initiated.

- Social security will be provided to workers both in the organised and unorganised sectors. An Integrated Comprehensive Scheme of Social Security
will be evolved by having a single legislation covering all the existing social security schemes.

- Occupational health and safety measures will be provided at the work place to improve the overall productivity of the workers.

- Educational and training systems will be reoriented towards improving their capability to supply the requisite skills and introduce greater flexibility in the training system so that it may become responsive to labour market changes.

- Functional autonomy will be granted to the training institutions to make them responsive to the changing skill requirements of industries. Training, curricula and equipment, tools and other infrastructure will be upgraded.

- The net work of women ITIs and Regional Vocational Training Institutes for Women will be expanded and further strengthened. All out efforts will be made to encourage eligible women trainees for enrolment in the Women ITIs and Women Wings of general ITIs through suitable incentives, so that the reservation available to them may be optimally utilised.

### 4.8. Energy

The annual compounded growth rate of final commercial energy consumption during the Eighth Five Year Plan is expected to be around 5.5%. The elasticity of consumption of commercial energy with reference to GDP will be around 0.92.

The new capacity addition in the power sector during the Eighth Plan is expected to be only around 17,700 MW as against the target of 30,538 MW. There has been, however, significant improvement in the performance of the thermal power stations and the likely plant load factor at the end of the Eighth Plan is expected to be about 64% against 57.1% in 1991-92. As a result of this marked improvement, shortfall in energy generation in Utilities will only be about 4.3% in spite of shortfall in new capacity creation by about 42%. The electricity availability from the Utilities at the bus bar in 1996-97 is expected to be about 400 billion units, registering an annual compounded growth rate of 6.8% during the Eighth Plan as against the targeted growth rate of 7.8%. The energy and peak deficits have gone up to 9.2% and 18.3% respectively in 1995-96 as against the corresponding figures of 7.8% and 18.8% in 1991-92. The transmission and distribution losses continue to be high and there has been no significant reduction during the Eighth Plan.
The oil and gas production during 1992-97 are now estimated to be 160 million tonnes and 100 billion cubic meters respectively as against the Eighth Plan targets of 197.32 million tonnes and 125.42 billion cubic meters respectively. The shortfalls are on account of uncertain reservoir behaviour in Bombay Offshore basin, problems in the North Eastern region and delays in implementation of joint venture projects. The demand of petroleum products is likely to be 80.8 million tonne in 1996-97 showing an annual compounded growth rate of about 7.3% during the Eighth Plan period.

Domestic production of coal and lignite during 1996-97 are expected to be 289 million tonnes and 21 million tonnes respectively as against the corresponding Eighth Plan targets of 308 million tonnes and 23 million tonnes respectively. The demand for coal is estimated to be 325 million tonnes in 1996-97; the likely availability, including imports, however, is expected to be only around 300 million tonnes.

The effects of shortfall in power capacity addition during the Eighth Plan are going to be felt during the Ninth Plan. The following is the approach for the Ninth Plan.

(i) The State and the Central Utilities will ensure speedy completion of the ongoing and approved power projects and also take steps for new projects.

(ii) These efforts will be supplemented by new projects in the private sector; transparency in selection of private parties and speedy decision making will be ensured for enlisting private sector participation in a significant manner.

(iii) The share of hydel power is declining over the years. Adequate outlays will be provided for this sector for completion of ongoing projects within the shortest possible time. A cost-benefit analysis of the relative advantages of mega projects versus small projects will be made and the environmental considerations addressed to adequately in selection of new projects. Provision of fiscal incentives and concessions for enlisting the private sector for hydro projects will be considered. The State Governments will also ensure full investigation of hydro projects before they are offered to private parties.

(iv) The deteriorating financial health of the State Electricity Boards has been one of the most critical factors constraining power development.
in the country. The commercial losses of SEBs taken together were Rs.7,500 crore in 1995-96. The Boards will be given fullest autonomy so that they may run in a commercial and professional manner. During the Ninth Plan, alternative models of restructuring the SEBs will be explored with a view to enhance their effectiveness. Concrete and determined steps will be taken for rationalisation of the electricity tariff. The issues regarding time-of-the-day metering/peak load pricing will be examined while rationalising the tariff structure. Such tariff rationalisation is not only necessary for generating adequate internal resources by the SEBs, but also for enlisting participation of private sector which will come forward in large measure only when they are dealing with financially healthy Boards. These will include specific steps for reducing the cost of supply, Transmission and Distribution (T&D) losses, theft of power and for improving the plant load factor.

(v) Special emphasis will be placed on accelerated rural electrification programme with due attention to decentralised energy sources.

(vi) There will accordingly be emphasis on augmentation and improvement of the transmission and distribution (T&D) facilities as also on necessary renovation and modernisation of the existing generating stations. Private sector participation in T&D sector will be encouraged.

(vii) The growth in nuclear power capacity has not been as per earlier expectations. This issue needs to be addressed to in its totality as nuclear power has the potential of being a very cost effective option in the long run.

(viii) Fuel imports, both hydro carbon and coal, for the power sector will be organised as domestic availability will fall short of requirement.

(ix) Domestic manufacturing capability for power equipments will be promoted.

As regards the hydrocarbon sector, the import dependence of oil in 2001-02 may go up to 65-70% as against about 55% now. The following areas would be given specific attention:

(i) Exploration efforts will be accelerated, especially in deep offshore areas. The possibility of acquisition of acreage in other countries will be explored.
(ii) Special attention will be bestowed on improving reservoir management and enhance oil recovery.

(iii) The administered pricing mechanisms will be replaced by a more rational pricing system reflecting the cost of supply. This should also help in mobilising private participation in the hydrocarbon sector.

(iv) The possibility of importing natural gas at competitive rates, particularly in the form of liquefied natural gas at the coastal locations, will be pursued in view of its obvious environmental advantage over liquid fuel.

The domestic availability of coal is presently estimated to be only about 350 million tonne in 2001-02 as against the currently project demand of about 450 million tonne in that year. In view of the relatively more abundant resource base of coal, it is imperative that the domestic production capability of both coal and lignite is increased in the minimum possible time. New policy initiatives will be taken for a change in the present pricing regime so that prices for coal from new mines reflect their true cost. This will be accompanied by appropriate incentives for private sector participation in coal production and marketing. Besides, in order to improve the reserve base of coal, exploration activities also will be intensified. Advantage will be taken of both public and private sector efforts to accelerate exploration activities. In view of high ash content of the Indian coal and the obvious environmental implications for use of the same, improved coal utilisation technologies including beneficiation of non-coking coal will be resorted to.

The structure of the existing programmes for non-conventional energy will be changed for gradual commercialisation of non-conventional energy. Special efforts will be made for exploiting the large available cogeneration potential in the country. Necessary legislature and another measures will be taken to enable producers of non-conventional energy to sell electricity to the State Electricity Boards at a remunerative price.

Other areas that will be given attention are:

(i) Appropriate institutional mechanisms for energy conservation demand management.

(ii) Increased R&D efforts across the energy sector.

(iii) Setting up of appropriate regulatory mechanisms in view of greater private participation in the energy sector.
4.9. Transport

The country's transport system, comprising rail, road, sea and airways, has registered some improvement in performance in the past few years. However, transport bottlenecks, especially in the area of railways, roads and ports, are threatening to constrain further economic growth.

Railways

The share of railways in freight traffic declined from 89% in 1951 to 40% in 1995 while its share in passenger traffic also declined from 72% to 20% during the same period. Considering the greater energy efficiency and eco-friendliness of rail transport, this trend needs to be checked through ensuring that the output growth of the railways improves at a rate well above the rate of growth of GDP.

Roads

On the roads front, traffic has been growing at 9 to 10% per year and this has placed excessive strain on the national highways and the state highways. They need strengthening in terms of their carrying capacity as well as riding quality. The existing network also suffers from inadequate maintenance rendering an unacceptably high proportion of our paved roads unusable.

Road Transport

While there has been steady improvement in the fuel efficiency in passenger transport, road transport in general has continued to operate inefficiently for a variety of reasons including unsatisfactory road conditions and inefficient vehicle design etc.

Road connectivity within the rural areas and the links between the rural and the urban areas need attention. For the movement of agricultural inputs to the rural areas and transportation of agricultural and forest produce to the market place adequate road infrastructure is of critical importance. Apart from this, such connectivity is necessary for providing basic services and for improving the quality of life in rural areas.

Ports

The 11 major ports of the country are handling over 90% of the total throughput. However, the existing port handling capacity is inadequate for dealing with the
rising levels of international trade in the coming years. The capacity is further constrained by inefficient port handling systems resulting in congestion and delays in turnaround of vessels.

**Shipping**

The tonnage available in the country is inadequate for meeting the anticipated traffic requirements.

**Civil Aviation**

The recent policy changes in the sector have led to increased competition and investment resulting in expansion of passenger traffic and improvement in the quality of service as well as lowering of freight rates.

**Inland Water Transport (IWT)**

Despite the fact that it is both fuel efficient and cost effective, IWT has not developed to its full potential. There are many locations in the country which could provide connectivity through IWT in the riverine systems to relieve the existing congestion in our road and rail network.

**Non-Mechanised Transport**

A significant proportion of both passenger and freight traffic in our country is carried by non-mechanised transport based on human and animal energy.

The following will be the approach for the 9th Five Year Plan:

i) The railway's share of freight traffic will be increased and passenger services expanded in backward and isolated regions. Greater rail output will be achieved through expansion of capacity and higher productivity based on technological upgradation and work culture improvement. The needed investment will be financed through greater commercial orientation of the railway's tariff policy and through private sector participation wherever possible. The State shall also provide adequate assistance to enable the railways to carry the social burdens of a public utility.

ii) The highway network will be both expanded and improved to facilitate adequate, smooth and safe transport of goods and people. The necessary resources will be generated through the levy of user charges and through private investment with in an appropriate regulatory framework. Wherever necessary, the involvement of the State will be continued and strengthened.
iii) Capacity of major and minor ports will be expanded and productivity enhanced through institutional improvements.

iv) Inland Water Transport will be developed as a significant alternative mode of transport particularly in areas where rail and road corridors are saturated.

v) Special attention will be paid to the non-mechanised modes of transport to meet the mobility needs of people in an affordable and environment-friendly manner.

vi) Efforts will be made to tackle the problem of metropolitan transport both by managing demand through suitable price and non-price mechanisms and by improving the supply of public transport in an appropriate modal mix.

4.10. Telecommunications

Telecommunications is crucial for growth and modernity. It is one of the fastest growing sectors in India and has immense potential for future growth. As a prime support service needed for rapid growth and modernisation of all sectors of the economy, it needs to be promoted and developed as a basic infrastructural input. Development and regulatory policies in the Ninth Plan will be guided by this basic approach.

National Telecom Policy 1994 has outlined the basic policy framework for the future development of the telecom sector in the country. The stated objectives of the Policy are: to ensure telephones on demand, to achieve universal coverage, to ensure world standard quality of services to consumers, emergence of India as a major manufacturing base for major telecom equipment and protecting defence and security interest of the country. Ninth Plan will aim to achieve these basic goals in a time bound manner.

Eighth Plan has witnessed a sustained high growth in the provision of basic telecom services. But the demand has far exceeded the supply resulting in large unsatisfied demand. At present, about 22 lakh people are waiting for this basic facility. During the Ninth Plan, telephone demand is expected to grow from about 180 lakh lines in the first year to about 360 lakh lines in the terminal year i.e. 2001-2002. To achieve the goal of providing telephones on demand, about 215 lakh new connections would have to be provided. Assuming a per line cost of Rs. 40,000 an investment of about Rs. 86,000 crore would be needed.
Private sector is expected to contribute a significant share of this investment. The quantum of private investment will basically be determined by the rate of return on investment and how effectively the problems like inter-connection with DOT network can be sorted out. Ninth Plan will aim to ensure effective participation by the private sector by removing all bottlenecks.

New telecom projects will be green field projects with large upfront investments. There is very little scope for any significant operating cash flows in the early stages of the projects. Due to peculiar nature of asset creation and operations, traditional modes of finance would not be adequate. Appropriate measures will be taken during the Ninth Plan to create new sources of long-term funds and suitable instruments for the same.

During the Eighth Plan, public sector investment for expansion of telecom network for basic services was primarily financed by internal resources and market borrowings; budgetary support constituting less than 1% of the total plan outlay. This approach for financing public sector plan would be continued during the Ninth Plan. Though the private sector investment is expected in a big way, public sector will continue to play a dominant role in the provision of telecom services. Internal resources alone would be grossly inadequate to meet the increased requirements. Greater reliance will be be placed on other sources of finance like raising funds directly from the public in the form of equity capital, market borrowings - both from the domestic as well as international markets - and through other means.

As per the current evidence, there is cross-subsidisation in basic telecom services. The Telecom Regulatory Authority of India (TRAI) will be operationalised to regulate the tariff structure to safeguard the interests of the consumers, ensure transparency and permit a reasonable return for the operators.

As per the present policy, value added services are provided by the private operators on franchise basis. In each circle, only two operators are permitted for providing radio paging and cellular mobile services. With a view to ensure greater competition and providing level playing field to the public sector, the possibility of removing this restriction on the number of operators in each circle will be reviewed during the Ninth Plan. Necessary infrastructure would be created for introduction of new and emerging value added services. Services like distance education and tele-medicine will be of immense help to the common people living in the rural and remote areas. Such services will be introduced in these areas on pilot basis.
National Telecom Policy has envisaged that India should emerge as a major manufacturing base and major exporter of telecom equipment. Manufacturing capacity of the indigenous industry is small in relation to the other major operators in the world and export constitutes a small proportion of the total production. Development of Indian multi-nationals in this area will be our goal in the Ninth Plan. Non-availability of latest technology, poor R&D base, non-adoption of exports as a strategy of growth and limited access to international financial markets for cheap funds are among the major constraints in the achievement of this goal. The necessary policy initiatives will be taken during the Ninth Plan will to remove the bottlenecks. This would include encouraging joint ventures, rationalisation of custom and import duties on inputs and development of a strong industry sponsored R&D base.

The structural and institutional reforms programme initiated during the Eighth Plan is only half way through. Separating the service function from the policy making function of Department of Telecom and evolving appropriate organisational set up for the operational wing of the Department are the two major unfinished items on the agenda of economic reforms. An appropriate corporate structure will be created in place of the present departmental set up of service provision by DOT.

### 4.11 Tourism

Tourism is presently the third largest foreign exchange earning sector in India. Proper growth of this industry can not only augment the availability of foreign exchange, but also lead to greater employment generation and balanced development of a number of regions in the country. The approach to tourism in the Ninth Plan will be to concentrate on development of selected centres and circuits through effective coordination of public and private efforts so as to achieve synergy in the development of this sector. The State will have to focus on development of basic infrastructure such as transport facilities and civic amenities, and to play a facilitating role in the provision of accommodation and other facilities for all classes of tourists, both domestic and international. Attention will also have to be paid to the development of manpower and to the conservation of sites and preservation of the environment.

### 4.12 Education, Culture, Youth Affairs & Sports

Following the directions given by National Policy on Education 1986 (and revised in 1992), Primary Education was given an over-riding priority in order to realise the goal of UEE during the Seventh & Eighth Five Year Plans. Despite this, backlog has continued in enrolment and drop
out rate is still high. Two major initiatives taken during the Eighth Plan are the District Primary Education Programme (DPEP) and the Nutrition Support to Primary Education (Mid-day Meals) with a view to addressing the problem of equity, access, retention and quality at the primary stage. During this period the enrolment of girls, of Scheduled Castes and Scheduled Tribes has shown an increase at the primary stage and the drop out rates have shown a declining trend. However, there is still a long way to go to achieve UEE. The National Literacy Mission (NLM) with a mandate to make 100 million people literate in the age group of 15-35 by the year 1997 has achieved (1996) a target of 56.1 million.

In the Ninth Plan, apart from carrying out the directions given by NPE (1992), and keeping in view the declaration of education as an aspect of fundamental human right to life, making the nation fully literate by the year 2005 will be a committed goal. Around 6% of the GDP will be earmarked for the education sector by the year 2000 and 50% of that will be spent on primary education. Further, substantial funds will be earmarked for imparting technical and vocational skills and training, in order to turn out more employable and self-employed youths. NLM will achieve the coverage of 100 million adults by the year 1998-99 with special attention and effort for the spread of literacy among women and in the States with high incidence of illiteracy. The Mid-day Meal Scheme will be implemented in all the States to ensure regular attendance and retention in primary and middle schools. In every initiative to promote the spread of education, the girl child will be a special focus of attention.

The unfinished task of UEE will be completed with special focus on the backward States/ districts, the girl child and other disadvantaged population groups, emphasising decentralised and disaggregated planning with the participation of Non-government Organisations (NGOs), the corporate sector and various other groups. Linkages will be developed between adult education and formal and non-formal education including open learning. Quality in UEE will be achieved through better pedagogical and management practices. Performance of teachers will be improved through better content and facilities for training programmes and community participation in supervision. Strategies will be developed for mobilising financial support through community effort.

The emphasis in Adult Education will be on restoring the lost momentum of the programme and to make it more effective by clarifying the administrative and financing roles of the Centre, the States, Zilla Saksharata Samities, PRIs, other local bodies and NGOs.

The major issue in Secondary Education is one of modification and diversification of curricula so as to
provide skill-training through well-structured vocational courses, planned with community involvement and support, enlisting the Community Polytechnics and Agricultural Polytechnics in the task. The open learning system (OLS) will be strengthened for providing education from the elementary stage and above to meet the needs of those who are unable to seek education through full time institutional system, with assured equivalence with institutional learning in terms of certificate, degree, etc.

In Higher Education, due cognizance has to be taken of the fact that the country has an existing infrastructure which despite its problems, is still one of the best in the developing world. The country needs to capitalise on the advantage accruing from this infrastructure and nurture it in order to enhance our competitiveness in the global market.

Emphasis will be placed on consolidation and optimal utilisation of the existing infrastructure through institutional networking, restricting expansion to meet the demand of unserved areas through both traditional university system as well as through open university system. Grants-in-aid will be linked to performance criteria to improve quality and inject accountability. Further, relevance will be achieved by restructuring the vocational bias content of the first degree course and industry linked inter-disciplinary post-graduate teaching and applied research work. Fees will be restructured on unit cost criteria and paying capacity of the beneficiaries. Additional resources will be generated by involving industry and commerce and through contribution from community.

Culture is one of the basic components of the development process and is linked closely to the identity of the nation. The Ninth Plan thrust in culture will be on protection, conservation, dissemination and promotion of all aspects of culture. The focus will be on a comprehensive plans of preservation of the archeological heritage and development of the monumental complexes in the country. Further, efforts will also be directed towards the preservation of archival heritage, and the promotion of classical, folk and tribal art and crafts and oral traditions which are threatened with extinction.

The thrust in youth affairs will be to consolidate and expand youth activities by involving youths in the entire gamut of the developmental process as the youth are a major resource in the task of nation building. Youth activities will focus on environmental and health programmes such as greening of wastelands, solid waste management, anti-smoking campaign, prevention of drug abuse, health education with emphasis on reproductive health and prevention of AIDS, population control as well as various
adventure activities. Greater access will be given to the rural and marginalised youth in the vocational training programmes of Nehru Yuva Kendras by involving the NGOs, self-help groups and community polytechnics in the task. The thrust in sports will be on providing greater access to sport facilities through substantial investments in physical education, infrastructure development including centres of sport physiology and sports medicine and in creating wide spread awarness for physical fitness through nutrition, health education and yoga with special focus on school children. Area specific sports programmes recognising the traditional sports skills of the inhabitants, specially tribal population will receive priority consideration. Rural sports programmes will be revamped in order to tap vast talents available in the rural areas. Special attention will be given for the promotion of sports and games among the disabled. The need for a holistic approach that will integrate youth and sports activities and programmes within the context of education is well recognised and will guide all actions.

4.13 Population, Family Welfare and Health

4.13(a) Population and Family welfare

Containment of population growth was one of the six priority objectives of the Eighth Plan. Equal weightage was accorded to performance in MCH Sector (IMR reduction) and FP Sector (CBR reduction) as a part basis for computing central assistance to non-special category States.

A review of the Eighth Plan performance brings out the following:

(i) Even though the Eighth Plan targets set for IMR and CDR are likely to be met, a significant reduction in the neonatal and maternal mortality is yet to be achieved. During the Ninth Plan, universal screening of women during pregnancy, labour and screening of neonate for risk factors, identification and management of ‘at risk’ individuals will be accorded priority, so as to achieve reduction in the maternal and neonatal morbidity and mortality. The experience gained in mobilising community support and intersectoral coordination through primary school teachers during the health check up of children will be institutionalised.

(ii) While the achievement in CBR is likely to be close to the target set for the Eighth Plan, the performance in terms of couple protection is well below the target. During the Ninth Plan every effort will be made to provide all the unmet need
for spacing and terminal methods.

(iii) The target of 100% coverage of all the six vaccine preventable diseases (VPD) by 1997 though showing progress is unlikely to be fully achieved. There had been occasional slip ups in the programme resulting in morbidity and rare mortality. These will be eliminated during the Ninth Plan period. The initial success achieved in 1995-96 round of Pulse Polio programme, will be sustained until complete elimination of Polio from the country. The VPD surveillance and reporting will be improved.

Current high population growth rate is due to three factors:

1. The large size of the population in the reproductive age group (estimated contribution 60%)

2. Higher fertility due to unmet need for contraception (estimated contribution 20%)

3. High wanted fertility due to prevailing high IMR (estimated contribution about 20%)

While the population growth contributed by the demographic factor of large population in the reproductive age group will continue, the other two factors need effective and prompt remedial action.

The objective during the Ninth Plan period, therefore, will include:

a) meeting all the felt-needs for contraception

b) reducing the infant and maternal morbidity and mortality so that there is a reduction in the desired level of fertility.

The strategies during the Ninth Plan will be:

a) To assess the needs for reproductive and child health at PHC level and undertake area specific microplanning.

b) To provide need-based, client-centered, demand-driven high quality, integrated Reproductive and Child Health care

The programs will be directed towards:

a) bridging the gaps in essential infrastructure and manpower through a flexible approach and improving operational efficiency through
investment in social, behavioural and operational research,

b) providing additional assistance to poorly performing districts identified on the basis of the 1991 census,

(c) ensuring uninterrupted supply of essential drugs, vaccines, contraceptives of appropriate quality and quantity,

d) promoting male participation in the planned parenthood movement and increasing level of acceptance of vasectomy.

Attempts will be made to enhance quality and coverage of Family Welfare services through:

a) participation of general medical practitioners working in voluntary, private, joint sectors and the active cooperation of practitioners of ISM&H,

b) Involvement of the Panchayati raj institutions for ensuring intersectoral coordination, community participation, in the planning, monitoring and management,

c) involvement of the industries, organised and unorganised sectors, agriculture workers and labour representatives.

4.13(b) Health

The focus of the Eighth Plan in Health Sector has been to improve access to health care for the underserved and under privileged segments of the population. This is being achieved through:

a) consolidation and operationalisation of the primary secondary and tertiary health care infrastructure for optimal performance and building up appropriate referral services, with emphasis on primary care.

b) effective implementation of National Programmes for combating major public health problems.

These efforts have resulted in a discernible impact on mortality with CDR declining to 9 in 1995 (SRS 1995 provisional). However the morbidity due to communicable and nutrition-related diseases has not shown a parallel decline; in addition, there is now an increasing morbidity due to non-communicable diseases and newly emerging infections such as HIV. In addition to new initiatives in these areas, rural health care for all through optimally
functioning network of PHCs and sub-centres as a part of basic minimum services shall constitute an absolute and total commitment.

Control of Communicable diseases

Communicable diseases continue to be a major cause of morbidity and mortality in India. In addition to the existing bacterial, viral and parasitic infections, there are newer additions such as HIV infection, re-emergence of some infections such as kala azar, so that the disease burden due to communicable diseases continue to be very high. There are National Programmes for control of vector borne diseases, tuberculosis, leprosy and HIV infection. The performance in many of these has been suboptimal, an important factor being the lack of key personnel such as lab technicians and multipurpose workers. Many of these programmes were initiated at a time when primary health care infrastructure was not fully operational and hence had their own vertical infrastructure. In the Ninth Plan period a major effort will be initiated for horizontal integration of these programmes at the district and below district levels within the existing framework of primary health care infrastructure.

Increasing incidence of hospital acquired infections and accidental infections in health care providers and waste disposers, renders it imperative that programs are initiated to improve infection control and waste management through utilisation of appropriate affordable technology at all levels of health care.

Disease Surveillance and Response

Until poor sanitation, contaminated water supply and lack of adequate facilities for solid and liquid waste management both in urban and rural areas are corrected, it may not be possible to completely prevent periodic outbreaks of infectious diseases. Nevertheless, if outbreaks are detected early enough, it will be possible to control the epidemic, reduce the morbidity and case fatality rates. The strategy during the Ninth Plan will be to strengthen health surveillance, early alert and rapid response mechanisms at district and below district level. This would necessitate provision of epidemiological expertise and diagnostic laboratory services as an essential component of existing health care system.

Non-communicable Disease Control Programme

Changing lifestyles, longevity and dietary habits have resulted in increased prevalence and earlier age of onset of diabetes, cerebro- and cardio-vascular disease over the last decade and a concomitant rise in disease burden and DALY (disability adjusted life years) due to
noncommunicable diseases. The overall cancer incidence in the country is low. Even though the two common cancers of the oropharynx and uterine cervix are easy to diagnose and treat, the available data indicate that majority of cases are detected at a late stage when palliative rather than curative treatment remains the only possible therapeutic modality. There is thus a need to improve facilities for early detection of cancers so that effective treatment could be provided.

It is neither possible nor feasible to initiate and support vertical programmes for control of every non-communicable disease. During the Ninth Plan period integrated non-communicable disease control programmes will be implemented utilising the experience gained from pilot projects such as diabetes control programme launched during the Eighth Plan.

Urban Health care

Urban migration over the last decade has resulted in rapid growth of urban slums. There has not been any well planned and organised effort to provide primary, secondary and tertiary care services in geographically delineated urban areas. In some cities the health status of urban slum dwellers is worse than that of rural population.

During the 9th Plan period steps will be initiated to develop a well structured organisation of urban primary health care to ensure basic Health and Family Welfare services to all inhabitants within 1 - 2 Kms of their dwellings. Appropriate referral linkages between primary, secondary and tertiary care facilities in defined geographic area will be established to promote optimal utilisation of all the available facilities. Increasing involvement of the Nagar Palikas in the implementation of health, water supply and sanitation programmes is expected to improve the health status of urban population specially slum dwellers and those living below the poverty line.

Increasing involvement of ISM&H Practitioners

There are over 6.5 lakh of ISM practitioners in the country. They work in remote rural as well as urban slum areas and could play an important role in enhancing outreach of health care. There is a need to improve preservice training and provide periodic updating after graduation so that there is improvement in the quality of services and greater participation in meeting health care needs of the population.

Increasing Efficiency

It is important to increase the efficiency of the health system as also of all categories of health manpower.
during the Ninth plan period. The recommendations contained in the National Education Policy on Health Sciences as approved by the Central Council of Health and Family Welfare in 1993 shall be implemented to ensure growth and development of appropriate mix of Health manpower. Optimal utilisation of the human resources for health will be made through:

a) creation of a functional, reliable health management information system and training and deployment of health managers with requisite professional competence

b) multiprofessional education to promote team work

c) skill upgradation of all categories of health personnel, as a part of structured continuing education

d) increasing accountability and responsiveness to health needs of the people by assigning a rightful role to the Panchayati Raj institutions

e) making use of available local and community resources.

4.14. Housing and Urban Development

Urban Housing

As per the Census data, housing stock in 1991 stood at 148 million units consisting of 39.3 million units in urban areas and 108.7 million units in rural areas. The National Buildings Organisation (NBO) has estimated the housing shortage in 1991 at 8.23 million. The housing shortage in 1997 has been estimated to be 7.57 million and is projected at 6.64 million in 2001. These estimates, however, throw light only on one aspect of the scenario. Access to basic services is equally important.

The National Housing Policy (NHP) has been adopted by the Government and the long term goal of the policy is to reduce houselessness, to improve the housing conditions of the inadequately housed and to provide a minimum level of basic services and amenities to all.

The Ninth Plan strategy will be to provide housing for all by the terminal year of the Plan by taking into account the upgradation of kutchha units to semi-pucca and pucca units.
Urban Development

In view of the higher anticipated rate of growth of urban population, the strategy for the Ninth Plan will be as follows:

(a) reorient urban management through a progressive shift from a centralised, regulatory approach to a decentralised, deregulated approach, consistent with the process of democratic decentralisation envisaged in the 74th amendment to the Constitution of India;

(b) promote greater participation of the private sector, non-governmental agencies and community organisations to supplement government efforts with private investment for financing of urban infrastructure. Suitable mechanisms will be developed to permit recourse to funds from the capital market;

(c) evolve a long-term national spatial strategy incorporating the impact of various other sectoral and environmental policies at the State, the district and the municipal levels to ensure sustainable urban development;

(d) improve the delivery mechanisms of urban basic services and introduction of appropriate cost recovery mechanisms;

(e) an urban land policy will be formulated recognising land as a resource for urban development. This will imply suitable legislative changes;

(f) Poverty reduction will be an important goal of the urban policy. Attention will be focussed on effective implementation and management of Urban Poverty Alleviation Programmes (UPAPs). UPAPs will be designed to accommodate flexibility and adequacy of inputs. The key components of the strategy will be that wherever the UPAPs overlap, they will be integrated into one flexible umbrella programme, with all resources pooled into a common fund; effective targeting, using either a self identification system or a selection process by institutions responsible for financing and managing poverty alleviation programmes; strengthening the community based approach to tackle urban poverty by evolving a network of community organisations at the grass-root level.

(g) emphasis will be on improvements in the system of delivery of urban services in the light of the 74th Constitutional Amendment.
(h) Emphasis will also be placed on aspects such as urban data base development, mapping (using GIS and remote sensing technology) and information systems, urban and regional planning and institutional reforms.

(i) providing ownership rights for slum dwellers together with civic amenities and assistance for replacement of kutcha houses will be given priority.

4.15. Water Supply and Sanitation

An investment of around Rs. 30,000 crores at current prices, made over the successive Five Year Plans, has resulted in significant achievements in this sector. While about 82% of the population has access to safe drinking water supply facility in rural areas, the accessibility in urban areas is around 85%. However, the access in most of the cities and towns is still inadequate, particularly in slums inhabited by the poorer sections of the society. In so far as sanitation is concerned, around 50% of the population is covered in urban areas and 20% in rural areas.

The following will be the approach for the Ninth Plan as far as drinking water availability and sanitation in the urban areas is concerned.

(i) Efforts will be made to provide access to safe drinking water facility to the entire population in urban and rural areas during the next five years.

(ii) Consistent with the goal of "health for all", efforts will be made to provide a reasonable level of sanitation to the entire urban population during the next five years.

(iii) The efforts made during the Eight Plan to abolish manual scavenging will be continued with the specific aim of completing the task at the earliest during the Ninth Plan.

(iv) Special attention will be paid to management of urban waste, both solid and liquid, not only for enhancing the level of sanitation but also for converting the waste into useful products and for generating employment opportunities in the urban areas.

(v) The responsibility for planning, operation and maintenance of the urban facilities will be passed on, wherever not done, to the local bodies, in line with the 74th Amendment to the Constitution.
(vi) Efforts will be made to develop alternative means of funding and management of urban water supply and sanitation facilities to reduce the dependence of this sector on budgetary assistance and render these services more efficient.

(vii) Efforts will be made to enhance the financial viability of the sector through policies based on full cost recovery to permit resource mobilization for the sector through institutional finance, market borrowings, private investment etc. Subsidies, if required, for the poorer sections of the urban society should be selective well-targeted and transparent to ensure that there may be no excessive cross-subsidisation from the other sections.

(viii) In providing services in the urban areas, emphasis will be on cost-effective and eco-friendly technologies that make full use of the local skills and materials. The successful experiments and best practices adopted elsewhere in the country will be emulated on a wider scale to suit the social, political and cultural environment and climatic conditions. Environmental, technological and institutional sustainability will be given the highest consideration.

(ix) Exploration of ground water in urban areas will be on a scientific and sustainable basis. The necessary regulatory mechanisms will be set up for the purpose.

4.16. Empowering the Special Groups

The special groups comprise Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs) and Minorities. The Constitutional commitment of removing the economic and social disabilities prevalent amongst the SCs, the STs, the OBCs and Minorities and to bring them at par with the rest of the society formed an important component of the Eighth Plan.

The Ninth Plan approach will be as follows:

1) A high priority will be accorded to empowering these Special Groups both economically and socially to enable them to join the mainstream of national development at the earliest. To this effect, efforts will be made to create an environment that is conducive to their being able to lead a life of freedom and dignity and exercise their rights and privileges like any other citizen in the country. The necessary legislative
support for this purpose will be provided. The development of these Special Groups will be consistent with the concept of economic growth with social justice.

ii) Efforts will be made to minimise the gap that exists between these target groups and the rest of the society, by bringing about an allround development of these Groups, in both qualitative and quantitative terms, by taking advantage of inputs from both governmental and non-governmental agencies.

iii) In the development of these Groups, emphasis will be on education, health and employment. In addition, all basic common services will be extended to cover these Groups.

iv) Education, being the most effective instrument for empowering these Groups, will be given a high priority. In the case of Tribals, efforts will be made to fulfil the commitment of universalisation of education by the year 2010. The type of education to be imparted to these Groups will be consistent with their milieu, their genius and their special needs.

v) Keeping in view the low literacy rates and high drop-out rates amongst these groups, special efforts will be made to provide them hostel facilities, scholarships etc. to nurture their merit, talent and excellence.

vi) Being backward, these groups have been subject to several deficiencies, diseases and disabilities, particularly originating from malnutrition and undernutrition. Efforts will be made to develop an appropriate health infrastructure with needed inputs so as to extend easy access and availability of services within reach. Indigenous system of medicine will be promoted to cater to the needs of the tribal population.

vii) Special attention will be paid to economic independence and self-reliance among the Special Groups through employment-cum-income generation programmes. In this direction, The SCs and the STs Finance Development Corporations at the National and the State levels will be strengthened to play a catalytic role.

viii) In planning, formulation and implementation of all schemes aimed at developing the Special Groups, the local Panchayati Raj institutions as well as the beneficiaries themselves will be involved so as to ensure that the schemes address the needs of the Special Groups fully and they are implemented in a transparent manner. This will also go a long way in empowering the Special Groups.
ix) To contain the problem of crimes and atrocities against SCs and STs, the institutions of local governance and the NGOs will be empowered to provide inbuilt defence mechanisms. With a view to ensure speedy trial and disposal of the pending cases, the scope of Protection of Civil Rights (PCR) Act, 1955 and the SC & ST (Prevention of Atrocities) Act, 1989 will be reviewed and necessary amendments brought into effect. Along with this, legal literacy and awareness generation programmes will be strengthened to be effective instrument of empowerment to eradicate ignorance amongst these special target groups.

x) Emphasis will be placed on strict implementation of SCP and TSP to ensure that the benefits from all other developmental sectors do not bypass the Special Groups in the Ninth Plan. Necessary mechanisms will be developed to monitor both earmarking and utilisation of funds under SCP, TSP and SCA received from Central Ministries and State Governments.

xi) Thus, efforts with commitments will be the major strategy to ensure that the funds allocated should be fully and effectively utilised for the benefit of the groups for which they are meant for.

4.16(a) The Scheduled Castes

The following will adopted in respect of SCs

i) The SCs have been subject to social discrimination since long. Therefore, all programmes meant for them will be so designed as to empower them and provide both social and economic mobility.

ii) On the social side, the pernicious evil of "untouchability" which amounts to denial of human dignity continues undeterred. Priority will be accorded to eliminating this through legislative and socio-economic measures. The existing legislative framework will be strengthened for the purpose.

iii) Priority will be accorded to elimination of manual scavenging. The programme for liberation and rehabilitation of scavengers will accordingly receive special attention. Efforts will be made to break the nexus between traditional occupations and social disabilities by providing the necessary occupational mobility.

iv) Total liberation and full rehabilitation of Safai Karmacharies with special focus on women and girl children along with the implementation of construction of dry latrines will be given a high priority.
V) Endowing every landless rural SC family with a minimum piece of land, preservation and restoration of land ownership and implementation of existing legislations to protect the agricultural land being appropriated by others, are some of the important steps which will be taken up seriously in the Ninth Plan.

4.16(b) Scheduled Tribes

The approach adopted for STs will be:

i) Efforts will be made to ensure that the tribal economy is protected and supported against threats from the external markets. The ownership/patent rights of the tribal people in respect of minor forest produce vis-a-vis the use of medicinal plants will be protected as per the provisions of Intellectual Property Rights (IPR).

ii) The Primitive Tribal Groups are leading an extremely precarious existence and some of them are on the verge of extinction. Existing development programmes have not been able to alleviate their condition. An Action Plan incorporating total food and nutrition security, health coverage, education facilities etc. in keeping with their socio-cultural conditions will be prepared by the Central/State Governments. The proposed Action Plan will have in-built flexibility to cater to the specific needs of each such tribe and its environment.

iii) A National Policy for Tribal Development will be formulated at the earliest.

4.16(c) Other Backward Classes

The Ninth Plan approach to the development of the OBCs will focus on their development with social justice. Policies and programmes for the welfare and development of the Other Backward Classes (OBCs) will be formulated and implemented consistent with the provisions in the Constitution. Special efforts will be made to ensure that the OBCs get integrated in the society, both socially and economically. Emphasis will be placed on their educational development. Priority will be given to strengthening the institutional set up at various levels for the overall development of the OBCs.

4.16(d) Minorities

Policies and programmes for the welfare and the development of Minorities will be formulated and implemented in consonance with the Directive Principles of State Policy. The programmes will aim at making the Minorities feel that they are accepted as an integral part of the culture and
ethos of the society and the country. The 15-Point Programme for Minorities will be reviewed and its implementation will be closely monitored. Emphasis during the Ninth Plan will be on the overall socio-economic development of the Minorities with special focus on their education. Priority will also be given to strengthening of the institutional set up at various levels including the National Minorities Development Corporation.

4.17. Social Welfare

This Sector covers the welfare, development and rehabilitative needs of persons with disabilities and other disadvantaged groups such as the aged, street children, the destitutes, the delinquent and those who come in conflict with law and who need special attention of the State. The strategy for the Ninth Plan in this sector will be as follows:

i) A multi sectoral Community-Based Rehabilitation (CBR) strategy will be put into action for pooling the efforts of the Disabled, their families and communities in collaboration with the concerned departments of health, women and child development, nutrition, education, vocational training, labour and employment and welfare. As the CBR has the potential of meeting the needs of the disabled within the available resources of the community, special efforts will be made to promote the CBR through NGOs to fill the existing void in the rural areas.

ii. A National Policy on Ageing will be formulated. The Policy will address four broad areas viz., pensionary needs—both contributory and non-contributory; affordable health services since health requires considerable attention at this stage of the life cycle; affordable shelter through the National Housing Policy; and other welfare measures. It will also provide recognition to the productive role that the Aged can play through active involvement in the developmental activities and not just as beneficiaries.

iii) The Street Children who are emerging as a significant social problem requires special attention during the Ninth Plan. The non-institutional basic services approach for the care, protection and education of these children will be continued.

iv) Efforts will be made not only to evolve necessary mechanisms that protect the society against anti-social behaviour but also at going beyond the ambit
of the formal system to forestall conditions that generate criminality and make individuals vulnerable to deviation from the accepted social norms. The role of the State Governments in the implementation of social defence measures will be further strengthened to meet the emerging problems as a result of the changing social and economic situation.

v) Special attention will be paid to the welfare and development of working children, children of prostitutes, especially girl children, prisoners, families affected by terrorist violence, natural calamities and also for the children whose parents suffer from infectious and contagious diseases like Leprosy, Tuberculosis etc.

vi) The growth of violence, individual as well as collective, especially towards Women, the Girl Child and other vulnerable groups has already assumed serious proportions. These problems lower the quality of human development. The problem will be effectively addressed.

vii) The special problems of the juvenile delinquents and the children in difficult circumstances will be addressed by ensuring effective implementation of Juvenile Justice Act, 1986 and other curative and rehabilitative measures to reform the social deviants.

viii) To meet these social welfare needs, the State welfare administration will be re-oriented with professionally trained personnel so as to ensure formulation of need based policies and programmes with effective implementation in response to the local needs. At the field level, effective convergence of available services through proper linkages and inter-sectoral coordination mechanisms will be ensured. Efforts will also be made to monitor the implementation of various social welfare programmes, particularly those of the social defence programmes of the State Sector. Efforts will be made to assess the qualitative impact of these programmes.

ix) Efforts will be made to involve the voluntary and corporate institutions in implementing the various schemes aimed at the welfare and development of these groups.
4.18. **Empowering Women and Children**

There has been a significant shift in the approach towards the well-being of women and children from 'Welfare during Fifties' to 'Development during Seventies' and to 'Empowerment during Nineties'.

Human resource development being one of the major thrust areas in the Eighth Five Year Plan, all the developmental efforts were directed to empower both women and children besides mainstreaming them into the national development on equal footing along with their counterparts. Thus, while the main thrust in respect of children was to ensure their 'survival, protection and development' with a special focus on the girl child and the adolescent girl, the emphasis in respect of women, was to make them economically independent and self-reliant.

Empowerment of women, being one of the major objectives of the Ninth Plan, it will ensure to create an enabling environment with requisite policies and programmes, legislative support, exclusive institutional mechanisms at various levels and adequate financial and manpower resources to achieve this objective. Thus, the following will be the approach in the Ninth Plan.

**Women**

An integrated approach will be adopted towards empowering women. This underscores harmonization of various efforts on different fronts viz., social, economic, legal and political. Further, a special strategy of earmarking of funds as 'women's component' will also be adopted with a close vigil to ensure a flow of adequate share of resources and benefits for women from all developmental sectors both in the Central and Sectors. To this effect, the Ninth Plan recommends expeditious adoption of the 'National Policy for Empowering Women' alongwith a well defined Gender Development Index to monitor the impact of its implementation in raising the status of women from time to time.

In the political and administrative spheres, the proposed strategy of Quota System for women both in Parliament and State Legislatures and also in Services will be adopted so as to strike a gender balance in decision making.

Gender justice remained a distant goal as more than two hundred million women are still illiterate in the country. Therefore, efforts will be made to fulfil the goal 'Education for Women's Equality' as laid down in the revised National Policy on Education (NPE), 1992.
For capacity building of women, it is essential that attention is paid to their health, especially the reproductive health and their access to health care services. A life cycle approach to women's health with a special focus on reproductive health and choices will be adopted.

Economic empowerment of women is mainly based on their participation in decision making process with regard to raising and distribution of resources i.e. incomes, investments and expenditure at all levels. The entire effort of empowering women is to help them to exercise their rights in decision making at all levels and in every sphere, both within and outside the household as equal partners in the society. Efforts will be made to enhance her capacity to earn besides the access to and control/ownership of all family/community assets. In support of women in the informal sector, Rashtriya Mahila Kosh will be further strengthened/expanded to extend both ‘forward’ and ‘backward’ linkages of credit and marketing facilities.

Considering the strong impact of environmental factors on the sustenance and livelihood of women, participation of women will be ensured in conservation of environment and control of environmental degradation. Further, women will be involved and their perspectives reflected in the policies and programmes of management of eco-system and natural resources.

Application of science and technology is vital for the advancement of women. Technology will reduce household drudgery and provide better working conditions for women, particularly in rural areas with emphasis on improvement of the environment and quality of life of women at an affordable cost.

A Media Policy will be framed in such a way that it becomes an instrument in projecting a positive image of the girl child and women. Strict ban on the depiction of demeaning, degrading, negative and conventional stereotypical images of women and violence against women will be enforced through legislation, regulatory mechanisms and media policies.

Children

Investment on child development will be viewed not only as a desirable societal investment for the nation's future but also as fulfilment of the rights of every child to 'survival, protection, and development' so as to achieve their full potential. In this context, the challenges are that of correcting adverse sex ratio at birth and of reaching every child with no gender or any other social discrimination.
The 'Convention of Child’s Rights' ratified by the country in 1992 will become the guiding principle for formulating necessary policies and programmes of child development in the Ninth Plan. The existing National Policy for Children (1974) will be suitably reviewed.

Following universalisation of ICDS and ensured availability of basic minimum services for the overall development of the child, emphasis will be on consolidation and content enrichment of ICDS through adequate nutrition, supplemented with necessary health check-ups, immunization and referral services. In this respect, priority will be accorded to focus attention on the child below 2 years. To achieve this, ICDS will continue to be the mainstay of the Ninth Plan to promote all round development of the young child.

In order to promote a community-based approach, action will be initiated to decentralise women and child development programmes involving Panchayati Raj institutions and local Women’s Self-help Groups which are now coming up in a big way under the umbrella of Indira Mahila Yojana (IMY).

4.19. Towards Achieving Food and Nutrition Security

The Eighth Plan recognised malnutrition as a multi-faceted problem requiring an inter-sectoral approach. Consistent with this, the Government adopted a National Nutrition Policy (NNP) in 1993 and initiated the National Plan of Action (NPAN) in 1995. While the Inter-Ministerial Coordination Committee continuously reviews and monitors these activities, the final direction and guidance is provided by the National Nutrition Council which is a forum for interaction at the highest level between the governmental and voluntary agencies to facilitate implementation of NNP.

NNP recognises the significance of short-term measures such as nutrition interventions for special vulnerable groups, fortification of food items, control of micro-nutrient and protein-energy deficiencies through inter-sectoral programmes such as universalisation of supplementary feeding for pre-school children and expectant and nursing mothers through ICDS, basic minimum services including mid-day meals for school going children, child-survival and safe-motherhood programme to extend nutritional prophylaxis and universal immunisation.

Food and Nutrition security has been recognised as one of the primary objectives of the Ninth Plan. The following will be the approach for the Ninth Plan.

1) While intensifying action for effective implementation
of the activities and programmes already initiated during the Eighth Plan, major emphasis will be on long term measures which aim at eradication of hunger and starvation by ensuring availability, accessibility and affordability of balanced food and nutrition for all, thus eliminating mal-nutrition and under-nutrition from all segments of society, especially the underprivileged.

ii) Special efforts will be made to universalize the supplementary feeding programmes viz., SNP for pre-school children and expectant and nursing mothers and MDM for school going children. To this effect, the state shall ensure adequate funding, machinery and the staff. These feeding programmes will be reinforced by support services like health check-up, immunization, ante-natal care, health and nutrition education and awareness.

iii) Additional measures such as - augmenting food production and availability of essential food items; affordability through increasing purchasing power of those living below poverty line through employment and income-generation programmes; accessibility through RPDS, and other basic minimum services like safe drinking water, primary health and supplementary nutrition; and generating health and nutritional awareness amongst the people, especially the women to adopt right type of food and dietary practices.

iv) To tackle the problem of Protein Energy Malnutrition (PEM), the primary focus will be on the 'At Risk Groups' who are living below the poverty line and on those who are nutritionally vulnerable viz., women and children and in particular, the girl child, the adolescent girl and children between 6 to 23 months. The Plan will incorporate a special package of services with a combination of preventive cum curative cum rehabilitative components.

v) The micro-nutrient deficiencies of Vitamin A, Iron and Iodine which are extremely important from the point of view of their serious health consequences and wide geographic prevalence will receive priority.

vi) Efforts will be made to cover all the remote and neglected pockets predominantly inhabited by Scheduled Tribes and Primitive Tribal Groups (PTGs). To this effect, the working mechanisms will revolve around the concept of Mini Anganwadis with redefined norms and conditions.

vii) A Nutrition Monitoring and Surveillance System (NMSS) will be established to facilitate flow of data and information on a regular and a systematic manner based
on the selected Nutritional Indicators for the purpose of planning and monitoring. This system will be inter-linked with requisite mechanisms for undertaking periodic evaluation to assess the health outcome and impact of all nutrition-related programmes.

4.20. Science & Technology

There has been a significant progress in the Science and Technology sector during the Eighth Plan period. The successful launch of three indigenously built satellites of INSAT-II series and developmental flights of PSLV have resulted in expansion of several facilities like T.V. and telecommunication services, video conferencing, meteorological forecasting and established India’s capability in launching remote sensing satellites.

A programme on Integrated Mission for Sustainable Development (IMSD) using remote sensing technology was launched in 174 districts for the formulation of location specific development plans. National Institute of Ocean Technology was set up at IIT, Madras for undertaking research in the areas of ocean energy, marine instrumentation, ocean engineering system etc. Atomic energy research led to the development of U-233 based fuel and fabrication of Mixed Oxide fuel assemblies for power reactors.

Basic research in frontier areas of Science and Technology was promoted especially in the academic institutions. Technology mission mode projects were launched in the areas of sugar production technologies, advanced composites, fly ash disposal and utilisation, seismological observations, aquaculture, biological pest control, biofertilisers and leather for validation and demonstration of the relevant technologies. Significant progress was also made in the areas of scientific and industrial research and industrial production based on CSIR knowhow has also significantly increased.

The approach to Science and Technology development in the Ninth Plan will be as follows:

(i) Recognising that today’s science is tomorrow’s technology efforts will be continued to build and maintain a strong science base which is a prerequisite for achieving technological competence. Scientific talent with exceptional capabilities will be nurtured and supported fully. Facilities comparable to international standards will be offered to them so as to enable them to carry out outstanding research within the country. More Centres of Excellence will be created and they will be encouraged to function in close
coordination with Institutions of Higher Learning to supply future manpower needs for the national science and technology programmes.

ii) In order to take up new challenges in the areas of S&T, attempts will be made to take the country to the forefront in some of the chosen fields of national importance. For achieving such a position, restructuring and reorientation of many of the scientific institutions and laboratories will be attempted. The emphasis of the research programmes will be on mission mode projects with carefully identified end goals rather than on discipline mode. The Vision 2020 initiative will be operationalised.

iii) Efforts will be made to dispense with hierarchical bureaucracy in the R&D institutions through adequate delegation of powers. Science auditing will be professionalised with the concept of time accountability on decision makers and administrators in addition to the evaluation of achievement of goals/targets.

iv) Major emphasis will be on networking between the research institutions/ national laboratories and industries both for development and marketing of technology. In order to achieve these objectives, the existing S&T infrastructure will be modernised through major investment by industry. New centres/institutes to be set up will be carefully selected and will be around academic institutions/research scientists. Extensive use will be made of institutions like Technology Development Board for providing matching funds for projects with long term effects on the economy. The innovative Rupee for Rupee scheme will be continued during the Ninth Plan to ensure integration of S&T with the economy.

v) Government departments will prepare long term S&T profiles covering 10 years with short term commitments with the ultimate objective of integrating S&T with targets of productivity and efficiency envisaged in each socio-economic sector.

vi) S&T will play a dominant role in improving the existing infrastructure in several socio-economic sectors so as to accelerate economic growth and to derive maximum societal benefits. Efforts will be made to promote interaction between the S&T system and the socio-economic Ministries. Efforts will also be made to set aside a specified percentage from the total budget of each socio-
economic ministry to promote their S&T input.

vii) There will be greater emphasis on clean technologies in the coming years. In order to face such emerging future challenges S&T programmes will have a goal of achieving zero toxicity, zero environmental impact and will be oriented to full eco-friendliness. The natural resource management and its sustenance are crucial elements for development. Therefore, various survey organisations will be strengthened both in terms of infrastructure and acquisition of new techniques.

viii) For a qualitative growth, as distinct from the quantitative, human resource development and motivation will be regarded as the key issues. Mobility of the S&T personnel between the various R&D organisations, academic institutions and the industries sector for limited periods will be encouraged. Younger scientists will be attracted to scientific and technological research careers by providing various types of economic incentives and improvement in their functioning environment.

ix) The education sector will be given special attention for upgrading research, education and training in their institutions. Greater emphasis will be laid on training of scientists in modern management techniques including in areas of technology marketing and IPR related issues.

x) Science and technology activities in the States and Union Territories will be geared up to take up location specific application oriented R&D programmes involving various users for providing S&T inputs in the key sectors of socio-economic development. Specific institutions/ scientific groups, NGOs etc. will also be encouraged for promoting innovative S&T programmes.

xi) While the role of the government in supporting basic research, technology development and its application as well as the promotion of S&T infrastructure will continue at an accelerated scale, efforts will be made during the Ninth Plan to generate maximum resources for R&D from the production and service sectors.

(xii) The initiative taken in the Annual Plan for 1996-97, namely the Rupee-to-Rupee Scheme and the Technology Development Board will be continued in the Ninth Five Year Plan and a Corpus Fund for financing research projects in frontier areas of science by distinguished scientists of any age,
will be created.

(xiii) Science and Technology programme during the Ninth Plan will take into account the strategy towards patents and a special strategy for cost-reducing and quality-creating technology centres necessary for competitiveness in trade and to withstand external pressures.

(xiv) In the bio-technology field, well targeted research on transgenic crops will continue particularly for cotton, rice and quality markers for wheat. For other areas, networking approaches will be followed. The tissue culture programme will be commercialised on a larger scale. Biocontrol agents for pesticides and biogenic fertilizers will be emphasised, as also bio-integrators and bio-sensors for pollution control. In immunologicals and vaccines, research will be closely related with applications.
Chapter V

COOPERATIVE FEDERALISM

5.1 Planning Commission is committed to advance the principles of political, administrative and economic federalism so that the energies of the people are pooled in the task of nation-building and ameliorating the poverty of masses. Planning by its very nature is a participative process in which governments at different levels, Panchayati Raj Institutions, Non-Governmental Institutions, Voluntary Action Groups and most of all, the people at large, have to participate.

Union-State Relations in the Sphere of Planning

5.2 Over the years, some problems have surfaced in the Union-State relations in the sphere of planning. Various commissions like Administrative Reforms Commission in the 1960’s and Sarkaria Commission have examined the issues involved and made various recommendations. Some steps have been taken from time to time to resolve the problems but further improvement is necessary. The underlying issues are both substantive as well as procedural. The procedural issues mainly relate to the formulation of State Plans as also the system of monitoring and appraisal. The substantive issues include the role of Central Government in areas where responsibility for implementation is mainly of State Governments and the flow of Central assistance to the States.

5.3 As regards formulation of State Plans, various problems have been articulated at different fora. These include inadequate consultation with the State Governments in formulation of plans, detailed scrutiny of plan schemes by the Planning Commission and earmarking of outlays which leaves little discretion with the State Governments to decide their own priorities.

5.4 The formulation of State Plans comprises the following elements:

i) Determining the Plan size;

ii) Working out sectoral and sub-sectoral outlays;

iii) Earmarking of outlays in important sectors/schemes.

Some changes were brought about during the course of Eighth Five Year Plan regarding the formulation of State Plans. Starting from 1993-94, the meetings between the Deputy Chairman, Planning Commission and State Chief Ministers started to be organised right at the beginning of the exercise to fix a plan size for the State, keeping in view
the likely resource availability. The States were required to send their detailed Plan documents consisting of sectoral/sub-sectoral allocations subsequent to these meetings. This was an improvement over the earlier procedure under which sectoral and sub-sectoral requirements were worked out in the meetings of Working Groups set up in the Planning Commission and a Plan size was accordingly projected keeping in view the needs of various sectors. Since the resources available were invariably much lower than the needs, cuts were made in the sectoral/sub-sectoral allocations at a later stage keeping in view the resource availability. Though the present procedure obviates the need for such cuts, the main problem of the Plan sizes turning out to be unrealistic continues. This is mainly because the estimates of the States' own resources, particularly the commitments regarding Additional Resource Mobilisation (ARM) by the States do not often materialise. A look at the figures for the first four years of the Eighth Plan for the States' commitments regarding Additional Resource Mobilisation would indicate that actuals have fallen far short of projections. Another weakness of the present system is that the packed schedule of annual State Plan discussions leaves little time for thorough analyses. There is no built-in discipline in the current system to ensure performance and accountability and in many cases year after year unrealistically large plan sizes get approved.

5.5 The present system of monitoring, review and appraisal of State plan schemes and projects is also not entirely satisfactory. On the one hand, there is the perception of the States that there is too detailed a scrutiny by the Planning Commission and other organisations of State Plan proposals while on the other, there is a view that the process of Central monitoring is weak. The sectoral Working Groups' discussions take place once in a year at the time of Annual Plan discussions, and each Working Group does not get more than a few hours for its work. These discussions more often than not are confined to reviewing broadly the physical and financial progress of the sector, and a qualitative analysis is limited.

5.6 Another problem is the practice of excessive earmarking of outlays. The practice was started in 1969 with the objective of protecting the outlays for important schemes and projects after the system of giving Central assistance for specific schemes was done away with and a system of block loans and block grants was started. Under the present guidelines, the earmarking is restricted to 50 per cent of the total outlay for Non-Special Category States and may be higher for Special Category States. Even though earmarking for important schemes/projects is done in consultation with the State officials, there is a perception that earmarking of outlays does affect manoeuvrability of the State Governments and encroaches on their autonomy and freedom to decide sectoral/sub-sectoral outlays suiting
their needs.

5.7 Among the substantive issues in the sphere of planning, the most important issue is the financial crunch which is faced both by the Central as well as State Governments. The share of States in the total public sector outlay has come down and is likely to be around 36 per cent during the Eighth Plan. The States' perception is that this situation is the result of an imbalance between the Centre and the States in respect of both access to resources as well as sharing of resources. The Centre not only has access to more buoyant resources but also has an unduly large share in these resources. Demands have also been made to increase the grant component of Central assistance keeping in view the debt position of the States. The dissatisfaction of the States also pertains to the ever increasing number of Centrally Sponsored Schemes, which according to them, have made deep inroads into States' activities and have affected their initiatives and priorities. It has also been suggested that there is rigidity in implementation of these schemes which does not take into account the wide diversity prevalent in different States.

5.8 Dissatisfaction has also been aired regarding the allocation of Central assistance as per the Gadgil Formula. While some argue that the formula does not take care of the needs of backward States, as a result of which regional imbalances have increased, others feel that the formula does not reward good performance adequately.

Ninth Plan Approach :

5.9 The above issues which have a reflection on resource availability for the States need careful analysis and public discussion. The Sarkaria Commission had looked into the issue of financial relations between the Union and States and had made some recommendations. The matter has been considered by the Inter-State Council recently wherein it was decided that its Standing Committee would review and update the recommendations of Sarkaria Commission.

5.10 Essentially, the problem of resource availability, which affects both the Centre and States, can be overcome only if there are greater efforts to tap the resource potential both at the level of Central Government as well as State Governments. Unless the resource availability improves, it may not be possible to channelise larger quantum of Central assistance or to increase the grant component to the States. The formula for allocations for Central assistance among different States had been approved by the National Development Council (NDC) in 1991. It is obvious that no formula can satisfy all the States. The matter would have to be discussed in the NDC. Planning Commission has, however, given consideration to the question
of promoting balanced regional development and meeting the basic necessities of life of the masses. Starting from 1996-97, additional allocations have been made to the States for seven Basic Minimum Services. Greater attention would need to be paid during the Ninth Five Year Plan to remove the gaps in the provision of Basic Minimum Services, in the levels of development of rural-agricultural hinterland and in the development of infrastructure so that no region/sub-region and no group or groups of people remain deprived of the benefits of development. It would call for larger allocations to the States to meet these objectives and inter-state allocations would be determined on the basis of identified gaps in different States.

Centrally Sponsored Schemes

5.11 As regards Centrally Sponsored Schemes (CSS), there is no doubt that there has been a proliferation of such schemes over the years. Efforts have been made from time to time to transfer schemes to the States alongwith resources but such efforts have been of a very limited nature. The result is that in 1995-96 there were 182 CSS with a total outlay of the order of Rs. 16,000 crore. Many of these schemes relate to subjects falling squarely within the competence of the State Governments. In principle, Centrally Sponsored Schemes should be confined to schemes of an inter-State character; matters impinging on national security; selected national priorities where Central supervision is essential for effective implementation; and multi-State externally financed projects where Central coordination is necessary for operational reasons. Except for such schemes, all other schemes should be transferred to States alongwith corresponding funds. The exact details of the schemes which can be so transferred would have to be worked out in consultation with the Central as well as State Governments so as not to cause any disruption in the field.

5.12 For meeting certain national development priorities, as well as for tackling urgent socio-economic problems, the approach adopted in respect of seven Basic Minimum Services, introduced in 1996-97, has much to commend itself. This approach was adopted unanimously by all the Chief Ministers at a conference convened by the Centre. The modalities of this approach were also worked out in consultation with a group of Chief Ministers. It is, however, significant that additional funds are being provided as part of States' Plan and there is sufficient flexibility available to States to meet pre-defined objectives in areas of high social priority. A similar approach has been adopted in respect of the recently announced scheme for improving conditions in our slums. It is proposed that the model adopted in respect of these schemes should also be replicated in other important areas such as Hill Development, anti-poverty programmes, agricultural development or mega-city problems. Funds for
tackling the specific problems of high priority should be earmarked for achievement of pre-specified goals. However, such schemes should be implemented as part of State Plans and sufficient flexibility should be given to States for designing the programmes and for implementing them. Central Ministries should be involved in monitoring and in disseminating information and analysis regarding "best practices" in respect of areas covered under such schemes. The main responsibility for managing the programme should be that of States, and not that of the Centre.

5.13 In a modified form a similar approach should be followed in certain important sectors/projects, viz., power, selected major and medium irrigation projects, critical communication and agricultural development infrastructure, critical Science & Technology programmes, national statistics and environmental standards. Detailed five year sectoral plans will be prepared for each of these sectors. The policy perspective for private sector participation will be detailed and investment expected outlined. Funds for these sectors both from Central Plan and in State Plan will need to be detailed and dovetailed and will have to be provided for. These will be monitored at the Central level. For remaining projects/plans a more decentralized procedure will be followed.

5.14 Another area which would need attention in the wake of greater autonomy to the States is the likely competition among States for location of industrial and other activities, which may lead to giving more concessions on taxes and subsidies. Populist measures have a tendency to spread because it becomes politically difficult for a State not to adopt such measures if neighbouring States have adopted them. It is necessary to move away from this type of competitive federalism to Cooperative Federalism. Planning Commission will work out a suitable framework of Cooperative Federalism and try to reach a consensus among States for such a framework on issues like harmonisation of tax structure, minimum tariff for certain services, cap on the level of subsidies and facilitation of inter-State trade flows etc.

Formulation of State Plans

5.15 Annual State Plans are operational documents to give effect to the five year plan priorities during the particular year and, therefore, the Planning Commission's link with the process of formulation of Annual State Plans would have to be maintained. However, the States would be free to decide the annual phasing of sectoral/sub-sectoral allocations, keeping in view the approved Five Year Plan outlays, national priorities and their own needs. There would be no need for a detailed examination of these allocations by the Working Groups set up in the Planning Commission. The Annual Plan documents prepared by States
would be examined in the Planning Commission only to ensure their broad adherence to the Five Year Plans. Earmarking of outlays would be restricted to the minimum extent necessary to meet the objectives outlined above. As regards the State's Plan size, Central Government's responsibility is to provide the Central assistance and the State Government has to mobilise its own resources including Additional Resource Mobilisation. States would, therefore, be free to decide their Plan size taking into account the Central assistance and seek legislative approval for both the Plan outlay as well as the additional measures for resource mobilisation; there would be no need to obtain the approval of Planning Commission on the size of the State's Plan. This system will encourage better accountability and commitment of the State Governments to achieve the Plan size as decided by them. Some changes regarding categorisation of various sources of finance under State's own resources and Central support would also be effected during the Ninth Plan. Items like SLR based borrowings of the States as well as negotiated loans from institutions like LIC, GIC etc., would no longer be categorised as part of Central support.

5.16 Steps have already been initiated to improve the involvement of States in the planning process. The occasion of Annual Plan discussions for 1996-97 was used to take cognizance of States' perceptions regarding the priorities, approaches and strategy for the Ninth Plan and States were also requested to send their detailed views in this regard separately. These views have been taken into account while preparing the Approach Paper to the Ninth Plan.

5.17 As regards review and monitoring, this will be made more intensive and detailed in the Ninth Plan but would be undertaken as a participatory exercise with the State Governments once or twice during the five year plan period in as many State capitals as possible. Detailed formats for such reviews would be worked out so as to make the whole process more meaningful and fruitful. Such detailed meetings would enable better interaction and sharing of experiences between the State Government officials and Planning Commission and enable Planning Commission to see the ground realities in a much more effective way. Efforts are being made to make Planning Commission a repository of best practices and models in development keeping in view the experiences of different States/organisations. Meetings at State capitals would provide an opportunity to the Planning Commission to discuss such models for adoption and implementation in other States also.

Panchayati Raj and Decentralised Planning

5.18 The process of decentralisation and grant of autonomy does not stop at the State level but has to be carried further by the State Governments to the regional and sub-regional levels. Democratic decentralisation through
the Panchayati Raj system was adopted in the 1950s in some States. However after the mid-1960s the functions of these institutions declined. Efforts were made to revive these institutions several times in the 1970s and 1980s, with little success. However, with the enactment of the Constitution Amendment Act (1992), Panchayati Raj Institutions (PRIs) have been revitalised and a process of democratic decentralisation has been ushered in.

5.19 Consequent to the 73rd Constitutional Amendment Act, State Governments have enacted enabling legislations providing for elected bodies at the village, intermediate and district levels, with adequate representation from the weaker sections and women. All the States have constituted State Finance Commissions and State Election Commissions as stipulated. Almost all the States have constituted Panchayati Raj bodies, with the exception of Bihar, Orissa, Lakshadweep, Pondicherry and the hill district of UP. In Manipur and Goa, Zilla Parishads have to be constituted.

5.20 The State Governments are further required to endow the Panchayats with power and authority necessary to enable them to function as institutions of self-government with the responsibility of preparing plans for economic development and social justice and implementing them. In the Ninth Plan, it is expected that the 29 subjects identified in the Eleventh Schedule would be transferred to Panchayati Raj Institutions. Correspondingly, transfer of resources would have to be effected. In addition they would require personnel and administrative support. Staff engaged in particular works/departments should be transferred along with the work to the Panchayati Raj Institutions. In other words, there would be a need to redeploy the existing staff in various government departments rather than engaging new workers.

5.21 In addition to the grants out of the Consolidated Fund of the States and allocations received from Central Government for implementation of Centrally Sponsored Schemes, the Panchayats would have to be given revenue-raising powers of their own. By and large Gram Panchayats have relied largely on the grants of the States, as they have had very limited revenue-raising powers. The financial position of Panchayat Samities and Zilla Parishads has been even more precarious, as Panchayat Acts in many States have not specified any taxation powers for them. Therefore, it is necessary that specific responsibilities and resources are vested with the local bodies. In fact, in the case of Centrally Sponsored Schemes, it is proposed that during the Ninth Plan the flow of funds would be directly tied to the Panchayati Raj Institutions. Also, Annual Plans of the States would have to indicate the PRI component of their total plan. However, transfer of State resources would not meet the objective of Panchayati Raj. The Panchayati Raj Institutions must mobilise local resources and the State
Acts must empower them to levy taxes and cesses at different levels. This will be an important priority of the Ninth Plan. The State Finance Commissions were set-up to determine the principle of sharing of revenue between the State and the panchayats as also between the panchayats at different levels and to suggest ways of local resource mobilisation by the panchayats. However, so far SFCs of only 7 States have submitted their recommendations to the respective State governments. In order to bring about genuine democratic decentralised planning, it is required that all SFCs submit their recommendations to their State governments so as to enable the State governments to devolve necessary powers and functions to the PRIs both via legislative action and executive orders.

5.22 Similarly, as per provisions of the Constitution 74th Amendment Act, the Urban Local Bodies/ Municipalities are expected to prepare plans for the development of urban areas. The municipalities will be the focal institutions for the provision of urban infrastructure and delivery of services and the States would have to endow them with commensurate functional and financial powers and responsibilities.

5.23 While the urban local bodies would have a share in the revenue of the States, they would have to be permitted to levy their own taxes/cesses at the local level. These could include profession tax, property tax, entertainment tax and motor vehicle taxes etc. In addition they could levy user charges and license fees, wherever feasible. Some of the municipalities in cities could also raise resources from the market by issue of bonds.

5.24 The financing tasks of the Plans of local bodies will have to be integrated with the follow up of the implementation of the State Finance Commission Reports. These reports are expected to give the details of schemes of revenue raising for meeting current expenditures and grants-in-aid for meeting these requirements to aid the process of restructuring of these bodies which are at present financially unviable. These exercises have to be followed up by detailing the sources of finance for capital expenditure for infrastructure provision. Those bodies which are able to restructure their revenue account finances, must be enabled to engage in borrowing for productive infrastructure projects subject to credit worthiness. Financial sector reform to allow floatation and trade of municipal and local body papers, for financially viable local bodies and tax and other incentives for this purpose must be thought of, as in other countries.

5.25 As per Article 243(G) of the 73rd Constitutional Amendment Act, the Panchayati Raj Institutions will prepare plans for economic development and social justice. Thus the core function of the PRIs would be planning at the local level through the institution of the District Planning
Committees. Even these have not been set up in many States. However, this should receive top priority as these District Planning Committees will provide the umbrella for the preparation of integrated district development plan. However certain broad principles would have to be laid down for assigning a role to each of the three-tiers; the actual devolution could be based on the rule that what can be done at a lower level should be done at that level, and not a higher level. The Gramsabha would list out priorities and assist in the selection of beneficiaries for various programmes and schemes. In this way the aspirations of the people would be articulated. Thereafter the planning process would begin from below with the preparation of village plans which would be incorporated into the intermediate level plans and finally merged into a district plan.

5.26 A 'Core Planning Team', comprising of experts from various disciplines should be formed. The team should obtain inputs from the Remote Sensing Centres, ARPU, and other organisations on the physical and natural resource endowments of the area and assist in the formulation of the plans. Keeping in view the resources available at each level, programmes/schemes should be taken up on the basis of identified priorities. In so far as earmarking of resources for decentralised planning is concerned the recommendation of NDC Committee that 41 per cent of plan resources be set apart for this should be the objective during the Ninth Plan. This could include a proportion as untied funds and as 'incentive grants' to match the contribution raised by PRIs. Thereafter sectoral allocations at the State level should be on the basis of demands made from below by the districts and in keeping with national priorities. In this way, it would be possible to bring about both a vertical and a horizontal integration of resources and services. The PRIs would provide an umbrella for the convergence of various sectoral, poverty alleviation and area development programmes at each tier and the vertical integration would be facilitated by an integration of area plans from the village to the State level. This would ensure a synergy between macro-level and micro-level objectives.

5.27 A comprehensive and time bound training policy would have to be formulated in order to ensure that the Panchayati Raj functionaries are equipped with information regarding various programmes/schemes of the governments, available technologies and other relevant information which have to be disseminated amongst the local people. The Central government should provide for training of trainers but the State governments would have to take up training at the more decentralised levels in keeping with the local training requirements.

5.28 Awareness building among the people needs to be given top priority. The government machinery, voluntary
organisations and self-help groups will be involved in the process of advocacy and in organising the people, especially the poor. Participation of people can be encouraged through beneficiary-functional committees which should be given the responsibility of overseeing the implementation of various programmes. Social audit and transparency in the functioning of PRIs is crucial for the growth and development of these institutions. These will be the important goals of the decentralisation strategy during the Ninth Plan.
Chapter VI
IMPLEMENTATION AND DELIVERY SYSTEMS

6.1 For realisation of the intended plan objectives, the quality of design and the manner of implementation of programmes/projects are as important as the availability of resources. Our past experience has been that many programmes and projects, which have laudable objectives, have failed to deliver the results because of failures in implementation. Time and cost over-runs in infrastructure and investment projects have been widespread and substantial. Many development programmes have also not had the desired impact on the well-being of the poor because of inadequate administrative planning and implementation. An area of priority of the Ninth Plan is to improve project implementation and delivery mechanisms and to ensure that intended benefits actually reach the people. No new programmes or project should be launched without paying sufficient attention to these aspects.

Review of past experience

6.2 A recent review of 110 major projects, each costing Rs.100 crore or more, in 9 major economic sectors by the Department of Program Implementation showed that the time over-run varied between 7 to 36 months. A study on a few major projects indicated that the cost over-run, for reasons other than inflation and changes in duty/exchange rate regimes, varied between 40% to 75% of original estimates. As a result, net accretion to capacities is not commensurate with the level of gross investment.

6.3 Among factors responsible for time and cost over-runs are:

- Poor project formulation due to inadequate field investigation, lack of adequate data, inadequate analysis of environmental and rehabilitation implications, changes in prices and exchange rate regimes, etc.

- Delays in clearance from various regulatory agencies in land acquisition and in procurement of materials. Such delays are primarily due to poor project planning, as these problems are not explicitly considered at the planning stage.

- Changes in design or scope of project midway through execution.

- Inability of the project management to take prompt decisions on cost increases even when the objective circumstances warrant such decisions.
- Management problems such as personnel, labour and contractor disputes, mis-match of equipment, etc.

- Inadequate and untimely release of funds.

- Unforeseeable factors such as adverse geo-mining conditions and natural calamities.

6.4 Project planning has to be more scientific and approval procedures more strict to ensure that avoidable time and cost over-runs are much less frequent. The approval procedure should be linked up with early completion of incomplete projects and sustainability of project output. Because of the less stringent approval procedure, there is a tendency to get too many projects cleared without the requisite financial resources in sight. At the same time, it is important to ensure that rigour in appraisal and planning itself does not become a cause of delay because of repetitive and multi-level examination of technical and economic data. Strict time-tables need to be laid down for completion of approval processes and preliminary work.

6.5 Implementation of projects will considerably improve if the planning and approval procedures become more scientific and rigorous. However, there is need for effective project management to track the progress in implementation and take the necessary corrective actions, as the progress may be affected by unforeseen factors. Thus, monitoring and evaluation system must be strengthened and implementing agencies must be made accountable for non-adherence to the plan of work.

6.6 Sustainability of project output is an area which has received much less attention in the planning process. This is the primary reason for the deteriorating conditions of assets and low capacity utilisation. The project design should include the parameters which bring out clearly as to how the project output in the form of goods and services will be sustained during operation, how various assets will be maintained and quality ensured. This question is also linked with the issue of 'pricing' of project output. This also must be squarely addressed and project authorities should have complete freedom to price their output to recover legitimate costs and generate a reasonable surplus for further investments.

6.7 In the case of development programmes, factors affecting the performance can be broadly categorised into two, namely, those relating to diversion, non-utilisation and misuse of funds and those relating to programme formulation and implementation. A review of several development schemes shows that in many of these non-utilisation and diversion of funds to other purposes were quite significant. Since diversion of funds leads to sub-
optimal performance of programmes and denial of benefits to beneficiary groups, it is essential that this problem be addressed jointly by the Centre and States in all poverty alleviation schemes in the spirit of cooperative federalism.

6.8 Evaluation studies conducted by the Planning Commission also suggest that the poor performance of development programmes/projects is primarily due to deficiencies in planning and implementation. Adequate attention is seldom paid to assessment of beneficiary needs, fixation of criteria for selection of target groups, choice of implementation methods and delivery systems, adequacy of physical and financial inputs, choice of indicators to be monitored and sustainability of programme benefits. Rigid guidelines for implementation of programmes, high operational costs, improper targeting leading to leakage of benefits to areas/people not targeted, extending the coverage of a programme to a larger (than desired) area/population to avoid the risk of "exclusion", inadequacy of the delivery systems of most programmes etc. are all reflections of inadequate planning of programmes before implementation.

6.9 Effective programme formulation calls for a detailed analysis of available information on the socio-economic and cultural profiles of the target population across States, regions and districts, and of the ways in which the project is likely to affect or be affected by the social, economic and political environment in which it operates. This would enable the concerned agencies to assess the relative effectiveness of different implementation methods, their cost implications and the likely impact of the project on target groups. However, a detailed analysis of this type is not always possible for various reasons, viz.: non-availability of the required data base, time and resource constraints, complex and ever-changing inter-action between the project and its environment, unusual variations in local conditions and the like.

6.10 A more practical approach to programme formulation, particularly for social sector programmes, is to put the lessons learned from the experience to practice. The Planning Commission alone has, till date, evaluated nearly 170 programmes. Governments, at both the Centre and State levels, can save considerable time and resources if the findings of evaluation studies are put into practice to select socially acceptable and operationally practical implementation methods. This will avoid inappropriate assumptions about the needs or forms of cooperation of the target population and help select appropriate implementing agencies.

6.11 The lessons learnt from the experience of development schemes during the last forty years can be briefly summarised as follows:
(i) There is inadequate analysis of available information during programme formulation. This happens primarily because there is no established mechanism through which programme agencies can have ready access to the relevant information regarding target groups/areas or the findings of evaluation studies. As a result, avoidable errors at the planning stage creep in. For example, in a programme designed for empowerment of rural women, the basic and well known fact that most women in India are illiterate was not explicitly considered to formulate the operational rules and to design the delivery system. In one rural employment generating programme there was no correspondence between the seasonal variations in labour supply and the release of money for undertaking employment generating schemes. The installation of piped water supply schemes in areas with erratic electricity supply without the provision of adequate electricity is another example. Some rudimentary analysis of available information and logical framework analysis would have helped avoid such errors that lead to wastage of resources and sub-optimal programme impact.

(ii) Formulation of multiplicity of programmes in a narrow area of social concern without any specific thrusts can lead to several problems. Available resources are spread too thinly across a large number of projects leading to sub-optimal project outcome. For the out-of-school girl children, for example, a number of programmes are currently in operation. In the formal system itself, special incentives for girls are provided in most States and some of these schemes (as in Tamil Nadu and Maharashtra) have improved the retention rate of girl children. The girl centres under Non Formal Education (NFE), Scheme for Adolescent Girls in Integrated Child Development Scheme (ICDS), National open schools, Ashram schools in tribal areas and some special component plans are also trying to reach the same target group. Many such centres in the non-formal sector do not attract adequate response. As a result, grassroot level education centres turn out to be non-viable and ineffective.

(iii) The general approach in implementation is 'top-down' and 'target-oriented'. Some physical and financial targets are sought to be achieved in most programmes. However, evaluation studies by Planning Commission reveal that fulfillment of these targets does not necessarily ensure that the programme objectives are being met. In many anti-poverty programmes, though the targeted number of families/beneficiaries/districts/villages have been

118
covered and the allotted money spent, such programmes have failed in making the desired impact on the well being of the beneficiaries. The implementing agencies are often more concerned with the fulfillment of targets assigned to them than with the actual flow of benefits to the target groups.

(iv) For some programmes (like Desert Development, Integrated Tribal Development and District Industries Centres) separate implementing agencies are created, whereas these are actually implemented by the existing line departments, who work independently for different components of a programme. This leads to lack of focus on target groups, wastage of resources and lack of coordination among the line departments. The creation of such agencies without the necessary institutional changes makes these agencies redundant and affects the implementation and operation of programmes.

(v) Monitoring and Evaluation (M/E) of programmes are undertaken to introduce the necessary correctives in programme formulation and implementation. In spite of the existence of an elaborate M/E system in the country, the findings of M/E are not put to use for a variety of reasons. First, the physical and financial indicators regularly monitored often do not reflect on the actual impact of the programmes and are, therefore, of little use in diagnosing the problems in implementation. In an area development programme, for example, it was found that, while at the aggregate level the targets with regard to areas under forestry, irrigation and soil conservation were achieved, the primary objective of the scheme, viz.; integrated watershed development was not achieved, as these activities were not integrated at the watershed level. Second, whatever information is generated through the M/E system, these are not analysed with a problem-solving perspective to aid the implementing agencies to re-assess the original schedule of work. Third, there is no mechanism through which the planners and implementing agencies can have ready access to information in a format that is useful to them. Publicity and systematisation of available information in a user-friendly format is needed to ensure their use in decision making.

(vi) Lack of accountability of the implementing agencies either to the Government or to the people has been the single major cause for misappropriation of funds in development programmes. It is well known that implementing agencies and programme managers can get away easily with time and cost over-runs or non-fulfillment of targets by attributing these to factors beyond their control. In many cases they are
indeed justified, as most programmes leave too many loose ends at the planning stage. Nevertheless, several cases of mis-appropriation of funds meant for anti-poverty programmes have also come to light. In one of the employment generating schemes, it was found that the muster rolls were not maintained at the grass root level. A Non-Governmental Organisation (NGO) has unearthed several cases of misappropriation of funds in rural development programmes in four districts of one State. This happened primarily because of lack of people’s participation in the implementation of programmes, the lack of transparency in the operation of schemes and inadequacy of the monitoring mechanism. Suitable institutional reforms, involvement of the people and grassroot level non-government agencies in formulation and implementation are needed to overcome this problem.

(vii) The operational cost of some programmes tends to be abnormally high partly because of redundant and ineffective administration, and partly due to other inadequacies in planning and implementation. In a programme for rural women, it was observed that the unit delivery cost was nearly four times the benefit received by a beneficiary.

(viii) Several social sector programmes are formulated without addressing the question of sustainability of benefits. The primary objective of such programmes should be to build the capability of the vulnerable groups to be self-reliant. In reality, most programmes run with ever expanding government budgets and thus pre-empt resources which could find better alternative uses. It is possible to recover the full or a part of the operations and maintenance costs of many programmes if delivery of services in programmes is improved and if people are involved in the formulation, implementation and operation of schemes.

Pre-conditions for Success

6.12 The general weakness in programme formulation and implementation notwithstanding, there have also been several cases of success. The success stories of Mahila Samriddi Yojana and Accelerated Rural Water Supply in some districts, Mahila Samakhyta in Andhra Pradesh and Rashtriya Mahila Kosh in the southern States are among such examples. Some programmes have also made perceptible impact on the well being of beneficiaries. The impact of (a) the scheme for Development of Women and Children in Rural Areas (DWCRA) on rural women of Andhra Pradesh, Kerala, Nagaland and Tripura; (b) the Employment Guarantee Scheme (EGS) on the rural poor of Maharashtra; and (c) the Self-Employed Women’s
Association (SEWA) on self-reliance and employment of women, has been encouraging. Such success stories have generally come about where different models of participation by people's institutions are functioning or dedicated government officials took keen interest in implementation of programmes. Studies show that these institutions have the following essential ingredients:

- they are owned and managed by users/stakeholders, producers or beneficiaries.
- they are accountable to the community.
- they have the capacity to be self-reliant over a period of time.
- they have the capacity to diagnose the needs of areas, interact with Government agencies in order to draw need-based local level plans and to implement these in close cooperation with the administration.
- they tend to bring about the integration of various segments of the society for achievement of common goals of development. The involvement of these institutions has contributed to better planning and implementation as programmes are then identified, selected and designed keeping in view the local conditions. Awareness generation among beneficiaries, which is critical to their participation in implementation, takes place automatically in this process of identification and selection of programmes.

Strategy for the Ninth Plan

6.13 In view of the above lessons from experience and also because of the increasing financial and competitive pressures in which the Government has to operate, it has become necessary to introduce the necessary correctives to reverse many of the unsustainable trends in programme/project formulation and implementation. This will be a central priority of the Ninth Plan.

6.14 For infrastructure and investment projects, emphasis will be laid on maintenance and better utilisation of existing assets/capacities on the one hand, and early completion of incomplete projects, on the other, so that productivity of existing assets improves and benefits are realised early. Formulation and implementation of programmes similar to the Accelerated Irrigation Benefits Program must be given priority. In fact, the Commission has already issued some guidelines in this regard. The salient features of these guidelines are:

- projects due for completion in the Eighth Plan and in which less than 10% of approved outlay has been spent
should be considered for discontinuation/shelving;

- projects which were nearing completion in the Eighth Plan should be taken up for accelerated completion with revised time and cost estimates;

- projects due for completion during the Ninth Plan or beyond as per approvals can be included as Plan projects for which no further details need be provided;

- for all other projects the States and Central Ministries would have to provide complete justification for their continuation with revised estimates of cost and time.

6.15 Project planning has to be more scientific and approval procedures more rigorous. The factors known to cause time and cost overruns and the issue of non-sustainability of project outputs must be addressed at the planning stage itself. ExTRANeous influence to by-pass detailed scrutiny of projects at the approval stage must be avoided. In any case, during the Ninth Plan only a limited number of new projects should be considered for approval. Apart from this, monitoring and evaluation of implementation of projects, including the monitoring of maintenance of existing assets need to be made more effective and purposeful.

6.16 For social sector programmes the following actions will be taken:

- A genuine push towards decentralisation and people's participation will be given. Through institutional reforms a conducive environment for people's participation will be created for strengthening the Panchayati Raj and the different models of people's institutions. However, the Centre and States will have to jointly act to make this possible. This alone could help overcome most of the deficiencies in programme formulation and implementation.

- Reorientation and integration of all village level schemes under the Panchayati Raj to avoid thin spread and wastage of resources.

- The existing schemes whose delivery costs are disproportionately high or which fail to make the desired impact should be considered for reorientation and discontinuation. It is necessary to shelve such schemes whose delivery cost exceeds, say 15-20% of the total cost of operating the programme.

- Monitoring and Evaluation of programmes will have to be made more effective and purposeful. The Centre, States and the grassroot level organisations/institutions would all have to be involved to ensure the effectiveness of
M/E system.

- To improve access to information on evaluation studies and findings of monitored data by the planners, policy makers and programme managers, efforts will have to be made to package the available information in user-friendly formats. The Planning Commission will bring out a compendium of evaluation studies and give wider publicity of the findings of research studies conducted and sponsored by it.

- Institutional changes to bring in transparency in implementation and operation of programmes. For this purpose, avoidable barriers to full flow of information must be removed.

- Build in sustainability of outputs and benefits and maintenance of public facilities as a necessary component of project/programme formulation.

- The benefits of development are not equally shared by women. Though the political process of empowering women has taken roots, a better enabling environment is needed for women to become agents of social change. Women cooperatives, self-help groups and grassroot level NGOs must be vested with the control of social infrastructure.

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