

CHAPTER 4

Thrust Areas

Mid Term Appraisal of the Ninth Five Year Plan

The Mid-Term Appraisal (MTA) exercise for the Ninth Five Year Plan was initiated by the Planning Commission with a view to assess the performance of the Plan for the years it has been implemented and to take corrective action to effectively achieve the objectives laid out for the Plan period as a whole. The draft Mid-Term Appraisal Document was considered by the Full Planning Commission in its Meeting held on 30th September, 2000 under the Chairmanship of Hon'ble Prime Minister and Chairman, Planning Commission.

2. The growth rate of the economy during first three years of the Plan appears to be significantly below the target rate of 6.5 per cent per annum. In 1997-98 the economy was estimated to have grown only at 5 per cent, which was a sharp reduction from the 7.5 per cent attained in the previous year. The principal cause of this reduction was the negative growth rate of Agriculture during 1997-98. The Manufacturing sector also witnessed a sharp decline and grew at just above 4 per cent as compared to the double-digit growth attained during the previous three years. In 1998-99 the economy bounced back to record a growth of 6.8 per cent primarily on account of a sharp recovery in agricultural growth. The Manufacturing sector, however, continued to perform badly and registered a growth rate marginally below 4 per cent. In both these years, the Services sectors continued to perform well and prevented the GDP growth from slipping further.

3. For 1999-2000, the quick estimate by Central Statistical Organisation (CSO) indicates a growth rate of only 6.4 per cent. On this basis, the average growth rate for first three years of the Plan will be 6.1 per cent per annum. However, it is felt that the CSO estimates for 1999-2000 may be on the lower side since they have not fully taken into account the positive developments in the latter half of the year, particularly in Agriculture and Manufacturing. Planning Commission's estimates place the growth for this year in the range of 6.7 per cent to 6.9 per cent, which would yield an average growth rate of 6.2 per cent for the first three years .

States Resources

4. The Mid-term Appraisal of the Ninth Five Year Plan, undertaken by the Planning Commission, has shown that there has been a shortfall in mobilisation of budgetary resources by the Centre for the Plan in the first three years which has been offset to some extent through a larger recourse to borrowings than projected in the Ninth Plan. There has been a widening gap between receipts and revenue expenditure of the Centre resulting in sharp deterioration in the Balance from Current Revenues (BCR) during 1997-2000.

5. The finances of the States have been under considerable stress, particularly during the last few years. There has been a growing mismatch between revenue and expenditure of the States with the resultant deterioration in revenue and fiscal deficits. There has been a steady rise in State's debt/GDP ratio, further compounded by other liabilities incurred through issue of guarantees.

6. The Mid-term Appraisal of the Ninth Five Year Plan also shows that there has been a massive deterioration in the contribution of `Own Funds of the States' to Plan resources with increased dependence on borrowings to finance their Plan. The shortfall in the contribution of `Own Funds of the States' have been mainly due to deterioration in the Balance from Current Revenues (BCR) of the States and unsatisfactory performance of the State level public enterprises.

7. Despite the grim scenario, the overall climate in the country today is conducive to the emergence of a more responsible fiscal regime. Thirteen States signed MOU with Ministry of Finance, Govt. of India in 1999-2000, showing a willingness to undertake corrective fiscal measures. Moreover, the agreement among States to implement a harmonized floor rate of sales tax has been more or less complied with by almost all the States, again pointing to a desire among them to abandon the earlier policies of tax wars and competitive populism. The implementation of the recommendations of the Eleventh Finance Commission will strengthen the states' efforts to put their finances on a sustainable footing .

Formulation of Tenth Five Year Plan

8. The Hon'ble Prime Minister and the Chairman, Planning Commission has directed the Planning Commission to examine the feasibility of achieving a GDP growth rate of 9 per cent during the Tenth Five Year Plan. Although, this is much higher compared than anything achieved in the past, it is not inherently infeasible as many countries in East Asia have achieved this growth rate. It would, however, call for a radical re-orientation of our policies, especially a major improvement in the efficiencies of resource use in our economy. The Planning Commission is currently working on the Approach Paper for the Tenth Five Year Plan which will highlight the main issues and broad direction that might be followed in the Tenth Plan.

9. The process of Plan formulation includes a well-defined consultative mechanism that uses inputs and suggestions from interest groups including those from the industrial, agricultural and service sectors, as well as professional bodies representing academicians, NGOs and other associations. In order to undertake a comprehensive review of Policy initiatives needed and to ensure lateral inputs into the process, Planning Commission organized a series of consultations with various interest groups namely, (i) Economists and Academics, (ii) Representatives from Agriculture, Rural Development and allied sectors, (iii) Representatives from Education, Health and other Social sectors, (iv) Representatives from Industry, Power and other infrastructure sectors and (v) Representatives from Trade Unions. The results from these consultations would be suitably incorporated in the Approach Paper for the Tenth Five Year Plan. Various Steering/Working Groups have also been constituted for the formulation of Tenth Five Year Plan. The views from these bodies /agencies, experts and officials from the Centre and State Governments would be taken note of through the deliberations of these Groups. In the meanwhile, the Central Departments have been asked, to begin a review of all their schemes, on a zero-based budget methodology, before deciding about their continuation in the Tenth Plan.

Governance

10. Successful implementation of development programmes requires adequate funds, appropriate policy framework and effective delivery machinery. Past experience has shown that availability of funds is no panacea for tackling problems of poverty and backwardness; it may be necessary but not a sufficient condition. The determining factor, it would seem, is the capability of the funding Ministries to formulate viable schemes and the delivery system to utilise the funds and achieve sustainable growth optimally. This raises the larger issue of effective Governance which is being increasingly perceived as a problem area especially in so far as accountability and ability to manage developmental activities are concerned. Planning Commission has therefore identified Governance as one of the key areas requiring attention and has proposed to set up a separate Working Group on Governance for the Tenth Five Year Plan.

Advisory Group on 'Tax Policy and Tax Administration'

11. An advisory Group on Tax Policy and Tax Administration was constituted by Planning Commission under the Chairmanship of Dr. Parthasarathi Shome. Dr. N.J.Kurian, Adviser (FR) is one of the Members and Shri Rajiv Mishra, SRO (FR) is the Convenor of the Group. In addition to providing secretarial help, Dr. N.J.Kurian and Shri Rajiv Mishra jointly prepared a paper titled "Tax GDP Trends in the Nineties and Future Prospects" which was the task assigned by the Chairman of the Advisory Group. Financial Resources Division has also worked on issues like Reforms in Tax Policy and Tax Administration under both Direct and Indirect Taxes for Centre as well as the States, reviewing savings incentives under income tax, and exploring feasibility of adopting a national integrated VAT in the near future.

National Population Policy (NPP) 2000 and National Commission on Population

12 The Government of India has formulated a National Population Policy (NPP) 2000 which envisages achievement of replacement level fertility by 2010. In order to effectively implement the Policy, a National Commission on Population, located in the Planning Commission has been constituted on 11th May, 2000 under the Chairmanship of the Prime Minister with Deputy Chairman, Planning Commission as the Vice-Chairman. Besides, a full time Member-Secretary, there are about 125 members and permanent invitees to the National Commission on Population which include all Chief Ministers of States and Union Territories, concerned Union Ministers, leaders of political parties, Members of Parliament, representatives of NGOs, media, industry and trade, health professionals and public opinion makers. The terms of reference of the Commission are :

- To review, monitor and give directions for the implementation of the National Population Policy with a view to meeting the goals set out in the Policy.
- To promote synergy between demographic, educational, environmental and developmental programmes so as to hasten population stabilization.
- To promote inter-sectoral co-ordination in planning and implementation across Government agencies of the Central and State Governments, to involve the civil

society and the private sector and to explore the possibilities of international co-operation in support of the goals set out in the Policy.

- To facilitate the development of a vigorous people's movement in support of this national effort.

13. The Commission has set up the following Groups and Sub-Groups to plan and strategize initiatives necessary to implement the Population Policy.

Sl. No.	Name of the Working Group/Task Force
1.	High Powered Advisory Group on Mainstreaming Indian systems of medicine & Homeopathy into the health system.
2.	Task Force on monitoring.
3.	Working Group on media for information, education & communication (IEC) and motivation
4.	Working Group on the Role of Panchayati Raj Institutions and Self-Help Groups in population stabilization.
5.	Working Group On registration Of births, deaths and marriages
6.	Working Group on primary and secondary education in relation to population stabilization
7.	Working Group on Unmet needs, with the following sub-groups: (i) Sub-group on strategies to address unmet needs for contraception (ii) Sub-group on strategies to address unmet needs for maternal and child health (iii) Sub-group on strategies to address unmet needs for public health, drinking water, sanitation and nutrition (iv) Sub-group on strategies for empowerment of women, development of children and issues relating to adolescents

14. To facilitate the attainment of the goals set out in the NPP 2000 an Empowered Action Group attached to the Ministry of Health & Family Welfare and a National Population Stabilization Fund has been set up to support activities/programmes/projects/innovative ideas in the field of population stabilisation. A seed money contribution of Rs. 100 crores has been announced for the National Population Stabilization Fund; Corporate sector, industries, and individuals are expected to contribute to the fund. Contributions to the national Population Stabilization Fund will be exempt from taxation.

Centrally Sponsored Schemes

15. The following three new Centrally Sponsored Schemes were approved by the Full Planning Commission during 2000-01 :

- (i) "National Project for Cattle and Buffalo Breeding" during the Ninth Plan of the Department of Animal Husbandry and Dairying, Ministry of Agriculture.
- (ii) "Technology Mission for Integrated Development of Horticulture in North-East States including Sikkim for implementation during Ninth Plan" of the Ministry of Agriculture.

- (iii) Financial Assistance to State/State Agencies for setting up of Mini Tool Rooms & Training Centres of the Ministry of SSIA&RI

16. In addition, two more Centrally Sponsored Scheme namely

- (i) Central Assistance to States for Undertaking Critical Anti Erosion Works in Coastal and Other Than Ganga Basin States to be executed during the Ninth Plan; and
- (ii) Strengthening of State Drug Testing Laboratories (DTL) and Ayurveda, Siddha, Unani & Homoeopathic Drug Pharmacies of the UTs/State Governments for quality ISM & H Drugs to be executed during the Ninth Plan.

are under consideration of the Full Planning Commission for approval. Besides, continuation of ongoing scheme, namely, Command Area Development Programme during the Ninth Five Year Plan with expanded scope of some of the Existing Components and Modified Financing Pattern, was also approved.

Task Force On Conservation, Cultivation, Sustainable Use And Legal Protection of Medicinal Plants

17. A Task Force on conservation, cultivation, sustainable use and legal protection of medicinal plants was constituted by the Planning Commission in April'99. The report of the task force was released by the Hon'ble Prime Minister on 6th April 2000. The Task Force, interalia, strongly recommended establishment of "Medicinal Plant Board" for an integrated development of the medicinal plants sector. It is expected to formalize and organize medicinal plants marketing and trade, coordinate efforts of all the stakeholders of the sector and ensure health for all by improving the awakening and availability of herbal products, besides generating productive employment to one crore tribals and women on a sustainable basis. Department of ISM&H has been identified as the nodal agency and is currently taking steps to constitute the Medicinal Plant Board.

Task Force on "Employment Opportunities"

18. The approach to the Ninth Plan envisages priority to productive employment which will be generated in the growth process itself by concentrating on sectors, sub-sectors and technologies which are labour intensive, in regions characterised by higher rates of unemployment and under-employment. A Task Force on "Employment Opportunities" was set up by the Planning Commission under the Chairmanship of Shri Montek Singh Ahluwalia, Member, Planning Commission, to examine the existing employment and unemployment situation in the country and to suggest strategies of employment generation for achieving the target of providing employment opportunities to 10 crore people over the next ten years. This implies strategies for providing employment opportunities to one crore people per year on an average.

19. The draft report of the Task Force, taking into consideration the views expressed by the Members on draft Chapters, has been prepared. Feed back from Labour Secretary and selected experts, on the draft are awaited.

“Integrated Transport Policy ”.

20. An integrated Transport policy was drafted by the Planning Commission keeping in view the transport demand generated by higher rate of growth of GDP to ensure transport development of all regions. The revised draft Document of Integrated Transport Policy circulated by the Prime Minister’s Office to the Members of the Task Force on Infrastructure is being discussed further.

Task Force on Greening India

21. Planning Commission has set up a Task Force on Greening India through Agro-forestry and Joint Forest Management. The objective of the Task Force is to suggest specific recommendation to achieve the national goal of bringing 1/3rd of the geographical area of the country under tree cover as envisaged in the National Forest Policy. At present, the forest cover of the country is 63.73 million hectare constituting 19.39 per cent of geographical area. The Task Force held several meetings and discussed the various issues related to the development of Agro-forestry and Joint Forest Management in the country. Three regional workshops were also held to disseminate the findings and observations of the Task Force and to invite the suggestions from the State Governments, non-governmental organizations, industries and the people. The final report of the Taskforce is under preparation and would be finalized soon.

Task Force for India’s Development as a Knowledge Society

22. A Task Force was constituted under the Chairmanship of Deputy Chairman, Planning Commission for India’s Development as a Knowledge Society on 15.2.2000. Dr.K.Vernkatasubramanian, Member(Education) is the convener of this Task Force. Dr. A.P.J. Abdul Kalam, Principal Scientific Adviser to the Govt. of India, Dr. R.A. Mashelkar, DG, ICAR, Dr.Ashok Parthasarathi, Professor, JNU are amongst the Members of the Task Force. After a series of Workshops and Seminars organized under the aegis of the Knowledge Task Force, the preparation of the Report is underway. Several drafts have already been discussed and the final report is likely to become available very soon.

Accelerated Power Development Programme (APDP)

23. A new initiative under ‘Accelerated Power Development Programme (APDP)’ has been taken up from Annual Plan 2000-01. An amount of Rs.1000 crores as loan has been allocated for this scheme for the year 2000-01 under Demand No. 30 of Ministry of Finance to be provided to the State Governments/SEBs as a special plan allocation over and above the Normal Central Assistance.

24. The Accelerated Power Development Programme (APDP) has been initiated in order to give a fillip to the reform process in the power sector. It is proposed to cover the activities relating to: Renovation and modernisation (R&M) and life extension/uprating of generating stations (both thermal and hydel); and Strengthening/upgradation/improvement

of distribution system including sub-transmission and metering. The scheme is expected to improve the operational and financial health of the SEBs. Therefore, to achieve the twin objectives of improving the operational and financial health of the SEBs and the ultimate objective of accelerating power sector reforms, the allocation of fund under the APDP scheme would be project specific and would be subject to the conditions that:

- The State must set up State Electricity Regulatory Commission (SERC) and make it operational as envisaged under the law and the State power utilities would have sent the 1st proposal for fixation of tariff to the SERC.
- The State must unbundle and corporatise the State Electricity Boards. Where there is no State Electricity Boards and the State Electricity Department is presently looking after the State power sector it must be corporatised into one or more companies in order to be run on commercial lines, or the State should be appropriately divided into separate distribution zones with each zone as a separate profit centre. There could be possibility of privatisation of distribution in specific geographical areas as may be decided by the State.
- 100% of metering to be completed by the State in a planned manner by an agreed date.

25. On implementation of the above scheme, there would be an improvement in the performance of generating stations through R&M schemes and also reduction in T&D losses, thereby improving the quality of power. The State utilities will formulate projects in consultation with the Central Electricity Authority (CEA) and submit the same for appraisal by the CEA. Thereafter, State Governments/State utilities will submit the project as appraised by the CEA to the Ministry of Power with a copy to the Planning Commission for release of fund. If the project document envisages availing of loan facilities from PFC/REC, a copy of the proposal would be sent to PFC/REC also.

26. A Monitoring Committee under the Chairmanship of Secretary, Planning Commission with Secretary, Ministry of Power and representatives from Ministry of Finance, CEA, and Chairman PFC/REC would oversee and monitor the progress of the projects taken up for implementation under APDP scheme. Among other things, the Monitoring Committee will issue necessary guidelines, consider the proposals for release of Fund under APDP scheme and would make appropriate recommendations to ensure that the projects taken up under APDP are implemented as per schedule and that funds meant for such projects are not diverted for any other purpose. The Secretariat for the Committee will be provided by Ministry of Power, which will also function as the administrative Ministry responsible for the implementation of the scheme.

Group to Initiate Pro-poor policies and other remedial measures

27. Planning Commission has constituted a Group under the Chairmanship of Dr. S.P. Gupta, Member, Planning Commission to identify all policies which are against the interest of poor and suggest remedial measures and to prepare a comprehensive paper to initiate pro-poor policies with a view to seek the comments of all the Ministries/Departments so as to give the proposal a concrete shape for implementation.

Study Group to study and suggest procedural reforms in Government's interface through its delivery and regulatory system.

28. Planning Commission has constituted a Group under the Chairmanship of Sh. Sompal, Member, Planning Commission to study and suggest procedural reforms in Government's interface through its delivery and regulatory system in general and the public services/utilities in particular with the public at large; identify specific laws, rules and procedures which are hampering the growth of entrepreneurship and suggest remedial measures so that benefits of economic development/liberalization reach the lowest levels; and to prepare a comprehensive paper to initiate procedural reforms for the consideration of the Government. The study would include scrutiny of legislation, including subordinate legislation, procedures and executive orders.

Study Group on Development of Small Scale Enterprises (SSEs)

29. A Study Group on Development of SSEs was set up by the Planning Commission in May, 1999 under the chairmanship of Dr. S.P. Gupta, Member, Planning Commission. This Study Group has wide representation from SSI associations, Secretaries of SSIA&RI and Banking, DC(SS), Indian Institute of Management, Ahmedabad, entrepreneurs, experts, etc.

30. The Study Group has set up four sub-groups on (i) Policy, Legal Framework, Reservation and Other Issues, chaired by Secretary (SSIA&RI) (ii) Financial and Fiscal Measures for SSEs, chaired by Special Secretary (Banking) (iii) Modernisation, Technology Upgradation, Quality Standards, Testing Facilities, R&D, etc., chaired by ex-CMD of National Small Industries Corporation (NSIC) and (iv) Marketing and Exports from SSEs, chaired by AS&DC (SS).

31. The Study Group has so far held six meetings. All the four sub-groups have forwarded their reports to the Study Group, which have been discussed in detail in the fifth and sixth meetings of the Study Group. It has been decided that an interim report, containing major and important recommendations, would be submitted quickly so as to enable the government to frame/modify suitable policy measures.

Task Force on Women and Children

32. As announced by the Finance Minister in his last Budget Speech for the year 2000-2001, the Government has constituted a Task Force on Women and Children under the Chairmanship of Deputy Chairman, Planning Commission to review existing provisions relating to women's participation in the national economy; to identify and recommend measures for resolution of problems related to gender mainstreaming; and to consider and make recommendations for the development of institutional mechanisms for advancement of women with the strategic objective of integrating a gender perspective in legislation, public policies, programmes and projects; to monitor gender mainstreaming in Government; to review / formulate the Women's Component Plans, integrate women development schemes, suggest amalgamation and consolidation / pruning of the same, wherever necessary; and draft programme for celebrating year 2001 as **Year of Women's Empowerment**. The Task Force has already held two meetings and made recommendations regarding the activities that could be taken up during 2001 for observing

the year of Women's Empowerment. The theme of the activities will be to curb violence against women.

Reorientation of the Planning Process & Restructuring of the Planning Commission

33. Over the last 50 years of its setting up, Planning Commission has been engaged in undertaking investment planning of the economy by focussing primarily on its planning and allocation functions involving distribution of plan funds between the Central sector plan and Central assistance to State plans as also across the Ministries/Departments in the Central sector. Intrinsic to this exercise is the process of plan formulation both five year and the Annual Plans – their review, monitoring and the requisite follow up. Planning Commission has to be geared up to meet the challenges being thrown up by a changing domestic economic policy regime and an equally fast pace integration of the economy with the emerging global order. Today, investment planning is no more the only or the more predominant instrument of pursuing planned development. Planning Commission has to, therefore, go beyond undertaking mere budgetary allocations, between the competing sectors and regions, for that alone would not be enough, and move towards ensuring policy harmonisation over time and across space. This would require the Planning Commission to strengthen its role as a “Think Tank” – a repository of expert knowledge

34. The proposal of re-organisation of the Planning Commission was placed before the Full Planning Commission in its meeting held on 30.9.2000 under the Chairmanship of Hon'ble Prime Minister and Chairman, Planning Commission. The draft proposal was broadly approved and it was decided that some of the issues concerning Finance Ministry would be discussed by the Union Finance Minister with the Deputy Chairman, Planning Commission. The matter was also discussed by the Deputy Chairman, Planning Commission with the Union Finance minister on 22.12.2000 and a broad consensus was arrived at.

Transfer of Centrally Sponsored Schemes (CSS)

35. In pursuance of the decision taken in the meeting of the NDC, a NDC Committee on Transfer of Centrally Sponsored Schemes (CSS) has been set up under the Chairmanship of Deputy Chairman, Planning Commission with Members from both the Centre and the States to identify the CSS for retention by the Centre and those for transfer to the States/UTs and to classify all the CSS accordingly, suggest the modalities of transfer including earmarking, the funding pattern, the time frame for the transfer and the monitoring mechanism and to lay down the criteria for the introduction of new CSS to avoid future proliferation of CSS. The term of the NDC Committee is up to 31-03-2001.

Preparation of National Human Development Report of India

36. In pursuance of the commitment given to the Parliamentary Standing Committee on Finance of the Ministry of Planning (Planning Commission), regarding the preparation of National Human Development Report (NHDR) for India within the fiscal year 2000-01, Planning Commission has undertaken the said task on a priority basis. It has, accordingly, constituted a Steering Committee under the Chairmanship of Secretary, Planning Commission with the concerned Social Sector Advisers as Members. The actual task of preparing the report has been entrusted to a Project Team of professionals drawn from

various divisions of the Planning Commission. The Project Team has drawn a time schedule for the exercise, which, broadly, involves preparing the database for this exercise followed by preparation of the draft report.

Preparation of State Development Reports

37. The Planning Commission has initiated a programme for preparation of State development Reports. During the Annual Plan 2000-01, State Development Reports in respect of Uttar Pradesh, Uttaranchal, Bihar, Jharkhand, Assam, Orissa and Tamil Nadu are being prepared. A core committee has been constituted for each state under the Chairmanship of concerned Member, Planning Commission to identify the agencies and finalize the detailed Terms of Reference for awarding the task of preparation of these reports. Various academic institutions and NGOs are being involved in this exercise and the work for preparing the State development reports in respect of UP, Uttaranchal, Bihar and Assam has been awarded to identified institutions/organizations. These reports would be extremely useful in formulating state developmental plans.

Expert Group on Agricultural Marketing

38. Planning Commission has constituted an Expert Group under the Chairmanship of Secretary, Planning Commission to look into the ground level problems of agricultural marketing and to suggest measures for improvement.

Pradhan Mantri Gramodaya Yojana (PMGY)

39. Pradhan Mantri Gramodaya Yojana (PMGY) has been launched in the Annual Plan 2000-2001 in all the States and the UTs in order to achieve the objective of sustainable human development at the village level. PMGY envisaged allocation of Additional Central Assistance (ACA) to the States and UTs for selected basic minimum services in order to focus on certain priority areas of the Government. The allocation for PMGY in the Annual Plan 2000-01 is Rs. 5000 crore. PMGY has two components, namely, Rural Roads now renamed as Pradhan Mantri Gram Sadak Yojana (PMGSY) with an allocation of Rs. 2500 crore and the Other Programmes of PMGY with an equal allocation.

40. The Other Programmes under PMGY include Primary Health, Primary Education, Rural Shelter, Rural Drinking Water and Nutrition. The State-wise allocations of ACA for the Other Programmes of PMGY was decided by the Planning Commission based on the relative gaps in the Basic Minimum Services (BMS) infrastructure among the States. With the launching of the PMGY, the ACA for PMGY has substituted the ACA for BMS.

41. The Pradhan Mantri Gram Sadak Yojana (PMGSY) is being implemented by the Department of Rural Development. In so far as the Other Programmes of PMGY are concerned, the concerned Central Administrative Departments of Elementary Education and Literacy, Family Welfare, Drinking Water, Rural Development and Women and Child Development have formulated guidelines for implementation of the other sectoral programmes of the PMGY by the State Governments and UTs. The progress of implementation of the scheme would be monitored by the Administrative Departments before instalments of ACA funds are released to the States and UTs. While Other Programmes of PMGY would be monitored by the concerned Central Departments, the overall coordination of the PMGY would be carried out by the Planning Commission. It is expected that the Programme of PMGY would continue in the Annual Plan 2001-02.