

## CHAPTER EIGHT

### SPATIAL ANALYSIS OF DEVELOPMENT EFFORTS DURING THE PLAN PERIODS (1951-2007)

*“There is always a possibility that at the State headquarters, regional aspects may receive less consideration than they deserve. District plans are always essential, but they may gain in value if they are also part of well-considered regional plans. In the first stages of planning, embodied in the present plan, the regional aspect with its emphasis on the development of local resources has not been worked out sufficiently. It is, therefore, hoped that in the process of implementation from year to year, the Plan and the programmes of which it is composed will be continually adapted and adjusted to local and regional needs and conditions.” (First Plan: 1952)*

#### 8.1 Introduction

The planning objectives, along with the higher rate of economic growth and reduction in income disparity, are achieved through various programmes. At all levels of development, the “location”, in terms of physical space is the basic criterion for the planning and distribution of population and their development programmes. As a result, “spatial dimension” of planning becomes basic component in translating the development objectives.

The national plan can also be thought of as a design of complex set of activities leading towards the objectives of planned development. The objectives of social and economic growth in India are reflected and articulated in the successive Five Year Plans, which have been guiding and providing decisive instruments to the national, state and local levels of development planning.

To understand the development efforts specifically for the backward areas, it is necessary to look at the sources of change in the planning process. It was initially understood that the political leaders and their thought processes play a vital role in the decisions taken regarding the development of the Nation and the State. This understanding had emanated from the literature on the political economy, development dynamics and popular literature. One of the objectives of the research was to comprehend the methodology or school of thought prevailing in the State regarding the development

process. The researcher has tried to seek answer to the questions, 'who drives the development processes?', 'how the regime or the political thoughts influence the regional development concerns?' and whether Gujarat has distinct development process than the national planning approaches?

During the course of investigation and attempt was made to collect the spatial policy changes in India in general and Gujarat in particularly, the following set of reality emerged which can be summarised as below.

- (a) India has highly centralized planning process wherein the Planning Commission plays key role in driving the development thoughts during various plan periods.
- (b) Central Government, political parties and their leaders might have more roles to play in the planning process of the country.
- (c) The National Development Council takes note of the State concerns over the plans and annual allocation of resources. The National efforts on development issues are drawn after consultation with the State.
- (d) The role of the State to have some say in the development process, even at the grass root level, is for implementation of the National plan through allocation of resources.
- (e) The permit or license system for setting up the industrial units for different products was a significant decision which also remained with the central agencies till the late 1980s and liberalization later in 1990s.
- (f) The state is having larger control over the development process after liberalization and decentralization reforms (73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Act).
- (g) The intra-state development processes which effect the spatial development is the result of allocation of financial resources, selection of priority areas and beneficiary groups. The central schemes are primarily implemented as per the guidelines of such schemes and the State is allocated annual resources.
- (h) The non-plan expenditure by the State has considerable freedom in directing the funds for the specific schemes.
- (i) The State, despite having different political regimes, has to depend on the Centre to initiate the processes, only exception being the minor schemes which have lesser impacts.

- (j) Key sector schemes like agriculture, industry, transportation, rural development, urban development and power are governed by the central plan mechanism.

### 8.1.2 Methodology

In the light of the above investigation, the initial plan was to seek primary opinion of the decision makers (mainly from the State) regarding the regional planning issues which would (or, might) have influenced the State's development process and policies regarding different regions. Due to lack of structured response it was found that many respondents showing lack of insight into the development planning process. Most of the respondent in state, including some retired government officers, politicians and eminent citizens could throw light on any one of the subjects mainly as the beneficiary of development planning.

During course of investigation it was also found the planning commission, Government of India and State Planning Board, Gujarat would be right agency to be involve in decision making for the mentioned plan periods. The political representatives (MLA/MP) and state bureaucracy (officials at departments) are part of implementation mechanism. Only exceptions are the political leaders and top bureaucracy who would have been involved at some point of time. But for the investigation and process analysis it was not sufficient to have answers on the questions. Thus change in methodology after initial effort to seek answers was adopted to achieve the objective of this research.

Instead, the methodology adopted for investigating changing development thoughts from secondary sources are mostly related to national and state planning which influence the regional development. For this information it was decided to depend on the documents such as, Summery Record of Discussion of the National Development Council (NDC)<sup>268</sup> Meetings (Volume I-V, 1952-2002) published by the Planning Commission, development plan documents of the State and socio-economic reports. This methodological shortfall in the study is accepted by the author as serious bottleneck in

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<sup>268</sup> The National Development Council (NDC) was set up on August 6, 1952 to strengthen and mobilize the effort and resources of the Nation in support of the Plan, to promote common economic policies in all vital spheres, and to ensure balanced and rapid development of all parts of the country. The Council, which was reconstituted on October 7, 1967, is the highest decision-making authority in the country on development matters.

understanding the planning process for spatial development change at the regional level due to lack of source material and evidence.

However, the current information sources used provide a clear insight into the development planning process by the way of decision made at the national level for the community, block, districts and the State. The state level decision making has so far not been found distinct from the national planning process.

## **8.2 Planning Perspectives – National Plan through Various Stages**

For the first one-and-half decade after Independence in 1947, it was widely believed that economic growth would automatically reduce and eliminate poverty. However, by the end of the 1960s, it had become evident that growth alone was not enough, and that active state intervention through re-designed policies as well as new policies of income and asset redistribution was necessary. However, due to some inherent Indian social, cultural and political complexities, the focus once again shifted to growth by the end of the 1980s. The new wave of globalization has only aggravated this impulse.

The balanced and rapid development was the mandate given to the National Development Council (NDC) since its inception (1954). The NDC is a forum for the reviewing the working of the National plans initiated through the Planning Commission is aimed for providing intimate cooperation between the State and Central Government. The NDC functions to consider the important questions of social and economic policy affecting National development and recommend measures for the achievement of the aims and targets set out in the National Plans. The following section highlights the manner and process of decision making pertaining to the plans, based on the summery of NDC meetings.

### **8.2.1 Phase – I: Nehruvian Thoughts**

The plan documents prepared by the Planning Commission and sanctioned by the NDC was, in all its sanctity, the document for the people of India. The First Plan Resolution in 1952, aimed at providing the much needed food, clothing and housing for the large section of the population. The focus area during the First Plan was irrigation,

agricultural production, local development works, land reforms, rehabilitation of partition refugee, employment generation and community development.

Prof. P.C. Mahalanobis, in 1953 mentioned that, “The object of a plan is to raise the standard of living of the people which could be done partly by utilising the unutilised capacity but essentially by installing more machines and equipment, i.e., in other words, by increased investment”. He also pointed out that “increased investment would result in the creation of new demands for consumer goods such as cereals and sugar etcetera. It will also lead to an increase in employment, though the magnitude of employment opportunities would depend upon the nature of industries in which investment was made.”<sup>269</sup>

The Industrial Policy Resolution of 1948, indicated categories of industries which should be reserved for the State as well as those which could initiate development with the responsibility of management resting on the private enterprises.<sup>270</sup>

The community development programmes during the First Plan showed acceptance of the National initiatives at the grass root levels. The sentiments were echoed in the address of Late Pundit Jawaharlal Nehru, the first Prime Minister of India, during the fourth NDC meeting (YEAR), when he said,

*‘...from the larger point of view of the public, probably the most effective, the most far-reaching and the one producing the greatest results in the public mind generally were the community schemes. Firstly, they were spread all over the country. Secondly, they dealt with an essential part of the population and with the rural sector, without moving which the Indian economy could not be got into a dynamic state.’*<sup>271</sup>

When the Second Plan approached, the focus shifted towards industrialisation of the country, with the expectation that it would bring large-scale economic growth and would be utilized for balanced regional development of the country. The centralization of the plans was expected to enshrine the Nation building process. During the Second Plan, the Planning Commission gave greater attention to heavy industry because without heavy industry the foundation of rapid progress would not be laid. The Commission emphasized

<sup>269</sup> Planning Commission (2011): *NDC Summery of Meeting*, Volume I, PDF, accessed from [www.planningcommission.nic.in](http://www.planningcommission.nic.in), p.39

<sup>270</sup> Ibid, p.45

<sup>271</sup> Ibid, p.56

that production of heavy industry has, however, to be balanced by large and rapid production from cottage and small-scale industries.

An important event that focused the attention of the policy planners was the rehabilitation of the refugee population from the East Pakistan. A lot of the National effort was targeted to rehabilitate the refugees, the NDC records in 1955, *'while 35 lakh persons had already come over from East Pakistan, in recent months the exodus had increased from 8,000 to 10,000 to 24,000 to 25,000 per month.'*<sup>272</sup>

Subsequently the proposals were moved by the National Government to resettle them in 500 to 1,000 family groups in Orissa, Andhra, Madhya Pradesh, Mysore (presently part of Karnataka state), Vindhya Pradesh (presently part of Madhya Pradesh state), Assam and other states in consultation with the Planning Commission and the Ministry of Rehabilitation. In addition, the Second Plan also focused on the National Extension Service (for agricultural development) and community projects adopted by the States for the village level interventions.

The Second Plan clearly intended to incorporate community participation in the planning efforts of the National Government. The statement from Pt. Nehru recorded in NDC meeting reflects these ideals,

*'Democratic planning required consultations with large groups of people. At the same time planning had to be based on statistical information and not on vague ideas and ideals.'*<sup>273</sup>

A larger welfare of the people was also envisioned by the Prime Minister and Chairmen NDC which was recorded as

*'the important consideration was that economic power should not be concentrated in private hands, and that vested interests should not grow up in regard to matters which were important either strategically or socially. In other words, the development of monopoly of any kind should be avoided. The development of the private sector did not matter so long as it did not touch the strategic points and did not develop into concentration of economic power. Inevitably, in the socialistic pattern of society arrived at, major items must be in the public sector.'*<sup>274</sup>

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<sup>272</sup> Ibid, p.67

<sup>273</sup> Ibid, p.89

<sup>274</sup> Ibid, p.90

### 8.2.2 On Dealing with Spatial Inequalities

The leading thinkers observed regional imbalances or spatial inequalities even during the preparation of the Second Plan but they ascribed econometrics as the reason for it. The key policy influence was that of the leading statisticians and economists like Prof. P. C. Mahalanobis who at one point had stated,

*'The question of reducing and removing disparities, regional disparities or those between different strata of society had been stressed repeatedly. One such disparity was between the city and, the village. If, for example, it was considered necessary to bring up education and health facilities in the village to the city level, it would be necessary to increase the national income by about three or four times. Increase in national income meant more flow of goods and services, more food of better quality, more cloth and more shelter. It was only when all these goods and services were there that it would be possible to have higher educational and health services.'*<sup>275</sup>

Dealing with the question of regional disparities in the geographical sense, Prof. Mahalanobis observed that 'regional disparities could be measured in a rough way, by per capita expenditure. The difference was of the order of 40 per cent between the South and the North West regions. This disparity could not be removed by a system of doles; the only way was to increase the production capacity and the actual production in the different areas. This in turn meant that a great deal more thought would have to be given regarding the utilisation of the available resources.'<sup>276</sup>

The plans were advised to be readjusted to meet the regional imbalances, as one of the Statement says, 'if it was found that one part of the country was developed more and more and another less and less, the matter should be examined and an attempt made to set right the scheme of development.'<sup>277</sup>

The Second Plan attempted to address the balanced regional development by presenting the set of objectives.

The NDC records that, 'It is agreed in principle that within the resources available, every effort should be made to provide for balanced development in different parts of the country. To this end-

- (1) Programmes for setting up decentralised industrial production should be pushed forward.

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<sup>275</sup> Ibid, p.111

<sup>276</sup> Ibid, p.112

<sup>277</sup> Ibid, p.112

(2) In the location of new enterprises (public and private), in addition to the question of natural resources, consideration should be given to the need for developing a balanced economy for different parts of the country.

(3) Steps should be taken to promote greater mobility between different parts of the country, including organisation of schemes of migration and settlement from more densely populated to less densely populated areas.

(4) There should be continuous study of the problem of diminishing regional disparities and a suitable set of indicators should be evolved.<sup>278</sup>

Thus, the above statements present the desire of the planned efforts in managing the development which focuses on the resource management, setting up of industries, promoting mobility of the people etcetera to create balance between developed and undeveloped regions (mostly referred as states in the plan documents). The focus on the agricultural and industrial development was so targeted that, every state has been covered under any one of the sectors. The high goals setup by the Planning Commission and NDC, were also criticized by the International organisations such as, the International Monetary Fund (IMF) and the World Bank (WB), that Indian planning is being too ambitious. The path and directions adopted were confirmed by the discussion held for the Third Plan approach, which approved of the high goals and success the system had achieved during the first two plans.

The spatial impact of the these plans have been immense in generating enough change in the nature of India's development objectives, which appears to be highly centralized and focused on the National goals.

The only deterrent during the plans was the high inflations and rising prices of the essential commodities which raised concerns for the planning system. The Finance Minister, Madras (now Tamilnadu State), Shri C. Subramanian said, 'If the prices were allowed to control planning, there would be no planning but only drifting.'<sup>279</sup>

During the Second Plan (1956-61) the spatial focus was on the micro level initiatives targeted at the community level, thus target-based approach was enshrined as the focus of plan mechanism. As the NDC recommended in an appraisal of the Second

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<sup>278</sup> Ibid, p.128

<sup>279</sup> Ibid, p. 290



Plan in 1958, where it emphasised on the importance of the rural cooperative for improvement of agriculture it stated that,

*'In a rural cooperative, the members should have intimate knowledge of one another as well as a sense of mutual obligation and concern for the rehabilitation of the weaker sections of the community. By working together for the common objective of raising the standard of living of all sections of the population, the community develops social cohesion and unity. Where villages are too small, with the consent of the communities concerned, it would be convenient to form them into larger groups with a population of about 1,000. As a rule, the cooperative and the panchayat should serve identical areas. These institutions should be given assistance and guidance, but care must be taken to see that they develop through the support of the people by undertaking constructive programmes for the benefit of the people and with their free participation. The aim should be to ensure that every family is represented in the village cooperative.'*<sup>280</sup>

Further, the setting up of the *mandi* (agricultural market) at the regional (*taluka* or district) level linked with the village cooperatives. The National Development Council emphasized that the programme for setting up of 1,900 primary marketing societies serving *mandi* areas should be completed during the second plan. Marketing societies should be linked with village cooperatives, which should serve as agencies for collection and sale at assured prices at the village level. This would make it possible not only to get larger supplies of food grains for meeting the needs of urban areas but also to expand greatly the credit facilities for rural areas.<sup>281</sup>

Experience gained from the initial two plans helped to strengthen the preparation of approach of the methodology of the Third. The methodology mentioned in the summary describes it as,

*'Work on the preparation of the Third Plan is expected to fall broadly into four stages. The first stage consists of studies of different sets of problems and of different sectors of the economy and how they can be developed in step so as to get certain overall results. When these studies have made sufficient progress, it is proposed to put the results together and prepare a preliminary draft outline or plan-frame for the Third Plan. This will be in about a year from now. After the preliminary draft outline has been approved, detailed preparation of Central and State plans and of local plans which will fit into the State plans will constitute the third stage. This will be completed with the preparation of a fairly full outline of the Plan more or less in its final form. This is expected to take a further year and*

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<sup>280</sup> Ibid, p.306

<sup>281</sup> Ibid, p.307

*would be the basis on which the annual plan for the first year of the Third Five Year Plan would be drawn up. The fourth stage in the formulation of the Third Plan will be the preparation of its final version for submission for approval to the National Development Council and to Parliament.*<sup>282</sup>

The notable fact is about the third stage, which lays importance on the local plans and their role in preparation of the Annual Plans. However, in practice the local requirements were poorly addressed in the National Plan, which was more general in nature. The Centre looked to finance more than 50 per cent of plan outlay of the States. The National goals set by the NDC for the Third Plan (1961-66) provided for 'special emphasis on planning development in a manner that would make the economy "self-sustaining" as early as possible. This involves setting up and expansion of industries that will produce the machinery and equipment needed to manufacture the machines and capital goods required for further industrialisation.'<sup>283</sup>

The Third Plan also aimed at doubling the per capita income in the country by the Fifth Plan (1974-79), and reducing the dependency on agriculture by 55 per cent. This proved to be the major argument in promoting large public sector units in various parts of the country. This was also thought to act as a strategy for the reduction in the regional disparity by linking industrial development with agriculture, as in a paper circulated at the NDC meeting in 1959 it was stated,

*'The proportion of the population employed in agriculture is excessive in underdeveloped areas and in them the process of development means, in effect, the absorption of the surplus population in non-agricultural occupations, that is, in the industrial and tertiary sectors. In other words, there should be coordinated and balanced development of scientific agriculture, village and small industries, medium industries as well as heavy and basic industries. The pace of development should be rapid and much in advance of the rate of growth of population. In the second place, industrial development can be stepped up from within the country's own resources in the measure in which it becomes possible to increase agricultural productivity. Increased agricultural production is also vital from the point of view of raising the standards of living of 70 to 80 per cent of the population living in the villages and ensuring a proper balance between the growth, of rural and urban incomes.'*<sup>284</sup>

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<sup>282</sup> Ibid, p.309

<sup>283</sup> Ibid, p.333

<sup>284</sup> Ibid, p.334

More elaborate thought on the peoples participation was expressed in the Third Plan document. It stressed that, 'it is through village, block and district plans that the people as a whole can be effectively associated with planning and have the opportunity of determining their needs and making their fullest contribution towards National development.'<sup>285</sup>

While finalising the Third Plan document in 1960, the NDC resolution laid guidelines for the State and mentioned that, 'In each district and block the programmes and targets will be evolved jointly by extension workers and the local leadership represented especially in co-operatives, panchayats and panchayat samitis. It will be necessary for State Governments to provide some initial guidance to districts and blocks for working out their detailed programmes and targets.'<sup>286</sup>

During the final recommendations of the Plan, the concern for the balanced regional development was expressed as,

*'The Council agreed that the possibilities of industrial development which existed in regions comparatively less favoured by mineral resources should be fully explored. The Council emphasized that important as large projects were there should be greater stress on the development of agriculture, small-scale industries, small hydroelectric plants, etc., since in these fields the conditioning factors, which limited large-scale industrial development, did not apply. The Council also generally favoured measures by which as large a proportion of the benefits of the Plan as possible could reach out to rural areas and to small towns.'*<sup>287</sup>

These became the strategy for planning and implementation of the industrial development in Gujarat, added with stress on the hydroelectric power, small-scale industries and development of agriculture. The effort of the planned development was to move towards socialism. The statement by Shri G.L. Nanda, Deputy Chairmen, Planning Commission (1960) reflects sentiments mentioned as under,

*'...the prime object was progress towards socialism. Socialistic economy must be efficient and progressive, for which three conditions should be fulfilled. Firstly, the public and the cooperative sector had to play a leading role. Secondly, there should be equality of opportunity for which it is essential to provide basic necessities; at least up to*

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<sup>285</sup> Ibid, p.337

<sup>286</sup> Ibid, p.495

<sup>287</sup> Ibid, p.544

*certain minimum levels. Lastly, there was the reduction of disparities, both economic and social.*<sup>288</sup>

The centre-state relations suffered due to the excessive control of the State by central government for planning and program initiation resulted in some concerns expressed at the NDC meetings where directions were sought from the Planning Commission. During the eighteenth NDC meeting in 1961, Pt. Nehru expressed this thought while accepting the Central control and said, '...in regard to the development of the States, the State Governments were the best judge and he felt that the Central Government and the Planning Commission came into picture only when schemes involving foreign exchange, etc., were brought up.'<sup>289</sup>

Meanwhile, the Central Government established public sector units in states in order to usher development of industrial areas, which later contributed towards the development of the States like Gujarat. Cautioning the State, Pt. Nehru mentioned that, '*...a public sector project should not be regarded as a monopoly of the State in which it is located but should draw its employees from all over India.*'<sup>290</sup> Thus the in-migrants in Ahmedabad, Vadodara and Surat region increased, where large scale public sector projects like Fertilizer, Oil Exploration and Refinery was established by central and state agencies.

As the emergency approached in 1962 due to Chinese aggression, the NDC resolved to strengthen the centre-state relations by agreeing to share more responsibility of development by emphasising on state plan. The suggestions for the reorientation of the State plans were placed before the NDC which stated,

*'this is an appropriate time, therefore, for strengthening the machinery in the States for taking decisions affecting plans and for ensuring the closest possible integration between National and State plans. It would be desirable now to set up State Planning Boards. Statistical Bureaus should be closely associated with them.'*<sup>291</sup>

<sup>288</sup> Planning Commission (2011): *NDC Summary of Meeting*, Volume II, PDF, accessed from [www.planningcommission.nic.in](http://www.planningcommission.nic.in), p.185

<sup>289</sup> Ibid, p. 191

<sup>290</sup> Ibid, p.191

<sup>291</sup> Ibid, p.214

Though the Third Plan (1961-66) desired to be more participatory in nature, the sudden National crisis placed before itself, it was resolved to save funds to strengthen the National Government. Declaration of NDC on the eve of Chinese invasion in November 5, 1962 regarding the Third Plan states that,

*'The National Development Council, therefore, considers the country's plans of development as an integral part of the national defence. In this context, the successful and speedy implementation of the Plan, with the necessary reorientation to meet this emergency, becomes all the more imperative. Resources for this can come only through savings and savings would necessarily mean sacrifices in the present for the sake of the future. The Government, at the Centre and in the States, will have to take adequate and effective steps to foster the proper atmosphere for greater savings in the community and utilize those savings towards the national effort, with economy and efficiency.'*<sup>292</sup>

Though the centre-state relations were thought to be complementary, the emergence of competition between states became part of NDC deliberations during preparation for Fourth Plan (1969-74). The Prime Minister in 1964 had to emphasise that 'the process of development had to be looked upon as a whole for India.'<sup>293</sup>

During this period (1964), the States became more vocal about their issues. Since the focus of the present study is on the Gujarat state, henceforth the excerpts from the Gujarat Chief Ministers speech as summarized in the NDC meeting are also incorporated in the subsequent sections.

In 1964, Shri Balwantray Mehta (CM, Gujarat) expressed the spatial demand at the meetings. He talked about land reforms and taking over of the major irrigation and power schemes by the Centre. He sought central help in completing some old projects, controlling Narmada for additional irrigation, navigational facilities and power. For Kachchh he asked for Central help in cultivating some areas of the Rann of Kutch and constructing the highway connecting Kandla for the development of Kandla Port. He mentioned about the shortage of raw materials resulting in loss of industrial capacity in addition to lack of drinking water supply in many parts of the State due to proper coordination amongst the agencies concerned.<sup>294</sup>

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<sup>292</sup> Ibid, p.238

<sup>293</sup> Ibid, p.257

<sup>294</sup> Ibid, p.262

The role of the States in planning for development was enhanced since the Fourth Plan. Prof. V. K. R. V. Rao, Member, Planning Commission, wanted the States to play a more vital role in planning and not to depend so much on the lead and initiative of the Centre hitherto. He suggested that,

*'as part of preparation for the Fourth Plan, state Governments may attempt a mid-term appraisal of their own plans. He also suggested that they should assess the effects of planning in their states from the point of view, especially of backward classes, backward areas and employment. This, of course, raised the question of setting up adequate planning machinery in the States. He pointed out that the States were primarily concerned with the subjects of employment, social welfare, minimum benefits and backward areas.'*<sup>295</sup>

### 8.2.3 Location of Industries

As a part of the strategy in the Fourth Plan (1969-74), provision of foreign exchange was envisaged to implement industrialisation at the State level. The document prepared on the Fourth Plan stated that, 'in the case of public sector, while heavy and basic projects based on raw materials, power, etc., should be located on economic considerations, reasonable alternatives should be examined for other projects and those which help to develop backward areas as well as to make up imbalances in development should be preferred'.

The document mentioned that,

*'in respect of private sector projects also while economic considerations would be more important in the case of certain raw material oriented industries, such as sugar, cement, etc., in the case of medium and small scale industries it would be desirable to determine in advance in consultation with the State Governments, specific areas in each State where the required infrastructure could be economically and quickly developed and to which the industries could be attracted. Although unrestricted development of industries in large cities should not be encouraged and such developments should be directed to new centres, there should not be an absolute ban on the location of industries in metropolitan areas.'*<sup>296</sup>

It was emphasised that the 'state Governments were themselves keen to prevent congestion in metropolitan areas but exceptions may have to be made. In order to provide

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<sup>295</sup> Ibid, p.266

<sup>296</sup> Ibid, p.301

adequate incentives for shifting industries from metropolitan areas adjustments should be made in the tax structure.<sup>297</sup>

The Third Plan main guiding considerations for determining financial dimensions and physical targets remained unaltered for the Fourth Plan. Unemployment, underemployment and regional backwardness were the focus that continued from the Third to the Fourth Plan. The Third Plan paper remarked in 1960 that,

*'Some States have areas which are definitely less developed than others and call for measures of development over and above those proposed for the State generally. Frequently these are also the low income areas of the State and suffer from a great deal of underemployment. There are other States in which unemployment among sections of the educated is either a serious or a growing problem. In considering the distribution of outlays in the State Plan these aspects of development should receive adequate attention.'*<sup>298</sup>

### 8.3 Phase –II Transition in Planning Mechanism and Thought (Minimum Needs, Poverty)

During the year 1966, there was quite a delusion about the Planning Commission agenda and role played by the Government in the development efforts. The regions' as well as the State's expectations from the Central Government had increased. The people looked forward to Government for the community related development leading to appreciation as well as dissatisfaction of people from the planned efforts.

The Prime Minister, Smt. Indira Gandhi in the 23<sup>rd</sup> meeting of the NDC pointing at the peoples' perception about plans and desired goals stated that,

*'...there was a certain amount of cynicism in the public. The way our Plans and programmes were presented must take that into account. The Plan should give a picture of faith, hope and confidence—something which could inspire people—because without people's participation it would not be possible even to achieve a very small plan. Since a bigger goal was being attempted, we must get the people's participation and make them feel that although there were some difficulties the goal was not something which was up in the air but was very much concerned with every family and that through this process we wanted to give social justice and at least lessen the existing inequalities. Economic development was itself a means to reducing inequalities.'*<sup>299</sup>

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<sup>297</sup> Ibid, p.301

<sup>298</sup> Ibid, p.344

<sup>299</sup> Ibid, p.362

Supporting the sentiments and emphasising the role of state, Shri Hitendrabhai K Desai, Chief Minister Gujarat also pointed out,

*'The States should have the power to make adjustment within 10-15 per cent. While it was agreed that agricultural production should be given top priority, our aim of self-sufficiency should be for the country as a whole and at the National level. Every State should not start thinking in terms of self-sufficiency and the deficit states should not have a feeling that they would not have adequate food grains.'*<sup>300</sup>

The transition period and management of the financial resources under the Fourth Plan was postponed from 1966 to 1969, and the intermediate period of three years were treated as part of Annual Plans (1966-67, 1967-68 and 1968-69). The Fourth Plan was framed later to provide incorporating greater role of the State Governments in the development efforts. Thus, the formation of the State Planning Board was initiated during the Fourth Plan (1969-74). The Administrative Reform Commission recommended for formation of State Planning Boards in 1968 to have similar functions as that of the Planning Commission to prepare plans and evaluate plan performance. The State Plans considered as a part of the National Plan, were supposed to focus on rebuilding the rural economy. The major focus areas were agriculture, community development and cooperation, development of irrigation and power, village and small industries, roads and road transport, education, health and other social services. The basic purpose was to increase the role of the State Governments in guiding the plans at district, block and village level and to formulate plans determining the priorities and finding ways of enlarging local efforts.

The allocation of financial resources to the respective states depended on specific norms set for each state. The specified norm for the Gujarat state was, 60 per cent on the basis of population, 15 per cent on the basis of Scheduled Caste and Scheduled Tribe population, 10 per cent on the basis of level of development of irrigation, rural electrification and roads and 15 per cent on the basis of the past performance in the matter of raising resources for the Plan.<sup>301</sup>

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<sup>300</sup> Ibid, p.366

<sup>301</sup> Ibid, p.457



Regional imbalance was concern expressed national planning efforts but targeted only for distributing the central funds as grants to state. The limitation of this approach is reflected during discussion on Fourth Plan, as Smt. Indira Gandhi stated,

*'The normal operation of economic forces was so overwhelmingly weighted in favour of areas which were already developed that a wider dispersal of industries could be secured only through positive intervention of Central and State Governments. It would obviously not be possible to make up for all the backlog of development in these backward areas within the span of one Plan, but a bold beginning should be made in the new Fourth Plan.'*<sup>302</sup>

The State also tried in this context to identify the backward areas for specific planned intervention. The planned efforts shifted for backward areas of state than the State itself. As reflected in comment by Shri Hitendrabhai K. Desai, Chief Minister, Gujarat;

*'...in this country every State in one sense or another was a backward State. Therefore, the assistance should be given not so much to backward States but to backward areas in the States. The unit should not be the State but a particular area which may be well defined. Even in States like Maharashtra and Gujarat there were areas which were as backward as or even more backward than in the so-called backward States.'*<sup>303</sup>

The Central Government through Planning Commission wanted to provide a mechanism for improvement of backward regions through deciding upon the funding priorities. Smt. Indira Gandhi, Prime Minister and Chairperson, pointed out that,

*'...the Central Government was anxious to accelerate the growth of backward regions, but this did not mean that the rate of growth of other states should be slowed down. States which were relatively better-off should make larger contributions from their own resources and the backward and poorer States should receive somewhat higher assistance from the Centre. This was the general policy which the Government of India was advocating internationally also in regard to the richer countries helping the developing countries and the same approach should apply within the country in relation to industrial development.'*<sup>304</sup>

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<sup>302</sup> Planning Commission, Summery Report NDC Meeting, Volume -III

<sup>303</sup> Ibid, p.20

<sup>304</sup> Ibid, p.61

During the Fifth Plan period (1974-79), the commitments made in the Third and Fourth Plans continued with regard to the broad framework and objectives of the Plan. It was stated in the Fifth Plan that,

*'The basic premise of our Five Year Plan has been development along socialist lines to secure rapid economic growth and expansion of employment, reduction of disparities in income and wealth, prevention of concentration of economic power and creation of the values and attitudes of a free and equal society.'*<sup>305</sup>

### 8.3.1 The Poverty Removal Agenda

The *Garibi Hatao* (Poverty Removal) became the main thrust of the Fifth Five Year Plan. Poverty which was considered to be relative was set to be defined specifically for development. The document described it as,

*'Poverty is both an absolute and a relative concept. When we talk about the elimination of poverty as a goal of development, what we have in mind is not the relative concept but a definition of what could reasonably be considered as an absolute level of poverty. This poverty line has to be defined in terms of a minimum level of consumption.'*<sup>306</sup>

This concern emanated from the findings that, in spite of the programme implementation at the grass root level and at the expense of large amount of money, the problems of the people in the lower strata of the society had not reduced. The scope of economic growth approach in addressing the development issues of people was also questioned. Consequentially, the Plan recognised district as the unit of planning in order to reduce regional imbalances between the States as well as within the State. Plan was also prepared to provide basic minimum needs and employment to the unemployed and underemployed people.

Gujarat also had a vast area that was backward, where as its economic growth data depicted the State as one of the leading industrialised states of the country. During twenty-ninth NDC meeting in 1973, Shri Ghanshayam Oza, the then Chief Minister of Gujarat, referred to some of the sectors in which the State was lagging behind many other states and behind the Nation as whole. He also referred to the large scheduled caste and scheduled tribe population of the State in this context. The State lagged far behind the

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<sup>305</sup> Ibid, p.67

<sup>306</sup> Ibid, p.67

country in the field of irrigation development and development of forestry. Of the 19 districts in Gujarat, at least 10 districts were drought-prone areas. The State was deficient in the field of road development. It had to depend very largely on thermal power generation, which was costly because the State is situated away from the coalfields of the country. The potential for developing hydroelectric power was limited excepting from that of the Narmada project. With an international boundary with Pakistan, the border areas of the State posed a peculiar problem and it was necessary to develop the economy of these areas in the interest of National security and effective defence against external aggression. For the removal of backwardness, the State should not be taken as the unit; attention should be paid to the regions which were backward and which required planned development. The Chief Minister expected that these problems of the State would receive special attention during the Fifth Plan period.<sup>307</sup>

In 1976 Shri K. K. Viswanathan, Governor of Gujarat in a NDC meeting also pointed out at several problems which were found to be there in functioning of the State economy. Besides, the State did not have sufficient natural resources (like water, minerals etc.) for its growing need for agricultural development.

#### **8.4 Phase – III: Approaching for the Rolling Plan and Consultation with State (1978)**

The political situation in the country changed during 1976-78 period, after the popular peoples movement for 'total revolution' led by Shri Jayaprakash Narayan (known as *Navnirman Andolan in Gujarat*), resulted in heavy loss to the ruling Congress Party and emergence of the Janta Party.<sup>308</sup> The incumbent Prime Minister, Shri Morarji Desai was quick to point out the lacuna in development planning system. In an NDC meeting of 1978, he pointed out,

*'It was necessary to take into account what had gone on in the field of planning from 1951 onwards. Much progress had been made in several directions, especially in industrial development, and in the matter of heavy industries, and technology and scientific advance we had gone ahead much more than was realised by many people. Some advance had been made in agriculture*

<sup>307</sup> Ibid, p.119

<sup>308</sup> Yagnik, Achyut and Suchitra Seth (2005): *The Shaping of Modern Gujarat: Plurality, Hindutva and Beyond*, Penguin Books, New Delhi. p.254

*too, but for which so much food could not be produced or near self-sufficiency achieved. All this was the result of so many years' working. Despite these advances however, the benefits of development could not be taken to the major portion of the population, and that must be a matter for concern.*<sup>309</sup>

Since the focus of the Plan had been poverty removal, greater attention was given to employment generation thus promoting the labour intensive activities. Dr. D.T. Lakdawala, Deputy Chairman, Planning Commission, on the eve of approving the Fifth Five Year Plan opined that adequate analysis had been done in the first chapter of the Draft Plan of the causes that led to the failure of planning in the past e.g. low growth rate in agriculture and inadequate attention to redistributive justice. He further observed that what really mattered was the strategy behind the Plan rather than the allocations in favour of a particular sector, and that the latter should follow as a necessary consequence of the first.<sup>310</sup>

Centre-state relation as regards to sharing of the funds for the implementation of plan programmes became more contentious due to increased responsibility of the State. There was a need to rationalize the distribution of funds based on the various indicators of backwardness. The Gujarat state accepted that many areas in the State are backward and require special attention thus the Central Government should provide assistance to such areas. The NDC adopted a resolution wherein the clause of Central assistance was made available for the Central Government scheme based on the economic capacity of the State.

#### **8.4.1 Minimum Needs and 20 Point Programme (Sixth Plan Agenda)**

The planning commission was back on the earlier agenda (set before Janta Party Government) after change in government, the Congress party regained the status of ruling party at the national level. As the Sixth Plan (1980-85) approached, the desire to remove poverty and raise employment levels was widely felt across the Central and state decision makers. The country at this point of time i.e., 1980s required the investment rate to setup since this was the mechanism considered essential to reduce poverty. Speaking on the

<sup>309</sup> Planning Commission (2011): *NDC Summery of Meeting*, Volume III, PDF, accessed from [www.planningcommission.nic.in](http://www.planningcommission.nic.in), p.235

<sup>310</sup> Ibid, p.265

agenda for Sixth Plan, Smt. Indira Gandhi, the then Prime Minister, underlined the need that

*'...the Sixth Plan must chart out the course of growth and induce investment which would help to achieve the principal objectives of removal of poverty and unemployment, and the attainment of self-reliance. She expressed her firm belief in a relationship of trust and cooperation between the Centre and the States, based on a common desire to take the Nation ahead regardless of narrow, sectarian, regional or even political considerations. All the time the goal of improving the living conditions of the poor, the unemployed and the underemployed people should be adhered to and equitable sharing of the country's wealth should be ensured. She hoped that the collective determination and patience the country had shown so far, would take it further. She reiterated that the growth rate had to be accelerated.'*<sup>311</sup>

Gujarat was struggling to improve its irrigation systems, stressed upon bringing National approval on the setting up of the 'Narmada Project' and other development priorities. The then Chief Minister of Gujarat, Shri Madhavsinh Solanki expressed his development concerns at the thirty forth NDC meeting (YEAR). He drew attention to the pressing need for the speedy implementation of the Narmada Project in the National interest, which was also of crucial importance to Gujarat for doubling the irrigation potential created by the major and medium projects. He pointed at the development constraints in the predominantly drought affected areas of Saurashtra and Kutch, suggested the development of Kandla port and Kandla Free Trade Zone, large scale development of fisheries and development of salt-based marine chemicals, which would benefit the region. The development of the Salaya Port which had great potential for a phosphate plant, the continuation of the centrally sponsored scheme of fisheries and harbours in the Sixth Plan (1980-85), the location of a gas-based power plant and exploration of tidal energy were also suggested by him. He emphasized the elimination of delays in the sanctioning and implementation of projects.<sup>312</sup>

#### 8.4.2 Subsidising Development

The public sector undertakings, specifically related to petroleum, fertilizers, cement, coal and power, were used to subsidize the products and services for large scale

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<sup>311</sup> Ibid, p.384

<sup>312</sup> Ibid, p.392

consumptions. Since the goal of the Plans were removal of poverty, providing minimum needs and reducing regional imbalances, the subsidy components entered into the distribution system which was by and large controlled by the Government's through quota system. Emphasising on the need for such assistance, Smt. Indira Gandhi justified it by stating in a NDC meeting that,

*'Planned development was aimed at eradicating poverty, reduction in inequalities, promoting employment and minimising regional disparities. The international situation particularly in the last few years, with continuous rising prices of crude petroleum and of imported capital goods, had considerably aggravated the task of development. The rising cost of raw-materials and other inputs has resulted in difficulties for the public sector industries which had been forced to absorb a substantial part of the income in costs unlike the private sector industries which had been able to pass on this extra burden to the consumers. This trend must be corrected.'*<sup>313</sup>

The National goal remained fixed towards achieving Socialism. As Smt. Gandhi pointed out,

*'Our Socialism was a logical development of the concept of democracy, suiting the requirements of our system. It was built on the mobilisation of private initiative for the greatest good of our society. It was based on a mixed economy where the public sector played a dominant role. In our democracy, private sector was also allowed to grow fully to modernize our economy. The path of mixed economy would take us perhaps more slowly but certainly more surely towards socialism.'*<sup>314</sup>

During the period 1981-82, Gujarat also supported the National agenda and added specific projects for linking the industries to its large rural population. Shri Madhavsingh Solanki, the then Chief Minister explained about one of the innovative programmes, known as 'Project Linkage', started in the State in 1981-82 in the following words.

*'Under this programme, the benefits of industrial development in terms of jobs, incomes and skills percolated to the rural population in the surrounding villages. The successful implementation of the programme was expected to stop migration of labour from villages to cities and thereby reduce overcrowding in cities.'*<sup>315</sup>

<sup>313</sup> Ibid, p.431

<sup>314</sup> Ibid, p.458

<sup>315</sup> Planning Commission (2011): *NDC Summary of Meeting*, Volume IV, PDF, accessed from [www.planningcommission.nic.in](http://www.planningcommission.nic.in), p.6

Sector-wise, 5 per cent in agriculture and 8 per cent in industrial production, and over 6 per cent of growth rate was achieved in the country during the initial two years of the Sixth Plan, which prompted the Government to declare the year 1982 as *Year of Productivity*. The revised 20-Point Programme represented the core of the Sixth Plan. It was pointed out that only when it was implemented effectively, would it be possible to achieve the major social and economic objectives of the Plan. Several objectives in the Plan needed to be pursued simultaneously and there was a constraint of resources. Hence, an attempt was made to focus attention on certain priority items and minimum targets to be fulfilled in order to maintain the thrust towards rapid development, modernisation and industrialisation, along with improvement in the living conditions of the poorer and economically handicapped people and provision of suitable opportunities to them for advancement.

With the Seventh Plan (1985-90), the focus shifted back towards the very basic necessities of the people. Presenting briefly the highlights of the approach document of the Seventh Plan, Shri S. B. Chavan, the then Minister of Planning, Government of India said that,

*'Food, Work and Productivity would be the three inter-related main objectives of the Seventh Plan. These objectives were set within the framework of growth, equity, social justice and the pursuit of self-reliance. The provision of productive employment had to be the major objective in the Seventh Plan, combined with a significant reduction in poverty. This was sought to be achieved through accelerated growth of agriculture and rural development especially in the less-developed areas and with particular emphasis on the eastern region where agricultural productivity was low, and poverty endemic.'*<sup>316</sup>

Peoples' participation was sought to achieve the set goals in the plans and in this context, Smt. Indira Gandhi, pointed out in the thirty sixth NDC meeting (YEAR) that,

*'There was no other way of making our anti-poverty programmes a living reality. It was only when people were organised to think for themselves, and to participate in the implementation of programmes for their own benefit along with the official machinery, that social consciousness would expand.'*<sup>317</sup>

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<sup>316</sup> Ibid, p.31

<sup>317</sup> Ibid, p.35

The central-state relations though desired to be improving were met with serious concerns. As thirty seventh meeting of the NDC in 1984 the Prime Minister (Smt. Gandhi) went on to mention that,

*'...centre-state cooperation was absolutely essential for planning to succeed. The Plan was a joint venture of the States and the Centre, and in undertaking the great tasks that the Plan involved, there were to be faced diverse pulls and pressures, which were natural in a democratic, federal set up such as India's. But these pulls and pressures apart, there was no gainsaying the fact that the Plan could succeed only on the basis of the fullest cooperation between the Centre and the States. The Centre had at all times acted without any discrimination against any state, irrespective of the political complexion of its government and this was because of its strongly held belief that in matters of National development, no partisan consideration should come in the way. It was equally clear that the National perspective of planned development could not survive without the Centre playing a key role in articulating the priorities necessary for balanced regional development, and for the uplift of the masses, in rural as well as in urban areas. The challenges of the Seventh Plan, she had no doubt, would be severe. The determination to make employment, agricultural growth, and productivity as basic plan priorities, would have to be matched by corresponding discipline by all concerned to accept the inherent logic of the Seventh Plan.'*<sup>318</sup>

Income and regional disparities also concerned the National Development Council, which was evident in the following expression of Smt. Indira Gandhi.

*'Removal of disparities in incomes and living conditions of different regions, different states and different communities, tribes and castes had been stressed in the Plans and the centre-state relationship should be seen in the perspective that removal of these disparities was necessary to maintain the unity of the country. Therefore, a balanced and all-round development, irrespective of the resource capabilities of the Union, had been one of the major objectives of our Plans. This was the rationale for our special programmes for certain groups, and certain backward states and certain sections of the population who had inherent disadvantages and special disabilities like Scheduled Castes and Scheduled Tribes. Stressing the point that India was one market where goods and services flowed freely from one state to another, she regretted that some agitations had been aimed at providing some special privileges with regard to one item or another. Any attempt to so fragment the country and the market would only make the country poorer and weaker.'*<sup>319</sup>

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<sup>318</sup> Ibid, p.35

<sup>319</sup> Ibid, p.71





Smt. Indira Gandhi was assassinated in October 1984 and there was change in national leadership. Smt. Indira Gandhi who had been guiding the Nation Planning as Chairmen for sixteen years and had considerable influence on directing the Plan development (Fourth to Sixth Plan). However, the earlier plan goals were continued in the Seventh Plan. There was added emphasis on modernization by Shri Rajiv Gandhi, who became Prime Minister in 1985. This becomes clear from the Statement, *'The Seventh Plan must build on these foundations and maintain this momentum of growth. It had to take the modernisation process forward so as to make us capable of dealing with the world on equal terms.'*<sup>320</sup>

Around this time even Gujarat was struggling to keep up with the rural demands despite achieving high industrial growth targets and being high on economic growth. Shri Amarsinh Chaudhari, the then Chief Minister of Gujarat, referring to the development lags in the State, mentioned that majority of its population belonged to either Scheduled Castes or Tribes or belonging to the socially and economically backward classes. Only 25 per cent of its cultivated area was under irrigation, while more than 5,000 villages did not have safe drinking water and 36 per cent of villages yet to be linked by all weather roads. He stated that *'reduction in regional disparities should not indirectly introduce an artificial distinction between the so-called advanced states and so called backward states.'*<sup>321</sup>

## 8.5 Phase IV Modernising and Technology Focus in Plan

During the mid-term assessment of the Seventh Plan (1988), Prime Minister Shri Rajiv Gandhi asserted that,

*'...the new Planning was aimed at bringing to bear the powers of reason and the fruits of science and technology on the development process. He stated that development was seen not merely as economic growth. It was the structural transformation of our society. Also, it promoted social change and reduced disparities. Development was the fostering of national self-reliance and of securing a gainful life for all. It was the modernisation of our society and economy.'*

Continuing, the Prime Minister stated that *'...the key to the modernisation of our economy lay in deepening the technological base of our society, placing the*

<sup>320</sup> Ibid, p.80

<sup>321</sup> Ibid, p.91

*tools of modern technology in the hands of our people and equipping them with education, which would ensure meaningful and remunerative employment for all.*<sup>322</sup>

Gujarat faced severe drought during 1986-87 and 1987-88 draining its development resources towards the drought relief measures. The food grain production in the State had come down from 52.57 lakh tonnes in 1984-85 to 30.89 lakh tonnes in 1986-87 and was likely to come down further to 12.75 lakh tonnes in 1987-88. Shri Amarsinh Chaudhry, Chief Minister of Gujarat, in the fortieth NDC meeting in 1988, requested that *'formal clearance may be given to the Sardar Sarovar Project by the Planning Commission, which would be the lifeline of Gujarat and also benefit Madhya Pradesh and Maharashtra.'*<sup>323</sup>

During the late 1980s the Government changed several times at the Centre, resulting in lack of continuity and shifting of plan priorities. High deficit, unemployment, unsatisfactory agricultural performance and high foreign debt (\$ 63 billion) in 1990, raised serious concerns expressed. Though Industrial investment and growth rate during this period was above 8.0 per cent, these had not benefitted all sections of the society equally and had not been spread evenly across space. The poor did not benefit as much as the large, new middle class. The income gap between urban and rural areas had widened. Thus, the then Prime Minister, Shri V. P. Singh highlighted the fact that the faster growth in GDP was accompanied by a slowing down in the growth of employment.

The National concern was stressed by Gujarat Chief Minister, Shri Chimanbhai Patel in the NDC meeting in 1990 for consideration while preparing the approach of the Eighth Plan (1992-97). He said,

*'Self employment, rather than wage employment, appeared to hold the key in our strategy to tackle unemployment. Productivity and incomes of our small and marginal farmers could go up substantially, if appropriate technological inputs were made available to them through agro-service centres. They intended to develop at least one out of every three small towns as centres for providing jobs and incomes to the semiskilled and skilled artisans from nearby villages. One or two lead activities would be identified in such small towns and sufficient working space and other amenities would be provided. Diamond cutting and*

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<sup>322</sup> Ibid, p.171

<sup>323</sup> Ibid, p.187

*polishing, garment making, carpet weaving, and repairs and services of various kinds were some of the productive activities he had in mind.*<sup>324</sup>

The regional imbalance concerns were discussed in the Planning Commission and expressed by Shri L. C. Jain, Deputy Chairmen, Planning Commission in a NDC meeting. Referring to regional disparities, Shri Jain emphasised that,

*'...one of the reasons why regional disparities had accentuated was that we had been totally basing the development efforts upon our own official machinery. If one created a network of decentralisation, with village panchayats across the entire space of the country and gave them the responsibility to look after their schools, hospitals, soil, water, grazing grounds and so on, then even the regionally backward areas would get at least some attention, and some more local food to eat in dry land areas.'*<sup>325</sup>

The central-state relations continued to be competitive, where the States pointed at the increasing centralisation of the Plans. Prime Minister, Shri V. P. Singh emphasised once again that,

*'...the Centre and the States were there with a shared responsibility for the management of the affairs of the country. They had given various responsibilities under the Constitution. But it was just a division of work for the management of the country. When any investment or development was undertaken, the whole country got the benefit. There was no territory like Centre. Therefore, all the Central Budget was State money. If we saw from that perception rather than snatching resources, pooling of resources would be an appropriate approach for the problems that we both faced.'*<sup>326</sup>

He favoured decentralization of the Plan mechanism and highlighting the importance of decentralisation, the Prime Minister said,

*'...let us take democracy to where people are present, i.e., villages, panchayats and blocks. Let it spring from there rather than follow the stereotyped practice of flowing from the Centre to the State and from district to the block level. Destinies of nations had not been changed by legislation. They had been changed by the social forces.'*<sup>327</sup>

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<sup>324</sup> Ibid, p.232

<sup>325</sup> Ibid, p.241

<sup>326</sup> Ibid, p.259

<sup>327</sup> Ibid, p.259

## 8.6 Phase –V: Indicative Planning and Liberalization of Economy

During the later part of the 1990s, the country was faced with the *Gulf Crisis*, which was the result of increase in crude oil price imported from Gulf countries leading to serious balance of payment crisis. The development fund during this period 1990-91, seriously eroded to keep up with the import demands. The Central Government appealed to the State Governments to cooperate and prepare the people to meet the challenges faced by economy due to Gulf Crisis.

By the year 1991 the crisis was full blown and the NDC meeting, where Deputy Chairman, Planning Commission, Shri Pranab Mukherjee, made specific references to the adverse balance of payment situation and fiscal deficit and their effects on the economy. The growth process, he said, was being threatened by fiscal imbalances, mounting inefficiencies in the public sector enterprises and diminishing marginal returns from public sector outlays. He stressed that 'the task before the planners was not only to develop strategies for overcoming the present crisis but also to forestall such crisis in future.'<sup>328</sup>

The thrust and direction of the Eight plan (1992-1997) was then decided to keep up with the pace of International demand and crisis faced by the Nation. Shri Mukherjee referred to the historical backdrop of the present planning process in India. He pointed out that

*'the recent global developments have ushered in dramatic changes in International social and economic order. In the wake of this tidal wave of change, which had not left India untouched, he said, the country had to respond and adjust to the changes quickly and creatively, and adjust its planning system to the lessons learned both at home and abroad from the development experience of countries.'*<sup>329</sup>

Shri Chimanbhai Patel, Chief Minister, Gujarat during 1991-92, congratulated Government of India for having taken bold steps to liberalise Indian economy. He, however, desired Central Government to see that these policies were properly

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<sup>328</sup> Ibid, p. 301

<sup>329</sup> Ibid, p.301

implemented and monitored. He felt that the major concern at the present stage was to reduce fiscal wastage in Government, deregulate the economy to promote a “culture of efficiency” and to introduce and operationalise a more participative and decentralized pattern of development. It was important to increase domestic competition and secure cost reduction to increase exports and to integrate India’s economy with the World-economy.<sup>330</sup>

Shri Patel proposed to accelerate the diversification of the State’s economy from agriculture into agro-processing, services and industries, and also integrate private and voluntary activity.<sup>331</sup>

Cautioning on the impact of New Economic Policy (1991), Deputy Chairman, Planning Commission, Shri Pranab Mukherjee had stated that, India is a poor country and a third of its population lives in conditions of poverty. We could not adopt the attitude of the developed market economies, which could afford to provide social security to its people. We do not have those kinds of resources. So we have to move with caution. Those very processes which stimulated growth sometimes tend to neglect the poor.

The Prime Minister, Shri P.V. Narasimha Rao, who had put the issue in the following words: “...there is, however, one danger which we must recognise and guard against in the ‘opening up’ process. This could lead to wider disparities within the society. To meet this situation, we have to enable the under-privileged sections also to derive the benefit of the new opportunities.”<sup>332</sup>

After the new Government came to power in June 1991 the planning commission was reconstituted. The Commission presented the directional Paper and obtained the approval of National Development Council on the revised broad planning parameters for Eighth Plan in December, 1991.

For the first time the Eight Plan outlook recognised “human development” as the core of all developmental efforts. The priority sectors of the Plan that contributed towards realisation of this goal were health, education, literacy and basic needs including drinking water, housing and welfare programmes for the weaker sections. In the Eighth Plan, the Government at the Centre and in the States were asked to expand their role in this sphere.

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<sup>330</sup> Ibid, p.322

<sup>331</sup> Ibid, p.323

<sup>332</sup> Ibid, p.324

People's participation in the Plan was sought by the Planning Commission. Shri Pranab Mukherjee, Deputy Chairman Planning Commission, mentioned in the NDC meeting in 1992 that,

*'The Eighth Plan recognises the essential need to involve people in the process of development. The attitude of passive observance and total dependence on the government for development activities has become all pervasive. It has to be altered to a pro-active attitude of taking initiative by the people themselves. In the process of development, people must operate and the government must cooperate.'*<sup>333</sup>

The Eighth Plan paid special attention to employment in the rural areas. The belief of the NDC was that,

*'If people could get adequate earning opportunities where they reside normally, they would not migrate to urban areas. Such an expansion of employment opportunities called for a shift in the emphasis in the rural development programmes from the creation of relief type of employment to building up of durable productive assets in the rural areas. These assets could enhance productivity and create more job opportunities, leading to sustained development.'*

Centre has setup an Austerity Committee to recommend steps for the reduction in the non-development expenditure by the Centre and the States. Planning Commission urged the States to abide by the recommendations of the Committee to divert the funds for essential and key development programmes. By the year 1993-94, there was improvement in the economic situation in the country. As many as 113 Central Schemes were transferred to the State governments. Investments on the social infrastructure for basic minimum needs, irrigation and agriculture, was mainly entrusted to the State Governments. Major policy shift from centralized efforts to the State role in the planning for the development programmes were observed since 1991 and in the Eighth plan period.

Migration to the cities from the villages was seriously considered as the major implication of poor development of agriculture in the country. More emphasis on the agricultural development in the Plan with promotion of sprinkler and drip irrigation, improvement in animal husbandry, horticulture, forestry and dairying etcetera was done to improve the employment opportunities in the rural areas. In continuation to this, the

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<sup>333</sup> Ibid, p.362

Ninth Plan (1997-2002) focused on agriculture which contributed to 30 per cent of GDP and 60 per cent of employment in country. More focus was laid on the groups and regions which could not take advantage of development and economic growth in the past.

The Government of India adopted a policy in 1993 for central assistance based on the performance in the key reforms such as land reforms, population control and literacy levels. The NDC deliberated in 1997 on the approach to the Ninth Plan where growth with equity and social justice was targeted for the country with emphasis on the decentralization of decision making process.

Dr. Madhu Dandvate, Deputy Chairman of the Planning Commission mentioned,

*'For this to happen, it was imperative that economic decision making be decentralized in such a way so as to ensure that all the major stake holders in our development process are empowered to take decisions rapidly and flexibly. The reliance on guiding role of the State to fulfil social obligations and to raise public investments; dependence on the cooperative sector as an instrument of egalitarianism; utilisation of market mechanism for capital formation and private investments; and allowing foreign investments particularly in infrastructure sector, where technological gap exists; would characterize our economic policies and perspectives.'*<sup>334</sup>

Deliberating on the issue of the approach to the Plan, Shri Shanker Singh Vaghela, the then Chief Minister of Gujarat pointed out that, 'the state is thinking for the new approach towards the villages, which were languishing due to high urbanisation.' With reference to the development strategy of Gujarat he mentioned,

*'In spite of constraints of land and water resources and problems of recurring drought, Gujarat had been able to maintain a respectable rate of industrial growth and to diversify its agricultural economy. A new industrial policy had already been announced for the small-scale sector. It had been proposed to select artisan based centres in Gujarat which had either shown technological and commercial promise in past, or were already linked with National and World markets and integrate them more effectively with larger National and global demands.'*<sup>335</sup>

About the Gujarat development (1997) status he commented,

*'Gujarat was deficit in its power requirements. While serious efforts were being made to involve the private sector in power generation, the substantial requirement of additional power had to be met by the public sector. In addition, proposals for gas based power and for decentralised power generation and transmission in the cooperative sector needed to be sympathetically considered. Emphasis should also be laid on reducing cost*

<sup>334</sup> Planning Commission (2011): *NDC Summary of Meeting*, Volume V, PDF, accessed from [www.planningcommission.nic.in](http://www.planningcommission.nic.in), p.79

<sup>335</sup> Ibid, p.99

*of generation of electricity. The infrastructure facilities at major ports were not sufficient to cater to growing needs and the facilities needed had to be strengthened.*<sup>336</sup>

The pace of the reforms continued even after the change in the Government in 1999. The new Prime Minister, Shri Atal Bihari Vajpayee, insisted on continuing with the reforms. He furthered the reforms by proposing to increase the tariff and user charges for the services utilized by the citizens to make public sector more efficient. He added that no Government could afford to provide costly services free of cost universally and that the Governments must levy reasonable user charges wherever possible, particularly for non-merit goods and services. This, he said, required a change in the mindset. Subsidised public services, he pointed out, should be restricted to only those who cannot afford to pay.<sup>337</sup>

The Ninth Plan adopted high growth target of seven per cent per annum in order to address the issue of poverty and regional imbalances. Shri Vajpayee added that faster, widespread development was the medicine for many of the ills of our economy, polity, and society, and that we need to strive to live up to the expectations of the people, especially of the poorest. He said that many of the social, political and communal tensions that we see today were due to the non-realisation of these expectations.<sup>338</sup>

Shri K. C. Pant, Deputy Chairman, Planning Commission during his deliberations in 1999 pointed that,

*'since Independence, balanced regional development had been an essential component of Indian development strategy, as the various parts of the country were not equally endowed with social and physical infrastructure to take advantage of growth opportunities'.*

He said that 'since historical inequalities are not eliminated intervention in future was required to ensure that such regional imbalances do not occur'. He added that, 'under the current development strategy with greater freedom and choice of location and given the prevailing market imperfections, there was a strong probability that many less developed regions may remain out of the mainstream of development and fail to get the benefits of its present tempo. Therefore, it was necessary for the Plan to ensure better

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<sup>336</sup> Ibid, p.100

<sup>337</sup> Ibid, p. 139

<sup>338</sup> Ibid, p.139



opportunity for public and private investment in social and physical infrastructure by use of appropriate policies in favour of less well-off states'. He said, 'the problem of imbalance operated not only at an inter-state, but also at intra-state level. There was a need to address each in a framework that was more flexible than the political and administrative boundaries of each individual state.'<sup>339</sup>

Through the approach to the Tenth Plan (2002-2007), the Government aimed at doubling the per capita income by 2012. The key to development was thought to be, increasing partnership between the various stake holders. Shri Vajpayee stated that

*'India needed a strong partnership between five agents of development involving, the Union Government, State Governments, Panchayati Raj Institutions, the private sector and the non-governmental and community-based organizations, to achieve all-round development. He opined that, one of the main reasons for the wide gap between India's developmental potential and her actual performance lies in insufficient appreciation, in the planning process, of the need for a partnership between all the five drivers of National development.'*<sup>340</sup>

During the discussion on the Tenth Plan approach, Chief Minister Kesubhai Patel described about the development efforts of the State. He mentioned the efforts by the Gujarat Government that has prepared the vision documents for the key development intervention such as, Human Development Vision 2010, Infrastructure Vision 2010 and Gujarat Agro Vision 2010. These policy documents were accompanied with the financial allocation of resources. The Gujarat Government during discussions, claimed to have reduced the poverty in the State, the people living Below Poverty Level (BPL) declined from 24.21 per cent in 1993-94 to 14.07 per cent in 1999-2000.

The rate of industrial growth in Gujarat has been as high as 11.5 per cent. Many industries in Gujarat especially small scale industries have suffered in the process of globalization. Many units have either closed down or have become sick which has affected the viability of the State finance institutions. Under the Human Development Vision – 2010, the State planned an outlay of Rs. 48,313 crore for the next ten years through budgetary support, institutional finances and contributions from the Private Sector. Gujarat prepared an Infrastructure Vision 2010, which was being implemented since the last three years. Under this agenda, it was proposed to complete 383 projects

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<sup>339</sup> Ibid, p.144

<sup>340</sup> Ibid, p.220

with an investment of Rs. 1,16,000 crore mostly through private investment. The State created the necessary regulatory mechanism for the power sector and independent authorities were contemplated for Ports and other sectors.

The objectives of the Tenth Plan were as under;

1. Growth rate of GDP to be 8 per cent per annum

2. Monitorable Targets:

- All villages to have access to potable drinking water.
- Reduction by 50 per cent in gender gaps in literacy and wage rates.
- Cleaning of major polluted river stretches.
- Employment growth to keep pace with addition to labour force.

During the Plan periods the disparity in various growth indicators amongst the States and within the States, was a matter of great concern. It never occurs that there is deviation in state plans except the policy continuity is at minimal at certain periods due to need of budgetary allocation. The approach to the Tenth plan adopted was;

1. State-wise growth and other monitorable targets for reducing regional disparities.
2. To integrate growth with equity and social justice.
3. Agriculture development to be a core element.
4. Rapid growth in sectors with quality employment opportunities.
5. Targeted programmes with cross sectoral synergies for special groups.

The concerns for the country were expressed in the following items mentioned in the discussion by Shri K. C. Pant, Deputy Chairman (49th NDC Meeting, September 2000);

1. Agricultural growth slackened in the 1990s.
2. Significant backlog of unemployed and likely displacement of labour due to structural change in the economy.
3. Poverty declined to 26 per cent but not to 18 per cent as indicated in the Ninth Plan.
4. Critical gaps persisted in literacy, infant mortality, nutrition; gender disparities continued.

5. Growth in the Ninth Plan likely to be about 5.6 per cent as against 6.3 per cent in the Eighth Plan.
6. Growth disparities across states increased in the 1990s.

### **8.7 Paradigm Shift in Planning Visions (First to Tenth Plan)**

An investigation into the perspectives adopted the Plans periods in the context of development in general and regional development in particular, the only source of information for the major policy shifts are the NDC documents. Though a state may deviated a little in the major planning focus, it remains within the bounds of the guidance issued by the Planning Commission and the National Development Council.

The following section presents the major policy outline pertaining mostly to the macro and partly to the micro spatial impacts. In regional development framework, these policy initiatives have helped in shaping planning framework for the villages, blocks, districts and states in the country. The economic and political impact of the National Governments on the States has been immense until the weakening of the National parties. Gujarat could build its own regional characteristics once more power and schemes were transferred to the States after the Eighth Plan i.e. 1991, by the Planning Commission. Some of the States might have failed to live up to the expectations, but Gujarat performed better in utilizing its development advantage.

#### **8.7.1 Scope of Rural Participation: Spatial Context**

The NDC placed special emphasis on measures to harness the un-utilised energies of the people in rural areas, especially in the following directions:

- i. There should be legislation to enable *Panchayats* to enforce customary obligations on the community or the beneficiaries such as, maintenance of local irrigation works, maintenance and excavation of field channels, contour bunding and soil conservation works etcetera.
- ii. The Third Plan should aim at the provision of certain minimum amenities for rural areas, namely, (a) adequate supply of wholesome drinking water, (b) village schools and (c) roads linking each village to the nearest main road or railway station. This should be secured through local development works

- schemes to which the people contribute. These will help generate necessary enthusiasm in rural areas.
- iii. Programmes for local development, especially for agricultural production, should be drawn up, coordinated for villages and development blocks and should be linked with resources that could be mobilised locally in addition to such resources as are made available by the State Governments.
  - iv. It should be the objective of Government policy and of the day to day administration to assist the building up of community assets which would belong to the village as a whole. The policies of State Government should, therefore, endeavour to facilitate the building up of community properties, which would belong to the people as a whole such as village tanks, fisheries, plantations and grazing grounds etcetera. Through grant of credit facilities, both on individual and community basis, special efforts should be made to strengthen the area of community operation in rural life.
  - v. All projects included in the Plan which call for the use of unskilled and semi-skilled labour should be carried out to the extent possible in each village and area by the community concerned, so that the employment provided and its benefits should accrue to the rural population. In areas where there is a high incidence of unemployment, special works projects should be organised by the local authorities and the State Governments. In all these projects, wages at village rates may be paid and the possibility of paying a portion of the wages through savings certificates or other schemes of deferred payment should be explored.

#### **8.7.2 National Extension Movement (1955 onwards) and Role of Family in Village Development**

The Planning Commission provided the policy direction to the States for the National Extension Movement for improving agriculture and rural livelihood during the Second Plan (1955-60). A programme under which every family in a village is offered the assistance needed, in a well-organised manner, with the objective of doubling agricultural production in the country within a period of ten years and in which every

village will be enabled to provide itself with such amenities - wholesome drinking water supply, a road connecting it with a main road or railway station etcetera within a short time - cannot fail to appeal to the countryside and evoke enthusiasm.<sup>341</sup>

The State Governments were directed to prepare the district and village plans as part of the State's Rural Development Plan. The role for the family as the unit for the central planning in the country is unique. Fundamentals of the National extension movement were:

- i. Firstly, every family should have its own plan for increased production and employment for which it is assisted.
- ii. Secondly, every family should be assisted so that it can be represented on co-operative society in its own right. This is a cardinal part of the programme. At present even in the best areas, only about 30 per cent of the families are members of co-operative societies in their own right. The problem of assisting others, to become creditworthy by increasing production should be systematically tackled in every village. This is best done by giving loans in kind of seed and fertilizers recoverable at the time of harvest and enabling them to have supplementary occupations. The village *Panchayat* or Development Council should be induced to take up this work under the guidance of the project and other district authorities.
- iii. Thirdly, every family should set apart a portion of its time for voluntary work as part of the community effort of the village.
- iv. Fourthly, the women and the youth of the villages should also share in the activities.

### 8.7.3 Perspectives of Balanced Development

The major policy concerns had emerged during the Third Plan and continued till the current (Eleventh) Plan. The plans of the States have an equally crucial significance for the development of individual states as well as for National development. Within each

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<sup>341</sup> Excerpts from letter of Secretary, Planning Commission to all state government regarding the village development efforts, Planning Commission (2011): *NDC Summery of Meeting*, I-V, PDF, accessed from [www.planningcommission.nic.in](http://www.planningcommission.nic.in), Volume I, p. 169

state, there were less developed areas to which greater attention was paid, while allocating the resources and preparing the schemes.

For drawing up the Plans of each state, the broad objectives focussing on Balanced Regional Development proposed by the Third Plan document was as under:

- i. to make the maximum contribution to the increase of agricultural production,
- ii. to secure the largest measures of increase in income and employment feasible,
- iii. to develop social services, in particular elementary education, water supply and sanitation and health services in the rural areas, and
- iv. to raise the levels of living for the less developed areas.<sup>342</sup>

The Plans of the States were oriented towards increasing production and employment and the welfare of the weaker sections of the population. The aim was that, the assets and services established under such programmes would help people take advantage of the programmes of industrial development undertaken both in the public sector and in the private sector.

#### **8.7.4 Food Policy – To Reach the Rural Mass (Third Plan)**

Intensive agriculture programmes were targeted during the Third Plan period, which laid the foundation for food security in India. The State Governments were asked to achieve their respective targets related to the programmes. When the rural development programme were implemented in 1962 with emphasis on the agricultural production and community development programmes, it aimed at increasing rural infrastructure such as irrigation, road and improving power supply. Government of India formulated the National Food Policy in 1962 which had lasting spatial impacts in the country and the States.

The highlights of basic consideration for the implementing Government's food policy were based on the following principal considerations.

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<sup>342</sup> Planning Commission (2011): *NDC Summery of Meeting*, I-V, PDF, accessed from [www.planningcommission.nic.in](http://www.planningcommission.nic.in), Volume-II, p.45

- i. Arrangements for providing food to the mass of people must be on a permanent and continuing basis. Food administration should be so organised that the economy is capable of withstanding a fall in production of at least 5 per cent compared to the preceding year. Effective use of the surpluses of the favourable years to meet the situation in as unfavourable season is essential.
- ii. Relative prices of different agricultural commodities, including food grains and cash crops, should accord with the planned targets of production. In the past, it has not been possible, in adequate degree, to maintain stable price relationships over a period, as between commodities, as between regions, and as between seasons during the year.
- iii. Wholesale trade in food must be effectively regulated. The chief methods available are the maintenance of adequate Government stocks and market operations to ensure stability in prices, restriction of margins of wholesalers and retailers to reasonable levels, inspection of and general control over the use of traders' stocks, maintenance of a large network of fair price shops and cooperative and other consumer stores, and trading operations by Government to the extent necessary. Regulation of primary markets is also essential.<sup>343</sup>

#### **8.7.5 Targeting Poverty in Fifth Plan**

During the first twenty-five years of the Plan i.e. 1951-1976, despite the focus on the village levels works, industrial investment through public enterprises and agricultural extension programmes, the country was marred with acute poverty. Even in Gujarat, the poverty was significantly high with around 35 per cent of its population below poverty line. Poverty is both an absolute and a relative concept. During the approach to Fifth Plan the decision makers talked about the elimination of poverty as a goal of development. During 1975-76, the poverty line was defined in terms of a minimum level of consumption (at 1960-61 base price) and over 220 million people are estimated to be living below this level in country. The size of the problem and absolute number of people

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<sup>343</sup> Ibid, p.225

below poverty line varied across the States. It was estimated that the urban poor, largely was an over-flow of the rural poor.

The Plan document identified main causes of abject poverty as the following.

- i. Open unemployment;
- ii. Under-employment; and
- iii. Low resource base of a very large number of producers in agriculture and service sectors.

In the Fifth Plan, there was a direct attack on the problems of unemployment, under-employment and massive low end poverty. The essential ingredient of this line of attack was to provide employment opportunities on as large and wide scale and to make this effort technically and administratively feasible.<sup>344</sup>

The basic goal of the *Garibi Hatao* programme was to provide a guarantee of minimum level of income from work. The working hypothesis for the Fifth Plan, however, was to explore to what extent employment can be expanded by stretching administrative, institutional and financial efforts to the maximum. In this context, a number of questions were raised. These were;

- i. The maximum possible employment that can be provided in the rural areas in a way that the assets created increase productivity and the welfare of the people.
- ii. The maximum employment that can be provided in urban areas in small scale industries, trade and services.
- iii. The extent to which the present institutional, administrative, technical and financial constraints on the expansion of productive employment can be removed.
- iv. The extent to which the quantum of employment likely to be created will fall short of that needed to bring the poor up to the minimum levels, and
- v. Any further measures to this end that will be necessary.

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<sup>344</sup> Planning Commission (2011): *NDC Summery of Meeting*, I-V, PDF, accessed from [www.planningcommission.nic.in](http://www.planningcommission.nic.in), Volume III, p.68



The general programmes for expanding employment opportunities had to be supplemented and coordinated with specific programmes to tackle the problem of the educated unemployed. The special schemes that have been introduced during the Fourth Plan are a reflection of the fact that, the original programmes included in the Plan were inadequate for the purpose. In formulating the Fifth Plan, it was therefore decided to bring these special programmes into the Plan itself.<sup>345</sup>

#### **8.7.6 Changing Centre-State Relations and Development Impact**

The centralised planning system was envisaged in the country to provide assistance to the States for the various development programmes conceived by centre, states and districts. The focus of the initial years was on 'National development', where strong central leadership and single party domination resulted in centralisation of the Plans. The decision making was highly centralised till the emergence of the new parties, regional imbalances and dissatisfaction with the development programmes emerged in the late 1970s. During this period, the States continued to ask for more than what has devised from them, and put forward their needs, concerns and demands to the Planning Commission and in NDC.

The most difficult time appeared after the formation of Government at the Centre by the Janta Party under the leadership of Shri Morarji Desai. Recognising the differences emerging out between the States and the Central Government and in discussion with the National Development Council, he said that all the problems must be looked at from the point of view of the whole country and not merely of individual states. He stressed the need for subordinating local interests to National interest: only then could the country make progress. In a vast country like India and in a democratic set-up, there could be different parties in power in different states and at the Centre. Some states were comparatively better off than others. But even the comparatively better off ones could not claim that there was no unemployment in their state or that there were no poor people. Historically, the development process started in those states relatively earlier, and the other states remained backward in the sense that they had not developed to the same extent. It must be ensured that all states developed properly so that there were no marked

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<sup>345</sup> Ibid, p.69

differences between people in different states because we were all one people. He emphasised that the relations between the Centre and the States should be based on mutual understanding. While there might not be agreement on everything - and no two intelligent persons would agree on everything - they ought not to quarrel because of their differences. Therefore, it was necessary to find out ways and means of discussing things in a manner by which the differences could be reconciled: that was the approach of his Government.<sup>346</sup>

### 8.7.7 Family Planning Program and Central Assistance

In order to emphasise on the population control, the Government of India linked assistance to the State to the State family planning programmes. The following instructions were issued and discussed in NDC meeting (1979).<sup>347</sup>

It is not necessary to single out the States where the performance in respect of various methods of contraception and MCH scheme has been low. However, it may be mentioned that this low performance will adversely affect the States' entitlement of the full release of Central Plan assistance if the eight per cent linkage formula is to be made operative for the release (of Central Plan assistance) in 1979-80. It may be recalled that the Policy Statement on Family Welfare Programme had stated the following in paragraph 8.

*".....Assistance for the implementation of the Programme is provided by the Central Government to the States on Cent-Per-Cent basis. In order to ensure a purposeful implementation of the Family Welfare Programme, the principle of linking 8 per cent of Central Assistance to the State Plans with their performance and success in Family Welfare Programme will be continued."*<sup>348</sup>

### 8.7.8 Role of Strong Leadership

The development programmes in the country till the first three Plans were under the leadership of Pt. Nehru. He had influenced considerably the directions of planning at the Centre. The foundation for the development programmes ranging from the

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<sup>346</sup> Ibid, p.269

<sup>347</sup> As per NDC approval for Fifth Plan in September, 1976

<sup>348</sup> Ibid, p. 319

Community Development Programmes to National Extension Programme had his strong backing. The development and progress of mega public enterprises had long been held as his vision to see basic industry grow in India. The present development status of the industrially leading states like Maharashtra, Tamil Nadu, Gujarat and Punjab was his vision, which allowed the planners to locate the industries in these states for economic stability and growth. This was an era of International corporation and building long lasting ties with countries and trade blocks that boosted India's export and encouraged import of plant and machinery. His vision continued with the India's first lady Prime Minister Smt. Indira Gandhi, who continued to be dominating over her counterparts in the States. The strong Centre in terms of development policy directions and spatial regional impact, displayed her desire to be with the ambition of the country.

Dr. Manmohan Singh, Deputy Chairman, Planning Commission, while stating on the contribution of Smt. Gandhi, said that,

*'She had a profound impact on the evolution of India's economy and polity with her strong commitment to the goals of modernisation, development, social justice and self-reliance. These had inspired several new thrusts in our development plans and programmes. The achievement of self-sufficiency in food grains and the inculcation of scientific temper in Indian agriculture, a vast increase in the Nation's technical and managerial reservoir, a diversified industrial structure and the inclusion in the Plans of several innovative programmes aimed specially at the weaker sections among whom could be enumerated, particularly, agricultural labourers, small and marginal farmers, scheduled castes and scheduled tribes, were all a tribute to Smt. Gandhi's vision and indomitable courage as the Nation's leader. As a result, the Nation's capability to pursue a self-reliant path of development suited to the genius of the people had been greatly enhanced. It was due to her leadership that, notwithstanding a very hostile International environment in the seventies, the Indian economy emerged from the crisis stronger, more self-reliant and with an accelerated tempo of growth'*<sup>349</sup>

The states no matter also had inspiring leaders across the country during various time periods, but development policy directions were by and large dictated by the Central planning agencies. The State Planning Boards and Commissions have emerged as an independent decision makers during the last twenty five years i.e. Seventh Plan onwards (post liberalisation). In this context, the role of central leadership even during the time of Late Prime Minister, Shri Rajiv Gandhi, was inspiring the Congress led Government at

<sup>349</sup> Planning Commission (2011): *NDC Summary of Meeting*, I-V, PDF, accessed from [www.planningcommission.nic.in](http://www.planningcommission.nic.in), Volume V, p.245

the Centre and the States. Major policy deviations like liberalisation, foreign investment, technology and growth in communication etcetera have emerged during short tenure of Shri Rajiv Gandhi (Seventh-Eight Plan).

#### 8.7.9 Reorientation of Planning Commission

The beginning of the 1990s proved to be a herculean task for the Government in power, compounded by the International crisis after the Gulf War in 1991. India faced severe balance of payment crisis during the period as the entire reserve for dollar was wiped out. Dr. Manmohan Singh, the then Union Finance Minister, stated that,

*‘...today planning was being undertaken in a situation of extreme difficulty. The difficulty arose from the extraordinary high fiscal deficit, the difficulty of paying even for essential imports. Inflation threatened to get out of control. This difficulty came to a head in mid-91 just before the present Government resumed power at the Centre. The magnitude of the crisis was not sufficiently realised. Our reserves had come down to Rs. 2,600 crores which, was barely enough to finance two weeks of import.’<sup>350</sup>*

Severe import restrictions had been imposed four months earlier, which caused steep decline in industrial production. Buyers of Indian goods abroad were held off in the expectation of devaluation. NRIs were withdrawing their deposits at the rate of over Rs. 300 crores a week. Banks abroad were not even prepared to give short-term credit for the country's most essential imports such as, fertiliser and diesel, and the accelerating inflation was threatening to destroy the confidence in the country's ability to manage the economy. Under these circumstances, stern measures were taken and the crisis was averted. The decline in reserves was reversed and today the reserves stood at over Rs. 9,000 crores. International confidence has been restored and access to the International capital market has been reopened. The gold reserves the country had pledged at the time of extremity have been redeemed. However, a great deal that was to be done to ensure steady and rapid growth in employment and incomes, became the aim of the Eighth Plan. There was need to bring down inflation, manage the balance of payments and reduce the country's foreign debt.<sup>351</sup>

<sup>350</sup> Planning Commission (2011): *NDC Summery of Meeting*, I-V, PDF, accessed from [www.planningcommission.nic.in](http://www.planningcommission.nic.in), Volume IV, p. 339

<sup>351</sup> Ibid, p. 341-342

During such crisis Shri Pranab Mukherjee as the Deputy Chairman of Planning Commission during an NDC meeting stated that, the concentration should now be on maximising limited resources by using them optimally. He pointed out that Rs. 48,000 crores of foreign aid remains unutilised at a critical time when the country was facing severe balance of payments position. It costs the Nation Rs. 1,000 crores if commissioning of a gas cracker plant is delayed by a year. Cost overruns of 308 projects in the public sector stand at a staggering Rs. 34,000 crores. He mentioned that if we could bring down the cost of production in public sector by mere 5 per cent, we would be able to generate another Rs. 5,500 crores for productive purposes.<sup>352</sup>

Due to such crisis, planning for the period was stalled for a year to restore the confidence in the economy.

#### **8.7.10 Emergence of Market Oriented Planning Mechanism**

The overwhelming dominance of the market over the socio-economic planning regime of the country became evident after the end of the Gulf crisis. As a policy direction, the market was recognised as powerful enough to be regarded as an important force for the emergence of liberalisation and structural adjustment programmes in India. Resultantly, it impacted the development programmes and thus the regional development in the country in the years that followed. Gujarat merely followed the national directives, given little deviation it could afford to address the financial issues and allocation of funds.

The human development concerns expressed in the latter half of the 1990s also helped the country to show concern for the improvement of the Human Development Index (HDI), so grossly neglected by the country. The State Governments, till these periods, were not aware of the changes and measures to be adopted to judge the human development in their state. Gujarat was no exception; it emerged as a powerful industrial and economic growth centre but lagged on the human development indicators.

In a NDC meeting (1991), the then Prime Minister Shri P.V. Narasimharao noted that,

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<sup>352</sup> Ibid, p. 357

*'...momentous changes were taking place around us in the economic, social and political spheres. A philosophy of growth guided by market forces and liberal policies was emerging. In this context, the role and even the relevance of planning were being questioned. But, the emerging global economic and political changes did not mean a reduction of responsibility on the part of the Government and the Planning Commission; rather, these changes only serve to reinforce their roles.'*<sup>353</sup>

He stated that in the last NDC meeting he had emphasized that planning had a critical role in the social, human and economic development of the people and it had a particularly crucial role in the creation of social infrastructure and in the sphere of human development.

He had further stated that,

*'our past experience with the public sector, and the experience of several countries of the World, had shown that, under some conditions, the market could serve as a device for promoting efficiency. However, the growth and development of this country could not be left entirely to the market mechanism; fulfilling the minimum needs of our people, providing education and health for all, ensuring employment and a living wage to all our rural poor, could not be left to market forces. The limitations of the market as the sole vehicle of development had to be recognised, and needed to be supplemented by some other way; and that other way could only be through State intervention'* (reference).

On the one hand the national leadership encouraged the role market and private sector to achieve the desired economic growth target by inducing investment in industries and infrastructure but on the another it also emphasise the role to governments in addressing the need of poor and backward areas and people through planned efforts. As statement of Prime Minister and Chairmen of Planning Commission during a deliberation at NDC reveals;

*'Planning will, therefore, continue to have a crucial role in a number of areas, particularly, in macroeconomic management, in the creation of social infrastructure, and in the sphere of human development. Planning was necessary to take care of the poor and the downtrodden, who were for the most part, outside the market system and had little asset endowment to benefit from the natural growth of economic activities. Development of backward, hill and remote areas and their integration with the mainstream of economic activities also could not be completely left to the market, and would, therefore, have to be undertaken as a planned effort. Market could not play the required role in areas like protection of the environment, forests and ecology, and in guiding the use of scarce resources like rare minerals, land and water. A long term perspective, and hence planning, was called for in these areas. Strengthening of physical infrastructure, like*

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<sup>353</sup> NDC, 43<sup>rd</sup> NDC Meeting Summery, 1991

*energy, transport, communications and irrigation, which support the growth process on a sustainable basis, was another area where the role of planning was crucial. The expected increasing participation of the private sector in investments in these sectors did not, in any way, detract from the criticality of the need for planning. Planning and the market mechanism should be so dovetailed as to be complementary to each other*<sup>354</sup>

Gujarat till year 2001-02 followed the national agenda for the planned development. The vision developed during the then Chief Minister, Shri Kesubhai Patel, and its successor Shri Shankar Singh Vaghela were more related to reform and changes in agricultural and industrial sector.

The aggressive state active involvement and implementation of policy through state run public enterprise were mostly for the basic infrastructure. State by the year 2002 had strong public-private partnership in the infrastructure.

#### **8.7.11 Party Politics at the Grass Root affecting Development Programs**

Though the political ideologies and efforts by the leaders were all targeted towards the national development, the regional domination of various political parties did effect the implementation of planning objectives. The more efforts were made for the non-planned expenditure to achieve the short terms and populist development targets and schemes. Thus spatial differences with country due to its ideological differences became more visible after the emergence of coalition governments at the centre and state. Among the Prime Ministers who faced most political crisis and was most vocal about impact of political differences over the planning mechanism was Late Shri P.V. Narasimharao (1992-96).

During the NDC deliberations Prime Minister Shri P.V. Narasimharao pointed at the ill effects of party politics at the grass root level. He emphasised that the difference between development and political angles had to be very clearly understood at the grass-roots level. There was a time in the early fifties when a raging controversy has existed on whether political parties should fight elections on party lines at the *Panchayat* level. Some leaders said they should, others said they should not. Ultimately he thought, by and large, a kind of working arrangement had been reached whereby we did not really go and

<sup>354</sup> Planning Commission (2011): *NDC Summery of Meeting*, I-V, PDF, accessed from [www.planningcommission.nic.in](http://www.planningcommission.nic.in), Volume IV, p. 368-369

campaign for the parties in the *Panchayat* elections but still if a party had overwhelming or appreciable support in a particular area, the *Sarpanch* and *Panchayat* Members, by and large, belonged to that party and that was where we drew the line. That line is getting blurred.

The Prime Minister stated that '*development will have to be kept a little aside from party considerations.*' He stated that 'he would not like to add anything more at this stage but wherever and whenever he found these complaints coming persistently, he would like to appeal to the Chief Ministers and other leaders of the States to correct this aberration because ultimately the whole country was going to suffer and the entire developmental programme at the grass-root level was going to suffer'. He stated that 'he felt very strongly about this and that it was necessary to impress this at the beginning of the Eighth Plan rather than after the damage was done and when we were half way through. So, this was the time to consider this point.'<sup>355</sup>

Gujarat had since 1997-98 had been under leadership of second largest political party i.e. Bhartiya Janta Party (BJP), but had to follow the major policy directions from the planning commission. But in the State, the re-orientation of national schemes with added emphasis on the State led schemes which were targeted to be more populist seeking continuation of party in power. The State planning board though not very active the leadership took aggressive postures in showcasing states achievement since tenth plan (2002-2007).

#### **8.7.12 Rapid Economic Growth (Ninth Plan - 50th Year of Independence)**

The Prime Minister Shri H.D. Deve Gowda referred to the broad theme of Ninth Plan (1997-2002) as "Growth with Equity". He mentioned,

*'No serious dent could be made on poverty and unemployment without rapid and sustained growth. Bold efforts would have to be made to step up the growth rate of the economy in a significant manner. It must however be recognised that the benefits of growth may take time to reach the poor and the disadvantaged. At the same time, no development strategy could be sustainable unless all sections of our society felt that they were active participants in and beneficiaries of the growth process. It was necessary to involve various segments of our society into the growth strategy and find ways by which the disadvantaged could directly reap the benefits.'* (NDC, 1996)

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<sup>355</sup> Ibid, p.370-71



Growth with reform continued during the later 1990s (1997-1999), and the Prime Minister said that rapid growth of the economy required that the on-going process of reforms be implemented expeditiously. He observed that there was need to take full advantage of the emerging opportunities in trade and investment that were available in the world economy, while keeping in view the ultimate objective of self-reliance (NDC, Vol. IV).

He stressed that, equitable growth required special focus on agriculture and rural non-farm economic activities. There was no contradiction between rapid and equitable growth. There was also no reason for the country to continue to hold the belief that progress and development could come about only through industrialisation. A dynamic rural sector was both an enabling condition for industrialisation and an end in itself (NDC, Vol. IV).

Turning to the infrastructure sector, he observed that,

*'The most pressing constraint to the achievement of fast and equitable growth was the inadequacy and poor state of the infrastructural sector. Steps would have to be taken immediately to redress the situation. There was lot of misconception about the strategy proposed to be followed. It must be very clear, that the Government would continue to shoulder the responsibility of developing this sector. However, a large developing economy of our size faced constraints on resources. There were so many competing demands that adequate allocation of resources was not always possible. Consequently, new investment by both the public and the private sectors would have to be encouraged. In addition, serious efforts would have to be made to improve the efficiency and capacity utilisation of the existing infrastructural assets'*<sup>356</sup>

## 8.8 Regional Development Planning Plan Perspectives

Regional imbalance in the country has been recognized as a problem since the initial plan period till the Eleventh Plan. The Five Year Plans in the country provided a number of schemes for the improvement of the backward areas. During the First (1951-56) and Second Plan (1956-61), the Plan documents encouraged 'place prosperity' based on regional policy by establishing public sector or state owned industrial units and services in backward areas and lagging states. Bhat (1982)<sup>357</sup> notes that considering entire

<sup>356</sup> Planning Commission (2011): *NDC Summery of Meeting*, I-V, PDF, accessed from [www.planningcommission.nic.in](http://www.planningcommission.nic.in), Volume V, pp. 8-82

<sup>357</sup> Bhat, L.S. et. al., ed. (1982): *Regional Inequalities in India*, SSRD Publications, New Delhi

the State as backward or developed are not justified. He mentions that, a backward state may have developed pockets and vice-versa. The Plan periods later provided special attention (schemes/packages) to the backward areas having varied geographical characteristics such as hill areas, tribal areas, command areas, drought prone area and border areas. These schemes often overlap with many other schemes and together address the varied problems in selected regions. Thus, during the Plan periods, the different Departments are implementing their respected schemes in isolation with little integration.

Since the Eleventh Plan period (2007-2011), the integration of the schemes under the Backward Area Grant Fund (BAGF) has been organised to generate the plan at the regional level or block/*taluka*. There is emphasis on both long term as well as short term strategy for the improvement of the regional backwardness through plan periods.

However, the plan documents avoids advocating for the regional planning it uses several terms identified with the backward regions in their schemes. For example, the Fourth Plan refers such areas as 'Hill and Special Areas'<sup>358</sup> and further subdivides into 'Hill and Border Areas', 'Backward Areas', and 'Other Special Areas'.<sup>359</sup>

The draft Fifth Plan (1974-79) refers to all such programmes as 'Backward Areas' programmes.<sup>360</sup> The Sixth Plan (1980-85) lists hill areas, tribal areas, north-eastern council and backward areas as the Special Areas Programmes.<sup>361</sup> In the Seventh (1985-90), Eighth (1992-1997), Ninth (1997-2002) and Tenth (2002-2007) Plans the ecologically, socially and strategically sensitive area under the Special Area Development Programmes. The rest of the backward areas placed in these Plans under the conventional sectoral programmes.

### 8.8.1 Agriculture and Rural Development

Until 1980s, majority of the population in India and Gujarat was engaged in agriculture. Approximately 70 per cent of the population was dependent on this sector for livelihood. It was estimated that 40 per cent of the National income till early the 1980s was contributed by agriculture. The development of agricultural sector is also implied with development of rural areas in the country. Since 1952, spatial planning for the rural

<sup>358</sup> Planning Commission, Fourth Plan Document, PDF Document, p.59

<sup>359</sup> Ibid, 346

<sup>360</sup> Planning Commission, Fifth Plan Document, PDF Document, pp.282-286

<sup>361</sup> Planning Commission, Sixth Plan Document, PDF Document, *See Annexure 4.3*, p.57

areas focused extensively on this sector with several projects initiated towards the community development. Government assigned itself the role of helping people to help themselves by providing inputs for integrated development of community life. The initial coverage of the programme was about 1,300 sq. km. covering about 300 villages and a population of 2,00,000.<sup>362</sup>

The focus of the Community Development Programme was limited to initial Four Plan period until 1970s. The program for massive rural development and mobilisation of people for national development could not be continued due to mismanagement.

In the Third Plan (1961-66) the coverage of the Community Development Programme (CDP) was extended to 5,245 blocks, the number of villages brought under the programme to 5,65,000 and population covered to 404 millions. The Third Plan proposed that;

- (a) Village *Panchayats* should receive 'greatest stress' and should function with general consent and goodwill of the community,
- (b) Technical officers at the district level should assist and advise extension officers and *Panchayats* in formulating schemes of development,
- (c) Village level workers, extension workers and the block development officers, should work as a team,
- (d) Mutually interlinked and integrated village and block Plans should be evolved to ensure 'intensive and continuous development' and the *Panchayat Samitis* should take proper steps in this direction,
- (e) The technical departments at the State level should extend full cooperation to help the elected representatives under *Panchayati Raj* in discharging their duties efficiently and,
- (f) The District Collector has important part to play in the whole process and should play the dual role of maintaining coordination among different agencies at work on the one hand and ensure a continuing flow of technical advice and guidance

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<sup>362</sup> Chand Mahesh and Puri (1983): *Regional Planning in India*, Allied Publishers Pvt. Ltd, Delhi, p. 275

from the Departments at the State level to *Panchayats Samities* and other institutions of the lower order, on the other.<sup>363</sup>

### 8.8.2 Industrial Development – Plan Periods

India, since Independence has been trying to attain a rapid rate of growth through industrialisation within the framework of highly uneven spatial structure with a centre periphery syndrome. This has further aggravated the problem of inter-regional inequality in the level of industrial development, where early starters continue to dominate the industrial scene of the country.

The Government policies in the post-Independence period have been somewhat regressive as far as balanced regional development is concerned. Almost all the policies have only marginally affected the location dynamics of industries even after more than 45 years of planning. The regional distribution of industries by and large, represents the same picture of industrial concentration as under the British.<sup>364</sup> Some researchers however, maintain that the inter-regional inequalities in the level of industrial development have declined over the past 30 years as a result of Government intervention. They emphasise that industrial concentration would have been further aggravated in its absence.

### 8.8.3 Poverty Alleviation –Through Plan Period

At the time of India's Independence, the socio-economic scenario was characterized by a predominantly rural economy with feudal structure. There was widespread poverty, dismal literacy rate, geographically and culturally isolated population, a rigid social structure and extremely poor transport and communication system. The state leaders and policymakers during the initial years of development planning were also not adequately acclimatized to development activities. In view of the impediments to social and economic development, the fulcrum of the planning process had been pivoted on the strategic goal of 'economic development with social justice'.

<sup>363</sup> Govt. of India (2004): *Third Plan Document*, Planning Commission, GoI, html document, Accessed March 2004, pp. 339-340

<sup>364</sup> Awasthi, Dinesh Narain (1991): *Regional Patterns of Industrial Growth in India*, Concept Publishing Company, New Delhi, p.15

Thus, the planning process in India, over the years, underscored the development of backward areas and disadvantaged population groups.

The First Plan (1951-56) was an attempt to strike a balance between the prevailing socio-economic conditions and the building up of a model society founded on the Indian Constitutional norms relating to the protection and advancement of the people belonging to the weaker sections. The Plan document explicitly states,

*"Economic planning has to be viewed as an integral part of a wider process aiming not merely at the development of resources in a narrow technical sense, but at the development of human faculties and the building up of an institutional framework adequate to the needs and aspirations of the people".*<sup>365</sup>

This realization led to the implementation of the Nation-wide programme of community development, with the objective of facilitating socio-economic change primarily in the life of the rural population. The Community Development<sup>366</sup> had also been considered as an instrument in tackling poverty during the First Plan. The basic premise of this programme was founded on the assumption that efforts at the local level could be instrumental in motivating the community to participate in the development programmes. The expectation was that if motivational impulses could be successfully generated then it would not really be difficult to sustain the programme once it gains momentum. The introduction of the Panchayati Raj Institutions (PRIs)<sup>367</sup> provided the much-needed impetus towards the implementation of the programme. However, the CDP, despite having been continued during the subsequent Plan periods, failed to generate the desired results because of the over-dependency of the Programme not only on the Government initiative but also on Government funding. The Programme failed miserably in places characterized by a lack of Government funding as the much-needed local contribution was not forthcoming. Thus, the programme of community development, upon which the planners in India were initially banking to eradicate poverty, failed to bring about the desired results in terms of improving the lives of the poor.

<sup>365</sup> Text of the First Five Year Plan Document, available at: <http://planningcommission.nic.in/plans/planrel/fiveyr/welcome.html> (accessed on 05 May, 2009)

<sup>366</sup> Each community project consisted of three Development Blocks and each block comprised nearly hundred villages. The Development Block stratified into groups of five villages and each of the group was under the supervision of a village level officer. The activities that were carried out under the Community Development Blocks included agriculture and allied activities, irrigation, communication, education, health, supplementary employment, housing, training and social welfare.

<sup>367</sup> Panchayati Raj Institutions implies local bodies.

However, an important institutional change that took place during the First Plan (1951-56) period was the evolution of a comprehensive land reform policy, which led to the abolition of intermediary institutions and systems of land holding like *Zamindari*, *Jagirdari* etcetera, which were highly exploitative and a root cause of rural poverty. The ownership of lands was transferred to the indigent population with the intention of ameliorating the deplorable condition of the rural poor. However, the benefit of land reform was confined only to a few agriculturally progressive states.

The Second Plan (1956-61) embarked upon a strategy of development based on the Two-Sector Closed Economy Model of Professor P.C. Mahalanobis, namely, capital goods producing sector and consumer goods producing sector. The objective of acceleration of economic growth, as perceived and applied during this period, was primarily based on higher investment in the domestic capital goods producing sector (and the associated metal-producing sectors)<sup>368</sup>. Since private entrepreneurial capacity in the capital goods sector was inadequate and the political scenario was more inclined towards a public sector expansion, the Second Plan heralded a massive industrial development programme with an emphasis on balanced regional development of the industrial and the agricultural economy. The Industrial Policy Resolution too, echoed the importance of balanced regional development in order to ensure that the people in backward areas derived benefits of industrial development through increased employment and enhanced incomes. As a result of these policy pronouncements, some major industrial projects came up in the backward regions of the country.

This Plan fuelled the development of small-scale industries in backward areas of Gujarat, which was important for addressing the problem of unemployment especially in rural areas. However, despite its much-needed emphasis on balanced regional development, the Second Plan ran into trouble in the late fifties on account of a serious balance of payment crisis and acute food deficit. The problems got compounded with an exacerbation in inflationary pressures and rapid growth of population.

The Third Plan (1961-66) tried to address the problems that cropped up in the Second Plan period without bringing about any basic changes in the policy of public sector driven industrialization and protectionism. A major development that took place

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<sup>368</sup> The consumer goods producing sector was still in its infancy during that time.

during the Third Plan period, however, was the beginning of a comprehensive programme of rural works with the objective of generating additional employment opportunities and utilizing the large reserve of rural labour force for accelerating the process of economic development. In spite of this positive development, the performance of the Third Plan remained far below expectation. The growth rate plummeted down to 2.7 per cent per year as compared to a targeted growth rate of 5.6 per cent per year. The phenomenal decline could be attributed partly to poor harvests and partly to wars with China and Pakistan in 1962 and 1965, respectively. The threat to National security triggered by these wars prompted a diversion of resources to National defence at the cost of other development priorities.

From the above discussion, it is clear that India's strategy for development with social justice during the first two decades of planning consisted primarily of two instruments which were: (a) economic growth with balanced regional development; and (b) institutional changes to remove some socio-cultural constraints in accessing development opportunities. The implicit assumption behind the choice of these instruments was that if they perform well then the fruits of planned development would 'trickle down' to the masses. Unfortunately, in the early 1960s itself, the Indian planners began to face serious criticism as the contemporary empirical evidences revealed that the fruits of development had not percolated down to the masses and there were a large number of deprived and deserving communities whose basic needs remained unmet.

As a response to this criticism, the Planning Commission came out with a paper (1962).<sup>369</sup> The paper suggested that a *GDP growth rate target of 6 per cent per year, accompanied by a stable distribution, would facilitate broad based improvement in living standards*. Thus, the planners for the first time explicitly recognized the importance of distributional policies and considered it necessary to have targeted programmes for employment generation and income support for those who had been left out of the benefits of the growth process. Consequently, some special programmes like public distribution of food grains at reasonable prices, Small Farmers Development Agency (SFDA) and Marginal Farmers and Agricultural Labourers (MFAL) schemes were

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<sup>369</sup> Planning Commission (1962): "Perspectives of Development: 1961-1976; Implication of Planning for a Minimum Level of Living", PDF, Online Access.

introduced in the late 1960s and towards the beginning of the 1970s to target the specific disadvantaged groups like the small and marginal farmers.<sup>370</sup>

On the eve of the Fifth Plan (1974-79), the policy makers realised that the institutional changes and the special programmes that had been in operation to complement the low economic growth rate could not succeed in making a significant dent on those excluded from the growth process. It was observed that the set of people, who failed to derive the benefits from the growth process, were much widespread and diverse in character than was originally anticipated in the previous Five Year Plans. The contemporary empirical research evidences<sup>371</sup> reaffirmed that poverty had been more acute among wage labourers, Scheduled Tribes and Scheduled Castes and people inhabiting the backward regions. These findings provided the rationale for complementing growth promoting policies with increasing number of direct measures in the form of targeted programmes intended for a much larger set of disadvantaged population groups.

The development strategy during this period also derived its strength from the idea of poverty-reducing growth process proposed by Prof. Sukhamoy Chakraborty, who suggested that *“just a high rate of economic growth is not enough but growth should happen in a manner which increases income much more for the lowest 30 per cent of the population”*.<sup>372</sup>

Thus, a number of targeted income and employment generation programmes were introduced as a component of the development strategy of the Fifth Five-Year Plan with the objective of ameliorating the living conditions of the disadvantaged. The decade of the seventies is thus considered as a landmark with the introduction of a series of programmes based on a three-pronged approach to attack poverty and unequal distribution which included: (i) creation of income-generating asset base for the rural poor (ii) generation of opportunities for wage employment; and (iii) area development

<sup>370</sup> Refer Third and Fourth Plan Documents, Planning Commission for details.

<sup>371</sup> Planning Commission (2012): *India Human Development Report-2011*, Oxford University Press, New Delhi.

<sup>372</sup> The model for raising the consumption for the bottom-most 30 per cent of the population in the Fifth Five Year Plan (1974-79), as developed by Professor Sukhamoy Chakravarty, was based on integration of the Leontief's Input-Output system with the models of macro-economic growth belonging to the family of Harrod-Domar. The consumption demand of the bottom-most 30 per cent was mathematically quantified and integrated with the overall rate of economic growth.



programmes in backward regions like dry land, rain fed, drought prone, tribal, hill and desert areas. Furthermore, since industrial development was considered as an avenue for large-scale labour absorption, the Government also introduced Rural Industrialization Programme (RIP) and Rural Artisans Programme (RAP). Although the strategy for poverty alleviation during this period had yielded fruits in terms of poverty reduction, the extent of poverty reduction was, however, not commensurate with the resources put in<sup>373</sup>.

This strategic emphasis on growth with redistribution continued during both the sixth (1980-85) as well as the Seventh Plan (1985-90) periods. The Eighth Plan (1992-97) was another important landmark in the development strategy when the limitation of an income and commodity-centric notion of poverty and human well-being was recognized. In line with Prof. Amartya Sen's celebrated work 'Development as a Freedom', poverty came to be recognized as not simply "a state of low income or consumption" but as the lack of freedom of a person to choose and live the life he has reasons to value. The notion of freedom to choose and live, brought to the fore the process aspect of life defined as capability, which is contingent upon the State of health, level of education, demographic characteristics, socio-cultural environment, which determine the access to development opportunities.

This recognition of the multifaceted nature of poverty generated an urge among the policymakers for complementing poverty alleviation strategy with special programmes for building up the capabilities of the poor and the disadvantaged. Accordingly, the Eighth Five-Year Plan document underscored the human and social development policies as crucial components of the strategy for ensuring 'development with social justice'. The focus was primarily on health care and education along with Special Component Plan for Scheduled Castes/Scheduled Tribes.

Over the late eighties a number of empirical studies brought out the deplorable conditions faced by some vulnerable sections of the society like women, children, the aged and the disabled, despite a promising growth performance and indicated the need for their inclusion in the development policies. The emphasis in the planning process also changed accordingly with the introduction of a large number of programmes meant for

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<sup>373</sup> The notion of poverty that had been applied during this plan by the planners and policymakers were income and commodity-centric and poverty was conceived simply in terms of lowness of income or calorie consumption.

these disadvantaged sections. The decade of the nineties brought the notion of sustainable development to the fore and influenced the planning and policy spheres in addressing the conflicts between growth-promoting policies and degradation of the environment and their implications for the livelihood of the poor.

The Tenth Plan period (2002-07) has observed a healthy transformation in the policy sphere with the emergence of a more vibrant civil society and media and the evolution of a more dynamic and sensible judiciary. These developments accompanied by social mobilization has prompted the Supreme Court of India to issue a series of directives to the Governments at the Centre and the States to allocate adequate resources, ensure people's participation in implementation and monitoring of poverty alleviation programmes, use excess food stocks to run food for work (FFW) schemes in drought affected states and serve cooked mid-day meals to primary school children. In the wake of starvation deaths in states like Orissa, Rajasthan and Madhya Pradesh at the onset of the millennium, the Apex Court acted quite promptly in response to a petition filed by People's Union of Civil Liberty (PUCL). The petition tried to link food security with the right to life, which is recognized as a Fundamental Right (under Article 21 of the Indian Constitution).

The Civil Society also put pressure on the Government to initiate steps towards guaranteeing development benefits to the poor. The enactment of 'Right to Information Act, 2005' (RTI), the 'National Rural Employment Guarantee Act, 2005' (NREGA) and 'Right to Education Act, 2009' (RTE) are some of the important steps initiated by the Government of India towards that end.

#### **8.8.4 Regional Backwardness and Poverty Alleviation in Gujarat**

The State exhibits the all-Indian pattern of growing social and regional inequalities in a most pronounced way. Patel (1991)<sup>374</sup> differentiates between two Gujarat's. They roughly coincide with regions which are more or less favourably endowed with fertile soil and water resources, and are within or outside the industrial corridor between Vapi and Ahmedabad. One of these is the fertile and through rivers, canals and rainfall, well-irrigated heartland. It comprises the districts of Gandhinagar,

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<sup>374</sup> Patel, Surendra J. (1991): "Growing Regional Inequalities in Gujarat", *EPW*, XXVI (26), p.1620

Ahmedabad, Kheda, Vadodara, Bharuch, Surat and Valsad. The 'other' Gujarat encircles the heartland. It consists of Saurashtra and Kachchh in the west and the north-west, and Sabarkantha, Banakantha, Mahesana, Panchmahals, and Dangs, respectively in the north, in the north-east and in the south of Gujarat, plus *talukas* of the backward Gulf of Cambay. This 'periphery' contains almost 70 per cent of Gujarat's total population and can be described as 'poor, underdeveloped, weak, agricultural, non-industrial, and even less educated.'

**Table 8.1**  
**Number and Per centage of Population Below Poverty Line (Gujarat)**

Year	Rural		Urban		Combined	
	No of Persons (Lakh)	Per centage of Persons	No of Persons (Lakh)	Per centage of Persons	No of Persons (Lakh)	Per centage of Persons
1973-74	94.61	46.35	43.81	52.57	138.42	48.15
1977-78	92.53	41.76	38.35	40.02	130.88	41.23
1983	72.88	29.8	45.04	39.14	117.92	32.79
1987-88	74.13	28.67	48.22	37.26	122.36	31.54
1993-94	62.16	22.18	43.02	27.89	105.19	24.21

Source: Planning Commission, Indian Planning Experience: A Statistical Profile, GoI, January 2001, Table 2.1-2.5, pp. 19-23

Within these regions one finds desert and semi-desert areas of the north, endangered by further desertification, the saline coastal area of Saurashtra, areas in Saurashtra suffering from exhaustive exploitation of groundwater resources and the eastern tribal belt, degraded due to deforestation and the consequent soil erosion.<sup>375 376</sup> The other Gujarat is not confined to the periphery. It incorporates parts of the districts of the heartland as well. *Talukas* in the districts of Vadodara, Bharuch, Surat and Valsad are, 'very poor, very underdeveloped and most backward.'<sup>377</sup> In the peripheral areas, like Saurashtra, there are some regions which are agriculturally and industrially somewhat more prosperous.

<sup>375</sup> Ibid, p 1621

<sup>376</sup> Hirway, Indira (1995): "Selective Development and Widening Disparities in Gujarat", *EPW*, XXX (41-42), p. 2603.

<sup>377</sup> See Patel, 1991, p. 1619

Gujarat deviates from all-India tendencies in agriculture and manufacturing and in the incidence poverty. Agricultural performance of the State has been poor compared to the National performances in 1970 and 1988 due to severe drought. In the late sixties and in the seventies agricultural growth was achieved through technology driven *Green Revolution* mainly in its heartland, particularly in the districts of Kheda and Surat. The rate of agricultural growth in the eighties dropped below the all-India level because of serious and prolonged droughts in its rainfall dependent region between 1983 and 1988. It later improved in 1990s with moderate growth rate in agricultural income or share in Gross State Domestic Product. Despite agriculture's poor performance and its declining share in the domestic product, Gujarat's per capita income has been consistently higher than the all-India average. The reason is the growing contribution of manufacturing to Gujarat's income. It made Gujarat one of the most important industrial states of India, mainly due to the ever-increasing number of factories in the Vapi-Ahmedabad corridor. Sixty per cent of industrial produce and three quarters of the industrial employment comes from this belt. Yet, the share of manufacturing in employment rose only marginally.<sup>378</sup> Modern capital-intensive enterprises seem to dominate the industrial growth in the State. Saurashtra is the main industrial area outside the Vapi-Ahmedabad corridor. In 1985, 23 per cent of the total number of Gujarat factories and almost 18 per cent of all workers in these factories were found in the regional centres like Rajkot, Morbi and Bhavnagar. The corresponding figures for the remaining part of Gujarat including the districts of Kachchh, Banaskantha and Mehsana were respectively 7 and 8 per cent.<sup>379</sup>

Estimates on the incidence of poverty in Gujarat differ from that of India as a whole. Nevertheless, a few careful conclusions can be drawn. First, poverty in Gujarat fluctuates. There has been a reduction in poverty during the seventies and early eighties and an increase after 1983. Formulated differently, between 1973 and 1983, the incidence of poverty declined much faster than between 1983 and 1988. During these five years, the decline was much lower than in India and the absolute number of poor people went up. Secondly, the severity of poverty is highest in households of rural labourers, those of

<sup>378</sup> Ibid, p.2604

<sup>379</sup> Govt. of Gujarat (1995): *Locations of Industries in Gujarat State, 1975, 1980 and 1985*, Volume I, Directorate of Economics and Statistics of Gujarat, Gandhinagar, p.77.

non-agricultural workers being the poorest. Their members are casual workers dependent on unskilled off-farm employment and are constantly on the move to be employed irregularly.<sup>380</sup> If the share of casual labourers in the total workforce is taken as an indication of the profoundness of capitalist rural transformation, then Gujarat has been one of the States where this process has been felt the most since the seventies. It experienced a rapid rise in the share of casual labour, female casual labour in particular.

Since the share of male casual workers increased, Gujarat has a higher portion of rural and urban casual workers as compared to the all-India proportions.<sup>381</sup> The capitalist growth pattern of Gujarat's agriculture is also reflected in the relatively small proportion of small and marginal holdings and a large per centage of agricultural labourers in the total agricultural population. The average size of landholding and the incidence of landlessness in Gujarat is one of the highest in India, the former being larger than the all-India level.<sup>382</sup>

Since the eighties, Gujarat's industrialized west coast became part of the changing overall political economy, witnessing the retreat of the State as chief controller of economic life, as Indian economy gradually began to change into a market economy. Before and during the seventies Indian political economy could best be described as 'state capitalist'. That is, a 'mixed economy' with the Government in 'command and control' over industrial production protecting it against foreign competition and partly directed by huge privately owned industrial concerns. In 1991, the Central Government issued the 'New Industrial Policy Statement'. It abolished the complex system of obtaining official permits in order to start and expand industrial enterprises. The new policy also announced the reform of state-owned industrial production by allowing private investments in areas earlier considered public domain, or private participation in public ventures. Last, but not the least, the policy encourages foreign investments and continues to remove restrictions on imports. By these measures Indian Government aims

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<sup>380</sup> Hirway, 1995, 2606

<sup>381</sup> Ibid 2605

<sup>382</sup> Ibid 2603

at more internal and external industrial competition and thus hopes to improve industrial efficiency, productivity and to modernise industrial technology.<sup>383</sup>

### 8.8.5 Spatial Coverage of Development Programmes

The rural backwardness in the Gujarat state was evident from the number of development programmes initiated in early 21<sup>st</sup> century. Over the period, the Gross State Domestic Product (GSDP) of the State has risen above an annual average of 10 per cent resulting in increase in the per capita income. It is also a known fact that in state lack in Human Development efforts and has negative externalities associated with environmental impacts on land and water (*See Chapter 5, 6, and 7*). The distribution and regional disparity in income is also associated with persistent backwardness in the majority of the development blocks in the State.

The Plan periods targeted for the means and methods suitable for the betterment of the economic condition of people by providing inputs from specific programmes of different sectors. With the investments during the last 50 years in such programmes, little improvement can be observed post implementation of the Narmada Canal and other minor irrigation schemes. The mentioned irrigation scheme could possibly allowed the people to sustain their livelihood rather than prospering from them in the backward areas due to poor land holding. The following section explains the nature and spatial spread of the popular programmes in order to assess the development initiatives during the Plan periods.

#### i. Drought Prone Area Programme (DPAP)

The Drought Prone Areas Programme is operative in 16 states in India covering 972 blocks in 182 districts. The geographical area under the programme is 746 thousand sq. kms, making it 22.7 per cent of total area of the country. The genesis of the DPAP can be traced back to the Rural Works Programme (RWP) which was started in 23 districts of eight states in the year 1970-71.

<sup>383</sup> Mani, Sunal (1995): "Economic Liberalisation and the Industrial Sector", *EPW*, XXX (21), pp. M38-M43+M45-M50.

The RWP covered 110 thousand sq. km. areas, accounting for 56 per cent of the total area and 31 per cent of total population of Gujarat. The Programme was re-designated as Drought Prone Area Programme (DPAP) in 1973. Later in 1982, the DPAP intervention was extended up to the *taluka* level. After the Swaminathan Committee's review (1984) of the Programme, it was enlarged in Gujarat and covered 42 *talukas*. Apart from Karnataka, Andhra Pradesh, Uttar Pradesh and Maharashtra, the State was amongst the five larger states covered under the programme.

By 1984-87, there were 43 *talukas* in 8 districts of the State were covered under the Programme, which was subsequently extended to 52 *talukas* in 10 districts and 67 *talukas* in 14 districts in the year 1996 and 2003 respectively. The total area coverage was 28.3 per cent of the total block area and 22.41 per cent of the State area in the year 1996. The extensive coverage of the DPAP programme reveals that ecological fragility in the State is wide and increasing since 1971.

## ii. Desert Development Programme (DDP)

The administrative units covered under the DDP included 235 blocks spread over 40 districts of 7 states. The geographical area covered under the DDP constituted 13.37 per cent of the total area of the country.

Gujarat was one of the five states covered under the DDP including Rajasthan, Haryana, Jammu & Kashmir and Himachal Pradesh. The Programme incorporated 47 blocks of 6 districts of the State covering around 28.02 per cent of its total area amounting to 54,922 sq. kms. in 1996. This was an increase over the initial, 1977-78 coverage of 11 blocks of Banaskantha (6), Mehsana (2) and Kachchh (3) amounting to 9.84 thousand sq.kms. Gujarat had the highest increase of 457 per cent in coverage under the Programme between 1977 and 1996 in the country. Jamnagar and Rajkot were the new districts added under the Programme.

## iii. Industrial Backward Area Development Programme

Though the development Programme for industrially backward areas was initiated in 1969, Gujarat had 10 out of its 19 districts declared as backward in 1983. These were categorized as A, B, and C as per the respective relative backwardness. It had one, three

and seven districts under category A, B and C respectively under the Programme. The districts were, The Dangs under category A, Surendranagar, Panchmahals and Surat under category B, Kachchh, Banaskantha, Mehsana, Gandhinagar, Bhavnagar, Amreli and Junagadh under category C.

About 62.55 per cent of the State area was covered under the Programme.<sup>384</sup> After 1991, the GoI introduced radical changes in its industrial policy. Policies of industrial licensing and investment subsidy were abolished. Instead, a new approval, the Growth Centre Scheme to industrial development and its spatial diffusion was adopted.<sup>385</sup>

#### 8.8.6 Decentralisation in Gujarat

As a part of the development strategies and to have spatial impacts, the development planning measures were brought down to the District *Panchayat* level. The first step in Decentralised District Planning of development activities was taken in 1963 when *Panchayati Raj* was ushered in the State. Many district level schemes were transferred to the District *Panchayats* together with financial allocation and necessary staff. The implementation and monitoring of these schemes was also entrusted to the District *Panchayats*. From 14th November, 1980 with the setting up of the District Planning Boards for all the districts with funds placed at their disposal, further progress was made in the sphere of Decentralised District Planning Programme.

The thinking underlying the formulation of the Decentralised District Planning Programme was, approximately one third of the outlay under the State Plan may be allocated to district level schemes. Out of this 20 per cent may be earmarked for schemes to be approved and implemented through District Planning Boards. The remaining 80 per cent outlay may be kept for district level schemes implemented through the Heads of Departments.

The outlay which was placed at the disposal of District Planning Boards consisted of the Discretionary Outlay and the Incentive Outlay. While the Discretionary Outlay formed 15 per cent of the total outlay of the Programme in any particular year, the

<sup>384</sup> Mohan, Krishna (2005): *Addressing Regional Backwardness: An Analysis of Area Development Programmes in India*, Manak Publications Pvt. Ltd, New Delhi, p.98

<sup>385</sup> Ibid, p.100



Incentive Outlay formed about 5 per cent of it. The Discretionary Outlay was the outlay from which District Planning Boards could finance schemes on 100 per cent basis. The Incentive Outlay involved a matching contribution of 50, 25 or 10 per cent respectively depending upon the backwardness of the concerned *taluka*.

The District Outlay was distributed among all districts on the basis of a formula, which takes into account the size of rural population (excluding towns with the population of 50,000 and above), population of SC, ST, small and marginal farmers and population of agricultural labourers other than SC/ST, backwardness in agriculture, irrigation, industry, roads, drinking water etcetera. The *taluka*-wise allocation of funds was also done on the basis of similar criteria.

As per Seventy Fourth (74th) Amendments in Article 243-ZD of the Constitution of India the constitution of the District Development Committees to consolidate the Annual Plan prepared by the *Panchayats* and the Municipalities in the District and on the basis of that finalise Development Plan for the District as a whole. Accordingly, Government of Gujarat issued necessary orders vide G.R. No. DPC-152006-GOI-3-Y dated 19th July, 2006, for the constitution of District Planning Committees. At present, District Planning Committees in 16 districts have been constituted and the process for the same is in progress for the remaining districts.

### 8.8.7 Development of Geographically Backward Areas

Apart from the Discretionary and Incentive Components, there is a component for seven Special Backward Areas in the State, which are spread over the boundaries of more than one *taluka* and even more than one district. The Geographically Backward Areas are *Panchal, Nalkantha, Bhal, Khakharia Tappa, Kharapat, Ghed and Ukai Asargrasth*, which are spread over in different 12 districts viz. Surendranagar, Ahmedabad, Amreli, Bhavnagar, Mehsana, Rajkot, Junagadh, Porbandar, Surat (now part of Tapi), Anand, Kheda, and Gandhinagar. Roads, drainage, plantation of trees, skill formation schemes etcetera as per the needs of the area are implemented.

The Government has identified 56 *talukas* as Economically Backward *Talukas*. The State Government has set up a Committee for studying the most backward *talukas*. The Committee has identified 30 *talukas* as the least developed *talukas* in the State.

According to that, a perspective plan is prepared for development of such *talukas*. The Government has decided to provide special fund to these 30 *talukas*.

### **8.9 Twenty Point Program – Rural Development Initiatives –Regional Implications**

The Twenty Point Programme (TPP) was launched by the Government of India in 1975. The Programme was first revised in 1982 and again in 1986. Gujarat has been among the front ranking States in the country in implementing the Twenty Point Programme (1986).

The State Government has set up a sound infrastructure for systematic and effective implementation and monitoring of the Programme. In addition to the reviews by the State cabinet and departmental reviews, constant monitoring is done at all levels. As a result of this, the Gujarat State has been ranking the first in the country with 100 per cent achievement in the implementation of 20 Point Programme from 1996-97 to 2006-07, excepting in 2000-2001, when it ranked third with 97 per cent achievement in the implementation of the Programme despite the devastating Kachchh earthquake.

Over the years, the need for restructuring the Programme has been felt in the light of the achievements and experiences, as well as the introduction of several new policies and programmes by the Government of India. Although the TPP has been in existence for the last 30 years, it is still relevant today as the desired objectives of eradication of poverty and improvement in the quality of life of the common man have yet to be completely attained. TPP-86 has now been restructured keeping in view the challenges of the 21st century with particular reference to the ongoing process of economic reforms, liberalization and globalisation of the Indian economy. It renews the Nation's commitment to eradicating poverty, raising productivity, reducing income inequalities and removing social and economic disparities. The original nomenclature, namely the Twenty Point Programme, which has been in existence for the past three decades, and carries the stamp of familiarity among the people and administrative agencies, has been retained.

Many of the items of the Programme are monitored and reviewed internationally, like the UN Millennium Development Goals (MDGs) and the SAARC Social Charter. The United Nations Millennium Declaration of 2000 made a strong commitment to the

right to development, to peace and security, to gender equality, to the eradication of many dimensions of poverty and to sustainable human development. These are known as the eight Millennium Development Goals (MDG). These 8 MDGs involve 18 time bound targets and 48 quantitative indicators. The TPP-2006 is in consonance with the MDGs and the SAARC Social Charter.

TPP-2006 has points for the benefit of the rural and urban people. Its thrust is towards programmes for eradicating poverty and improving the quality of life of the poor and the underprivileged people all over the country. The Programme covers various socio-economic aspects like poverty, employment, education, housing, health, agriculture, land reforms, irrigation, drinking water, protection and empowerment of weaker sections, consumer protection, environment and e-Governance etcetera.<sup>386</sup>

The Government of Gujarat has its own program for integrating TPP-2006 with Vanbandhu Kalyan Yojna, Sagar Khedu Yojna and other social welfare schemes. The packaging of new schemes with the funds for specific program from centre is practiced in most of the States in order to have remodification in plan components. The state is using the assigned independence to formulate the plans with additional financial inputs.

### 8.10 A Critique of the Present Development Model

These debates have been conducted in the mainly stream development studies between the proponents of the economic growth and liberalization verses the socio-nationalists. The first group is those who favour a market economy and globalised India fully integrated with marketplaces world over. The second group has those who wish to preserve the status quo ante, where the State has occupied the commanding heights of the economy and where a largely self-reliant India stands gloriously isolated economically speaking from rest of the world.

Solution to the post-Independence economic crisis Guha et. al. (1995)<sup>387</sup> states,

<sup>386</sup> Government of Gujarat, (2008): *Development Program (2007-08)*, PDF, pp.10-12

<sup>387</sup> Gadgil, Madhav and Ramchandra Guha (1995): *Ecology and Equity: The Use and Abuse of Nature in Contemporary India*, Penguin Books, New Delhi, p.13

*'The solutions obviously lay in industrialisation; in tapping the energy of coal and petroleum, of hydroelectric power in producing steel and cement and using resources so generated to promote manufacture. The way forward also lay in the intensification of agriculture by irrigating large tracts of lands under river valley projects and supplying them with synthetic fertilizer and pesticides. Such a process of development could create substantial mass base of resources whose surplus could support the urban-industrial sector and the rural land owning elites.'*

Post liberalisation has brought series of changes in the development evaluation mostly judged through case of market forces to do business in the country. States in India are adjudged business friendly, one they open up for corporate to provide land at subsidised cost, provide world class infrastructure, give tax break or rebate, ease the labour laws while giving more freedom to industries to hire and fire the workforce etc.

Gujarat has been in the forefront of meeting the agenda mostly set for the large enterprises and further facilitated the Foreign Direct Investors (FDI). The inward looking development policies servicing the backward areas and people during post 1990s started looking towards the market driven policies. This has resulted in substantial changes in development model, mostly effective since 2002-03. The aggressive postures and facilitation might have resulted in industrial investments, but as recent socio-economic report suggest the educated unemployment stays between 8.0 to 10.0 lakhs persons during 2002-03 to 2009-10.<sup>388</sup>

This model of development is often termed as 'Gujarat model' where industrial investment by the way of promises made to Government by industries, creation of large enterprises owned by the State, release of large segment of land for industrial development and urbanisation. These characteristics even though now spreading to the rest of India, the Gujarat has picked up the market oriented structural reform leading to increase in economic growth in all the sectors.

### **8.11 Planning Through Development Sectors – Current Trends**

The traditional planning mechanism was adopted by the State in accordance with the National development and planning perspectives until several schemes were transferred

<sup>388</sup> GOG, Socio-Economic Survey, Directorate of Economics and Statistics, 2003-2010.

to the State Governments. The state adopted physical achievement of targets such as road, power, school dropouts, telephone connections, water supply etc in terms of population coverage. Though state had development focus on the agriculture, industries and urban areas, the general improvement can also be gauged from state's performance in the key infrastructure as discussed below.

#### **i. Road**

The State could achieve the completion target of 74,031 kms. road construction of by the year 2001-02. At the end of the year 2001-02, the length of National Highways, State Highways, Major District Roads, Other District Roads and Village Roads was 2,362 kms., 19,180 kms., 20,966 kms., 10,426 kms. and 21,097 kms. respectively. By the end of the year 2005-06, the total road length had reached 74,038 kms., which included 2,867 kms. of National Highways, 18,702 kms. of State Highways, 20,707 kms. of Major District Roads, 10,503 kms. Other District Roads and 21,259 kms. of Village Roads<sup>389</sup>.

#### **ii. Power**

Since 2002, Jyoti Gram Yojana<sup>390</sup> is implemented to provide 3-phase, 24-hour, uninterrupted power supply to all the 18,065 villages and also to the 9,680 suburbs or habitations attached to these villages. From an earlier power supply situation of 8-14 hours a day, the Jyoti Gram Yojana through its 24-hour, high quality power, has given a tremendous boost to the rural economy of the State. What is also unique about this initiative is the time bound approach of this project. Implemented in a record time of 30 months, the Jyoti Gram Yojana has enabled Gujarat to become the first state in India to achieve 100 per cent electrification of villages. Three phase electricity was provided to another 2,516, 6,203 and 9,002 villages respectively in 2003-04, 2004-05 and 2005-06.

Gujarat also focused on tapping non-conventional energy sources such as wind and tidal power and has also started commercial production of bio-diesel. The State Government has already declared incentive schemes for biogas cogeneration based cogeneration, energy generation through solar photo voltaic cells, geo-thermal sources,

<sup>389</sup> Govt. of Gujarat (2010): *Socio-Economic Review: Gujarat State 2009-10*, Directorate of Economics and Statistics, Gandhinagar, PDF Document.

<sup>390</sup> Govt. of Gujarat (2010): *Socio-Economic Review: Gujarat State 2007-08*, Directorate of Economics and Statistics, Gandhinagar, PDF Document.

urban solid waste and biomass. Major new generation capacities are being added by harnessing wind energy, hydro-power as well as through setting up of gas and lignite based power plants.

### iii. Education

The State's performance in terms of improvement in literacy has been less than satisfactory. The per centage increase in the rate of literacy in Gujarat was 17.4 per cent between 1961-1971, 22.1 per cent between 1971-1981 and 43.3 per cent between 1961-1981 against 22.9 per cent, 22.7 per cent and 50 per cent at the all India level respectively. As a result the rank of the State has decelerated over the decades. However, the process of improving retention and decreasing dropout rate from elementary level (Std. I - V) is encouraging. The dropout rate for elementary section has decreased substantially from 35.40 per cent in 1996-97 to 2.29 per cent in 2008-09. Similarly the dropout rate for the Standard I to VII has also decreased from 49.49 per cent in 1996-97 to 8.87 per cent in 2008-09.

When one looks at these data in the background of the huge industrial investments in modern industries in the State, one can realise the inadequacy of the local manpower to take advantage of the new opportunities.

The number of educational institutions imparting primary, secondary and higher secondary and higher education were 42,035, 9,015 and 903 respectively in 2008-09. The number of students in primary, secondary and higher secondary and higher education were recorded to 85.72 lakh, 29.90 lakh and 5.23 lakh respectively in 2008-09. The dropout rate for the Std. I to V and I to VII have been recorded at 2.29 and 8.87 respectively in the year 2008-09. During the academic year 2009-10, the intake capacity for Degree Engineering, Architecture, Pharmacy, M.B.A. and M.C.A. was 35,016, 436, 5,678, 7,030 and 3,580 respectively.

The State has emphasised on mid day meal, girl child education and scheme for the reduction in the dropout ratio. The schemes have resulted in improvement in the enrolment of the girl child as well as reduction in the dropout ratio. However, there are variations between the developed regions and backward areas of the State with regard to the performance in the education sector depend upon improving the quality of education

among the students. *Gumotsav* is the scheme launched since the last decade (2003-04) to improve the quality under the annual system of evaluation of the schools in rural areas.

#### iv. Health

The Infant Mortality Rate (IMR) in the State was 63 (1994-96) as against 73 in India. Kerala has the lowest IMR of 15, followed by Maharashtra and Punjab of 53 each, Tamil Nadu of 55, West Bengal of 58 and Karnataka of 61. The IMR of 69 in rural Gujarat is more than 40 per cent higher than that of 48 in urban Gujarat. Gujarat ranked 10th in rural IMR and 8th in urban IMR among the major states in 1998. This once again reflects the lower health status of the State, particularly in case of the rural areas. Data from the recent Human Development Report, 2011, shows the IMR in the State at 60.9 against 74.3 in India for the year 2005-06, whereas amongst the STs of the State, the IMR is 115.8 as against the corresponding National average of 95.7. The performance of STs in Gujarat is worse than at the National level. The Underweight Children (0-5 years) proportion in the State is about 44.6 per cent against National average of 42.5 per cent, and amongst STs, it is 64.5 per cent against the corresponding National average of 54.5 per cent (HDR-2011).

The health infrastructure has been able to achieve a significant improvement in the health status of the people of the State. The birth rate has declined from 40.0 in 1971 to 22.6 in 2008. The death rate has decreased from 16.4 in 1971 to 6.9 in 2008 and the IMR has also come down from 144 in 1971 to 50 in 2008. The number of Community Health Centres, Primary Health Centres and Sub-Centres functioning in the State were 282, 1,084 and 7,274 respectively at the end of December, 2009.

#### v. Water Resources

Shortage of potable drinking water is one of the serious problems that the State is facing today. It has been estimated that about half the villages in the State face serious shortage of potable drinking water in the summer. The Gujarat Water Supply and Sewerage Board (GWSSB) have declared more than 75 per cent villages in the State as 'No Source Villages' implying villages with no dependable or sustainable source of water. The State Government has adopted a policy of installing regional water pipelines to carry water to distant villages, located 100 kms. to 200 kms. or even 300 kms. away

large urban areas. It has been observed, however, that such schemes are environmentally non-sustainable since they use ground water which is continuously sinking, economically expensive, administratively non-feasible and technologically non-manageable at the village level (Hirway and Patel 1994). The quality of water supplied through such schemes is also under question as often the source tapped, has high salinity or fluoride content or in the course of transport of the water, it gets contaminated.

The rapid loss of ground water resources in the State observed in a study in 1984 about 164 *talukas* (88 %) were “white”, i.e. “safe” in terms of ground water position and in 1991 the number has dwindled to 95 (about 51 %). About 31 *talukas* are overexploited and 64 are dangerous in terms of groundwater withdrawal. (Hirway and Patel, 1991)

Over drafting of ground water leading to water mining and salinity ingress has resulted in the deterioration of the quality of water available in the different regions of the State. The most important quality problems are pertaining to excessive salinity and excessive fluoride in water. About 14 per cent villages in the State have ground water with excessive fluoride. Mehsana has the highest proportion of such villages (28.78%) followed by Banaskantha (24.8%), Ahmedabad (22.01%) and Jamnagar (20.41%). About 6 per cent villages have excess salinity in the ground water. Kheda is at the top in salinity followed by Ahmedabad and Mehsana. The excess salinity in the ground water in Kheda is because of the over use of canal water and the consequent water lifting while the excess salinity of Mehsana is due to the over drafting of ground water. Excessive nitrate in ground water is observed only in about 3 per cent of villages in the State, Bhavnagar and Amreli tapping the list followed by Kheda. In short, the excessive levels of nitrites, salinity and fluoride are observed in almost all districts of the State.

Under Rural Water Supply Programme, various programmes like Hand Pump, Mini Pipe, Piped Water Supply Schemes (individual or multi villages) are being taken up according to the technical feasibility of drinking water source. Under state budget, 17.57 per cent of total budget allocation is earmarked for tribal areas under water supply sector. The State Government has identified 10 worst water scare districts of North Gujarat, Central Gujarat, Saurashtra and Kutch, which are being covered under the Sujalam Suphalam Yojana (SSY). These districts are Ahmedabad, Patan, Banaskantha, Gandhinagar, Mehsana, Sabarkantha, Dahod, Panchmahals, Surendranagar and Kutch.



To utilize the flood water of Narmada for North Gujarat Region, works of eight lift irrigation pipe lines under SSY have been completed. Hathmati-Guhai pipeline was completed in February-09. About 3,600 MCFT of water was delivered during the *khaki* season of 2009 and about 18,800 hectare area got benefited by direct or indirect irrigation. It is planned to divert flood water of Narmada to 17 rivers by constructing 107 check dams. The works of all 107 check dams have been completed. Additional 28 check dams are planned to be constructed. Out of these 15 check dams have been completed.

### **8.12 Tribal Area Development Efforts through Central Plans**

To ensure a better quality of life for the tribal population, the Constitution of India has advocated the policy of positive discrimination and affirmative action. For instance, there is affirmative action for reservations in legislature, Government jobs and educational institutions in proportion to the share of tribal population in the total population. Special protection is also given to areas that are predominantly populated by Scheduled Tribes, designated as Scheduled Areas.

Recognizing that Constitutional safeguards to improve the quality of life of tribal population need to be backed with financial provisions, the concept of Tribal Area Sub Plan (TASP) was introduced in 1974 in which financial allocations at the Central and State level were made in proportion to the population of tribal communities. The Tribal Development Department in each state was entrusted with the planning and budgetary powers for TASP funds. The Integrated Tribal Development Projects (ITDP) also began to be implemented in the 1970s through specially empowered Project Administrators. These officials have considerable powers over activities of other agencies working in the field and they monitor the work of other Departments.

To facilitate participatory and decentralized planning in Gujarat, a unique programme known as 'Gujarat Pattern of Financial Allocation' was launched in tribal areas in the 1990s. The Gujarat Pattern funds are specially intended for bridging the missing links in interventions and aim at economic development and creation of local infrastructure. The initiative also earmarks 20 per cent of the funds to support major inter-district projects.

During 2003-2008, Gujarat's state funding in tribal areas has increased by more than 2.5 times. The progress made on the ground has been encouraging, especially in agriculture and horticulture-based programmes; dairying; water harvesting; irrigation; skill upgrading; and provision of basic amenities such as roads and electricity. Considerable attention has been given to the development of tribal areas in Gujarat during the last two decades and streamlined machinery for providing necessary inputs to the target population has been created.

The State Government made concerted efforts to ensure that around 15 per cent of the budgetary provision is spent in the ITDP areas. Due to these efforts, the poverty levels have declined, literacy levels have improved and a reasonable infrastructure (both social and civil) has been created. These efforts have improved the physical quality of life in these areas. The State Government, in recent years, has created a decentralized decision making machinery under the Gujarat Pattern, has ensured three-phase round the clock power supply in majority of villages and has piloted an ambitious Sanjivani Scheme to ensure full institutional delivery. However, the same analysis shows that the State's poverty is concentrated in these areas, gaps between tribal and non-tribal areas in terms of social indicators have remained and quality of outcomes between these areas is not uniform. In the light of this disparity, the present strategy and approaches were re-examined and it is now being felt that outcome based, high quality interventions with the help of expert stakeholders is to be initiated to quickly bridge the gap between these areas.<sup>391</sup>

### **8.13 Tribal Development: Policy Perspectives of Central Government**

The Planning Commission, the apex planning body of the nation has played significant role in the development of the Nation. The Commission has been formulating Five Year Plans since 1951 and now the country is in Tenth Plan period, preparing for the

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<sup>391</sup> Govt. of Gujarat (2006): *Tribal Development Program – Socio-Economic Report*, Directorate of Economics and Statistics, Gandhinagar.

Eleventh Five year plan. The special programmes for tribal development have been implemented in the country to benefit the tribal population since First Five Year Plan.<sup>392</sup>

**i. First Five Year Plan (1951-56)**

The First Five Year Plan did not pay any specific and special attention towards the development of tribal areas, because only a few piece meal schemes, such as educational schemes, welfare schemes etcetera were introduced. These schemes, of course, left the concrete impact on the tribal community of the country.

**ii. Second Five Year Plan (1956-61)**

During the Second Five Year Plan, recognizing the socio-economic conditions, prevailing in the tribal areas, concrete developmental schemes were planned. A novel administration system was introduced, with creation of Multi-Purpose Tribal Projects (MPTP) in certain selected tribal areas".

**iii. Third Five Year Plan (1961-66)**

On the recommendation of the Verrier Elwin Committee (1959-60), Tribal Development Block (330 blocks with more than 66.6 per cent tribal population) had been implemented by Government of India under Third Five Year Plan. This system was evolved not only to improve the conditions in the tribal areas, but also to involve the tribal people in the process of development with the aid of *Panchayat* institutions. These schemes<sup>393</sup> and sector plans, which were adopted as the institutions of planned development, resulting in tanning up of tribal economy and improvement of social-service to a certain extent, but it was found that certain regions and groups in tribal areas still remained very backward while others recorded a slow rate of progress.

**iv. Fourth Five Year Plan (1969-74)**

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<sup>392</sup> Padhi, Kulamani,(2005): "Tribal Development in India- A Study in Human Development", Orissa Review, Feb-March, 2005. Govt. of Orissa.

<sup>393</sup> Tribal Development Schemes recommended by the committee included, economic development (60 percent), Communications (25 percent) and Social Service (15 percent) often cited as best approach for the tribal development.

On the eve of the commencement of Fourth Five Year Plan, 489 *talukas* of the country had been identified as Tribal Development Blocks. The purpose of these blocks was for the economic betterment of the Scheduled Tribes and intensive development areas with large concentration of tribal population. In this connection, the Fourth Plan envisaged extension of these blocks from 10 to 15 Years and introduction of stage III with an allotment of Rs.10 lakhs per block for a five year period.

About Rs.75 crores were spent by the Union Government for the implementation of Tribal Development Programmes during the Fourth Five Year Plan period. A number of new programmes were also introduced, besides intensifying programmes, which were already in vogue. Land Colonization Schemes were started and several tribal colonies were established. Cooperative Farming Societies were introduced and a number of concessions were extended to the tribal people by Forest Departments. In addition, the Revenue Department and other Departments in their respective field though District Level Plans were envisaged during this Plan, but they could not take concrete shape, as actual planning was not done at the grass root level. Sectoral planning with schematic budget was also introduced during this planned period.

#### **v. Fifth Five Year Plan (1974-79)**

Considering the weaknesses of the earlier area based programmes viz. Tribal Development Blocks and Tribal Development Agencies, a new strategy was evolved in the Fifth Five Year Plan for the foundation of Tribal Sub-Plan (TSP) for the areas of tribal concentration. This intention was to achieve an intensity of attention to the tribal areas and devise measures to suite their local ethos. About 2/3 of tribal population in the country is estimated to be covered by the TSP as were in operation in the Fifth Plan.

The tribal areas were broadly classified into two categories, (a) Areas of Tribal Concentration and (b) Dispersed Tribes. With respect to the former, it was decided to accept an area development approach with focus on the tribes and for the latter, family oriented programmes was taken up. The TSP included all Scheduled Areas and *talukas*/blocks, with more than 50 per cent tribal population. As a consequence, substantial proportion of the tribal population was covered under the Sub-Plan.

State-wise, the coverage was 72 per cent in Bihar, 68 per cent in Orissa, 90 per cent in Himachal Pradesh, 59 per cent in Gujarat, 75 per cent in Madhya Pradesh, 94 per cent in Manipur, all in Goa, Diu, Daman, 99 per cent in both Nagaland and Nagar Haveli and 44 per cent in Rajasthan. In other States, where the tribal population was more dispersed, these norms were relaxed with a view of covering a reasonable proportion of the tribal population. Tribal Sub-Plan Areas under the relaxed norms were delineated in A.P., Orissa, Karnataka, Kerala, Maharashtra, Tamil Nadu, West Bengal and Uttar Pradesh.

For operational purposes, the TSP areas were organized in 178 Tribal Development Projects during the Fifth Plan. In the TSP the entire development efforts for the scheduled tribes have been integrated. The financial investment flows from four important sources to the TSP viz. (a) outlays from the State Governments Plan, (b) Sectoral outlays from Central Ministries / Departments, (c) Institutional Finance and (d) Special Central Assistance. Over one thousand crores of rupees had been spent in the TSP areas during the Fifth Plan period. In 16 States and 2 Union Territories, TSP was implemented but over 65 per cent total tribal population in the country was not covered during this Plan.<sup>394</sup>

#### vi. Sixth Plan (1980-85)

During the Sixth Five Year Plan, it was noticed that certain pockets of tribal concentration outside the TSP areas were still left out of the TSP strategy. It was therefore, decided during the Sixth Plan that pockets of centre groups villages / pockets having a minimum of 10,000 tribal population of which at least 50 per cent are Scheduled Tribes, be carved for Intensive Integrated Development (IID) and Modified Area Development Approach, (MADA) under the Tribal Sub-Plan.

For the first time, a definite target of alleviating 50 per cent of the Scheduled Tribe families above the poverty line was adopted during the Sixth Plan. Against the target of 4.70 million Scheduled Tribe families to be brought above the poverty line, it was estimated by the end of 1984-85 that, 3.45 million Scheduled Tribe families have been assisted. About 13.95 lakhs families have been taken up for the development through project based approach.

<sup>394</sup> Planning Commission (2005): "Mid Term Review Tribal Sub Plan", PDF, Online Access.

During the Plan period, it was estimated by the Planning Commission that, 2 lakh hectares land of tribal households were covered under soil conservation scheme, 9,000 tribal villages were electrified and more than 80,000 villages were provided with drinking water supply facility. 245 MADA pockets of tribal concentration were also identified during this period. By the end of the fourth year of the Sixth plan, 181 of IFDP, 245 MADA pockets and 72 Primitive Tribal Projects were in operation in the country. The coverage of tribal population during this Plan reached 75 per cent as against 65 per cent during the Fourth Plan.

#### **vii. Seventh to Tenth Plan (1985-2007)**

The Planning Commission continued to provide increased funding to MADA pockets. The State Governments were involved in identifying the projects which could be included in the TSP. The coverage of the programmes as per the Government of India's estimate reached cent per cent at the end of the Seventh Plan period.

### **8.14 Tribal Development in Gujarat**

In the Five year Plans the planning commission have tried to infuse Sectoral allocation to states in their subsequent Annual Plans as part of planned expenditure. The Gujarat Government also utilized this fund in central schemes for the welfare for the tribal areas of state. Establishing the success or failure of the programmes may not be possible under the scope of the present exercise. The tribes in the State have poorly performed in terms human development indicators (See Chapter Two - Human Development Measures).

With a view to implement the strategy of Tribal Area Sub Plan, the approach of Integrated Tribal Development Projects (ITDPs) was evolved during the Fifth Plan, wherein densely tribal populated *talukas* were covered. There are 12 ITDP areas in Gujarat, namely. Palanpur (Banaskantha), Khedbhrahma (Sabarkantha), Dahod (Dahod), Godhara (Godhara), Chhotauepur (Vadodara), Rajpipla (Narmada), Bharuch (Bharuch), Mandvi (Surat), Songadh (Surat), Vandsa (Navsari), Valsad (Valsad), Ahwa (Dang).

Gujarat Human Development Report of 2004<sup>395</sup> mentions that in terms economic development as well as human development that there is disparities among the different districts of Gujarat. Ahmedabad tops the HDM-1, related to income, education, health, housing and participation, followed by the Capital of the State, Gandhinagar. These two are followed by Rajkot, Navsari and Surat. The least developed districts are Dahod, Dangs, Banaskantha, Panchmahals, Surendranagar and Patan; and poor housing and health was reported from Dahod, Banaskantha, Dangs and Panchmahals.

This also shows that the leading districts in human development are highly industrialised and urbanised, whereas the backward districts reported a high concentration of the tribes and are highly deforested. On the income front, Kachchh reported high per capita bank deposits, even though it does not have a high domestic production. With regard to the efforts of the State to develop the forest areas, tribal development researcher Dr. R. B. Lal, points out that,

*"In areas like Dangs, Dharampur, Baroda, Songadh, Sagbara, Dediapada, Chhotaudaipur, Ratanwal (Panchmahal district), planning of tribal development programme or forest development in isolation has no meaning, the two must reinforce each another. In these areas a forest based economy should be planned in which agriculture and allied activities could be assigned secondary position. '...the potential of agricultural development in these areas has obvious limitations because of poor soil, undulating land and above all almost complete absence of irrigation facilities. Due to there being forest in such regions, tribal development and forest development should be two co-equal goals. The basic needs of the tribal economy should be provided on a priority basis as a part one in all forestry plans, whether conventional, intensive or commercial.'"*<sup>396</sup>

Development issues for tribes in the country are cause of concern to the Government. Eleventh Plan (2007-12) document<sup>397</sup> by the Planning Commission states that, 'Despite some protective measures and developmental efforts, the emerging tribal scenario characteristically continues to manifest:

<sup>395</sup> Hirway, Indira and Mahadevia (2005): Gujarat Human Development Report-2004, Mahatma Gandhi Labour Institute, Ahmedabad, PDF Document, UN Nations website [www.un.org](http://www.un.org)

<sup>396</sup> Lal, R. B. (1996): "Problems of Tribal Development in Gujarat", in R. S. Mann (ed.), *Tribes of India: Ongoing Challenges*, Indian Anthropological Association, New Delhi, , p.146

<sup>397</sup> Planning Commission (2012): *Eleventh Plan (2007-12) Volume – I*, Planning Commission, New Delhi, p.111

- i. increasing tribal alienation on account of slipping economic resources like land, forest, common property resources;
- ii. displacement and dispossession of life-support systems;
- iii. general apathy of official machinery;
- iv. escalating atrocities, at times related to assertion of rights;
- v. growing clout of market forces; and,
- vi. Meagre advancement through planned development efforts.

### 8.15 Summery

An attempt was made in this chapter to understand the thought processes, decision mechanism and regional planning framework during the different Five Year Plans. The spatial impact of these decisions over the years has been immense in various Plan periods. The basis of planning was theoretical economic models, probably the stage concept, where the development activities were prioritised. Since the decision makers were also politicians and connected with large rural masses, the Plans emphasised more on providing schemes and programmes for the rural areas. Until the late 1970s, the development planning for the regions in country and state was mostly under direct recommendation by the planning commission. The State Planning Board had the mandate only to redistribute the funds allotted at planned sectors and departments.

After the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendments<sup>398</sup> in post-1990s the decentralisation funds were more towards planned expenditure of districts and *talukas (blocks)*. The regional backwardness in the country is being addressed through the fund allocation pattern approach using model systems such as D.T. Lakdawala formula for centre-state share in five year plans. The development of the State in that sense impacted the availability of schemes and programmes. Development planning and its spatial impacts depends on the focus of the Plan, its inconsistency due to linkages between the economic needs, fund availability, decision maker's ability and priority given to a programme by the NDC.

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<sup>398</sup> More decision making on programs were granted to the districts to prepare district development plans, thus funds from centre is allocated to state with detail plan documents prepared by the State for the districts.



The political stability in the country during the initial three decades promoted a centralised development agenda propagated through the planning commission. Later planning commission and their schemes turned towards the populism encouraged by successive governments such as the poverty alleviation (*Garibi Hatao*) programme. The state government also followed the suit in the last two plans (tenth and eleventh) by initiating such schemes mostly targeted towards the political gains.

Regional backwardness is assumed through providing schemes to the physical disadvantageous or backward areas such as desert, semi-arid region, hills and coastal areas. The states like Gujarat had large portion of its area under such schemes. But the orientations of these schemes were towards providing livelihood to the people, that too to an insignificant number of beneficiaries. The industrialisation policy though targeted the backward areas for its subsidy but the localisation of the industries as also analysed is mainly along the clusters having advantages such as linkages to the urban areas and transportation corridors. The development of irrigation command areas and the schemes associated with development of the agricultural technology though resulted in the improvement in food availability in country. The Gujarat took advantage of the irrigation strategy and developed the large projects such as Dharoi, Ukai, Kadana, Karjan and the Narmada dam for enhancing the net sown areas.

The industrial focus in the State though prevalent pre-independence in the textile, ceramic and diamonds the shift was towards, petroleum, pharmaceuticals and machine tools. Apart from the three biggest cooperative in Sugar, Edible Oil and Milk the industries in Gujarat did provide employment to at least 6-7 per cent of working people in state. The per capita income in the State rose from meagre Rs. 250 in 1961 to currently Rs. 60,000 per annum in year 2011. The state per capita income in most of the plan periods were more than the national average, thus in general there was perception that Gujarat being 'Developed state' were partially true.

Investigation into the planning and development literature lead to these facts, whereas the field investigation to find the impact of the spatial development programs on the people in general was later abandoned due to certain methodological issues. However the objective of understanding the planning mechanism and manner in which development planning for the country in general and Gujarat in particular was achieved in this chapter.