

# Chapter 10: Economic Planning in India

## EXERCISE 1 [PAGES 68 - 69]

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### QUESTION

**Choose the correct option :**

Statements that are true about the Planning Commission

- a) Planning Commission was established in 1950.
- b) The Prime Minister is the Ex-Officio Chairman of the Planning Commission.
- c) Economic planning is a time bound programme.
- d) Economic planning is based on predetermined objectives.

- a and b
- a, b, c and d
- a and c
- None of these

### SOLUTION

a, b, c, and d

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### QUESTION

**Choose the correct option:**

Statements that are incorrect regarding India's five year plans

- a) The main objective of the first five year plan was the development of agriculture.
- b) Social welfare and poverty eradication were the prime objectives of the seventh five year plan.
- c) By the second five year plan, focus increased on faster, inclusive growth.
- d) Development of both agriculture and industry were the main objectives of the third five year plan.

- a
- a, b and d



- c
- b and d

**SOLUTION**

c

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**QUESTION**

**Identify the right group of pairs from the given options :**

A	B
1) Economic planning	a) Selection by the prime minister
2) Twelfth five-year plan	b) Think tank group of the Indian government
3) NITI Aayog	c) Fast and sustainable growth
4) NITI Aayog vice -chairperson	d) Time bound programme

- 1-c, 2-a, 3-d, 4-b
- 1-d, 2-b, 3-a, 4-c
- 1-d, 2-c, 3-b, 4-a
- 1-b, 2-d, 3-c, 4-a

**SOLUTION**

1-d, 2-c, 3-b, 4-a

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**QUESTION**

**Choose the correct statement:**

**Statement 1:** NITI Aayog takes note of dynamic change in the Indian economy

**Statement 2:** Considering the economic, social and technological differences in underdeveloped districts, the body plans to implement various programmes and bring about economic changes.

- statement 1 is correct
- statement 2 is correct
- statement 2 is the result of statement 1
- there is no relation between statement 1 and statement 2

### **SOLUTION**

statement 2 is the result of statement 1

### **EXERCISE 2 [PAGE 69]**

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### **QUESTION**

#### **Give economic term:**

Conscious and deliberate choice of economic priorities by some public authority.

### **SOLUTION**

Conscious and deliberate choice of economic priorities by some public authority - **Economic Planning**

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### **QUESTION**

#### **Give economic term:**

A group of people called forth by the government to discuss various problems and also try to find solutions to them.

### **SOLUTION**

NITI Aayog.

### **EXERCISE 3 [PAGE 69]**

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### **QUESTION**

#### **Identify and explain the concept from the given illustration:**

sayali's mother maintains a book of accounts for household purpose and plans the expenditure accordingly.

### **SOLUTION**

**A) Identify concept:** Economic planning

**B) Explanation of concept:** Economic planning is a conscious and deliberate choice of economic priorities by an individual or public authority.

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### QUESTION

**Identify and explain the concept from the given illustration:**

Ramabai gets subsidy on domestic LPG directly transferred to her bank a/c.

### SOLUTION

**a) Identify of concept:** direct cash transfer.

**b) Explanation of concept:** direct cash transfer was one of the targets of the 12th five-year plan in which major subsidies and welfare-related beneficiaries were to be shifted to a direct cash transfer by using aadhar platform linked with bank a/cs.

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### QUESTION

**Identify and explain the concept from the given illustration:**

To solve classroom related issues, the teacher forms a group of student, this group discusses the problem and find a solution to it.

### SOLUTION

**A) Identify concept:** Think tank.

**B) Explanation of concept:** Think tank is a group of experts who are gathered together by a person or organization in order to consider various problems, try and work out ways to solve them.

## EXERCISE 4 [PAGE 69]

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### QUESTION

**Answer the following question:**

Explain the features of Economic Planning

### SOLUTION

The following are the features of economic planning:

1. **Central Planning Authority:** In India, economic planning is undertaken by the Central Planning Authority. In India, it was known as Planning Commission. Since 2015, Planning Commission has been replaced by National Institution for Transforming India i.e. NITI Aayog
2. **A survey:** For economic planning, a comprehensive survey of the economy is undertaken. The survey includes getting information regarding the availability and utilization of human and natural resources.
3. **Objectives:** Economic planning is based on certain pre-determined objectives. These objectives are realistic and flexible.
4. **Priorities and targets:** In economic planning, for accelerating economic development, the priorities are fixed according to the importance of each sector. Target is the concrete step towards the attainment of the pre-determined objectives.
5. **Mobilization of resources:** The resources needed for the implementation of plans are mobilized through various sources such as taxes, domestic savings, direct financing, public debt, external assistance, etc.
6. **Plan period:** Plan period varies as per the needs. In India, economic planning is generally for a period of five years.
7. **Evaluation:** Periodic assessments such as a mid-term appraisal of the plan is done. This helps to incorporate necessary changes in priorities and targets if needed.
8. **Continuous process:** Economic planning is a continuous process. It aims at the economic development of a country.
9. **Co-ordination:** In India, states also undertake economic planning along with the centre. Thus, in economic planning, coordination between the centre and states is ensured.
10. **Flexibility:** In India, the Central Planning Authority maintains flexibility in its approach. It allows us to incorporate necessary changes in the economic plans as per the requirements during its implementation.

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## QUESTION

**Answer the following question:**

Explain the targets of 12<sup>th</sup> Five Year plan.

## SOLUTION

The targets of 12<sup>th</sup> Five Year Plan were as follows:

**1. Economic growth:** The target related to economic growth were as follows:

- (a) Real GDP growth rate at 8 percent to be achieved.
- (b) Agriculture growth rate at 4 percent to be achieved.
- (c) Manufacturing and industrial growth rate at 10 percent to be achieved.
- (d) Every state must have a higher average growth rate in the 12th plan than what was achieved in the 11th plan.

**2. Poverty and employment:** The targets related to the eradication of poverty and generation of employment were as follows :

- (a) To reduce the head-count ratio of poverty by 10 percent.
- (b) To create 50 million new work opportunities in the non-farm sector.

**3. Education:** The targets related to education were as follows :

- (a) Mean years of schooling to increase to seven years by the end of the twelfth plan.
- (b) Access to higher education with reference to skill development.
- (c) Eliminate gender and social gap in school enrolment by the end of the plan.

**4. Health:** The targets related to health were as follows :

- (a) Reduce the total fertility rate to 2.1 percent.
- (b) Reduce under-nutrition among children in the age group of 0 to 3 years to half of the NFHS-3 levels.

**5. Infrastructure:** Targets related to infrastructure were as follows: '

- (a) Investment in infrastructure to be increased to 9 percent of GDP.
- (b) Connect all villages with all-weather roads.
- (c) Increase in rural television and telephone density to 70 percent.

**6. Environment and sustainability:** The targets related to environment and sustainability were as follows :

Increase green cover by 1 million hectares every year during the 12th plan period.

**7. Service Delivery:** The targets related to service delivery were as follows:

- (a) Provide access to banking services to 90 percent of Indian households by the end of the plan.
- (b) Major subsidies and welfare-related beneficiaries to be shifted to a direct cash transfer by using the Aadhar platform linked with bank accounts.

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## QUESTION

**Answer the following question:**

Explain the structure of NITI Aayog.

## SOLUTION

The structure of NITI Aayog can be explained as follows:

1. **Governing Council:** The governing council of NITI Aayog comprises of the Chief Ministers of all states and Governors of Union Territories.
2. **Regional Councils:** The regional councils of NITI Aayog would be formed to address specific issues and contingencies impacting more than one state or region of India.
3. **Special Invitees:** The special invitees of NITI Aayog would include experts, specialists, and practitioners with relevant knowledge who will be nominated by the Prime Minister.
4. **Organisational Framework:** Organisational structure of NITI Aayog includes the following Officials:
  1. **Chairperson:** Chairperson is the Prime Minister of India.
  2. **Vice Chairperson:** Vice Chairperson is to be appointed by the Prime Minister. There are 5 full-time members and 2 part-time members.
  3. **Ex-officio Members:** Maximum of 4 number of the Union Council of Ministers to be appointed by the Prime Minister.
  4. **Chief Executive Officer (CEO):** CEO is to be appointed by the Prime Minister for a fixed tenure, in the rank of Secretary to the Government of India.
  5. **Secretariat:** Secretariat is to be appointed as deemed necessary.

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## QUESTION

**Answer the following question:**

Explain the functions of NITI Ayog.

## SOLUTION

The functions of NITI Aayog are as follows :

1. **Shared national agenda:** NITI Aayog assumes the active role of states in the implementation of plans. NITI provides a framework of National Agenda for the Prime Minister and Chief Ministers for implementation.
2. **States' best friend at centre:** NITI Aayog supports the states in addressing their challenges. It also helps states in building strengths and finding comparative advantages. It helps the states by way of coordinating with Ministers, championing their ideas at the centre, providing consultancy support and building capacity.
3. **Decentralized planning:** NITI Aayog reconstructs the planning process into bottom-up model. It stresses planning from the village level i.e. local government to national level or central government.



4. **Knowledge and innovation hub:** NITI Aayog acts as an accumulator as well as a booster of research. It practices good governance, through State-of-the-art resource centre Which identifies, analyses, shares and facilitates replication of the same.
5. **Monitoring and Evaluation:** NITI Aayog monitors the implementation of policies and programmes and evaluates their impact through ' rigorous tracking of performance metrics and comprehensive programme evaluation. It also helps in identifying weaknesses and bottlenecks for necessary course correlation. It helps in data-driven policymaking and encourages greater efficiency and effectiveness.
6. **Co-Operative and competitive federalism:** NITI Aayog acts as the primary platform for operationalizing co-operative federalism. It enables states to have active participation in the formulation of national economic policies and achieving time-bound implementation of quantitative as well as qualitative targets through the combined authority of Prime Minister and Chief Ministers of the States and Governors of Union Territories.
7. **Other functions:** Inter consultancy, conflict resolution, technological up-gradation is some of the other functions of NITI Aayog.

Exercise 4 | Q 5 | Page 69

## QUESTION

**Answer the following question:**

Distinguish between Planning Commission and NITI Aayog.

## SOLUTION

Planning Commission and NITI Aayog can be distinguished as follows:

1. **Establishment:** Planning Commission was established on 15th March 1950. On the other hand, NITI Aayog was established on 1st January 2015.
2. **Functions:** Planning Commission allocates funds to Ministry ' and state governments. On the other hand, NIT I Aayog is an advisory body or a think tank which advices the allocation of funds. it has no power to frame policies.
3. **Role of States:** Planning Commission restricts the role of states to the National ' Development Council (N DC) and annual interaction during plan meetings. On the other hand, NITI Aayog expects state governments to play a more significant role in framing and implementing plans.
4. **Appointment of Secretaries:** For the Planning Commission, the secretaries or member secretaries were appointed through the usual process. On the other hand, for NITI Aayog secretary known as ' CEO is to be appointed by Prime Minister.
5. **Provision of part-time members:** Planning Commission has no provision for part-time members. On the other hand, NITI Aayog has a number of part-time members,





depending on the need.

6. **Organizing ' framework:** Planning Commission had Chairperson, a Member Secretary, and full-time members. On the other hand, NITI Aayog comprises of Chairperson, Vice-Chairperson, full-time members, part-time members, Ex-officio members, and CEO of Secretary rank.

## EXERCISE 5 [PAGE 69]

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### QUESTION

**State with reasons whether you agree or disagree with the following statement:**

State governments have more significant role to play under NITI Aayog.

- Agree
- Disagree

### SOLUTION

**Yes, I agree with this statement.**

Reasons: `

1. NITI Aayog assumes the active role of states in the implementation of plans. NITI provides a framework of National Agenda for the Prime Minister and Chief Ministers for Implementation.
2. NITI Aayog supports the states in addressing It helps the states b3: a way of coordinating with Ministers, championing their ideas at the centre, providing consultancy support, and building capacity.
3. NITI Aayog reconstructs the planning process into a bottom-up model. It stresses on planning from Village level 1.6. local government to the national level or central government.
4. Thus, State governments have a more significant role to play under NITI Aayog.

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### QUESTION

**State with reasons whether you agree or disagree with the following statement:**

Functions of Planning Commission has been transferred to NITI Ayog.

- Agree
- Disagree

## SOLUTION

**Yes, I agree with this statement.**

Reasons:

1. In India, economic planning is undertaken by the Central Planning Authority. In India, it was known as Planning Commission up to 2015.
2. Since 2015, Planning Commission has been replaced by National Institution for Transforming India i.e. NITI Aayog.
3. Resolution of NITI Aayog was sanctioned on 1st January, 20 15, and its actual execution started after the completion of the 12<sup>th</sup> Five Year Plan.
4. Thus, the functions of the Planning Commission "have been transferred to NITI Aayog.

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## QUESTION

**State with reasons whether you agree or disagree with the following statement:**

The objective of the 12<sup>th</sup> five year plan was to achieve faster, sustainable, and inclusive growth.

- Agree
- Disagree

## SOLUTION

**Yes, I agree with this statement.**

Reasons:

1. The 12th five-year plan had the target growth rate of 8 percent. It had target growth rate of 4 percent for the agricultural sector and a target growth rate of 10 percent for industrial sector.
2. It also had a target of reducing the headcount ratio of poverty by 10 percent.
3. It also had targets of the spread of education and health facilities, development of infrastructure. sustaining environment, etc.
4. Thus, the objective of the 12th five-year plan was to achieve faster, sustainable and inclusive growth.

## EXERCISE 6 [PAGE 69]

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## QUESTION

**Read the following passage and answer the questions given below:**

The Finance Minister of the Central Government presents the Union Budget before the Parliament during the month of February every year. The budget, also referred to as the annual financial statement reflects the estimated receipts and expenditure of the government for a particular financial year that begins on the 1st of April and ends on 31st March. Changes in the tax structure are suggested in the budget. Besides this, provisions are also made for allocating expenditure on defence, education, research, and development, etc. The date for presenting the budget has been shifted to the 1st of February every year. This enables the generation of funds well in advance prior to the commencement of the financial year.

- 1) Where is the Union Budget usually presented?
- 2) What all aspects are considered while preparing the budget?
- 3) Why is the date for presenting the budget shifted to the 1st of February?
- 4) Explain the term 'budget'.

## SOLUTION

1. The Union Budget usually presented in parliament.
2. The aspects like defence, education, infrastructure are considered while preparing the budget.
3. The date for presenting the budget is shifted to the 1st of February for enabling the generation of funds well in advance prior to the commencement of the financial year.
4. The budget is the record of annual financial statements reflecting the estimated receipts and expenditure of the government for a particular financial year that begins on the 1st of April and ends on 31st March.