

## C H A P T E R I V

### AREA PLANNING IN INDIA - EVOLUTION OF A MODEL PLAN

#### Indian Planning Commission:

The Planning Commission was established in India in 1950. The Chairman of the Commission, ever since its inception, has been the Prime Minister. The day-to-day work of the Commission is looked after by a full-time Deputy Chairman, who is presently in the rank of a Cabinet Minister. Besides, there are four full-time Members. Some Cabinet Ministers are part-time Members, the Finance Minister being the Ex-Officio Member. The Commission has also a Secretary and an Additional Secretary. Further, there are some senior Officers in the ranks of Deputy Secretaries and Under Secretaries. The Prime Minister, in his capacity as the Chairman, gives policy directions to the Commission on all vital issues relating to Planning in the Country.

The Commission consists of several General Divisions, Subjects Divisions, Co-ordination Divisions and Evaluation Divisions and a Special Development Programme Division.

The General Divisions deal with financial resources for the implementation of the Plan, Economic Policy and growth, International Trade and Development, Perspective Planning, Statistics and Surveys etc. The Subjects Divisions deal with Agriculture and Allied Sectors such as Irrigation and Village Industries, Education, Health, Housing, Social Welfare etc. The Co-ordination Divisions co-ordinate the Plans of the various States and the functions of various Divisions of the Planning Commission.

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The main functions of the Planning Commission are to:

- 1) assess, periodically, the Country's natural resources, which are scarce compared to its urgent requirements, and human resources and investigate the possibility of harnessing them effectively and improving upon them for ensuring rapid economic growth with stability;
- 2) formulate, successively - say once in 5 years, a Plan for the most effective and balanced utilisation of the assessed/identified resources of the Country;
- 3) determine priorities to be accorded in the Plan;
- 4) identify the factors which impede development and find out measures to be adopted to get over them to ensure successful implementation of the Plan;
- 5) determine the nature and organisational structure of the Planning machinery which would be essential for the successful implementation of the Plan at every stage;
- 6) appraise, from time to time, the progress recorded in regard to the implementation of the Plan and recommend suitable changes to be made in the relevant policies of the Government if and whenever found necessary, for the effective implementation of the Plan and
- 7) make any other interim recommendation/s that may be found essential.

The Commission is assisted, in the discharge of its duties, by several outside Agencies such as Working Groups, Advisory Bodies, Associate Bodies, Evaluation Committees, Research Institutions and the National Development Council.

The National Development Council co-ordinates between the Planning Commission and the various States in the Country.

Officials of the Planning Commission hold discussions with the concerned Officials of the State Governments before finalising the National Five Year Plan. The Draft Plan prepared by the Commission is then placed before the National Development Council, which discusses it with the State Governments and approves it after making suitable modifications, if any, found necessary in the light of these discussions:

One big lacuna in this type of Macro Level Planning is that, as the National Plan is drawn up for the Country as a whole, allocations are made, in the Plan, for the various Sectors of the National Economy and the different States only and as such the Plan is not based on the felt needs and resources <sup>or</sup> potential of the various Blocks or Districts in the Country.

Of course, various States in the Country have, of late, set up their own Planning Commissions. But, even these State Planning Commissions plan only for their respective States as the units and as such they also do not pay the necessary attention to the needs of the various Blocks in their States. Thus, State level Planning too fails to reach the Block or even the District level. Though funds are allotted, under State Plans, to Districts and Blocks, yet they are done only in an arbitrary and unscientific manner and not on the basis of their felt needs and resources. Thus, even under State Level Planning, neither a rational allocation of Plan resources is effected between the various Districts and Blocks in the States nor conscious efforts are made to integrate spatial aspects with sectoral aspects of Planning. Consequently, while funds allocated to several Blocks are insufficient, they are excessive in the case of a few Blocks. Normally, Blocks take no efforts to mobilise adequate resources

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for the purpose of <sup>planning</sup> ensuring accelerated pace of economic development. Blocks, therefore, utilise merely whatever funds are allotted to them and enjoy whatever little benefits that accrue to them consequently.

Hence, the core theme of this Study is to suggest a 'grass root level' type of Planning system to be adopted in the Country which would be based on an effective co-ordination between the Planners at the National level on the one hand and the people at the grass root or Block level on the other. Accordingly, a Model Plan has been drawn up for a select Block in the Country viz. Nagari Block in Chittoor District of Andhra Pradesh, as set out in one of the ensuing Chapters .

While the Constitution of India delineates separately the subjects and powers of the Union and State Governments, it is silent in regard to such division of Subjects and powers between States and their Districts and Blocks. Perhaps, this is one of the basic problems that has dissuaded the Planners from taking to grass-root level planning.

Hence, the first step in the process of establishing an effective linkage between the National and Block level or grass-root level Planning would be to spell out separately the Subjects which are to be dealt with at each level of administration within the State.

Present system of Sectoral Allocation:

The Constitution of India delineates clearly and separately, for the purpose of Planning, the coverage of Sectors by State and Central Governments. Article 246 of the Constitution demarcates, separately, the Subjects of both the Union and the States. Fields are delineated by enumeration of Subjects under three Lists set out in the Seventh Schedule. The Union List (List I) in the Constitution contains 97 Entries. State List (List II) contains 66 Entries, of which five have since been transferred to the other Lists, thereby reducing it to 61 Entries. Further, there are 47 Entries in the Concurrent List (List III) in respect of which both the Union and the States are competent to legislate. Areas other than those enumerated in List II and List III come under the residuary powers of the Union in terms of Entry 97 of List I. The three fields are arranged hierarchically and the Union fields have precedence over the Concurrent and State fields. The Concurrent field, in turn, will override the State field. Under Articles 252 and 253, the Union Government has powers to legislate in the State fields under special circumstances for certain purposes<sup>1</sup>.

One of the major problems for a Study of this nature is that of classification of Expenditure Heads into Central, State and Concurrent Subjects in the manner of Schedule VII of the Constitution. Though an Expenditure Head may predominantly belong to the State List, yet the Centre can have some Constitutional role to play therein. For instance, Fisheries belong to the State List in terms of Entry 21 of List II. But fisheries and fishing beyond territorial waters are the look out of the Union Government and hence come under the Union List (Entry 57 of List I). Thus, there is so much of overlapping between <sup>the</sup> State and Central Lists and there have been instances of Central Government entering into State Subjects<sup>2</sup>.

The items covered by the State List are set out hereunder:

1. Generation and distribution of power ;
2. Major and medium irrigation projects;
3. Major and medium Industries;
4. Investments in corporate bodies;
5. University-professional and technical education;
6. Research and training;
7. State and National Highways;
8. Ayacut development under minor, major and medium projects;
9. Ports and inland waterways;
10. Agricultural production;
11. Soil conservation;
12. Forests;
13. Fisheries;
14. Animal Husbandry;
15. Marketing;
16. Small and rural industries;
17. Primary, Secondary and Adult Education;
18. District and Village Roads;
19. Social services;
20. Processing;
21. Credit;
22. Health;
23. Storage;
24. Rural electrification;
25. Sanitation;
26. Housing and
27. Welfare Schemes.

Although all the Subjects listed above are within the purview of State Governments for the purpose of Planning, yet for the sake of uniformity, major policies affecting these Subjects are taken by the National Planning Commission only, at the time of evolving the National Plan.

Subjects such as Defence, Scientific Research, Posts & Telegraph, Telephones, Railways etc. are within the sole purview of the Union Government.

Allocation of State Subjects:

The first step in the evolution of Block Level Planning would be, as mentioned earlier, to divide broadly the Subjects allotted to State Governments between the State, District and Block level administrations. Unless this is done, there would be considerable confusion in regard to the delineation of Subjects to be covered or dealt with by the different levels of Administration for the purpose of Planning and implementation of Plans. In fact, despite a clear-cut and precise definition and demarcation of Subjects to be dealt with by the Central and State Governments separately, as set out earlier, both the Union and the State Governments had, on several occasions, in the past over-stepped their territorial limits, which necessitated reconciliation. Hence, to begin with, all the 27 Subjects listed in the previous page should be apportioned clearly, for the purpose of Block Level Planning, between the State, District and Block Level Administrations.

Such apportionment may be done broadly on the principle of 'Relative Advantage' in classifying these Subjects amongst the three levels of Administration. The major benefits that would accrue as a result of the adoption of the Principle of 'Relative Advantage', which has been evolved for this purpose, would be:

1. Those authorities who are very near the Centres or places for which Plans are to be evolved and implemented would be in a better position, than those who are far away from the spot, to evolve and implement the Plan, monitor the implementation of the Plan and take necessary mid-course corrective steps for effective implementation of the Plan.



2. Planners/authorities who are nearer to the spots 'or Centres covered by the Plan would accord priority in a more realistic and proper manner between various Projects for inclusion in the Plan.
3. There would be a better and more active participation of the people in the Centres covered by the Plan which would help ensure effective and successful implementation of the Plan;
4. There would be a substantial reduction in the costs of Projects.

However, the principle of 'Relative Advantage' presupposes financial adequacy for implementing the Plan. Under this System, the allocation of Subjects between the three tiers of Administration in the States viz. States, Districts & Blocks may be as follows:

1. Areas, such as generation and distribution of Electricity, which require huge financial outlays and extend beyond the territorial boundaries of Blocks or Districts should be looked after by State Governments;
2. Subjects which are essentially local in character for the purpose of implementation should be looked after by the Block Level Administrations and
3. Any subject allocated to the State Governments may be broken up further into two or three sub-categories so that they can be allotted between the three tiers of Administration, again, on the principle of 'Relative Advantage'.

Subjects which are primarily developmental in nature and the routine and normal functions may be allocated broadly, on the basis of the principle of 'Relative Advantage', between the State, District and Block Level Administrations as set out below:

a) Areas which may be retained with the State Level Administration:

1. Generation and distribution of power:

setting up and maintenance of plants for generation of power - lease or purchase agreements with other States - administration of Electricity Boards - mechanism of distribution of Electricity - pricing;

2. Major and minor irrigation projects:

planning, construction and maintenance of major and minor irrigation projects - maintenance of water ways and irrigation systems - regulation of water supply etc.

3. Major and Medium Scale Industries:

setting up of Large and Medium Scale Industrial Units, utilising the raw materials that are available locally within the State - promotion and development of Industries in the State - setting up Industrial Estates - conducting research and technological studies within the restricted scope available - Collaboration and Agency agreements - aiding investments by foreign governments and Indians living abroad - Consultancy and Agency services;

4. Investments in Corporate Bodies:

Promotion of Development Institutions such as Industrial Development Corporations - Investments, setting up and maintenance of Housing Boards, Slum Clearance Boards etc.

5. University, Professional and Technical Education:

Maintenance and up-keep of Universities and Colleges & provision of Tech. Edn. - Study Courses - affiliation - autonomy - UGC rules - education policy etc.

6. Research and Training:

Research relating to areas covered by the State Subjects - imparting Training, up-keep of quality and level of production, maintenance of Research Institutions, both Agricultural and Industrial - grant of subsidy for Training and Research etc.

7. State and National Highways and Transport:

Maintenance, repair and up-keep of State and National Highways - construction, repair and maintenance of bridges - constituting and administering State Transport Corporations - Transport Licensing Policy etc.

8. Ports and Inland Waterways:

Maintenance, control and up-keep of Ports and Inland Water Ways - Dock Labour Boards and

9. Setting up of State Level Planning Commission and co-ordination with Districts in regard to Planning.

b) Subjects which may be allotted to District Level Administration:

1. Agricultural production:

Intensive and Extensive Cultivation - reclamation of barren lands - production and distribution of fertilisers - Training and Extension

Services - seed Farms - agricultural credit - High yielding varieties - Plantations - movement of products etc.

2. Soil Conservation:

Measures to avoid soil erosion - Soil conservation.

3. Forests:

Preservation of forest wealth - Forest Plantations - cultivation of trees.

4. Fisheries:

Pisciculture, development of fishing yards - Modern equipments such as mechanised boats and plastic/nylon nets - fishing ponds - intensification of fishing;

5. Animal Husbandry:

High yielding varieties - activities allied to agriculture such as Dairy, Poultry and cattle farming, sheep breeding, Bee culture, sericulture etc.;

6. District Roads:

Maintenance and up-keep of roads that connect Blocks and Towns in the District - periodic Metalling and up-keep;

7. Secondary Education:

Secondary Schools - Construction and Maintenance of School Buildings (education policy covering all the relevant aspects such as course, syllabi, duration etc. to be dealt with by the State Govts,)

8. Small and rural industries:

Creating the necessary climate and infrastructure for starting small rural Industries in the Districts - granting of subsidies etc. for setting up Industrial Units in Backward areas etc.

9. Health:

Setting up & maintenance of Hospitals for prevention of diseases.

10. Planning:

Planning, implementing and monitoring the implementation of the Plan at the District Level

- co-ordination of Block Level Plans in terms of Areas which would be looked after by the State and District Level Administrations.

The Areas that may be allocated to the Blocks (for the purpose of Block Level Planning) are set out, in detail, below:

1. Development of agriculture:

- a. Cultivable lands - coverage and extension;
- b. Diversification and rotation of crops;
- c. Soil test and propagation of suitable crops;
- d. Seed farms and sale<sup>and</sup>/distribution of seeds of high yielding varieties;
- e. Extension Services and Training and
- f. Arranging for provision of Institutional credit for agriculture and allied activities;

2. Marketing:

- a. Construction & maintenance of Marketing Yards;
- b. Co-operative marketing;
- c. Avoidance of middlemen;
- d. Provision of information about prices of agricultural products and availability of marketing facilities for agricultural products;
- e. Transport and movement of goods and
- f. Setting up Modern Mills for drying and hulling of paddy etc.

3. Storage:

- a. Construction & maintenance of Warehouses and Storage facilities and
- b. Cold storage for milk and fish.

4. Processing:
  - a. Processing of produce such as paddy - Establishment and maintenance of Modern Rice Mills;
  - b. Processing fish and other farm products and
  - c. Setting up and up-keep of Food Processing Units.
  
5. Household Industries:
  - a. Creating the necessary climate for the efficient functioning of Household Industries;
  - b. Agency Arrangements for procurement of raw materials;
  - c. Marketing and other arrangements;
  - d. Co-operative Procurement and Marketing Societies;
  - e. Training and
  - f. Quality Control.
  
6. Rural and Village Roads:

Maintenance and up-keep of rural and village roads in the Block.
  
7. Primary and adult education:
  - a. Establishment, running and supervision of Primary Schools;
  - b. Enrolment of children;
  - c. Adult Education Programme;
  - d. Employment-oriented education;
  - e. Construction and maintenance of School Buildings and
  - f. Teachers' Welfare.
  
8. Rural Electrification:
  - a. Electrification of Villages covered by the Block;
  - b. Provision of Electricity for Agricultural & Non-agricultural purposes &
  - c. Extension of Electric Lines.

9. Primary Health:

- a. Running of Primary Health Centres;
- b. Preventive medicine;
- c. Mobile Health Centres;
- d. Village Hospitals;
- e. Health Camps and
- f. Child Health

10. Animal Husbandry:

- a. Promotion of dairy, poultry farming etc. and
- b. Provision of veterinary facilities

11. Housing:

- a. Rural Housing;
- b. Rural Co-operative Housing Societies and
- c. Housing for the socially backward people.

12. Credit:

- a. Co-operative credit;
- b. Institutional help for agriculture and the other activities at the Block - direction and follow-up only;
- c. Recovery of credit and
- d. Grant of subsidies.

13. Sanitation:

- a. Building up, maintenance and up-keep of sanitary facilities within the Block;
- b. Public Lavatories and
- c. Drainage system.

14. Drinking Water:

- a. Provision of drinking water;
- b. Public wells and tanks;
- c. Installation and maintenance of Public taps and
- d. Provision of water for non-drinking purposes.

15. Welfare Schemes:

- a. Drawing up other Welfare Schemes (relating to the Block) and
- b. Public Libraries and Reading Halls.

16. Public Distribution:

- a. Retail Outlets;
- b. Supply of day-to-day essential items;
- c. Fair Price Shops and
- d. Availability of other consumer items.

17. Social Service: Promotion, construction & Maintenance of:

- a. Clubs, Associations etc.;
- b. Voluntary Organisations;
- c. Voluntary Corps;
- d. Worshipping Halls;
- e. Marriage and Community Halls;
- f. Burial place etc.

18. Planning:

- a. Block Level Planning;
- b. Resource mobilisation and implementation and
- c. Monitoring implementation of Plans.

The list of subjects allocated to the Block Level Administration, as set out above, though exhaustive in terms of development functions, is yet incomplete, in regard to normal and routine areas. It is envisaged that the Block Level Administrations would plan, on an on-going basis, and implement the Plans effectively with the assistance of the District Level Administrations.

Once the various Areas are, thus, distributed between the States and their Districts & Blocks, the next step would be to spell out clearly as to how the planning process should progress and how it should be implemented.

Type of Block Plan to be  
adopted - Model suggested

As discussed in Chapter II, the major drawback of Planning in India, today, is that it is carried through down from the top rather than being merely done at the top. The



adoption of Area Planning, on the lines of the Model suggested hereinafter, does not warrant any drastic change in the methodology of Planning which is currently in vogue in our Country. What would be required for adoption of Area Planning is nothing else than a sheer procedural change to be effected or introduced in the present type of Planning in the Country, keeping the Planning Commission at the Apex Level itself, as set out below:

PLANNING PROCESS TO BE ADOPTED:

PHASE I - PLANNING COMMISSION

Formulation of the basic objectives of the National Plan, communication of the objectives to States and percolation of the same down the line - to Districts & Blocks.

First of all, the basic objectives and goals of the National Plan, such as rates of growth envisaged for the different Sectors of the Economy etc. should be finalised by the Planning Commission and these objectives, with Sector-wise break-up, should be communicated, in detail, to the State Level Planning Commissions. State Level Planning Commissions should, in turn, prepare, on the basis of these objectives, suitable guidelines and communicate them to the Districts and Blocks to enable them to draw up their Plans on the desired lines.

PHASE II - PLANNING AT BLOCK LEVEL

The Second Phase of the Planning process is drawing up of Block Plans by individual Blocks in the States. Planning at the Block Level has two aspects. The first one is the preparation by Blocks of the Plans relating to them, covering the Subjects allocated to them. The second one relates to the preparation, by the Blocks, of Suggestive or Indicative Plan covering the Subjects allocated to the Higher Levels of Administrations but which have a significant bearing on them (the Blocks).

PHASE III - PLANNING AT THE DISTRICT LEVEL

The Third Phase in the Planning process is to draw up the District Plan. Drawing up the District Level Plan has three Stages. At the first Stage, District Level Authorities should discuss the Block Level Plan with the concerned Block Level Officials and approve it and also discuss with them the Indicative Plan prepared by them in respect of the Subjects allocated to the Higher Levels of Administration but which have a vital bearing on them.

The second Stage is the formulation, by the District Level Planning Authorities, of a Suggestive/Indicative Plan for the District covering the Subjects allotted to the State Level Administration but which have a vital bearing on the Economy of the District.

The third Stage would be the preparation, by the District Level Planning authorities, of the Final District Plan which would be a merger of Block Plans and the Indicative District Plan covering the Subjects allotted to the State Level Administration.

PHASE IV - PLANNING AT THE STATE LEVEL

Formulation of the State Plan is the fourth Phase in the process of Planning and this would have, in turn, five Stages as set out, seriatim, hereunder:

- a. Discussion on and finalisation of the District Level Plan which would be primarily based on the aggregation of Block Level Plans, and getting it approved;
- b. Discussion on the Suggestive Plan prepared by the District Administration for the District;
- c. Discussion on the Plan prepared by the State Planning Commission which would be the amalgam of the finalised District Level Plans and the Indicative Plan prepared by the State Planning Commission on the Subjects allocated to the Union Government but which have a significant bearing on the Economy of the State;

- d. Ministerial level discussion on the Plan prepared by the State Planning Commission and approval of the same by the State Cabinet and
- e. Forwarding the finalised State Level Plan to the National Planning Commission.

PHASE V - FORMULATION OF THE NATIONAL PLAN

This would have 7 Stages as set out below:

- a. Official discussion by the Union Government (National Planning Commission) with the various States on the Plans drawn up by them and approving them;
- b. Sector-wise merger of the approved and finalised State Plans;
- c. Merger of the State Level Plans with the National Plan prepared by the National Planning Commission in respect of the Subjects covered by it directly;
- d. Preparation of the Final Draft relating to the National Five Year Plan;
- e. Convening a meeting of the National Development Council (NDC) which would discuss the Final Draft of the National Plan as prepared by the National Planning Commission and finalising the National Five Year Plan, after making the necessary modification, if any, in the light of the discussion;
- f. Approval of the Final Draft of the National Five Year Plan by the Union Cabinet and finally
- g. Approval of it by the Parliament.

PHASE VI - COMMUNICATION OF THE APPROVED PLAN DOWN THE LINE:

- a. Forwarding by the Union Government (National Planning Commission) of copies of the finalised National Plan and State Plans, as approved by the National Planning Commission, to the different States and the various Union Ministries;

- b. Forwarding, by the State Level Administrations to the concerned Districts, of the District Plans as approved by the State Planning Commissions (which are also approved indirectly by the National Planning Commission). A copy of the State Plan as approved by the National Planning Commission would be forwarded to the concerned Departments of the State Government and
- c. Forwarding, by the District Level Administration, of the Block Plans to the concerned Blocks and forwarding a copy each of the approved District Plans to the various Departments of the concerned District Level Administrations.

#### PHASE VII - IMPLEMENTATION

The process of Planning should begin sufficiently in advance so that it would be completed, well in time, before the commencement of the Plan period. Further, Annual Plans should be prepared, within the overall framework of the approved Five Year Plans, for the Blocks, Districts, States and the Country as a whole by the respective levels of Administration. It is not proposed to discuss here, in detail, the methodology to be adopted for monitoring the implementation of District, State and Central Plans at the respective levels, as it is beyond the scope of this Study. However, the methodology to be adopted in regard to the implementation and monitoring the implementation of Block Plans, adoption of mid-course corrective actions therefor etc. would be discussed in detail as they form a vital part of this Study.

#### Advantages of the Planning Model suggested above for adoption in India:

The most significant advantage that would accrue to the Country by adopting the Planning Model as suggested above would be that, being grass-root level Planning, the legitimate and urgent needs and aspirations of the people in every Block in the Country would be met substantially and more effectively during the various Plan periods,

thus enabling the fruits of planning to reach all citizens, particularly the poor, equitably and quickly.

Secondly, the resources of each and every Block would be exploited in a planned manner so that the results of Planning would be more fruitful and effective than under the type of Planning currently in vogue in the Country.

Thirdly, this type of grass root level Planning would help bring in a better consciousness and <sup>a</sup>sense of appreciation for Planning at all levels, which would go a long way in involving effectively almost all people in the Country in the implementation of the Plans.

Fourthly, the goal of National self-sufficiency can be realised easily if only a system is created whereby self-sufficiency can be reached positively at the State Level, which would be possible if only Area Planning is adopted.

Fifthly, as Block would be the unit of Planning under Area Planning, there would be greater efforts on the part of Blocks themselves to mobilise funds, to the maximum extent possible, for the purpose of Planning. This would lead to availability of greater amount of funds for being invested, particularly in every Block, during the Plan period.

Sixthly, Area Planning would help ensure simultaneous increase in production as well as consumption of capital goods, the mix of which would be the most appropriate and desirable one.

Perhaps, the most important advantage of Block Level or Area Planning would be that the capital-output ratio would be far higher under this System than it would be under the other types of Planning, particularly the Centralised

type of National Level Planning. This is so because the Schemes formulated under Block Level Plans are not only more employment-oriented but are also less capital intensive and the capital-output ratio will be higher.

Problems in introducing Block or Area Level Planning:

1. Though the adoption of grass-root level Planning or Block Level Planning will help bestow more benefits to the people than the present type of National Planning, yet the introduction of such a type of Planning in the Country, particularly in the context of the present conditions, is likely to be found difficult in view of certain problems, as detailed hereunder, which are extraneous in character and as such are not defects which are in-built in the System itself. The basic problem is non-availability of adequate infrastructural facilities in the various Blocks and even Districts in the Country to implement effectively the exhaustive grass-root level Plans. Nevertheless, it may be pointed out, in this context, that the State Level Planning machinery has settled down in various States in the Country. Hence, what is now required urgently is to impart the proper type of training and thereby provide the necessary orientation to the Planners and Officials concerned with the formulation and implementation of Block Plans in the various States so that the proper type of Block or Area Planning can be introduced, in the Country, in a phased manner. Once this exercise is done properly, Block Planning is bound to be a good success.
2. The second problem in regard to the introduction of Block Planning is that, <sup>as mentioned earlier,</sup> once it is decided to introduce such Planning, steps should first be taken to distribute the various Subjects between the States and their Districts and Blocks. Perhaps, this may be left to the discretion of individual States. The relevant State Governments may, therefore, be allowed to decide on this issue and pass the necessary Legislation in their Assemblies.

3. The third problem relates to the various Stages involved in the implementation of the Planning process, which pre-supposes fruitful discussion and settlement at every Stage. As the Subjects are to be divided between the States and their Districts and Blocks, no side should take a hard line in deciding the size and the outlay of their Plans. There should be a perfect sense of understanding and a 'give and take policy' at all levels in this regard.
4. Next comes the question of financial allocation. This problem can be solved easily if all States constitute their own Finance Commissions which will recommend on the formulae to be adopted for allocation of resources between States and their Districts and Blocks, more or less on the lines the Central Finance Commission recommends allocation of resources between the Centre and States by adopting certain formulae.

Despite all these problems, Block Level Planning is bound to succeed provided proper initiative is taken at all levels of administration. The success of Block Level Planning, therefore, depends, by and large, on the willingness of the people and their Government to adopt the System and make a success of it.

Financial Resources in regard to block Plans:

Public Sector Outlay:

The necessary funds required by the Blocks for the implementation of their Plans can be raised by them from four major sources viz. taxes, grants and loans from the State Government and Loans from the public.

Blocks are vested with the powers to collect certain taxes such as Property Tax, Road Tax, House Tax etc.

The total quantum of grants-in-aid and shares in taxes (collected from the Blocks by the States) payable by State Governments to their Blocks should be decided upon on the basis of the relevant norms or formulae that would be recommended, as mentioned earlier, by the State Level Finance Commissions that should be set up (on the lines of the National Finance Commission being constituted, statutorily, once in five years for the Country as a whole) for the purpose of recommending on the devolution of funds from States to Blocks.

If there are any gaps even after raising funds for the Plan, through taxes, grants in aid and loans from the respective State Governments, they may be filled up by the Block Level Administrations by raising loans from their State Governments or from the public directly.

Thus, the funds required for the implementation of the Block Plans, particularly in respect of the Public Sector outlay, can be mobilised by the Blocks in a schematic manner.

State Level Finance Commission:

The State Level Finance Commission, as recommended earlier for being set up in all States, should be an independent



Body, the recommendations of which will be binding on the Block as well as the State Level Administrations, as the recommendations of the National Level Finance Commission are binding on the Union and State Governments. The Commission will be constituted once in five years and its recommendations should be available to the Block Level Administrations well ahead of the time of the commencement of the Planning process as otherwise the resources available for the implementation of the Plan cannot be assessed precisely by the State Level Administration.

The Commission will first quantify the amount that will be set apart by the State Level Administration for being distributed to the Block Level Administrations. This should be done on the basis of collections made in the past, projected levels of tax collections relating to the target period, total requirement of funds at the State Level for implementation of the Projects envisaged under the Plan, funds likely to be allotted by the Union Government to the State Government in the form of grants-in-aid etc.

Once the total sum that is to be distributed by the State Government to all Blocks (in the State) is thus quantified, by the State Level Planning Commission, an uniform methodology to be adopted for effecting an equitable distribution of this sum to the various Blocks will be decided upon and recommended by the Commission to the State Government. Funds can be made available by the State Government to its Blocks for the implementation of their Plans, on this basis.

Private Sector Outlay:

The investment outlay as envisaged, under the Plan, for the Private Sector will be financed by the savings of the people in the Block, loans raised by the people in the Block from the banking institutions, subsidies from the State Government etc.

The banks operating in the Block will, normally, extend the necessary credit support to the Private Sector in the Block for the purpose of the implementation of the ~~Plan~~ Plan. Further, subsidies will be available to the borrowers in the Block for loans extended to them under the Integrated Rural Development Programme (IRDP).

**Machinery required for the formulation  
and implementation of Block Level Plans:**

It is necessary to set up a Planning Body at the Block Level for the purpose of drawing up, implementing and monitoring the implementation of Block Level Plans. This Planning Body will be headed by a person who would be well trained in the art of planning and will be assisted in the discharge of his duties by a Civil Engineer and a host of other officials. The Plan will be formulated by this Body under the close guidance of and on the lines outlined by the Chairman who will discuss the finalised Plan document with the concerned authorities in the Block and also assist the Block Development Officer in charge of the Block in holding discussions in this regard with the District Level Administration and for appearing before the State Level Planning Body to clarify the issues that may be raised by them. Such a Body is essential for the Block as its very existence will provide the necessary support for the initiation and stabilisation of the Planning process at the Block Level.

It is assumed, as mentioned earlier, that the funds required for financing the Private Sector outlay will be raised, more or less fully, from banks operating in the Block, in the form of loans. Hence, it is necessary that branches of banks should be opened at all Block Headquarters and in a few other potential centres in each Block, if they are not functioning there already.

It is also necessary to ensure proper co-ordination between the various financial institutions functioning in the Block, particularly the Lead Bank and the Block Level Planning Body so that the Annual Action Plans and the District Credit Plans formulated by the Lead Bank (for the banks operating in the District) are perfectly consistent with the Block Plan prepared by the Block Level Planning Body.

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