

## CHAPTER 8

# POLICY IMPERATIVES AND PROGRAMMATIC INITIATIVES

### POLICY IMPERATIVES

8.1 The targets that have been set for the Tenth Plan, both as far as economic growth and social development are concerned, are no doubt ambitious. However, the achievement of these targets is essential to realise the extent of improvement in the well-being and quality of life of our people that is desirable. The single most pressing issue that confronts us is the prospect of rapidly increasing unemployment in the country and the consequence that it can have on the social fabric. All available analysis indicates that to provide gainful employment to our growing labour force will not only require the economy to grow at the 8 per cent target rate of growth, but also to achieve the sectoral configuration that has been outlined in earlier chapters. Achievement of these targets will require significant departures from our present ways for doing things. The necessary measures have been discussed in detail in the appropriate sections of this Plan Document. It is, nevertheless, felt necessary to bring together the wide range of initiatives and policy reforms that have been judged essential for attaining the desired results. This compilation should prove useful if for no other reason than that it would convey the magnitude of the tasks ahead of us. Every arm of the Government, whether at the Centre or in the States, has to take the measures that fall within its jurisdiction if the overall synergies of these various policy changes are to be fully realized.

8.2 The compilation is structured on the basis of the coverage that these policies have. Some of them affect the way the entire economic system functions, while others are more limited in scope, and impinge either upon the budgetary process of Government or on specific sectors. It should not, however, be thought that the order in which these

policy changes have been put indicate any kind of prioritisation. They are all equally important since in any integrated economic system the cross-linkages can be substantial, and quite often not easily measurable. It is re-emphasised that the success or failure of the Tenth Plan hinge critically upon the adoption of the policies outlined in the following sections.

### 8.3 ECONOMY-WIDE POLICY MEASURES

- Simplifying **laws and procedures for investment**.
- Eliminating **inter-state barriers** to trade and commerce.
- Reforming **development financial institutions** for long-term financing of small and medium enterprises.
- Removal of Government and Reserve Bank of India restrictions on **financing of stocking and trading**.
- Repeal of Sick Industrial Companies Act, introduction and strengthening of bankruptcy and foreclosure laws to facilitate **transfer of assets**.
- Calibration of the **cost of borrowed funds**, for enhancing competitiveness.
- Reform of **labour laws**.
- The policy of **disinvestment** of public sector undertakings, should be pursued so as to enable the realisation of Rs.16,000 crore per annum, to finance the plan.
- **The Essential Commodities Act** is an anachronism in a modern competitive economy. It should be repealed and replaced by an emergency act that can

be applied by notification for a limited period of time to a specified commodity in a specified region. There should be no delegation of authority, to issue notifications from the Centre to States.

- Integration of various laws applicable to food, such as the Prevention of Food Adulteration Act (PFA) 1955, and the Weights and Measures Act 1976 into a unified and modern **Food Act**. This Act should provide for a single food regulatory authority for the entire food sector, including food processing.
- Encouraging **Foreign Direct Investment** so as to achieve the annual target of US\$ 7.5 billion.

## PUBLIC FINANCES

8.4 Policy Imperatives regarding public finances have to be taken up at three levels, the Central level, the State level and some policies have to be addressed at both the Central and State levels.

### 8.4.1 At Central Level

- Comprehensive computerisation of the income tax system and universal usage of tax identification numbers in monetary transactions must be made mandatory for facilitating improved enforcement of the **income-tax administration**.
- Exemptions under **corporate tax** should be progressively eliminated.
- The current policy of moving progressively to a truly **single excise rate** should continue to be pursued while tightening up much more on existing exemptions, particularly those for small enterprises, for improving tax compliance.
- The coverage of the **service tax** must be expanded continuously under the union excise system so that much greater tax buoyancy can be achieved through increased coverage of the economy as a whole.

- Alignment should be made of **customs tariff rates** with average Asian rates.
- **Exemptions and concessions** that distort the tariff structure should be eliminated.
- Implementation should be ensured of the recommendations of the **Expenditure Reforms Commission**, for example, regarding progressive reduction in fertilizer subsidy as well as elimination of petroleum subsidy.
- **Food subsidy** should be better targeted through the targeted public distribution system and specific programmes for the poor like Food for Work Programme, Mid-day Meals, Nutritional Support to Pre-School Children and Women etc.
- Curtailment of **pay and allowances bill** of the government must be pursued on a continuous basis, as, in the wake of the implementation of Fifth Pay Commission's recommendations, downsizing has become most crucial to reducing non-plan revenue expenditure.
- Improvement of the **operational efficiency** of railways and power sector units and other public sector units should be targeted with a view to eventually eliminating all budgetary support and generating adequate internal resources.

### 8.4.2 At State Level

- Reduction in **staff strength** must be pursued through adoption of a policy of net attrition and constitution of a **pension and amortisation fund** to make committed payments like terminal benefits and debt servicing self-financing.
- Reduction in expenditure on **administrative and establishment cost** should be followed-up seriously.
- Privatisation of **State public sector units** especially those which are making losses and do not serve any social or economic objectives must be carried out.

- Switching over to **ad valorem rates of royalty** on minerals through the Centre's initiative should be pursued.
- Enactment of a **Fiscal Responsibility and Budget Management Bill** under which borrowings shall be restricted to attain a non-rising debt to GDP ratio from current levels in order to reduce the burden of interest payments.
- **Restricting borrowings** to the level of current outstanding debt to GDP ratio or lower, so as to attain a non-rising outstanding debt to GDP ratio, thereby reducing the burden of interest payments, should be targeted.
- Improvement in the **internal resources of State's PSUs** must be aimed at, by implementing power sector reforms and reducing the burden of contingent liabilities on State budgets, through a legislative or administrative ceiling on the issue of State guarantees.

#### 8.4.3 At Central and State Levels

- The extension of **Value Added Tax (VAT)** to the State level must be taken up at the earliest for facilitating its integration with the Central VAT and bringing about harmonisation of tax rates levied by different tax jurisdictions.
- **User charges** must be raised to cost-recovery levels and made acceptable by a communication campaign to convince the general public that such a system would be in their own overall interest.
- An improvement in the **Tax/GDP ratio** of Centre and States through inclusion of services in the tax base, removal of tax exemptions and concessions, harmonisation of tax rates, tightening of tax administration, and adopting an integrated VAT regime is urgently called for.

#### 8.5 IMPROVING GOVERNANCE

- In order to have a realistic plan outlay, the concept of **core plans** which take into

consideration (a) the trend of aggregate actual resource mobilisation for the State Plan in the last three years, and (b) a realistic and conservative estimate of resources available for financing the Plan, will be followed through the Tenth Plan.

- To a large extent, the task of the development administration would become easier if steps are taken to make available information, as a matter of right, to the citizens. **The right to information** has to be the starting point for much of the reforms proposed.
- As a result of maladministration and corruption in the revenue system, not only is there a loss of revenue but it also encourages the people to participate in the black/parallel economy. It is therefore necessary to undertake **reforms in the revenue system**, not only to have reasonable tax rates, and equally importantly, to reform the tax administration in order to make it more transparent, equitable, and user-friendly.
- **Civil Service Reforms** must be aimed at improving transparency, accountability, honesty, efficiency and sensitivity in public administration at all levels. Box 8.1 gives some of the important components of Civil Service Reforms.
- **Procedural reforms** to cover all aspects of government's interface with the public are essential. Often private initiatives, entrepreneurial energies and innovations are snuffed out by the maze of red-tapism and procedural and legal hurdles that come in the way of development.
- One of the most common reasons for the failure of programmes and schemes is the faulty and incomplete design of the programme/project/scheme. Care and attention must be taken to **formulate programmes, projects and schemes** in a more systematic and professional manner.

**Box 8.1****Important Components of Civil Services Reforms**

- The processes and the outcomes of policies, entitlements and procedures must be made *transparent*, widely shared and well displayed.
- It is believed and as such should be followed, that less *discretion* would lead to a more equitable and less corrupt system.
- Prevalent institutional arrangements will have to be reviewed and changes made so that those vested with *authority* are also made *accountable*.
- The present system of *rewards and punishments* in public life, which makes corruption a high-return-low-risk activity, needs to be changed.
- It is necessary to review the situation, and identify departments and functions within departments that were once essential, but are now *redundant* and would need to be done away with.
- The induction of *professionals/specialists* into the administrative system, on *contractual appointments* should be examined and suitable policy changes made in the entry policy.
- Pre-service and demand driven in-service *capacity building* for all cadres and ranks should be made a regular feature.
- *Contributory Pension System* for the new employees must be seriously considered.
- *Alternative ways of carrying out a job/activity* must be examined and assigned to Government only if considered essential.
- *Stability of tenure* is essential and should be ensured for any constructive and sustainable work

- **Project based assistance** will need to be encouraged, as this will also help in improving the delivery system.
- It is essential to strengthen the existing mechanisms for **monitoring and evaluation**, in order to make sure that plans are being implemented as envisaged and the impact is also as planned.
- **Rationalisation of Centrally Sponsored Schemes (CSSs) and Central Sector Schemes (CSs) using Zero Based Budgeting** has to be a regular exercise. (i) A new CSS will be permitted only in exceptional circumstances, only when an existing one can not be modified. (ii) Monitoring and tracking State-wise flow of funds and assessing physical and financial targets under different CSSs and CSs will be essential. (iii) As far as possible CSSs

should be conditional on reforms in that sector. (iv) There should be flexibility between components of a scheme.

- It is necessary to create a proper climate for development by ensuring **law and order**, a sense of security and **speedy justice**.
- Some major initiatives envisaged in the IT sector are to take up an ambitious programme of **E-Governance** and take **IT to the masses**. Creation of software for establishing an interface with the diverse Indian languages used in India poses a real challenge. In the Tenth Plan the endeavour will be to develop suitable software and technologies to enable people to interact and use computers in local languages. Internet accessibility and content creation in local languages will also be promoted.

## 8.6 CREATING THE PRODUCTIVE BASE

- Currently, Power, Coal, Petroleum & Natural Gas, Atomic Energy and Renewable energy are under different ministries. Hence, presently, the energy policy is typically an aggregation of policies of these different sub-sectors rather than an integrated perspective with a set of priorities for each sub-sector as is the international practice. During the Tenth Plan it is proposed to develop **an integrated energy policy framework**. An Apex Committee on Energy with a secretariat, consisting of experts in energy, economics, finance, management, environment, legal disciplines will be set up, to approve policy guidelines and oversee implementation on a regular basis, considering the capital intensive nature of investments in this sector. A key role of this committee would be to manage the trade-offs in the interplay of divergent forces among the different sub-sectors, consistent with the overall policy goals of economic efficiency, energy security, increasing access and protecting the environment.
- In view of the paramount importance of power sector reforms, the earlier Accelerated Power Development Programme has been modified to include a strong reform component. Under the new **Accelerated Power Development and Reform Programme**, it is proposed to include a 50 per cent investment component while the balance will constitute a reform-driven incentive stream. The incentive stream is proposed to be distributed to the reforming States as a matching contribution equal to the reduction in cash losses achieved by SEBs/Utilities. It is proposed to cover all urban and industrial areas in the country under this programme.
- An early enactment of the **Electricity Bill** is imperative. The Draft Electricity Bill which has been introduced in Parliament, will replace the existing three laws relating to electricity. The new bill will open up the power sector to allow greater competition in each segment of the electricity value chain under independent regulation. This is crucial for the power sector.
- The **Coal Mines (Nationalisation) Amendment Bill 2000** proposes to permit private sector participation in non-captive coal mining by making suitable amendments to the Coal Mines (Nationalisation) Act, 1973. An early enactment of this legislation is essential.
- **An independent regulatory authority** will be set up to ensure fair competition and a level playing field in each segment of the **coal** production and supply chain, resolution of disputes and allocation of coal blocks for exploration and mining.
- Similarly, with the dismantling of Administered Price Mechanism (APM), an **independent regulatory mechanism** will be established for the downstream **oil and natural gas sector** to ensure competition and a level playing field in the petroleum and gas sectors.
- It is proposed to dismantle the holding company structure of **Coal India Limited** to provide autonomy to individual coal producing companies for promoting competitiveness and revival/disinvestment/closure of selected coal producing PSUs. Further, to encourage competition and promote **private sector participation** it is proposed to: (i) de-block coal blocks held by the Coal India Limited; (ii) permit trading of coal by removing it from the List of Essential Commodities; and (iii) amend the Coal Bearing Areas (Acquisition & Development) Act, 1957. Such steps would essentially de-regulate the sector and permit free interplay of market forces.
- **Dismantling and Deregulation of APM in the Oil & Natural Gas Sector** is crucial. The price of all petroleum products will become market determined w.e.f.

- 1.4.2002, with subsidy on kerosene under public distribution and LPG for domestic cooking to be met from the budget. These subsidies will be phased out over three to five years during the Tenth Plan.
- **Ethanol blended petrol** (5 per cent gasohol) will be introduced by the end of 2002, in 8 sugar-producing States and, thereafter, in the rest of the country, in a phased manner. Efforts will be made to raise the percentage of blending of ethanol with diesel, as also ethanol with petrol. Development of bio-diesel will also be encouraged.
  - **The structure of the Indian Railways** is an impediment to efficiency and innovation and also diverts attention from their main activity. It is therefore proposed that the railways will concentrate on provision of rail services only and other non-core peripheral activities will be spun-off.
  - Simultaneously, a **Railway Tariff Regulatory Authority** is required to oversee the pricing of passenger and freight traffic services in order to make the pricing rational and transparent as also competitive.
  - Presently, there is weak accountability and poor monitoring of **maintenance of roads**. It is proposed to explore ways to contract out maintenance activities to the private sector and include operation and maintenance in construction contracts as well.
  - Removal of legal hurdles for entry and growth of **private operators in the road transport sector** is also desirable.
  - In order to have a level playing field among all **ports** and to infuse competitive pricing, tariffs could be internally determined, independently by the major ports as well as by the minor ones. The present Regulatory Authority (i.e. Tariff Authority for Major Ports) could be restructured as an appellate body to take care of various stake-holders' interests.
  - Early enactment of the legislation enabling the conversion of **port trusts** into corporate entities is another proposal in the Tenth Plan.
  - In order to exploit the full potential of the civil aviation sector, especially in view of the increasingly important role of the private sector in providing airport infrastructure and air transport services, there is need for a **regulatory framework for the civil aviation sector** as a whole. The regulatory body would monitor the airport charges, quality of services and the performance of airport infrastructure.
  - **Opening up of the Civil Aviation Sector** is necessary to overcome capacity constraints. International routes could be auctioned to private Indian operators and foreign airlines could be allowed to participate for providing domestic air services. Foreign equity share for the domestic sector could also be increased for improving competitive efficiency.
  - **Leasing of four metro airports** to private sector participants must be expedited.
  - **Reorganisation of the Indian Postal system** is also in the priority list of the Tenth Plan. It will be undertaken through:
    - Replacement of the **Indian Postal Act, 1898** by a forward looking legislation to facilitate the envisaged reforms, ensure convergence and adopt new technology.
    - Making the Department of Post **self-financing**, by reviewing the policy of blanket subsidy. Universal Postal Service Obligation (UPSO) would be clearly defined and adopted., ensuring that items under UPSO, used by the common people are affordable and costs of other services are determined on commercial lines.
    - An independent **regulatory authority** is envisaged to be set up which, besides other regulatory functions, would also look after tariff fixation.

- The policy of **opening of post offices** is envisaged to be reviewed and, where essential, new post offices would be opened only through re-deployment of staff.
  - **Extra departmental employees**, which constitute about half of the work force, would be encouraged to become **franchisees** of the Department for running outlets as privately owned multi-product/multi-service centres. A contributory pension scheme needs to be a major element of the strategy in this regard.
  - In keeping with the times, it is proposed to give post offices/outlets a new look and run these as **multi-product / multi-services centers**, for which a comprehensive programme of networking and computerisation is envisaged.
- It is proposed to develop a credible road map for **corporatization** of the Department of Posts as 'India Post' within the Tenth Plan.
  - To achieve the targets of teledensity in line with the objectives laid out in the New Telecom Policy, 1999, the **Telecom sector** must be treated as an **infrastructure** sector for the next decade or so.
  - With a view to ensuring optimum growth in the coming years, Government's broad **policy of taxes and regulation for the telecom sector** has to be promotional in nature. Revenue generation should not be a major determinant of macro policy governing the sector. The licence fees need to be aligned to the cost of regulation and administration of Universal Service Obligation (USO).
  - The policy governing **spectrum allocation and licencing** has to be so designed that this scarce resource is used optimally. Spectrum pricing needs to be based on relative demand and supply over space and time in a dynamic manner so as to promote spectrum efficient technology.
  - The **USO levy** needs to be determined and collected as a separate levy to maintain complete transparency and accountability. Its rate may be increased to meet increased demands. Internet Service Providers who have been permitted to provide internet telephony also need to contribute, since they are an integral part of the communications network.
  - A comprehensive **national hardware development policy** will be formulated by December, 2002, in line with our goal of making India an IT super power.
  - In spite of opening of FM radio to the private sector, the benefits of this new and high quality broadcast service have failed to reach many rural areas. The Tenth Plan proposes that local communities and non-profit organizations such as universities, NGOs etc., be allowed to set up **low power FM community radio stations**, for educational, cultural and economic development of local communities.
  - Though the **film sector** has been given the status of an industry, **financing** basically continues to be through illegal and underworld sources. The Tenth Plan would aim at putting in place a plan of action to ensure easy availability of funds through institutional means.
- ## 8.7 SOCIAL JUSTICE
- **A National Charter for Social Justice** will be instituted, based on the principles of social harmony, to ensure social justice to disadvantaged groups like scheduled castes, scheduled tribes, other backward classes and minorities with a view to protecting their rights and interests.
  - **A National Policy for Empowering the Tribals of India** will be formulated along-with a National Plan of Action to operationalise the same. The main objective will be

to solve the unresolved issues and persisting problems of tribals and bring them on par with the rest of society.

- Effective implementation of the **People With Disabilities Act** and Rehabilitation of Disabled during the Plan period.
- Early finalisation and adoption of **National Policy on Rehabilitation and Resettlement**.
- **Public Distribution System** should be restricted to distribution of rice and wheat. Kerosene and sugar should be removed from the system. State level schemes could be evolved for distribution of coarse cereals under PDS.
- **Minimum Support Prices** should encourage diversification of agricultural production, keeping in mind the interest of consumers.
- **Food Corporation of India** should intervene in the market by timely sales and purchases to maintain stability in food prices. The buffer stocking agency could also take resort to exports and imports of food grains, as required.
- **Decentralised procurement and distribution** by States should be encouraged. States could take their own decisions regarding issue prices, and the quantum of food grains could be supplied through PDS etc. The national food subsidy could be distributed among the States according to a prescribed formula.

## 8.8 INVIGORATING RURAL INDIA

- **Regulating ground water use** on a sustainable basis in order to avoid indiscriminate drawal of ground water will be a priority in the Tenth Plan, as over-exploitation of ground water is causing various complications like sharp fall in the water table.
- The **Agriculture Produce Marketing Act** is to be amended for reduction of mandi taxes and ending Government's monopoly.

- **Integrated agriculture markets** are in private and cooperative sectors for providing better amenities to producers.
- **Kisan Credit Cards** are to cover all farmers for easy and quick flow of credit, within the Tenth Plan.
- Central assistance for the co-operative sector will be made, conditional on the States adopting **Multi-State Cooperative Act, 1984** for functional and financial autonomy.
- All restrictions on **agri-trading, agri-industry and exports** will need to be removed.
- The ban on **futures contracts** in all agricultural products should be lifted. The existing policy of pan-seasonal pricing of wheat and rice under the Public Distribution System provides a disincentive for future trading. This needs to be modified to encourage private storage.
- **Reforms for Agro-forestry** are essential if diversification of agriculture through agro-forestry is to be encouraged. There will have to be a policy environment in which the farmers are assured of a remunerative price; restrictions on felling, transport and marketing of agro-forest produce from private holdings are removed; and ban on export of primary and unprocessed wood products is lifted.
- In view of the tremendous potential of the **khadi and village industries** to generate employment in rural areas, it would be essential to make them sustainable and economically viable. A shift from the rebate policy to Market Development Assistance is recommended for bringing in incentives for production of high quality marketable goods along with the process of branding products.

## 8.9 IMPROVING THE QUALITY OF LIFE

- **Financing essential health care** will have to be reviewed. Initially health care services



were provided free of cost to all in government institutions. However, in view of the demographic transition, dual disease burden and escalating costs, this policy will have to be modified. In the Tenth Plan, there will be continued commitment to provide certain services, free of cost, to all viz. essential primary health care; emergency life saving services; services under national disease control programmes; and the national family welfare programme. Efforts will be made to provide other health care services at a subsidised cost to people below poverty line. People above poverty line would have to pay user charges for diagnostic and therapeutic services. Health finance options for different income groups will be explored. In order to encourage healthy lifestyles, a no claim bonus/adjustment of the premium could be incorporated, based on the previous year's claims.

- In view of the marked differences in the health indices, health care infrastructure and its utilisation, not only between States but also between districts, it is imperative to assess **district-specific health, nutrition and family planning needs** and plan accordingly. This is a shift from the earlier centralised planning approach.
- Service providers in the health, family welfare and nutrition sectors will be given appropriate training and reoriented, so that they are able to **screen individuals** in order to determine their specific needs, provide for those, and carefully monitor the impact.
- **A National Policy and Charter for Children** will be formulated to ensure protection of their rights as enshrined in the Constitution and to seek partnership with all the concerned.

#### 8.10 IMPARTING DYNAMISM TO INDUSTRY AND SERVICES

- Policy reforms for **village and small scale industries** will have to be given priority.

- Phased **dereservation of small scale industries**, in view of the implications of the WTO regime, will have to be carried out.
- The approach to **tourism** in the Tenth Plan has shifted from a sector seen only as a foreign exchange earner to a sector having a dynamic role in alleviating poverty and generating employment. An integrated inter-sectoral investment Plan for tourism to enhance the efficiency of public investment in tourism will be drawn up. It will be necessary to remove barriers to the growth of tourism and leverage private investment by expediting and integrating critical policies. A regulatory framework for the protection of the tourism industry, the consumer and the environment is suggested. The Tenth Plan also proposes to develop a unique brand image for India.
- A review of various legislations governing **property transactions** and consolidating them into one comprehensive law will be required.
- **The Urban Land (Ceiling & Regulation) Act, 1976**, though repealed by the Centre, might be replicated in the various States that are yet to repeal the Act, which needs to be done urgently.
- Amendments to the **Rent Control Act** will be needed to remove the rent controller's draconian powers over the disposition of the rented property. The statutes giving the rent controller power to virtually divest the owners of their natural right to their properties should be deleted. The Rent Control Act must focus on ensuring a level playing field in terms of rent (adjustment) negotiations and reasonable period for vacation of property.
- Out-dated State legislation, allowing states to arbitrarily **requisition** property 'in the public interest', for questionable use, should be repealed.
- **The Indian Stamp Act, 1899 and the Indian Registration Act, 1908** would

- need to be amended for delinking the process of registration from payment of stamp duty, and to liberate the registration process from the requirement of various 'no objection' certificates.
- **Rationalise tax rates** pertaining to the **real estate sector** will need to be carried out. States should reduce stamp duties from the present range of 13-26 per cent to a level of 3-5 per cent and also make them uniform across States.
  - The principles of law applicable to statements made in a prospectus, should also apply to sale of property. This will facilitate institutionalisation of conveyances (and authorised persons) that can investigate **title cross-linkages** between municipal authorities, electricity boards, and taxation departments, land registries and collectorates might facilitate these through hyperlinks.
  - Private participation in the provision of **municipal services** must be encouraged as this would provide benefits of access to skills required for improving urban services. Pricing municipal services would ensure sufficient funds for maintenance and expansion of municipal services.
  - Simplification and modernization of the current **registration system** for land/property titles is important. The Registration and Other Related Laws (Amendment) Act 2001 should be notified for this at the earliest.
  - A time-bound programme for auctioning of all **vacant government land** might be drawn up and implemented.
  - The Haryana model should be drawn upon to promote **public as well as private development in housing**.
  - The market **conversion of rural land into urban usage** within the parameters of defined municipal development plan should be allowed.
  - A Regulatory Commission is to be set up for reviewing **zoning regulations** on a continuous basis.
  - A system for **deemed approval of plans** for development/re-development of real estate by the registered/authorised architects operating on a self-regulatory basis for speeding up the process of securing approvals should be put in place.
  - The **Land Acquisition Act, 1894** should be amended for speeding up the process of acquisition, and to delink the process of taking over possession of land from that of determining compensation. The Act might be modified to focus solely on acquisition of land for public goods (e.g. roads, defense) and public utilities (power lines, irrigation dams/canals), and exclude commercial purposes such as housing.
  - Encouragement should be given to the pension, provident fund and insurance sectors to invest in **real estate**.
  - Encouragement should also be provided for creation of **Real Estate Mutual Funds/ Real Estate Investment Trusts**.
  - Trade in **mortgage-backed securities** should be promoted.
  - The present stipulation of 100 acres for **FDI in integrated townships** might be relaxed to 50 acres or less, as such vast expanse of land may not be available in urban areas. FDI in the real estate sector may be permitted with a lock in period of three years and there should be no repatriation of dividend during the construction period in any case. There might not be any restriction on repatriation thereafter.
  - A grading system should be developed among **real estate developers** for preventing fly-by-night operators.

## PROGRAMMATIC INITIATIVES

8.11 Although the Tenth Plan aims at a substantial enhancement in the role of the private

sector, nevertheless the government will continue to play an important role in a number of critical areas, both as a facilitator and as a direct provider of services and facilities. In order to make the latter function more effective and in tune with the objectives of the plan, a number of programmes and schemes are to be initiated or given a changed focus during the Tenth Plan period. A brief summary of some of these initiatives is given in this section.

## Regional Disparities

8.12 One of the primary objectives of the Tenth Plan is to strive for regional balance. The widening regional disparities and pockets of deprivation and poverty have been a cause for concern for some time now. It is imperative to tackle the development problems of those areas which, despite existing efforts, continue to be characterised by high poverty, low growth and poor governance, if we are to have an equitable and balanced growth.

8.13 Against this backdrop, the first **National Human Development Report** (NHDR) was brought out as a prelude to the Tenth Plan. It is expected that the NHDR will provoke debate among States and encourage introspection on the development strategy that each State has to follow. In order to track developments between States and of States, subsequent NHDRs will be prepared from time to time.

8.14 With a view to addressing this problem, a new initiative in the form of the '**Rashtriya Sam Vikas Yojana**' (RSVY) will be operationalised in the Tenth Plan. It aims at focused developmental programmes, primarily to fill gaps, for backward areas which would help reduce imbalances, speed up development and help these areas to overcome poverty, besides facilitating the States to move up the ladder of reforms.

8.15 The strategy is to assist in the development process through additional grants under the RSVY, only if the concerned State Government undertakes an agreed set of reforms. Development experience in the Ninth Plan has shown that funds are not the only bottleneck in the development

process. Reforms in the administrative and fiscal structure, in policies related to the day to day life of the ordinary people and in the way financial and administrative powers are delegated, will have a multiplier effect on the economies of the concerned regions. More often, it pertains to the way in which existing rules and regulations are used / interpreted in the delivery of services and the working of the local economy which perpetrates the problem of access to services and deny equity to the poor and under privileged. Under the RSVY it is proposed to provide funds to all the States subject to their agreeing through a Memorandum of Agreement (MoA), to a mutually decided set of reforms. Each of the reforms should have objectively verifiable indicators/milestones and well defined time frames.

8.16 The RSVY will be a cent per cent grant so as to act as an incentive for States to take up reforms. This would be in addition to the existing flow of funds under ongoing schemes. Release of funds will be performance based.

8.17 It is proposed to have a Special Plan For Bihar, by far one of the most backward states. Flow of funds will be conditional on implementing a mutually agreed set of reforms and will be provided for identified thrust areas, such as power, irrigation, watershed development, connectivity etc., in order to mitigate some of the problems caused by the bifurcation of the State. The aim is to use innovative delivery systems so that the prevailing bottlenecks in these sectors can be overcome and basic infrastructure provided for the future development of the State.

8.18 There will also be a Special Plan for the Koraput, Bolangir, Kalahandi (KBK) Districts Of Orissa, another pocket of endemic poverty and deprivation. The objective of this component is to ameliorate the continuing poverty and difficult living conditions in the KBK districts of Orissa by concerted action in identified critical areas which would ensure drought proofing, and provide livelihood support, better health facilities as well as specific assistance to the disadvantaged groups. The aim is to use the additional funds in a projectised

manner so that visible results are available in the field in a time-bound manner. Like for Bihar, funding would be linked to implementing a mutually agreed set of reforms.

8.19 Studies have shown that there are vast variations not only between States but also within States, and between districts. One hundred most backward districts will be taken up under RSVY for special attention. It is proposed to take up 25 districts on a pilot basis in the first year i.e. 2002-03, 35 in the next year and the remaining 40 districts in 2004-05. State Governments will be required to prepare plans for the identified districts, to include schemes which would help to fill critical gaps or those which could serve as catalysts for future development of the district. The district authorities would be expected to use existing institutions, non-government organisations and innovative delivery systems so that maximum benefit could be derived from the additionality provided under this scheme. Release of funds to districts will also be contingent on them agreeing to certain administrative and procedural conditions/reforms.

8.20 In order to provide a quality reference document on the development profile of States, make an inter-State comparison and help to determine strategies for accelerating growth, the Planning Commission initiated the practice of preparation of **State Development Reports**. It is envisaged that these Reports, prepared in coordination with States every five years, will help them formulate their development agendas as well as make inter-State comparisons.

8.21 **A Best Practices Manual of Successful Governance Initiatives and Implementation** is proposed to be prepared by the Planning Commission in coordination with Human Resource Development Centre and United Nations Development Programme, in order to identify and highlight models of effective implementation and delivery of public services in the Government sector. The manual aims at documenting success stories for sharing both at the national level as well as between State Governments.

8.22 The Planning Commission's **Project Preparation Facility** was set up in response to the problems of less developed States which are unable to prepare projects of the requisite standard to attract institutional and external funding. It provides financial assistance for preparation of detailed project reports by professional consultants to be submitted by the States for external funding. This will help the less developed States in accessing institutional and external resources.

## AGRICULTURE AND RURAL DEVELOPMENT

8.23 Social mobilisation as a key to self-employment through **Swarnjayanti Gram Swarozgar Yojana (SGSY)** is a new approach that is being promoted and encouraged in the Tenth Plan. The SGSY is conceived as a process-oriented programme for the poor with focus on formation of self help groups (SHGs). It is a holistic programme operating largely through SHGs, with provision of micro-finance, training and capacity building. Development of infrastructure, establishment of marketing linkages and better monitoring and timely evaluation are important components of the programme.

8.24 Assured wage employment through **Sampoorna Grameen Rozgar Yojana (SGRY)** for 100 days in identified backward districts is another new strategy that is being promoted in the Tenth Plan. The SGRY focuses on generation of wage employment, creation of durable rural assets and infrastructure and provision of food security to the rural poor. The identification, selection and execution of works under the programme would be a part of a long-term strategy for creating infrastructure, developing watersheds and drought proofing. The programme lays emphasis on empowerment of panchayats and involvement of women and weaker sections in decision-making and execution of works.

8.25 Employment guarantee for the most distressed through **Jai Prakash Rozgar Guarantee Yojana (JPRGY)** is a new programmatic initiative

in the Tenth plan, for providing employment guarantee to the unemployed in the most distressed districts of the country. A Task Force has been constituted to design and implement a programme which will have both wage and self employment components.

8.26 A coordinated approach to **land use policy and development of wastelands** will be a new initiative. All programmes relating to conservation, development and management of land resources, especially schemes relating to water-sheds and wastelands development, scattered in different Departments, as well as institutional infrastructure relating to land in rural areas need to be brought under the purview of the Department of Land Resources in the Ministry of Rural Development. Pursuant to this, it is proposed to set up the Lok Nayak Jai Prakash Narayan Land and Watershed Mission whereby all watershed and soil conservation related schemes implemented by different Departments except those handled by the Ministry of Environment and Forests would be brought under the purview of the Mission.

8.27 In view of the vast tracts of waste and degraded lands remaining unutilised, and their immense potential, a new scheme for **Greening of Wastelands** through people's participation will be taken up in the Tenth Plan. The basic thrust of the new initiatives would be on distribution of Government wasteland to communities or landless rural poor. The land allottees would be provided financial assistance for development of the wastelands. Propagation of tree crops suitable to the agro-ecological zones, medicinal plants, bamboo, bio-fuels and plant varieties that address food and nutritional requirements of the rural poor would be taken up on these wastelands. Special focus will be given to medicinal plants in view of the growing demand for the same. Production of bio-fuel species will be encouraged since they will provide a sustainable alternative to mineral fuel and help reduce imports.

8.28 The completion or revival of **old irrigation projects/systems** will be a priority as there are a

number of very old incomplete irrigation projects some of which even date back to the pre-Fifth Plan period. Accelerated Irrigation Benefit Programme is also targeting completion of old projects as a first step. Attention will be given to restoration of the potential lost due to dilapidation of major, medium and minor irrigation systems, especially tanks, through extension, modernisation and renovation.

8.29 Community participation in **maintenance of irrigation projects** will be encouraged. While government constructs irrigation projects, due to lack of maintenance they get silted/damaged and do not carry the design discharge, causing problems to tail-enders. If the community, through water users associations, maintains these systems, they will be more equitably managed and also better maintained.

8.30 Since the agriculture sector is the core of the Tenth Plan and the bulk of the new employment opportunities are going to arise in this sector, **improving agricultural productivity and creating employment opportunities** in this sector are crucial. An integrated approach will have to be adopted towards this, some pre-requisites / components are indicated in Box 8.2.

8.31 Universalisation of **Joint Forest Management (JFM)** will be the main focus in the forest sector. Forest areas in the proximity of population centers/villages are reported to have degraded faster due to indiscriminate drawal of forest produce, grazing, encroachment, etc., as compared to forests away from habitations and located in inaccessible areas. The concept of Joint Forest Management based on the principle of partnership and equity share has shown remarkable results in regeneration of degraded forests and also improving the economy of the forest dependent populace. It is proposed to cover all forest fringe villages under JFM in a phased manner during the Tenth Plan. The formation of Forest Development Agencies in each district as federations of JFM Committees would provide them technical and financial support.

**Box 8.2****An Integrated Approach to Improvement in Agriculture Sector**

- Utilising waste and degraded lands (described in more detail above)
- Macro-management approach to centrally sponsored schemes
- Improving credit flows and simplifying procedures
- Diversification of the cropping pattern by, inter-alia, cultivating medicinal and aromatic plants, bio-fuels, horticulture, agroforestry, oil-seeds, pulses, etc.
- Precision farming with a view to ensuring optimal utilization of inputs
- Organic farming
- Integrated nutrient management
- Integrated pest management using biological controls
- Improvised implements and machinery
- Contract farming
- Leasing-in and leasing-out
- Revamping the extension system by extending Krishi Vigyan Kendras, making use of print media, IT, private initiatives like agri-clinics etc.
- Use of frontier technologies especially bio-technology
- Improved storage systems and cold chains for facilitation, preservation and exports
- Conservation and upgradation of native breeds of livestock through selective breeding
- Creation of disease free zones
- Improvement of the quality of milk to meet international standards, particularly as India is now a member of the WTO.
- Extension of the 'Operation Flood' to uncovered, hilly and backward areas.
- Production of feed and fodder have to be increased substantially.

**INDUSTRY AND SERVICES**

8.32 Focussing on **village, small and food processing industries** is seen as a key strategy, given the tremendous potential for higher growth in this unorganised sector. To enable them to remain competitive in the market led economy and meet the objectives of the Plan, the following will be stressed:

- Adequate credit from financial institutions
- Funds for technology upgradation and modernisation
- Adequate infrastructure facilities

- Modern testing facilities and quality certification labs
- Modern management practices and skill upgradation
- Marketing assistance
- Level playing field at par with the organised sector.

8.33 Revamping the **Coir Industry** will be a priority since the sector is projected to grow at 12 per cent. Besides the normal facilities/conditions provided to other village and small industries, the thrust would be on product diversification,

development of new products, initiating trade information service, R&D for coir and spreading the coir units to non-traditional States for full utilization of the available coir husk.

8.34 Reorienting the **wool and wool products** will also be important, keeping in mind the tremendous scope for employment generation in this sector. It is proposed to set up a technology mission to improve productivity of wool per sheep and work out methodologies for the diversification of products by mixing angora and pashmina wool.

8.35 World class **tourist circuits and destinations** will be developed to enhance the competitiveness of the tourism product. Health tourism will also be encouraged.

8.36 A new scheme for **Development of Export Infrastructure & Allied Activities** intends to establish a mechanism for seeking the involvement of the State Governments in the development of export infrastructure and allied activities through assistance linked to export performance, which will result in concomitant growth in the infrastructure necessary for promotion of exports at the State level. Under this scheme, projects for development of complementary infrastructure for exports; creation of new export promotion industrial parks and augmentation of facilities in the existing ones, development of minor ports; setting up of common facility centers for trade; equity participation in infrastructure projects including the setting up of Special Economic Zones projects of national regional importance; and activities permitted as per Export Development Fund in relation to North East and Sikkim would be taken up.

8.37 **Market Access Initiative** is another new scheme through which it is proposed to put in place an instrument which is not only WTO compatible but would also mitigate the negative effects of the various handicaps faced by the exporters vis-à-vis their counterparts in competing countries. The broad scope of the scheme covers identification of prioritywise research areas relevant to trade and commerce; sponsoring research studies; dissemination and discussions on the result of such studies; trade promotion for market survey/studies;

assistance to exporters and export trade council for participation in international departmental store promotion programmes, promotion of India, Indian products and Indian brands etc. State Governments' efforts at carrying out export potential surveys of the States for identified product groups would also be supported.

8.38 **Research and Development in automotive industry** will be implemented in partnership with the industry and would result in strengthening of the testing and certification facilities in the Automotive Industry in accordance with safety and environmental regulations. In addition to the upgradation of existing facilities, two new facilities are proposed to be set up in the Tenth Plan. The new testing facilities would include critical developmental facilities which are not available at present.

8.39 The **Industrial Cluster Development Scheme** will identify Industrial Clusters with high growth potential for need-based and specifically designed interventions. The main emphasis of the scheme would be on making strategic interventions in existing clusters to convert static local efficiency into dynamic competitiveness. Efforts will be made to create a conducive climate for the development of inter-firm cooperation; promotion of innovation and collective learning; creation of suitable customized infrastructure support and service network; and setting up common facilities, assisting appropriate technology transfer, information sharing and quality improvement.

8.40 The **Technology Upgradation Scheme** aims at improving the competitiveness of the Indian industry vis-à-vis global players. To compete effectively, it is intended to assist/upgrade Indian companies to procure benchmark technology.

8.41 The **Technology Upgradation Fund Scheme** is expected to sustain and improve the textile industry's competitiveness and overall long-term viability. This will provide a focal point for modernisation effort through technology upgradation in the industry. This initiative includes all sub-sectors of textiles like spinning, weaving, knitting,

processing, garment making, cotton ginning and pressing and the jute sector.

8.42 The **Geological Survey of India** will be restructured and modernised so that it can play a vital role in the search and evaluation of mineral resources on a regional scale by increasingly adopting modern concepts and techniques. Airborne and marine surveys will be intensified and the synthesis and dissemination of data will be given high priority so that the organisation can effectively act as the 'first-stop shop' for all prospective investors, both domestic and foreign.

## QUALITY OF LIFE

8.43 The **Re-organisation of family welfare personnel** through SWAP is an attempt at partially restructuring the health system. Both the Government of India and the State Governments are funding delivery of family welfare services. This dichotomy of funding comes in the way of streamlining the functioning and also leads to delays in the States getting reimbursements. Under the SWAP arrangement, it is proposed that the Government of India will fund all the 1.37 lakh Auxillary Nurse Midwives (ANM) in sub-centres and the States will take over the establishment of the rural family welfare centres and post partum centres. This is expected to improve the coverage of services in rural areas, especially in poorly performing States where lack of AMNs has been a major problem.

8.44 Improving **drug safety** will be a major programme to improve the quality of drugs by strengthening the drug control organisation and drug testing laboratories. The Medicinal Plants Board set up by the Department of Indian Systems of Medicine and Homeopathy will ensure that good quality medicinal plants are available for Indian Systems of Medicine drugs for both domestic and export markets.

8.45 The **National Nutrition Mission** will be set up with the objective of reducing under-nutrition and micro-nutrient deficiencies. The Mission will coordinate and strengthen existing programmes, promote R&D and provide relief in natural calamities.

8.46 **Under-nourished adolescent girls** will be provided foodgrains free of cost and nutrition education addressed to the family, aimed at proper intra-family distribution of food under a pilot project in 51 backward districts.

8.47 **A National Plan of Action for Empowerment of Women** will be prepared with a view to translating the National Policy for Empowerment of Women into action. The salient features will be, identification of partners, determination of action points and monitoring of its progress.

8.48 **A National Commission for Children** will be set up to protect and safeguard the rights of children. On the lines of the National Human Rights Commission, this Commission will investigate and redress individual complaints and grievances as well as provide the necessary legal support and services where required.

8.49 Universalisation of the **Integrated Child Development Services Scheme** (ICDS) will be achieved during the Tenth Plan in all the 5652 blocks of the country. Anganwadi workers (AWW) and helpers (AWH) who are the most visible grass-root functionaries primarily for ICDS, also play an important role in other development activities. To suitably compensate them and also to boost their morale, the honorarium of AWW and AWH has been doubled with effect from 1.4.2002.

8.50 The **Sarva Shiksha Abhiyan (SSA) and National Literacy Mission (NLM)** are two key programmes to attain the goal of universalisation of elementary education and education for all. The SSA aims at enrollment of all children in schools or other alternatives by 2003; and completion of five years of primary schooling by 2007. The NLM, through its various programmes has to ensure that the neo-literates do not lapse into illiteracy.

8.51 A greater focus on **secondary education** will be one of the important priority areas of the Plan. The 'Education for All' programme of the Sarva Shiksha Abhiyan is likely to result in total enrolment by 2003 and universal retention and achievement at the primary level by 2010. This will result in increased demand for secondary education. Steps



will be taken in the Tenth Plan to set up more secondary schools in the government sector as well as with the help of private trusts, religious/missionary institutions and public-spirited organisations.

8.52 During the Tenth Plan it is proposed to provide computer connectivity to 140 government senior secondary schools through **Vidya Vahini Programme** and upgrade the IT infrastructure at Delhi University through **Gyan Vahini Programme**. Later, efforts would be made to replicate these programmes in other schools and colleges by involving the private sector.

8.53 The **Vocationalisation of education** in the Tenth Plan will be a new thrust area. As a result of the universal elementary education initiatives mentioned earlier, there are going to be a number of middle school pass-outs. While some of these will pursue higher studies, there will be others who would need vocational education instead. This will equip them better to find suitable employment opportunities. In view of this, there is an urgent need to formulate a clear-cut integrated policy on vocationalisation of education.

8.54 The Government will constitute a **Committee on Promotion of Indian Education Abroad (COPIEA)**, to promote Indian education abroad and regulate the operations of Foreign Educational Institutions (FEIs) in India to safeguard the larger national interests and the interests of Indian students.

8.55 The quality of **technical education** in the Indian Institutes of Technology and the Regional Engineering Colleges, other Engineering Colleges and Polytechnics will be upgraded by providing equipment and funds for new courses, and development of teaching-learning materials. Networking of institutions for on-line exchange of information will also be encouraged.

8.56 The intake of **IT professionals** is to be doubled by 2002 and tripled by 2003.

8.57 **Sports academies** will be set up in States in collaboration with private organisations/

corporates and State Governments in order to promote sports and nurture talents.

8.58 For the first time, a new programme for the **holistic development of adolescents** will be started. The delivery mechanism for the programme will be largely in collaboration with NGOs. Various cross cutting issues like health, nutrition, alcohol/drug abuse, life skills etc., will be addressed through the programme. Gender sensitisation will be a prime concern and efforts will be made to involve adolescents in nation-building activities, awareness generation amongst peers on health, nutrition, family planning, HIV/AIDs, sanitation, environment, etc.

8.59 **Youth Development Centres** are to be set up in each of the 5000 blocks in the country. These centres will function as information technology centres as well.

8.60 Digitisation of **rare manuscripts** will be taken up with a view to preserving rare manuscripts, including those belonging to private collections.

8.61 **Urban Reforms Incentive Fund** is a new initiative whereby funds will be released to States for undertaking reforms in the urban sector. The reforms include repeal of the Urban Land Ceiling Act; reform of the Rent Control legislation; rationalisation of stamp duty rates; computerisation of registration of property transactions; improvement in the system and collection efficiency of property taxes; levy of realistic user charges for water supply and other services, and adopting double-entry book keeping in municipalities. The States are expected to enter into a memorandum of agreement with the Department of Urban Employment and Poverty Alleviation, and commit to an agreed time schedule for implementing the reform measures.

8.62 The **City Challenge Fund** will provide funds to meet the transitional and transaction costs of restructuring of urban civic services. The objective of the restructuring exercise is to improve service quality and efficiency of services, bring down losses, raise adequate revenues, and make the projects viable, and bankable.

8.63 **Pooled Finance Development Facility** is another new initiative to enable smaller urban local bodies, which cannot individually go to the financial markets to raise funds through bonds, and pool their requirements of market borrowings. A State-level agency (i.e., an Urban Development Corporation) will arrange for the pooling to be done, and raise the total required funds from the market. The Facility will assist the municipal bodies to undertake required reform measures, so that they can have the capacity to service the loans. The Facility will also underwrite a part of the repayment obligation, through contribution to a Debt Service Reserve Fund, which will raise the credit rating of the participating ULBs and help them to get better terms for their borrowing.

8.64 **Rejuvenation of Culturally Significant Cities** will assist selected cities of cultural importance with grants for upgrading infrastructure and civic amenities. These cities also attract large numbers of pilgrims and tourists, and hence require assistance to meet the demand on civic services and infrastructure.

8.65 **Urban Sanitation Mission** will be a new initiative, focussing on setting up sanitary land-fills and composting plants for urban solid waste, and improvement of drainage in urban areas.

## SOCIAL JUSTICE

8.66 A National Plan of Action will be formulated for survival, protection and development of **primitive tribal groups** in consultation with the State governments/Tribal Research Institutes and anthropologists/experts on the subject.

8.67 It is proposed to introduce a **Component Plan for the Disabled** in the budget of all the related Ministries/Departments, in order to ensure flow of adequate financial resources to the un-reached, so as to make as many disabled as possible active, self-reliant and productive.

8.68 **A Skill Development Fund (SDF)** will be set up in partnership between the industry and government, with major voluntary contributions coming from the industry. The resources collected

would be utilised for creating training infrastructure at the same location where they are collected. The purpose is to attract resources from the beneficiaries from training including the employers and the employees in the organised sector, and the trade unions. Income tax incentives to the contributions made could also be considered.

8.69 **A Competency based certification system** will be introduced. While an entrant to the organised sector is usually skilled and therefore receives remuneration accordingly, entrants to the unorganised sector, who constitute more than 90 per cent of new entrants to the labour market, are usually not trained formally. They learn on-the-job. A system of testing and certification of proficiencies/skills acquired at work, albeit in the informal sector will be put in place which will be certified by professional bodies. This would greatly benefit the labour in the unorganised sector, especially those involved in manufacturing, construction and services.

8.70 **A pension system for the unorganised sector** is another area that will be paid special attention. The present pension system is confined to the organised sector, which covers less than a tenth of the labour force. In the unorganised sector, there are a large number of self-employed persons but they do not have a mechanism for earning a risk-free and reasonable return on their savings for retirement. During the Tenth Plan it is proposed to prepare a self sustaining pension system for the unorganised sector. This would also facilitate pension reforms in the organised sector.

## CROSS CUTTING ESSENTIALS

8.71 **Science and Technology** plays a crucial role in catalysing and accelerating economic and social development. It has an overarching impact in almost all sectors of the economy. It plays a lead role in contributing to sustainable development and self-reliance. It is now becoming increasingly clear that while the investments in physical infrastructure are important, it is the intellectual infrastructure derived through innovative S& T initiatives that will give India a comparative advantage. During the Tenth Five Year

Plan, a number of time-bound programmes will be taken up. These include:

- Operationalisation of National Natural Resource Management System (NNRMS) through application of remote-sensing technology in developmental programmes;
  - Technology development for future generation launch vehicle for placing 4 ton class INSAT satellites in geo-synchronous transfer orbit and also critical technologies required for Re-useable Launch Vehicles;
  - Development of all-weather, remote-sensing technology by way of Radar Imaging Satellites (RISAT) with a multi-mode, multi-polarisation agile Synthetic Aperture Radar;
  - Application of space technology in education and health for tele-education and tele-medicine networks;
  - Technology demonstration for water desalination for large scale desalination of sea water and fresh water into fresh potable water;
  - Development of technically feasible, economically viable and eco-friendly irradiation technologies for farm products through linkage with State agricultural universities, seed corporations, ICAR and other State and Central agencies;
  - Genomics research, especially, for drug targeting against specific human pathogens like those responsible for peptic ulcer, tuberculosis, damage to kidney and heart, and the genes responsible for diabetes;
  - Development of new generation vaccines against diseases like rabies, cholera, HIV/AIDS, tuberculosis, Japanese encephalitis and malaria;
  - Food and nutritional security through enhancement of crop productivity, value-addition and genetic engineering for enhanced nutritional status;
  - Exploration and exploitation of microbial wealth of India for novel compounds and bio-transformation processes;
  - Development of pollution control and monitoring systems/devices for air, water and solid waste;
  - Carcass utilisation and development of eco-friendly leather processing technologies;
  - Technologies for bamboo products for giving significant thrust to the usage of bamboo, promote specialized products for commercialisation and to generate good employment opportunities; and
  - Research in the area of Nano science and technology for development of nano sized ceramics, water purification, drug delivery systems, energy devices, etc.
  - The Pharmaceutical Research & Development scheme is envisaged to encourage R&D in the pharmaceutical sector in a manner compatible with the country's needs and with particular focus on diseases endemic or relevant to India. A Drug and Pharmaceutical Research and Development Support Fund (PRDSF) is also proposed to be set up.
  - Drug and Pharmaceutical Research and Development Support Fund (PRDSF) is also proposed to be set up.
  - Validation and testing of 10 new drugs and molecules from important medicinal plants.
- **The environment** has an over-arching effect on all aspects of economic and social life. Some initiatives that will be taken up in the Tenth Plan are:
- Detailed Action Plan will be drawn up for controlling pollution in rivers and lakes.
  - Optional use of natural resources, and adoption of pollution prevention and cleaner technology projects.
  - Bio-diversity in ecologically sensitive areas to be conserved.
  - Setting up of an International Institute on Science and Technology for Tropical Areas to handle climate change related issues.

## INFRASTRUCTURE

8.72 **The Nuclear Power Programme** acknowledges that the fast breeder reactor is a precursor to thorium based technologies for nuclear power, in the context of moderate uranium and vast thorium resources in India. Under this programme a 40 MWe Fast Breeder Test Reactor (FBTR) has been set up at Kalpakkam. With experience and expertise gained in the successful operation of FBTR, the Government has embarked upon the design, development and construction of the first Prototype Fast Breeder Reactor (PFBR) of 500 MWe capacity. Simultaneously, an Advanced Heavy Water Reactor (AHWR) of 235 MWe is being developed by the Bhabha Atomic Research Centre (BARC, Mumbai) for demonstration of technology to utilise thorium for electricity generation. These steps are essential to the progress in Research and Development on the utilisation of Thorium in India's Nuclear Power Programme.

8.73 **Creating a strategic crude oil storage facility** has become essential to safeguard against sudden oil supply disruptions under a deregulated post-APM scenario. A mechanism for creating strategic storage and its operation would have to be evolved in the Tenth Plan.

8.74 **The Coal Bed Methane (CBM) Programme** for exploration and production of CBM will be widened and deepened during the Tenth Plan. As per the initial assessment, significant production potential can be expected for methane production, some of which may materialise during the Tenth Plan period.

8.75 **Improving railway freight services** will be of paramount concern in the Tenth Plan. The railways freight traffic continues to lose its share to road transport. In order to maintain its share in the total traffic, the railways freight demand should grow by at least 1 per cent for each 1 per cent growth in GDP. Improvement in the quality of roads and deficiencies of the Indian Railways are the reasons for growth of capital-intensive and energy-inefficient technologies of moving goods and people in the country. To reverse this trend, it is necessary to

increase the capacity of high density corridors. In the Tenth Plan, it is proposed to reduce the speed differential between passenger and freight services by raising the speed of freight trains to 100 km/hour.

8.76 **Construction of expressways** will be taken up in the Tenth Plan. The National Highways Development Project would improve the capacity and riding quality of our major high-density corridors. However, to cater to the increase in the traffic and to improve the mobility of both passenger and freight road transport traffic, it is proposed to augment the capacity of select high-density corridors by planning and constructing a network of expressways, in the private sector. The role of Government would be restricted to that of a facilitator.

8.77 **Gateway Ports** are proposed to be established to cater to the container traffic. A large number of containers that flow into India are transshipped at neighboring ports like Colombo, Singapore and Dubai for want of adequate facilities in India. This causes delays and raises transaction costs in India's international trade. India is uniquely placed geographically between the high-density transport shipment corridors of East and West. It is proposed to set up two major gateway ports, one each on the east and west coasts. These will be connected by a rail/road bridge and equipped with efficient modern handling facilities, which would be very advantageous to international shipping companies in terms of saving of time and fuel. Simultaneously, it would provide big business opportunities for the Indian economy.

8.78 **Conclusion:** It must be recognised that all planning is based on a *a-priori* appraisal of emerging trends and the initial plans, programmes and schemes are a reflection of the strategy to address these. However, during the course of the Plan there are bound to be new developments which may not have been anticipated, given the fast changing world scenario. The Plan will therefore take cognisance of these, and may need to, and should make appropriate changes in the content and design of policies and plan programmes and schemes.