



Foreword

India's commitment to planned economic development is a reflection of our society's determination to improve the economic conditions of our people and an affirmation of the role of the government in bringing about this outcome through a variety of social, economic, and institutional means. The Eleventh Five Year Plan, which was approved by the National Development Council on 19 December 2007 reaffirms this commitment. It provides a comprehensive strategy for inclusive development, building on the growing strength of the economy, while also addressing weaknesses that have surfaced.

The strength of the economy is evident from the remarkable transition to a high growth path, which has been achieved in recent years. The Tenth Plan period (2002–03 to 2006–07) began modestly, but then saw the economy accelerating steadily to achieve an average growth rate of 7.7%, for the Plan period as a whole, which is the highest ever achieved in any Plan period. In the last four years the growth rate has averaged 8.9% making India one of the fastest growing economies in the world.

The transition to high growth is an impressive achievement, but we must not forget that growth is not the only measure of development. Our ultimate objective is to achieve broad based improvement in the living standards of all our people. Rapid growth is essential for this outcome because it provides the basis for expanding incomes and employment and also provides the resources needed to finance programmes for social uplift. However, it is not by itself sufficient. We also need to ensure that growth is widely spread so that its benefits, in terms of

income and employment, are adequately shared by the poor and weaker sections of our society, especially the Scheduled Castes (SCs) and the Scheduled Tribes (STs), Other Backward Classes (OBCs) and minorities. For this to happen, the growth must be inclusive in the broadest sense. It must occur not just in our major cities but also in our villages and small towns. It must be spread across all states and not just limited to some. It must generate sufficient volumes of high quality employment to provide the means for uplift of large numbers of our population from the low income low quality occupations in which too many of them have been traditionally locked.

The Eleventh Plan addresses itself to the challenge of making growth both faster and more inclusive. The rapid growth achieved in the past several years demonstrates that we have learnt how to bring about growth, but we have yet to achieve comparable success in inclusiveness. Poverty, whether we look at it narrowly in terms of the population below consumption based poverty line or more broadly in terms of population without access to essential services, is definitely declining but the pace of decline is slower than it should be. Our people have a right to expect that the evidently increased economic capabilities of our economy are translated into accelerating progress in these dimensions also. The Eleventh Plan aims at achieving a radical transformation in this aspect of our development. It sets a target for 9% growth in the five year period 2007–08 to 2011–12 with acceleration during the period to reach 10% by the end of the Plan. It also identifies 26 other measurable indices of performance relating to poverty, education, health, women and children,

infrastructure, and environment and sets monitorable targets in each of these.

Planning in a market economy which is becoming increasingly integrated with the world is bound to be different from what it used to be in earlier years. Much of what used to be done by governments, including especially the establishment of production units producing manufactured goods and commercial services, is now being done by the private sector. India is blessed in having a long tradition of private entrepreneurship and the private sector has responded magnificently to the new opportunities opened up by economic reforms. However, this does not mean that the role of the government must shrink. On the contrary, the government must play a much larger role in some areas even while shifting out of others.

The Eleventh Plan outlines the new priorities for the public sector. These relate to reviving dynamism in agriculture and building the necessary supportive infrastructure in rural areas, expanding access to health and education, especially in rural areas, undertaking programmes for improving living conditions for the weaker sections and for improving their access to economic opportunity. It also includes a major thrust for infrastructure development in general, which is a critical constraint on our development.

Improved performance in agriculture is necessary if our growth is to be inclusive. The Eleventh Plan adopts a multi-pronged approach towards this end. It provides for a major expansion in the programmes for irrigation and water management. The Rashtriya Krishi Vikas Yojana (RKVY) has been launched to assist the States in development and implementation of district level agricultural plans, based on local agro-climatic conditions. As a step towards food security, which has assumed special relevance in view of recent international developments, the National Food Security Mission aims at increasing cereal and pulses production by 20 million tons over a five year period.

There is a massive thrust in the Eleventh Plan on access to education and health, which are critical to social and economic empowerment of the people. In education, the Plan will spend more than double of what was spent in the Tenth Plan, as a proportion of the total budgetary support to Central Ministries. We have made good progress in providing access to primary education but there are quality issues that need to be addressed. We must also expand access to secondary education in the Eleventh Plan. In higher education, the Plan will work towards increasing enrolment rates from 11 to 21 percent over a

ten year period. This will require a massive expansion in our university system. There will also be emphasis on creating competitive, world class institutions of higher learning. The National Skill Development Mission will help in meeting the demands for skills in our growing economy as well as in generating high quality employment. Both in higher education and skill development, the private sector will be encouraged to augment the government's efforts appropriately. Given the special focus on education in the Eleventh Plan, I have no hesitation in calling this Plan a 'National Education Plan'.

In health, the Plan aims at providing improved broad based health care in rural areas through the National Rural Health Mission. The Rashtriya Swasthya Bima Yojana will provide the much needed insurance cover against illness to the population below the poverty line. Our initiatives in implementing a nationwide mid-day meals scheme in schools and improving the implementation of the ICDS will also improve the health and nutrition status of our children.

Availability of affordable energy is critical for our growth. With international oil prices rising sharply over the last couple of years, and coal prices more recently, our efforts towards energy security have acquired urgency. The Eleventh Plan will work towards policies for various energy sectors that are consistent with the optimal use of the different sources of energy. The Plan emphasizes the need for energy conservation, increasing energy efficiency, and development of renewable sources of energy. Rational pricing of energy is necessary for a number of reasons and this requires transmission of permanent changes in prices to consumers while at the same time protecting the vulnerable sections of the society through appropriate interventions. These are challenges that we will have to overcome for achieving the targets and objectives of the Plan.

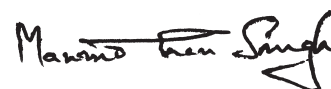
The very first year of the Eleventh Plan has seen a resurgence of inflation in the last quarter mainly due to the steep rise in international prices of oil and food-grains. Though these supply side factors are largely beyond our control, we have launched a determined effort to moderate the inflationary trend while simultaneously insulating the poor to the extent possible through targeted food and energy subsidies. These efforts will continue and I am confident that we can bring inflation under control in a manner which does not hurt the longer term growth prospects of the economy. This poses a major challenge for short term macroeconomic policies in the coming months.

An important aspect of the Eleventh Plan is that most of the public sector programmes are in areas that are normally in the domain of State Governments and where implementation depends upon the active involvement of local level bodies including the Panchayati Raj Institutions. More than any other Plan, the Eleventh Plan places a much greater reliance upon the involvement of the Panchayati Raj Institutions.

The higher rate of growth that we have set out for ourselves, coupled with our thrust on the growth process being inclusive, should ensure that the struggle for the

removal of chronic poverty, ignorance, and disease will register major gains in the Eleventh Plan. I am confident that the Eleventh Plan will achieve its targets and objectives despite the challenges we face. This would be a major step in realizing our vision of a prosperous, inclusive, happy, and caring India where all citizens reap the benefits of economic development and feel empowered.

I congratulate the Deputy Chairman, Planning Commission and his team for putting together an excellent Plan. I also thank all those from whose advice we have benefitted in the formulation of the Plan.



(Manmohan Singh)

New Delhi
25 June 2008

Planning Commission

(As on 25th June 2008)

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