APPROACH TO XII FIVE YEAR PLAN (2012-17)

The Indian Economy having done fairly during 11th Five year Plan with above 8 per cent growth rate has to revise its target of growth to 8 per cent lesser than its achievement in 11th Plan. Planning Commission is forced for such revision because of its performance in the first two years of XII Plan with 4.99 per cent and 4.7 percent respectively in 2012-13 and 2013-14. The objective of 11th Plan of "Faster and Inclusive Growth" was further carried forward as the main objective of 12th Plan also. Some of the challenges emanated from the economy's transition to a higher and more inclusive growth path, the structural changes that come with it and the expectations it generates. There are external challenges arising from global economic environment, which is not favourable in 12th Plan, compared to commencement years of 11th Plan. These challenges call for renewed efforts on multiple fronts learning from the experience gained within the country as well global development.

VISION:

The broad vision and aspiration which the Twelfth Plan seeks to fulfill are reflected in the sub-title "Faster, Sustainable and more Inclusive growth". Simultaneous achievement of each of the elements is critical for the success of the Plan.

There are two reasons why GDP growth is important for the inclusiveness objective. First, rapid growth of GDP produces a larger expansion in total income and production which, if the growth process is sufficiently inclusive, will directly raise living standards of a large section of our people by providing them with employment and other income enhancing activities. Our focus should not be just on GDP growth itself, but on achieving a growth process that is as inclusive as possible.

The second reason why rapid growth is important for inclusiveness is that it generates higher revenues, which help to fiancé critical programmes of inclusiveness.

OBJESTIVES OF XII PLAN:

- Faster, Sustainable and more Inclusive Growth
- Aims at achieving 8 per cent growth rate of GDP per annum
- Agriculture sector to grow at 4 per cent

- Aims at betterment of infrastructure projects of the nation avoiding all types of bottlenecks and to attract private investments up to 1 Trillion US $
- To bring down Poverty by 10 per cent during 12^{th} Plan
- A target of generating 5 crore jobs to youth
- Green cover of 1 million hectares
- 30,000 M.Watts of Renewable energy
- Manufacturing Sector to grow at 10 per cent
- Efforts to increase investments
- Ensuring a reduction in subsidy burden of the Govt. to 1.5 per cent from 2 per cent of GDP
- UID will act as a platform to cash transfers of subsidies in the plains.

GROWTH PROSPECTS:

The approach Paper to the Twelfth Plan, approved by the National Development Council (NDC) in 2011, had set target of 9 per cent average growth of GDP over the Plan period. That was before the Euro zone crisis in that year triggered a sharp downturn in global economic prospects, and also before the extent of the slowdown in the domestic economy was known. A realistic assessment of the growth prospects of the economy with a revised target of 8 per cent per annum. In the Twelfth Plan period is given in table below. It concludes that the current slowdown in GDP growth can be reversed through strong corrective action, including especially an expansion in investment with a corresponding increase in savings to keep inflationary pressure under control.

The year-wise, sector-wise growth rates proposed for 12^{th} Plan period are shown in the following table.

Table 1: Annual Growth Rate of GDP by Industry of Origin at Constant (2004-05) Prices

(Unit: Per Cent)

Twelfth Plan period							
S.No.	**Name**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**Average**
1	**Agriculture, forestry and fishing**	**2.0**	**4.5**	**4.5**	**4.5**	**4.5**	**4.0**
2	Mining and quarrying	1.0	5.0	7.0	7.0	8.5	5.7
3	**Manufacturing**	**2.2**	**6.0**	**8.5**	**9.5**	**9.5**	**7.1**
4	Electricity, gas and water supply	5.2	7.5	8.0	8.0	8.0	7.3
5	Construction	8.0	8.0	8.5	10.0	11.0	9.1

6	Trade, hotels and restaurant	5.5	6.0	8.0	8.7	8.7	7.4
7	Transport, storage and communication	7.3	11.1	13.0	13.6	14.1	11.8
8	Financing, insurance, real estate and business services	9.8	9.5	10.0	10.0	10.0	9.9
9	Community, social and personal services	7.3	7.2	7.2	7.2	7.2	7.2
	Total GDP	**5.8**	**7.3**	**8.5**	**9.0**	**9.2**	**8.0**
	Industry (2 – 5)	**4.0**	**6.6**	**8.4**	**9.4**	**9.8**	**7.6**
	Services (6 – 9)	**7.6**	**8.3**	**9.4**	**9.7**	**9.9**	**9.0**

(Source: XII Plan document Vol 1 of Planning Commission)

The growth rates of Industrial sector during the first two years i.e. 2012-13 and 2013-14 were less than the targets fixed with 1.0 and 0.7 per cent consecutively. Similarly under manufacturing sector actual performance was 1.1 and – 0.2 percent as against the proposed 2.2 and 6 per cent during 2012-13 and 2013-14. Overall GDP during the first two years was less than 5 per cent which is likely to affect the overall anticipated performance of 8 per cent of GDP for 12th year plan.

Inclusiveness:

The progress towards inclusiveness is more difficult to areas, because inclusiveness is a multidimensional concept. Inclusiveness growth should result in lower incidence of poverty, broad-based and significant improvement in health outcomes, universal access for children to school, increased access to higher education and improved standards of education, including skill development. It should also be reflected in better opportunities for both wage employment and livelihood, and in improvement in provision of basic amenities like water, electricity, roads, sanitation and housing. Particular attention needs to be paid to the needs of the SC/ST and OBC population. Women and Children constitute a group which accounts for 70% of the population and deserves special attention in terms of the reach of relevant schemes in many sectors. Minorities and other excluded groups also need special programmes to bring them into the mainstream. To achieve inclusiveness in all these dimensions requires multiple interventions and the success depends not only on introducing new policies and government programmes but on institutional and attitudinal changes brought about, which take time.

The table below shows the achievements in XI Plan and the proposed targets for XII Plan under various human development indicators.

Table2: XI Plan Achievements and the targets for XII Plan

S.No.	Indicator	11th Plan Target	11th Plan Achievement	12th Plan Target
1	**Growth Rate**	9.00	8.2	8.00
2	**Health**			
	a) IMR (per 1 thousand births)	28	44	25
	b) MMR(per 1 lakh births)	100	212	100
	c) TFR	2.7	2.4	2.1
	d) Life-Expectancy		66.1	
	e)Underweight children		44%	25%
	f) Anemia		55.3	28
	g) Child sex ratio		914	950
3	E**ducation- Literacy**	75	74.04	85
	GER-Primary		116	
	GER-Middle		85.5%	
	GER-Secondary			90%
4.	**Dropout Rate**			
	Classes 1 to V		28.86	
	Classes VI to VIII		42.39	
	Classes 1 to X		52.36	25
	Gender gap			10

HEALTH OUTCOME INDICATORS FOR TWELFTH PLAN:

The Twelfth Plan must work towards national health outcomes goals, which target health indicators. The national health goals, which would be aggregates of State wise goals, are the following:

1. **REDUCTION OF INAFANT MORTALITY RATE (IMR) to 25:** At the recent of decline of 5 per cent per year, India is projected to have an IMR of 36 by 2015 and 32 by 2017. An achievement of MDG of reducing IMR to 27 by 2015 would require further acceleration of this historical rate of decline. If this accelerated rate is sustained, the country can achieve an IMR of 25 by 2017.
2. **REDUCTION OF MATERNIAL MORTALITY RATIO (MMR) to 100:** At the recent rate of decline of 5.8 per cent per annum India is projected to have an MMR of 139 by 2015 and 123 by 2017. An achievement of the Millennium Development Goal (MDG) of reducing MMR to 109 by 2015 would require an acceleration of this historical rate of decline. At this accelerated rate of decline, the country can achieve an MMR of 100 by 2017.
3. **REDUCTION OF TOTAL FERTILITY RATE (TFR) to 2.**1: India is on track for the achievement of a TFR target of 2.1 by 2017, which is necessary to achieve net replacement level of unity, and realize the long cherished goal of the National health Policy, 1983 and National Population Policy of 2000.
4. **PREVENTION AND REDUCTION OF UNDER-NUTRITION IN CHILDREN UNDER 3 YEARS TO HALF OF NFHS-3 (2005-06) LEVELS:** Underweight children are at an increased risk of mortality and morbidity. At the current rate of decline, the prevalence of under[weigh children is expected to be 29 per cent by 2015, and 27 per cent by 2017. An achievement of the MDG of reducing undernourished children under 3 years to 26 per cent by 2015 would require an acceleration of this historical rate of decline. The country needs to achieve a reduction in below 3 year child under-nutrition to half of 2005-06 (NFHS) levels by 2017. This particular health outcome has a very direct bearing on the broader commitment to security of life, as do MMR, IMR, and Anemia and child sex ratio.
5. **PREVENTION AND REDUCTION OF ANAEMIA AMONG WOMEN AGED 15 – 49 YEARS TO 28 PER CENT:** Anemia, an underlying determinant of maternal mortality and low birth weight, is preventable and treatable by a very simple intervention. The prevalence of anemia needs to be steeply reduced to 28 per cent by the end of the Twelfth Plan.

6. **RAISING CHILD SEX RATIO IN THE 0 – 6 YEAR AGE GROUP FROM 914 TO 950:** Like anemia, child sex ratio is another important indicator which has been showing a deteriorating trend, and needs to be targeted for priority attention.
7. **OREVENTION AND RECDUCTION OF BUREN OF COMMUNICABLE AND NON-COMMUNICABLE DISEASES (INCLUDING MENTAL ILLNESS) AND INJUURIES :** State Wise and national targets for each of these conditions will be set by the Ministry of Health and Family Welfare (MoHFW) as robust systems are put in place to measure their burden, broadly, the goals of communication diseases shall be as indicated
8. **REDUCTION OF POOR HOUSEGOLD OUT-OF-POCKET EXPENDITURE:** Out-of-pocket expenditure on health care is a burden on poor families, leads to impoverishment and is a regressive system of financing. Increase in public health spending to 1.87 per cent of GDP by the end of the Twelfth Plan, facilities, regulatory measures proposed in the Twelfth Plan likely to lead to increase in share of public spending. The Twelfth Plan measures will also aim to reduce out-of-pocket spending as a proportion of private spending on health.

TWELFTH PLAN INITITIVES IN EDUCATION SECTOR:

SSA will continue to be the flagship programme for developing elementary education during the Twelfth Plan for realizing the rights to elementary education for each and every child. There would be four strategic areas under SSA during the Twelfth Plan. These are:

(i) strong focus on learning out-comes; (ii) addressing residual access and equity gaps;

(iii) focus on teacher and education leadership; (iv) linkages with other sectors and programmes.

These are describes in the following sections.

1. **STRONG FOCUS ON LEARNING OUTCOMES :**

   Quality in education is inherently dependent on the following six aspects: (i) curriculum and learning objectives, (ii) learning materials, (iii) pedagogic processes, (iv) classroom assessment frame works, (v) teacher support in the classrooms, and (vi) school leadership and management development. A new framework for curriculum is needed at regular intervals in order to take cognizance of the developing issues in society and how to address them. A variety of learning packages should be developed for cluster – and school –level modifications to aid the teacher and provide increased choice. As education is concerned with all-round development of the child (physical, socio-emotional along with cognitive), all aspects need to be assessed rather than only academic achievement. During the Twelfth Plan, however, there will be a system- wide focus on holistic development of children by improving learning outcomes and other non-scholastic areas. Learning enhancement programme (LEP) under the SSA would be continued in the Twelfth Plan, for which specific zones of operation should be identified by the concerned State/District authorities. Every year, States need to articulate the learning goals that are being targeted and the strategies (methods, Materials, models and measurement) that will be used to reach those goals. Institutional assessment/accreditation of the elementary schools will be introduced in the Twelfth Plan, and possibly made mandatory from the Twelfth Plan onwards. Focus should be on the following parameters for achieving retention up to secondary education level and to reduce the gender gaps.

1. Pre – Primary Education
2. Targeting Out-of-School Children
3. Focus on SC/ST Children
4. Special Focus for Education of Girls
5. Focus on Teachers and Education Leadership

Goals for Secondary Education:

1. Achieve near-universal enrolment in secondary education with the GER exceeding 90 per cent by 2017.
2. Raise GER at the higher secondary level to 65 per cent by 2017
3. Reduce dropout rate to less than 25 per cent by 2017.
4. Ensure quality secondary education with relevant skills including basic competency in mathematics, science and communication.
5. Implement common curricula and syllabi of nationally acceptable standards
6. Develop life skills including skills of critical and constructive thinking, use of ICT, organization and leadership and community services.

Higher education

Higher education is critical for developing a modern economy, a just society and a vibrant polity. It equips young people with skills relevant for the labour market and opportunity for social mobility. It provides people already in employment with skills to negotiate rapidly evolving career requirements. It prepares all to be responsible citizens who value a democratic and pluralistic society. Thus nation will create an intellectual repository of human capital to meet the country's needs and shapes its future. Higher education is the principal site at which our national and goals, developmental priorities and civic values can be examined and refined. The demographic dividend can be usefully exploited by capturing higher share of global knowledge-based work. According to twelfth plan document, focus of higher education should be on expansion, Equity and Excellence. Further Expansion without quality improvement would be counterproductive.

SKILL DEVELOPMENT :

Improved training and skill development is critical for providing decent employment opportunities to the growing youth population and necessary to sustain the high growth momentum. Although institutional structure has been put in place, there is still a long way to go. While skill formation has to be mainstreamed in the formal education system right from class X onwards, skill creation outside the formal education needs coordinated action and innovative approach. National Skill Development Mission launched in the Eleventh Plan has brought about a paradigm shift in handling skill development programmes, has clearly defined core principles and put in place a Coordinated Action Plan for Skill Development. A three-tier institutional structure is already in place for the purpose. This lays down a solid foundation for a skills ecosystem in the country. During the Twelfth Plan, gaps in skills ecosystem have to be identified and plugged, while building on the foundation that has been laid. An important tier of the Coordinated Action Plan for Skill Development, National Skill Development Corporation (NSDC) has already made significant progress and bulk of such skill formation targeted particularly at the large unorganized sector will come through NSDC interventions and initiatives at the State level. For this, support to NSDC would have to be significantly enhanced and State Skill Development Missions in all States would have to be fully operational and effective during the Twelfth Plan.

Two essential factors for improvement of skill development during 12th Plan period should be (i) to introduce vocational skills at middle class level along with formal school education and (ii) to allocate adequate funds for skills development for children those who are out of school.

NATIONAL MISSION FOR SUSTAINABLE AGRICULTURE:

A major new mission that will be launched during the Twelfth Plan is the National Mission for Sustainable Agriculture (NMSA). Conceived originally as part of the National Action Plan on Climate Change (NAPCC), this aims at transforming Indian Agriculture into a climate-resilient production system through adoption and mitigation of appropriate measures in the domains of both crops and animal husbandry. Since a number of activities relating to sustainable agriculture are already parts of other proposed missions, NMSA as programmatic intervention, will primarily focus on synergizing resource conservation, improved farm practices and integrated farming for enhancing agricultural productivity especially in rain-fed areas. Key deliverables under this mission will be developing rain-fed agriculture, natural resource management, enhancing water and nutrient use efficiency, improving soil health and promoting conservation agriculture.

Indian Agriculture, it will have to go beyond its programmatic interventions to bring mind-set changes required in transiting from the past focus on irrigated, chemical intensive agriculture. The recent ICAR network project on National Initiative on Climate Resilient Agriculture (NICRA) provides some insights on requirements of adaptation. NMSA can collaborate with Indian Council Agriculture Research (ICAR) on specific matters regarding adaptation to climate change. The key to this is a paradigm shift that moves towards a knowledge-based, farmer centric and institutionally supported system where the Government is prime mover and facilitator to demonstrate at scale the overall strength and impact of rain-fed agriculture packages that have slowly emerged through several years of grass-roots work by Government and civil society organisations and have shown the strength of combining water and other interventions at a micro-level. The starting point of NMSA must be an accurate assessment of the natural resource, comprising water, land, climate and biodiversity, which determine the opportunities for livelihoods of the people.

ISSUES IN EXPANDING AGRICULTURAL MARKETING AND PROCESSING:

A major problem facing cultivators is that they do not get remunerative prices because of uncertainties caused by inadequate market information, unnecessary controls, lack of physical infrastructure and price volatility—both domestic and global. In order to provide adequate incentives to farmers, the Twelfth Plan will have to focus on leveraging the required ***private investment and also policies*** that make markets more efficient and competitive.

Reforming the Agricultural Produce Marketing Committee (APMC) Acts should therefore have priority as emphasized in the Eleventh Plan and the Mid-term Appraisal. The introduction of the Model Act in 2003 was directed towards allowing private market yards, direct buying and selling, and also to promote and regulate contract farming in high-value agriculture with a view to boost private sector investment in developing new regularized markets, logistics and warehouse receipt systems, and in infrastructure (such as cold storage facilities). This is particularly relevant for the high-value segment that is currently hostage to high post-harvest losses and weak farm-firm linkages. While many States have moved towards adoption of the Model Act, actual progress has been limited. Often the permissions given are subject to unacceptable restrictions which make them ineffective. Vested interests promoting middle-men in maintaining the existing *mandi* system intact are very strong. The Ministry of Agriculture set up a Committee of State Ministers in-charge of agricultural marketing. The Committee submitted a 'First Report' in September 2011 which has been circulated to all States and UTs. The report calls for 'speedy reforms' of Agricultural Produce Market Committees (APMC) Act across different States along with 'time-bound development' of marketing infrastructure. Calling for a ten-year perspective plan to improve infrastructure of backward and forward linkages for agriculture production and marketing, the report has suggested that agricultural marketing be given *access to priority sector lending.* Thus, the process to secure necessary amendments in APMC Acts and thus create the enabling legal environment is still ongoing. The Twelfth Plan will need to fast track modernization of *mandi infrastructure,* with adequate provision of communication and transportation, and also *empower small producers* through their organisations and marketing extension.

The Twelfth Plan document focus on Post-harvest losses, average 10 to 25 per cent, being particularly high in horticulture, livestock and fisheries. Where comma date are perishable Very large investments are required in developing agricultural *markets, grading and standardization, quality certification, warehouses, cold storages and other post-harvest management* of produce to address this problem.

Such large investments are possible only with the participation of the private sector which, in turn, require freedom from controls on sales/purchase of agricultural produce, its movement, storage and processing. Many new initiatives were taken up during the Eleventh Plan, including both terminal markets under Public–Private Partnership (PPP) mode in the National Horticulture Mission (NHM) and a model of public sector investment combined with professional management by stakeholders as exemplified by NDDB's fruit and vegetable wholesale market at Bangalore and APEDA's Modern Flower Auction Houses, which need to be consolidated in the 12th Plan.

The Twelfth Plan Working Group on Horticulture and Plantations observed that participation by traders, wholesale buyers, exporters and processors has actually been very low in all these new initiatives because of reluctance to be subject to transparent operating procedures. It has come to the conclusion that the present model of Market Sector Reforms which is trying to create space for a new set of modern markets in coexistence with much less transparent procedures in APMC regulated markets is unlikely to result in any major private investment in modern marketing infrastructure. In its view, to break the barrier of reluctance to participate in business of modern markets it is necessary as part of marketing reforms to define and introduce a common Standard Operating Procedure (SOP) for all markets: both the new modern markets envisaged as well as existing regulated markets under APMC Acts. Therefore, it proposes that managements of existing regulated markets must be made to adopt the modern marketing model i.e. that is, undertake the auction function themselves and all payments to sellers ensured by the Market Committee through a system of bank credit limits of the buyers. This would involve redefining the role of APMC management with introduction of SOP and an open policy of registering buyers; permitting setting up of private markets in APMC areas; removal of interstate barriers to allow an unified national market, either by using entry 42 of the union list or at least for sealed container cargo; and single point levy at first point of sale.

While this entire area of regulation of agricultural product markets is thus in some flux and movement is still slow, an important initiative in the Eleventh Plan involved setting up a Warehouse Regulatory and Development Authority (WRDA) to set standards and modernize warehousing. The aim is enlarged use of negotiable warehouse receipts that can be linked to e-trading, both spot and future, so that farmers have an alternative to *mandi*s. However, so far less than 300 warehouses have been registered and there is yet no effective coverage of perishable products. Cold storages have recently been brought under WRDA but minimum standards are yet to be set. This may be as difficult as meeting the requirement of cold storage additional capacity estimated at around 32 million tonnes over the next decade. Present cold storages are of inadequate quality, most domestic component manufacturers do not have certified performance ratings, BIS standards do not exist for many critical components of cold chain infrastructure and critical storage conditions prescribed internationally for cold chain structures have yet to be validated for many Indian agro-climatic conditions or cultivars.

Although India ranks second in world production of fruits and vegetables, only 6–7 per cent of this is processed, compared to 65 per cent in US and 23 per cent in China. A well-developed food processing industry is expected to increase farm-gate prices, reduce wastage, ensure value addition, promote crop diversification, generate employment opportunities and boost exports. Further, issues concerning food processing industry are dealt with in Chapter 9.

The private sector needs to invest much more in creation of warehousing capacity, cold storages and supply chains. In this context, the Planning Commission had also set up a Committee on Encouraging Investments in Supply Chains including provision for cold storages for more efficient distribution of farm produce, which submitted its report in May 2012. The Committee has indicated that with regard to food grains, the Department of Food and Public Distribution has initiated steps for creation of 17 million tonnes of additional storage capacity including 2 million tonnes in the form of silos. This additional capacity is expected to take care of public sector's warehousing requirement during the Twelfth Plan. The Committee has recommended to exempt perishables from the purview of APMC, provide freedom to farmers and make direct sales to aggregators and processors, introduce electronic auction platforms for all the *mandi*s where daily transaction is above `10 crore, and replace licensees of APMC markets with open registration backed by bank guarantees to ensure wider choice to growers and to prevent cartelisation by traders. The Committee has recommended encouraging large-scale private investments in the cold chain sector using PPP Model with Viability Gap Funding besides providing budgetary support and capitalizing on schemes such as Rural Infrastructure Development Fund (RIDF). An Inter-Ministerial Group on Cold Agriculture 25
Chain Infrastructure and Allied Sectors has been set up by the Government to facilitate implementation of these recommendations.

The 12th Plan document says that recent decision to open up debate on FDI in retail must be seen in this context. With multibrand retail already open to the domestic corporate sector, FDI in retail should not be viewed as an entirely new disruptive factor affecting traditional retail. It will only add depth and competition to the present situation. Deeper pockets and technology, and the compulsions to invest in supply chain development which is not there for domestic modern retail may accelerate investment in logistics, quicken consolidation of retail trade and create new proprietary supply chains. It must be emphasized that FDI alone will not resolve back-end issues related to modernizing agricultural markets that have so far muted the domestic corporate effort and investment. FDI has an added potential to link farmers to wider markets by expanding exports. However, the Eleventh Plan had also noted the legitimate concern that if front-end investment outpaces backward linkage, the outcome could instead be more imports and lower farm prices. The introduction of FDI will increase, not lessen, the importance of priorities identified above: marketing reforms, aggregation at the bottom and public funding of stand-alone infrastructure.

However there in a new them ling in the recently foe mad NDA government not to allow FDI in multi-brand retail, we have wait and watch what is giving to half in with regard to flow of FDI to Multi-brand organized retail.

The Ministry of Agriculture has proposed a RKVY window for Public–Private Partnership for Integrated Agricultural Development (PPPIAD) for States to facilitate 'large scale integrated projects led by private sector players with a view to aggregating farmers and integrating agricultural supply chains.' The idea is to leverage corporate interest and marketing solutions to part-finance mobilization of expertise to form FPOs and infuse technology and capital to enhance farm production and value addition. This is in line with views of various working groups, and needs to be piloted. But since this will in effect be public subsidy to contract farming, it is necessary to be clear on what should and should not be subsidized. First, project selection should go beyond where contract farming would normally occur; that is, give priority to proposals involving FPOs composed mainly of small and marginal farmers in less accessible and rain-fed locations. Second, tangible assets that are property of the corporate partner cannot be subsidized by RKVY. Only stand-alone assets of farmers or their FPOs should be subsidized. Third, a transparent project selection mechanism will be required to rank proposals, for example, by assigning marks based on States' priorities to deliverables offered, with outcome indicators for subsequent monitoring. If this works, it might be a game changer, not only to form FPOs and widen farm-industry linkage but also to fast-track desirable changes in cropping patterns.

CREDIT AND COOPERTIVES:

The Twelfth Plan Working Group on Institutional Finance, Cooperatives and Risk Management has projected the demand for credit during Twelfth Plan at between `31,24,624 crore and `42,08,454 crore, depending on the methodology used. At the higher end of these estimates, that is, assuming agriculture growth at 4 per cent and ICOR at 4.5, the size of the credit requirement in the Twelfth Plan period translates into about double the flow during the Eleventh Plan, that is, `8 lakh crore per year.

This projected level of credit appears feasible in view of the Eleventh Plan achievement. As against credit flow of `2,29,401 crore in agriculture during 2006–07, the total institutional credit flow to agriculture in 2011–12 was `5,11,029 crore. But despite this very robust growth, many issues continue to confront agricultural credit, particularly in the area of financial inclusion necessary for ensuring inclusive growth. Agricultural credit continues to neglect certain sub-sectors, the flow of term lending is dwindling and there is inordinate increase in the share of indirect finance. Credit dispensation by institutions to small and marginal farmers has been disappointing, including by the Cooperative Credit Structure (CCS) which has traditionally catered to relatively smaller farmers.

The financial health of the Long-term Cooperative Credit Structure (LTCCS) continues to deteriorate with accumulated losses of `5,275 crore by March 2010, resulting in erosion of 59 per cent in owned funds. A quick decision is warranted on the implementation of the revival package for the LTCCS too on the lines of the Short-term Cooperative Credit Structure (STCCS).

Notwithstanding, the relatively improved financial health of the STCCS following implementation of the revival package, its share in total institutional credit continues to show a declining trend. The package for STCCS was conditional to radical restructuring of coops into autonomous, democratic and self reliant institutions without intrusion of politics and bureaucracy. The States have not implemented these recommendations with full seriousness. Therefore, Cooperative Sector Reforms should continue to be insisted upon during the Twelfth Plan.

INDUSTRY:

In order to create a paradigm shift in the manufacturing sector, it is essential to consider the objectives over a long timeframe such as 15 years. The national Manufacturing Policy (2011) states the following objectives:

1. Increase the growth of manufacturing sector growth to 12-14 per cent over the medium term to make it the engine of growth for economy. This will enable manufacturing to contribute at least 25 per cent of national GDP by 2025.

2. Increase the rate of job creation in manufacturing to create 100million additional jobs by 2025 Emphasis should be given to creation of appropriate skill sets among the rural migrant and urban poor to make growth inclusive.
3. Increase depth in manufacturing, with focus on level of domestic value addition, to address the national strategic requirements.
4. Enhance global competitiveness of Indian manufacturing through appropriate policy support.
5. Ensure sustainability of growth, particularly with regard to environment.

INFRASTRUCTURE:

POWER SECTOR DURING XI PLAN:

The eleventh plan target of 680 million tonnes of coal production has fallen short by nearly 140 M .tonnes. The gap of 100 M.T.s was shortly met importing coal. The coal mines (Nationalization) Act 1973, does not allow private companies to mine coal for sale to third parties though captive mining is allowed for specified end use sectors. Useless large investment and technology in the sector comes in, mining coal by small player would not increase production to derived levels. However there are political sensitive's in opening up the coal sector to private investment. It is also not logical to keep private investments art of coal. When it is allowed in petroleum and natural gas. A bill was introduced to annual coal mines Act in 2001, but was not passed. Allowing private sector mining does not involve privatization of coal India but only entity of new mining companies.

XII PLAN:

A target of 88,000 M.Watt is fixed during XII Plan period. This was actually a revised target as the Planning Commission has reduced the target from 1,0,000 M.W to 88,000 M.W in view of depressive growth rate performance during 12th Plan. Every one per cent increase in Gross Domestic Product (**GDP**) requires power capacity to grow by 0.9 per cent in India. Power is one of the eight core infrastructure sectors, which have a combined weight of 38 per cent in the Index of Industrial.

TABLE 3: Demand Projections of Indian Power Sector

Year	Energy Requirement (M.U.)	Annual Peak Electricity Load at Power Stations Bus Bars (MW)
2011-12	9,68,659	1,52,746
2016-17	13,92,066	2,18,209
2021-22	19,14,508	2,98,253

TABLE 4: Household Access tp Power (%):

Energy Source	61st Round 2004-05			66th Round 2009-10		
	Rural	Urban	Total	Rural	Urban	Total
Electricity	54.9	92.3	65.2	67.3	93.9	75.5
LPG	8.6	57.1	21.9	15.5	66.2	31.2

The Twelfth Plan Road Highways:

The Twelfth Plan will have to continue the thrust of upgrading the road infrastructure, with the objective of improving mobility and accessibility while reducing the cost of transportation. The main targets of the Twelfth Plan will be as follows:

1. Completion of on-going works on Golden Quadrilateral and North–South and East–West corridors taken up in NHDP Phases I and II of the programme. The balance works remaining are marginal and will get completed in the first two years of the Plan.
2. In respect of the remaining phases of NHDP, namely NHDP-III for inter-district roads and other roads taken up under the programme and NHDP-IV which aims to convert single-lane roads to double-lane roads, the programmes will be taken up for completion in the Twelfth Plan.
3. Similarly, NHDP-V which involves conversion of the GQ to six-lane roads now will be Transport 221 continued in the Twelfth Plan and specific targets set for completion.

4. National and State Highways would be upgraded to minimum two lane standard by the end of the Plan.
5. All villages will be connected with all-weather roads by the end of the Plan.
6. Work on access controlled expressways has moved at a slow pace. A comprehensive master plan for development of 15,600 km of expressways would be developed, the alignment determined and work taken up in phases. It is hoped that 1,000 km of expressways would be completed during the Twelfth Plan, while land for another 6,000 km would be acquired to initiate work.
7. The Plan will aim to prioritise special links for feeder roads to important railway routes and ports which are essential for development of domestic and international trade. The overall effort will be to integrate with the road development programme with the other modes of transport so as to have an integrated transport movement. Such links which connect important minor and major ports and developed with minimum two/ four-lane National Highways or State Highways. Important areas of focus will be development of way-side amenities and improving capacities of implementing agencies, including State Public Works Departments. While undertaking construction of roads, modern technologies which can help in improvement of energy conservation and environmental protection will be taken up. The National Highways had added 10,000 km in the Eleventh Plan. Another 10,000 kms will be added during the Twelfth Plan so that the total length of the highways becomes 91,200 km. This will require additional resources for maintenance and improving riding quality. These will be adequately funded.

Physical Targets for the Twelfth Plan

Freight Traffic Projections

Traffic projections for the Twelfth Plan are given in Table 15.12. It is targeted that during the Twelfth Plan, the rail share in freight should go up by at least 2 per cent. The targets for originating freight tonnage may need to be reviewed on an annual basis or during the mid-term review to ensure the target of 2 per cent increase in originating tonnage. Given that the level of traffic growth achieved in the last Plan has been 5.8 per cent for originating traffic and 6.1 per cent for NTKM, it will require a major increase in efforts and a conscious strategy to move the road traffic over to the rail. This is going to be a challenging task.

ANNEXURE – 1

Public Private Partnerships (PPP) in Infrastructure

Public Private Partnerships (PPPs) are increasingly becoming the preferred mode for construction and operation of infrastructure projects, both in developed and developing countries. PPPs are expected to augment resource availability as well as improve efficiency of infrastructure service delivery. Time and cost overrun in construction of PPP projects are also expected to be lower compared to traditional public procurement.

The adoption of standardized documents such as model concession agreements and bidding documents for award of PPP projects have streamlined and accelerated decision-making by agencies in a manner that is fair, transparent and competitive. This approach has contributed significantly to the recent strides in rolling out a large number of PPP projects in different sectors. India has 1,017 PPP projects accounting for an investment of Rs. 486,603 crore. According to the Private Participation in Infrastructure database of the World Bank, India is second only to China in terms of number of PPP projects and in terms of investments, it is second to Brazil.

Transport is the dominant PPP sector in India both by number of projects and investments, mainly due to the large number of road sector projects. Further efforts are needed to mainstream PPPs in several areas such as power transmission and distribution, water supply and sewerage and railways where there is significant resource shortfall and also a need for efficient delivery of services. Similar efforts would also need to be initiated in social sectors, especially health and education.

The Government has also been emphasizing the need to explore the scope for PPPs in the development of the social sectors like health and education.

Some of the major PPP projects undertaken thus far are: Delhi, Mumbai, Hyderabad and Bengaluru airports; four ultra-mega power projects at Sasan (Madhya Pradesh), Mundra (Gujarat), Krishnapatnam (Andhra Pradesh) and Tilaiya (Jharkhand); container terminals at Mumbai, Chennai and Tuticorin ports; 15 concessions for operation of container trains; Jhajjar power transmission project in Haryana and 298 National and State Highway projects.

ANNEXURE – 2
Priority Sectors

1. Sectors that will create large employment
    - Textiles and Garments
    - Leather and Footwear
    - Gems and Jewellery
    - Food Processing Industries
    - Handlooms and Handicrafts
2. Sectors that will deepen technology capabilities in Manufacturing
    - Machine tools
    - IT Hardware and Electronics
3. Sectors that will provide Strategic Security
    - Telecommunication equipment
    - Aerospace Shipping
    - Defence Equipment
4. Manufacturing-Technology sectors for Energy Security
    - Solar Energy
    - Clean Coal Technologies
    - Nuclear power generation
5. Capital equipment for India's Infrastructure Growth
    - Heavy electrical equipment
    - Heavy transport, earth moving and mining equipment
6. Sectors where India has competitive advantage
    - Automotive Sector
    - Pharmaceuticals and Medical Equipment
7. MSME sector—the base for the Manufacturing Sector—employment and enterprise generation.