GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:2154
ANSWERED ON:07.12.2011
KEY ECONOMIC CHALLENGES FOR TWELFTH FIVE YEAR PLAN
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Will the Minister of PLANNING be pleased to state:

(a) whether the Planning Commission has identified key economic challenges for the Twelfth Five Year Plan;

(b) if so, the details thereof;

(c) whether the Government has found out the reasons for failure in achieving Eleventh Five Year Plan targets in reducing infant mortality rates;

(d) if so, the details thereof;

(e) whether the Planning Commission formulated or suggested measures to Government to control inflation, if so, the details thereof; and

(f) the steps taken to provide essential items at reasonable price?

Answer

MINISTER OF STATE FOR PLANNING, SCIENCE & TECHNOLOGY AND EARTH SCIENCE (DR. ASHWANI KUMAR)

(a): Yes, Madam.

(b): The key economic challenges identified for the Twelfth Five Year Plan are at Annex I.

(c) to (d): The eleventh Plan aimed at reducing Infant Mortality Rate (IMR) to 28 per 1,000 live births. All-India IMR was 57 in 2006 and 53 in 2008 (SRS), a decrease of 4 in two years. High focus states of NRHM have shown marginally better performance in rural areas, where IMR has decreased by 5 in two years. To achieve IMR of 28 by 2012, the required rate of decrease has to be an average of 6 per year. Mid-Term Appraisal (MTA) has observed that to achieve faster reduction in IMR greater emphasis will have to be placed on training on neonatal care for community and facility-level health functionaries and to adopt home-based newborn care.

(e): Short term macroeconomic management is carried out by Ministry of Finance and Reserve Bank of India which, inter alia, have undertaken various monetary policy measures including interest rate hike to control inflation. The approach to the Twelfth Plan states that in order to sustain high growth rates while maintaining moderate inflation, investment rate has to be higher than in the past, especially in areas where supply side bottlenecks could trigger inflation. Planning Commission has also emphasized the need to build the necessary logistics, including cold chains and ensuring swift transport of agricultural products from production centers in villages to consumption centers in towns to control inflation of essential items. It also suggested amending the Agricultural Produce Marketing Committee (APMC) Act to exempt perishables from its ambit in both the originating state and the consuming center.

(f) The steps taken by government to provide essential items at reasonable price are at Annex II

Annex.1

The Key Economic Challenges Identified for the Twelfth Five Year Plan

Based on an intensive process within the Commission, the following `Twelve Strategy Challenges` have been identified to initiate the consultations. The `strategy challenges` refer to some core areas that require new approaches to produce the desired results.

1. Enhancing the Capacity for Growth

Today, India can sustain a GDP growth of 8 percent a year. Increasing this to 9 or 10 percent will need more mobilization of investment resources; better allocation of these resources through more efficient capital markets; higher investment in infrastructure through both public and PPP routes; and more efficient use of public resources.

2. Enhancing Skills and Faster Generation of Employment

It is believed that India`s economic growth is not generating enough jobs or livelihood opportunities. At the same time, many sectors face manpower shortages. To address both, we need to improve our education and training systems; create efficient and accessible labor markets for all skill categories; and encourage the faster growth of small and micro enterprises.

3. Managing the Environment

Environmental and ecological degradation has serious global and local implications, especially for the most vulnerable citizens of our country. How can we encourage responsible behavior, without compromising on our developmental needs?

4. Markets for Efficiency and Inclusion

Open, integrated, and well-regulated markets for land, labor, and capital and for goods and services are essential for growth, inclusion, and sustainability. We have many sectors were markets are non-existent or incomplete, especially those which are dominated by public provisioning. How do we create or improve markets in all sectors?

5. Decentralisation, Empowerment and Information

Greater and more informed participation of all citizens in decision-making, enforcing accountability, exercising their rights and entitlements; and determining the course of their lives is central to faster growth, inclusion, and sustainability. How can we best promote the capabilities of all Indians, especially the most disadvantaged, to achieve this end?

6. Technology and Innovation

Technological and organizational innovation is the key to higher productivity and competitiveness. How can we encourage and incentivize innovation and their diffusion in academia and government as well as in enterprises of all sizes.

7. Securing the Energy Future for India

Faster and more inclusive growth will require a rapid increase in energy consumption. Since we have limited domestic resources, how can we meet this need equitably and affordably without compromising on our environment?

8. Accelerated Development of Transport Infrastructure

Our inadequate transport infrastructure results in lower efficiency and productivity; higher transaction costs; and insufficient access to our large national market. How can we create an efficient and widespread multi-modal transport network.

9. Rural Transformation and Sustained Growth of Agriculture

Rural India suffers from poor infrastructure and inadequate amenities. Low agricultural growth perpetuates food and nutritional insecurities, which also reduces rural incomes. How can we encourage and support our villages in improving their living and livelihood conditions in innovative ways?

10. Managing Urbanization

Most of our metros and cities are under severe stress with inadequate social and physical infrastructure coupled with worsening pollution. Migration pressures are likely to increase. How do we make our cities more liveable? What can we do today to ensure that smaller cities and towns are not similarly overwhelmed tomorrow?

11. Improved Access to Quality Education

Educational and training facilities have been increasing rapidly. However, access, affordability, and quality remain serious concerns. Employability is also an issue. How can we improve the quality and the utility of our education, while ensuring equity and affordability?

12. Better Preventive and Curative Health Care

India`s health indicators are not improving as fast as other socio-economic indicators. Good healthcare is perceived to be either unavailable or unaffordable. How can we improve healthcare conditions, both curative and preventive, especially relating to women and children?

Annex.2

Steps taken by government to provide essential items at reasonable price.

1. Fiscal Measures

i. Reduced import duties to zero − for rice and wheat, onion and pulses, edible oils (crude) and to 7.5% for refined & hydrogenated oils & vegetable oils.

ii. NDDB has been allowed to Import of 30000 tonnes of skimmed Milk Powder and Whole milk powder and 15000 MT of Butter, Butter Oil and Anhydrous Milk Fat at zero% concessional duty under Tariff Rate Quota for the year 2011-12 .

iii. Allowed sugar mills on 17.04.2009 to import duty-free raw sugar under Open General License (O.G.L.). Later this facility was extended to private trade on job basis.

iv. Allowed STC/MMTC/PEC and NAFED on 17.04.2010 to import duty-free white/refined sugar initially with a cap of 1 million tons. Later on, duty-free import was also allowed by other Central / State Government Agencies and private trade without any cap on the quantity.

2. Administrative Measures

i. Removed levy obligation in respect of all imported raw sugar and white/refined sugar.

ii. Banned export of non-basmati rice and wheat until further orders, edible oils (except coconut oil and forest based oil) and pulses (except Kabuli chana and organic pulses up to a maximum of 10000 tonnes per year).

iii. Export of edible oils permitted in branded consumer packs of up to 5 kgs subject to a limit of 10,000 tonnes.

iv. Export of milk powders(including skimmed milk powder, whole milk powder, dairy whitener and infant milk food), Casein and Casein products has been prohibited with effect from 18.02.2011.

v. Effected no change in Tariff Rate Values of edible oils; Extended stock limit orders in the case of pulses, paddy and rice, edible oil, edible oilseeds and sugar.

vi. The MEP of onions other than Bangalore Rose Onions and rishnapuram onions was US$ 300 per metric tonne for the month of August, 2011. The MEP of Bangalore Rose Onion and Krishnapuram onion continue at US$ 400 per metric tonnes and MEP of Sona Masuri and Ponni Samba varieties of non-Basmati rice was at USD 850 per MT;

vii. Maintained the Central Issue Price (CIP) for rice (at Rs 5.65 per kg for BPL and Rs 3 per kg for AAY) and wheat (at Rs 4.15 per kg for BPL and Rs 2 per kg for AAY) since 2002.

viii. Suspension of Futures trading in Rice, urad and Tur by the Forward Market Commission in the year 2007-08 continues during 2010-11. Futures trading in sugar were suspended wef 27.5.2009 up to 30.9.2010. However the future trading in sugar has since been resumed, with effect from 27.12.2010.

ix. Proportion of sugar production requisitioned as levy sugar was increased from 10 to 20% for 2009-10 sugar seasons. However, for 2010-11 sugar season, the levy obligation has been reduced to 10%.

x. Government has allocated 25 lakh tonnes of wheat and 20 lakh tonnes of rice under OMSS (D) 2011 for the period of January, 2011 to September 2011.

xi. 25 lakh tonnes of food grains have been allocated on 6.1.2011 to all States/UTs for BPL families at BPL issue prices for distribution upto 30.9.2011.

xii. An additional adhoc allocation of 50 lakh tonnes of foodgrains made on 16th May, 2011 to all State/UTs for BPL families at BPL issue price for distribution during the current year up to March, 2012.

xiii. An additional adhoc allocation of 25 lakh tonnes of foodgrains made on 6.1.2011 to all States/UTs for APL families @ Rs. 8.45 per kg for wheat and Rs. 11.85 per kg for rice for distribution upto 30.9.2011.

xiv. In addition, adhoc allocation of 50 lakh tonnes of foodgrains made on 30th June, 2011 to APL families raising thereby monthly APL allocation upto 15 kg per family per month in 20 States and 35 kg per family per month in 4 North Eastern States, Sikkim and 2 hilly states of Himachal Pradesh and Uttarakhand where it was less than that quantity for a period of ten months from June 2011 to March 2012.

xv. Scheme for distribution of subsidized imported pulses through State Governments/UTs with subsidy of Rs 10/- kg for distribution @ 1 kg per month.

xvi. (xvii) Scheme for distribution of subsidized imported edible oils through State Governments/UTs with subsidy of Rs.15/- kg for distribution to ration card holders @ 1liter per ration card per month.