

Planning in India

Economic planning is the process in which the limited natural resources are used skillfully to achieve the desired goals. The basic aim of economic planning in India is to bring about rapid economic growth through development of agriculture, industry, power, transport, communication and all other sectors of the economy.

Planning commission structure and function

- Planning commission was constituted on 15th march 1950.
- The Prime Minister is the ex-officio chairman of this commission.
- There is no provision for planning commission in the constitution of India. It was constituted in the form of an advisory and specialist institution by the Union Cabinet on the proposal of a member of Union Parliament.
- The Deputy Chairman of the planning commission enjoys the status of a Cabinet Rank Minister.

National Development Council

- N.D.C was constituted on 6th August 1952.
- The Prime Minister is the ex-officio chairman and the Secretary of Planning Commission is the ex-officio Secretary of this council. Chief Minister of all the states and the members of planning commission are the members of N.D.C.
- Its aim is to make a co-operative environment for economic planning between states and Planning commission
- The main function of NDC are-
 1. To evaluate the management of plans from time to time.
 2. To analyze the policies affecting development.
 3. To give suggestions to achieve the aim fixed in the plan.

First five year (1951-1956)

- First five year plan was based on the “**Herold-Domar Model**”.
- The aim of this plan was to start process of balanced development of economy **Agriculture** was on the top priority in this plan.
- The First Plan emphasized its immediate objective the **rehabilitation of refugees, rapid agriculture development** so as to achieve **food self-sufficient** in the shortest possible time and **control of inflation**.
- This plan was successful and achieved the growth rate of **3.6%** which was more than its aim.
- During this plan there was increase of 18% in national income and 11% in per capita income.

Second Five-Year Plan (1956-1961)

- This plan was based on the **P.C. Mahalanobis** model.
- To establish socialist order, derived from Soviet model, the Second Plan aimed at rapid industrialization with particular emphasis on the development of basic and heavy industries.
- In this plan, industries and Minerals were on top priority and 20.1% of total outlay was allocated for this sector.
- Second priority was given to Transport and Communication for which 27% of total plan outlay was allocated.
- This plan was also successful and it achieved 4.1% rate of growth.
- Various important large industries like Steel Plant at Durgapur, Bhilai and Rourkela were established during this plan.

Third Five-Year Plan (1961-1966)

- The aim of this plan was to make the economy independent and to reach self active take off position. This plan is also called “**Gadgil Yojana**.”

- This plan could not achieved its aim of 5.6% growth rate.
- In this plan, agriculture and industry both were on its priority.
- The main reason of failure of this plan was Indo-China Pakistan war and unprecedented drought.
- A growing trade deficit and mounting debt obligation led to more and more borrowings from the international Monetary Fund. The rupee was devalued in June 1966 to little success as it soon turned out.

Plan Holiday (From 1966-1967 to 1968-1969)

- The miserable failure of the Third Plan forced the Government to declare '**Plan Holiday**'. Three Annual Plans were drawn in this intervening period. The economy faced another year of drought during 1966-67.
- During this period, three separate plans were prepared.
- Equal priority were given to agriculture, its allied sectors and the industry sector.
- The main reason of plan holiday was Indo-Pakistan war, lack of resources and increase in price-level.

Fourth Five-Year Plan (1969-1974)

- The two main objectives of this plan were 'growth with stability' and 'progressive achievement of self reliance'.
- In this plan, 'Establishment of socialist order' was specially aimed.
- **Growth with justice** and '**Garibi Hatao**' (Removal of poverty) were the main objectives of this plan.
- This plan failed to achieve its aim and it achieved only **3.3%** annual rate of growth as against its aim of 5.7 %.
- The shortfall during this plan was due to the adversity of climate and

arrival of refugees from Bangladesh.

Fifth Five –Year Plan (1974-1979)

- The Fifth Plan draft as originally drawn up was part of a long term Perspective Plan covering a period of 10 years from 1974-75 to 1985-86.
- The two main objective of this plan were poverty eradication and attainment of self-reliance.
- During the plan, initially the growth rate target was fixed at 5.5%, however, later on; it was amended to 4.4%.
- Top priority was given to agriculture, followed by industry and mines.
- Originally, the approach paper of the Fifth Plan was prepared under C. Subramanian in 1972, but final draft of the Plan was prepared and launched by D.P. Dhar.
- His plan was generally successful. However, there was started by the then ruling Janta Government was later terminated in the year 1978.

Rolling Plan (1978-1980)

- The new pattern started by Janta Government, which meant that every year performance of the plan would be assessed and a new plan based on such assessment be made for the subsequent year.
- The rolling plan started with an annual plan for 1978-79 and as a continuation of the terminated Fifth Plan.

Sixth Five-Year Plan (1980-1985)

- The Janta Government originally introduced this plan for the period 1978-83, but later a new Sixth Plan replaced it for the period 1980-85.
- The basic objective of the Sixth Plan was removal of poverty. The plan aimed at achieving reducing poverty, generating employment and improving the quality of life of the poorest

through the Minimum Needs Programmer etc.

- During this period, the Indian economy made all round progress and most of the targets fixed by the Planning Commission were realized, though during the last year of the plan (1948-85) many parts of the country faced severe drought conditions.
- The target growth rate, in this plan, was fixed at 5.2% and it achieved successfully 5.7% of annual rate growth.
- In this plan, important programmers like integrated Rural Development Programmer (IRDP), Minimum Needs Programmer (MNP) were started.

Seventh Five-Year Plan (1985-1990)

- The objective of this plan include establishment of self sufficient economy, creation of more opportunities for productive employment, slowing down the rate of population growth, to provide people with adequate nutrition and energy and environmental protection. But main aim of the plan was to increase production in all sectors and to generate opportunities for employment.
- There was increase in per capita income at the rate of 3.6% per annum.
- In this plan, for the first time private sector was given priority in comparison to public sectors.
- In this plan, employment generating programmers like Jawahar Rozgar Yojana were started.
- One of the major worries during this period was widening gap between the income and expenditure of the Government which led to mounting fiscal deficit.

Annual Plans

- The English Five Year Plan (1990-95) could not take off due to fast changing political situation at the Centre. The new government which assumed power at the Centre in June 1991 decided that

the Eight Five-Year Plan would commence on April 1, 1992 and that of 1990-91 and 1991-92 should be treated as separate Annual Plans. Formulated within the framework of the Approach to the Eighth Five-Year Plan (1990-95), the basic thrust of these Annual Plans was on maximization of Employment and social transformation.

Eighth Five-Year Plan (1992-1997)

- The fourth version of the Eighth Plan (1992-97) was “approved at a time when the country was going through a severe economic crisis, a rising debt burden, ever-widening budgets deficits, mounting inflation and recession in industry.
- The P.V. Narasimha Rao Government initiated the process of fiscal reforms as economic reforms.
- In this plan, the utmost priority was given to “Development of Human Resources” i.e. Employment, Education and Public Health. In addition to this the important aim made in this plan was to strengthen the basic infrastructure by the end of the decade.
- This plan was successful and got 6.8% annual rate of growth, which was more than its target 5.6%.
- During this period, Pradhan Mantri Rozgar Yojana (PMRY) was started in the year 1993.

Ninth Five-Year Plan (1997-2002)

- The Ninth Plan was launched in the fiftieth (50th) year of India's Independence.
- Planning Commission released the draft Ninth Plan document on March 1, 1998. The focus of the plan is “**Growth with Social Justice and Equality**”.
- It assigned the priority to agriculture and rural development with a view to generating adequate productive employment and eradication of poverty. However, the plan failed to achieve the GDP growth target of 7%

and realized only 5.36% average GDP growth.

- The recession in international economy was held responsible for the failure of ninth plan.

Tenth Five-Year Plan (2002-2007)

- In the Tenth five-year plan. It had been proposed to eradicate poverty and unemployment and to double the per capita income in next 10 years.
- The Tenth Plan has indicated that the current backlog of unemployment is around 35 million persons i.e. 9% of the labour force.
- The Tenth Plan was expected to follow a regional approach rather than sectoral approach to bring down regional inequalities.

Eleventh Five-Year Plan (2007-2012)

The eleventh plan has the following objective:

1. Income & Poverty

- Accelerate GDP growth from 8% to 10% and then maintain at 10% in the 12th Plan in order to double per capita income by 2016-17.
- Increase agriculture GDP growth rate to 4% per year to ensure a broader spread of benefits.
- Create 70 million new work opportunities.
- Reduce educated unemployment to below 5%.
- Raise real wage rate of unskilled workers by 20 percent.
- Reduce the headcount ratio of consumption poverty by 10 percent points.

2. Education

- Reduce dropout rates of children from elementary school from 52.2% in 2003-04 to 20% by 2011-12.
- Develop minimum standards of educational attainment in elementary school and by regular testing monitor effectiveness of education to ensure quality.

- Increase literacy rate for persons of age 7 years of above to 85%.
- Lower gender gap in literacy to 10 percentage point.
- Increase the percentage of each cohort going to higher education from the present 10% to 15% by the end of the plan.

3. Health

- Reduce infant mortality rate to 28 and maternal mortality ratio 1 per 1000 live births.
- Reduce Total Fertility Rate to 2.1

a.

- Provide clean drinking water for all by 2009 and ensure that there are no slip backs.
- Reduce malnutrition among children of age group 0-3 to half its present level.
- Reduce anaemia among women and girls by 50% by the end of the plan.

a. Women and Children

- Raise the sex ration for age group 0-6 to 935 by 2011-12 and to 950 by 2016-17.
- Ensure that at least 33 percent of the direct and indirect beneficiaries of all government schemes are women and girl children.
- Ensure that all children enjoys a safe childhood without any compulsion to work.

3. Infrastructure

- Ensure electricity connection to all villages and BPL households by 2009 and round the clock power.
- Ensure all weather road connection to all habitation with population 1000 and above (500 in hilly and tribal areas) by 2009 and ensure coverage of all significant habitation by 2015.
- Connect every village by telephone by November 2007 and provide broadband connectivity to all villages by 2012.
- Provide homestead sites to all by 2012 and step up the pace of houses construction for rural poor to cover all the poor by 2016-17.

a. Environment

- Increase forest and tree cover by 5 percentage points.
- Attain WHO standards of air qualities in all major cities by 2011-12.
- Treat all urban waste water by 2011-12 to clean river waters.
- Increase energy efficiency by 20%.
- Target growth: 8.33%

Growth achieved: 7.94%

