

# Indian Economy Five Year Plan

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# Five Year Plan

Plan-A plan spells out how the resources of a nation should be put to use.

# History of Planning in India

- 1934-M.Visvesvaraya “Planned Economy for India”
- 1938-National Planning Commission was setup under the chairmanship of Jawaharlal Nehru. This implement did not take place because of World War 2 and changes in the political situation.
- 1944-Bombay plan (By eight leading industrialist of Bombay)
- 1944-Gandian plan (Shirman Narayan)
- 1945-People’s plan (M.N.Roy)
- 1950-Sarvodaya plan (Jai Prakash Narayan)

# Planning Commission

- ◉ The Planning Commission was setup on 15 March 1950 (K. C. Nigogi ki recommendation per).
- ◉ Dissolved-17 August 2014 and replaced by NITI Aayog. It was established with Article 39.
- ◉ Chairman-First Prime Minister Jawaharlal Nehru, last-Narandra Modi
- ◉ Last Deputy Chairman- Montek Singh Ahluwalia.
- ◉ (C sa Cabinet level Minister ka hota hai)
- ◉ Planning Commission was to formulate FIVE YEAR PLAN for the economic development of the country on the basis of the available physical, capital and human resource. It was a non-statutory and non-constitutional advisory body. All the plans made by the planning commission were to be approved by NDC.

# National Development Council (NDC)

- It was setup on 6 August 1952(K.C. Niyogi recommendation).K. Santhanam called it “super cabinet”. It is an extra-constitutional and non-statutory body. Members- PM, CM of all states, all cabinet ministers, members of the planning commission, administrators of all Union Territories.
- Main Function- It is an advisory body to the planning commission.

# First Five Year plan:

- 1<sup>st</sup> April to 31<sup>st</sup> March
- Duration (time)-1951 to 1956
- Model-Harrod Domar
- Target-2.1% achieved – 3.6%
- Many irrigation projects were initiated during this period like Bhakra Nangal, Damondar valley, Hirakund, mettur Dam community development program 1952.

# Second Five Year plan

- Duration-1956to1961
- Model-P.C.Mahalnobis
- Target-4.5 % , achieved-4.2%
- Focused on Industry especially heavy industry
- Steel plants at Bhilai,Durgapur and Rourkela were established

# Third Five Year plan

- Duration – 1961 to 1966
- Model- John Sandy and Chakravarty
- Target -5.6 % , achieved-2.8%
- Bokaro steel plant
- Objective – self sufficiency in food grain
- This plan is also known as Gadgil yojana



# Plan holiday 1966-1969

- ◉ Due to miserable failure of Third Five Year plan government forced to declare plan holiday. Fourth five year plan was postponed and three annual plans were drawn. (1966-1967, 1967-1968, 1968-1969)
- ◉
- ◉ Reason: -
- ◉ War
- ◉ Lack of resources
- ◉ Inflation
- ◉ To protect economy from food crisis
- ◉ First devaluation of Rupee 1966
- ◉ Green revolution 1966-67 (HYVP seeds)
- ◉ Lead bank scheme 1969

# Fourth Five Year plan

- Duration – 1969 – 1974
- Objective – growth with stability
- Model – Ashok Rudra and A.Manne
- Target – 5.7% achieved – 3.3%
- Family planning program
- Record food grain production(due to green revolution)
- Nationalization of 14 major commercial banks- July 1969
- MRTP act – 1<sup>st</sup> June 1970
- Favorable balance of trade ( first time 1972-1973)

# Fifth Five Year plan

- Duration – 1974- 1979
- Objective – Garibi hatao
- Target- 4.4% achieved- 4.9%
- Model- D.P.Dhar
- Minimum need program 1974
- Regional rural bank- 2<sup>nd</sup> October 1975
- Food for work- 1977

# Rolling plan- 1978- 1980

- The Janta party government rejected the fifth five year plan one year ago and launched its own sixth five year plan for period 1978- 1983 but Congress party rejected it again in 1980. So, Gunnar Middle introduced rolling plan. Rolling plan means the performance of the plan will be assisted every year and a new plan will be made next year based upon the assessment.

# Sixth Five Year plan

- ◉ Duration- 1980 – 1985
- ◉ Model – Input Output Model
- ◉ Target – 5.2% achieved – 5.4%
- ◉ Focused on Agriculture , industry and energy
- ◉ Nationalization of 6 banks (1980)
- ◉ IRDP program - 1978 – 79
- ◉ TRYSEM - 1979
- ◉ NABARD (National bank for agriculture and rural development) – 12 July 1982
- ◉ Basic focus on anti-poverty and unemployment
- ◉ It was a great success to the Indian Economy
- ◉ Twenty point program – 1980
- ◉ Concept of decentralization planning enforcement

# Seventh Five Year plan

- ◉ Duration -1985-1990
- ◉ Model –liberalization , Sukhamoy Chakravarty
- ◉ Target -5.0% ,achieved – 5.6%
- ◉ Focused on social justice ,modernity and self-reliance
- ◉ SEBI (Securities and exchange board of India )- 12<sup>th</sup> April 1988
- ◉ JRY-1989
- ◉ Hindu growth rate- Rajkrishna

# Annual Plan 1990-1992

- ◉ The eighth plan could not take off due to fast changing political situation at the center so two annual plans were formulated in 1990 to 1991 and 1991 to 1992
- ◉ SIDBI (Small Industrial Development Bank of India) – 1990
- ◉ LPG model -1991 Introduced by Manmohan Singh
- ◉ L- liberalization, P – privatization , G- globalization (this is also called new economic reforms)
- ◉ This economic reforms were aimed at high rate of economic growth , reducing the rate of inflation , reducing the current account deficit and overcoming the BOP crisis

# EIGHTH FIVE YEAR PLAN

- ◉ Duration – 1992 – 1997
- ◉ Model – John W. Miller
- ◉ Target – 5.6% achieved 6.6%
- ◉ Main objective - human resource development
- ◉ Economic reforms were initiated
- ◉ WTO was formed on 1<sup>st</sup> January 1995
- ◉ Pradhan Mantri Rojgar Yojna – 15<sup>th</sup> 1993
- ◉ Rojgar Bima Yojna – 2<sup>nd</sup> October 1993
- ◉ **Most successful Five year Plan.( Highest achievement rate in Five Year Plan)**



# Ninth Five Year Plan

- This plan was launched on the 50<sup>th</sup> year of Independence day
- Duration – 1997 – 2002
- Objective – Growth with Equality and distributive justice
- Modal – Planning Commission sight letter
- Target – 6.8% achieved 5.7%
- Empowerment of women, ST, SC, OBC
- SJSRY – December 1997

# Tenth Five Year plan

- ◉ Duration – 2002 – 2007
- ◉ Target – 7.9%(8%) achieved – 7.6%
- ◉ It aimed at increasing domestic saving rate from 23.5% to 29.4% of GDP (achieved – 31.9% of GDP)
- ◉ Increasing rate of investment (28.4% of GDP) achieved – 32% of GDP
- ◉ Inflation rate aimed at 5% rahi 5.1%
- ◉ Reducing the poverty rate by 5% by 2007
- ◉ Reducing gender gap (in literacy and wage rate at least 50% by 2007)
- ◉ Reducing Infant Mortality Rate to 45%
- ◉ Generating employment for 5 crore people
- ◉ Providing safe drinking water in all the villages
- ◉ Cleaning the polluted parts of the river
- ◉ Decreasing population rate up to 16.2%

# Eleventh Five Year plan

- Duration – 2007 – 2012
- GDP growth rate target 9% achieved 7.9%
- Theme – Inclusive growth
- Reduce total fertility rate to 2.1% achieved 2.5%
- Allocation 36, 44, 718 crore
- Environmental sustainability
- 4% growth in agriculture 9% in manufacturing achieved – 7.7% Service sector 9 to 11%
- Reduce poverty ratio – 10%
- IMR – 28 per 1000, achieved 26%
- Provide safe drinking water – 2009
- Development literacy rate till 85%
- 2007 tak telephone aur 2012 tak broadband connection dena
- Improving child sex ratio (0 – 6 year) to 935 (2011 – 2012)
- Improving the percentage of forest and forest cover area – 5%
- Reducing the malnutrition (0 – 3 year) age group

# Twelfth Five Year plan

- The Government of India approved the Twelfth Five Year plan on 4<sup>th</sup> October 2011
- Duration – 2012 – 2017
- Theme – “Faster More Inclusive and Sustainable Growth”
- Total budget – 47.7 lakh crore which is more than that for the Eleventh Five Year plan

## Economic Growth

- GDP growth rate target 8.2% but NDC reduced it on 8%      achieved – 7.9%
- Agriculture growth rate – 4%
- Growth rate of manufacturing sector – 10%

## Poverty and employment

- Create 50 million new work opportunities

## Education

- Secondary education for all by 2017
- Eliminate gender and social gap in school enrollment

## Health

- Reducing infant mortality rate to 25 per 1000
- Maternal Mortality rate to 100
- Total fertility rate to 2.1
- To reduce malnutrition among the children (0 – 3 year) to half
- Improving the child sex ratio (0 – 6 year) to 950

# Twelfth Five Year plan

## Infrastructure

- In creating infrastructure investment to 9% of GDP
- Increasing cross irrigation area from 90 million hectare to 103 million hectare
- For the purpose of providing electricity to household it aims at addition of 88,000 MW and 55,000 MW of renewable energy capacity
- Achieving universal road connectivity and access to power for all villages
- Complete Eastern and Western dedicated freight corridor
- Development rural tele-density to 70% currently it is 40.80%
- Ensuring 50% of rural population has access to 40 lpcd piped drinking water supply and 50% of Gram panchayat achieve Action Nirmal status

## Climate Change

- Development of a National plan for climate change to achieve target of 20 to 25% reduction in emission level by 2020
- Increasing Green cover by 10 lakh hectare every year

# Important point to remember

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Continued ....



# Important Points to Remember

## **Eight Five Year plan: -**

- ◉ Duration – 1992 – 1997
- ◉ Model – John W. Miller
- ◉ WTO was formed on 1<sup>st</sup> January 1995
- ◉ Pradhan Mantri Rojgar Yojna – 15<sup>th</sup> 1993
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# Objective of Planning

1. Economic Development
2. Increase Employment
3. Self – Sufficient
4. Economic Stability
5. Social Welfare and Services
6. Regional Development
7. To Reduce Economic Inequalities
8. Social Justice
9. Development in Standard of Living
10. Population Control
11. Reduce Poverty

# Achievements of Planning

- ◉ A Higher Growth Rate
- ◉ Growth of Economic Infrastructure
- ◉ Saving and Investment
- ◉ Development in National Income and per capita income
- ◉ Development in Employment
- ◉ Development in Food Production
- ◉ Control on Population Growth Rate
- ◉ Development in Public Sectors
- ◉ Development in Industrial Development
- ◉ Development in Electricity Production
- ◉ Increase in Import and Export
- ◉ Increase in Social and Health Services
- ◉ Development in Bank Facility
- ◉ Development in Rate of Capital Formation

# Failure of Planning

- ◉ Increase in Unemployment
- ◉ Regional Imbalance
- ◉ Inflation
- ◉ Rise in Price
- ◉ More Dependency on Foreign Aid
- ◉ Less Growth Rate in Agricultural Sector
- ◉ Slow Capital Formation
- ◉ Poor Development of Infrastructure
- ◉ Inequality in Distribution of Income and Wealth
- ◉ Insufficient Administration

# Suggestion for the Success of Planning

- Public Support
- Price Stability
- Encourage in Saving and Investment
- Good Relation between Central and State government
- Coordination between Private and Public Sector
- Control on Population
- More use of Human Resources
- Skilled Administration
- Real and Practical Policy
- Planning According to Available Resources
- Reduce Corruption

THANK YOU