

Indian planning

Ist 5 yr plan → 1951 - 56
process of producing, distributing
& exchanging.

IInd 5 yr plan → 1956 - 1961

IIIrd 5 yr plan → 1961 - 1966

Responsibility was on public sector
mainly agricultural sector

balanced → poor industrial → planning model
growth capital based distorted
investment → 2 war
Indo-china
Indo-pak

famine year.
none of objective achieved.
shattered phase.

planned Holiday

solved the objectives of 3rd yr plan
1966 - 1969 - Rolled for these years.

IV 5 yr plan

1969 - 1974

V 5 yr plan

1974 - 1979

political environment change - Bsp (1979)

VI 5 yr plan - 1979 (18 Months rule X)

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8. period of plan holiday & season

9- foreign Reason
global reason

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against congress then 7th yr plan was failed.
janta plan was scrapped.
janta plan was a rolling plan
plan holiday 1979 - 1980. } political
} causes.

Therefore 7th plan period 1981 - 1985
8th s yr plan 1985 - 1990.

around 1990 again macro economic imbalance
occurred due to modernization.

w.e. didn't have import bill.

rupee crisis occurred

fiscal deficit - maximum - 9% of GDP. } Economic
causes

→ 2 yr ka ek aur plan holiday

increasing subsidy

first generation economic reforms

1990 - 1992

Change from pro-socialist-

economy →

private profit
oriented

competitive

economy.

9th s yr plan - 1992 - 97

Ex th yr plan - 1997 - 2002

8th yr plan - 2002 - 2007

9th yr plan - 2007 - 2012

10th s yr plan - 2012 - 2017

Objectives of Indian planning :-

Ist plan → To initiate Eco growth by restructuring Economy

(Agric, services, Industries, finance)

restructuring of different economies.

Achieved more than expected.

II plan → deliberate growth from unplanned exp. (unbalanced growth) Economy.

Country have Industrialization.

Public exp. → Building up public sector.

Industry
transportation, agric, comm., electricity,
oil exploration

- Capital expenditure (asset capital)
for industrialisation.

→ pro industrialisation initiated & carry forwarded.

III plan → primary → secondary

structure of Economy change.

high inflation rate → war (R)
famine.

Agriculture → less focus.

We were not self sufficient in importing food.

Pluto America produced
starvation / famine

Realisation to planners → we need to have self sufficient inflat.

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plan holiday 1966-69

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Self-reliance (at least our needs should be fulfilled by country itself)
Balanced model (primary & industry)

green revolution.

→ increase agriculture productivity by
leaps & bounds.
with scientific technology.

7th plan

plan holiday 1979-1980 & political issue.

greater chunk to science & technology

Modernisation of Indian agriculture & industry.

* → population control (Liberas meals)

Baby boom period dividend period

stagnation of population.

* → modernisation (Agriculture by green revolution)

→ family planning in dictatorial manner.
(Coercive measure)

Restauration, Economic development

Restabilization of economy

11 March 11

Economics

Objectives & Strategy

1. Industrialisation Measures
2. structural changes

plan holiday 1990-92

Tut to restructure the Economy

No base. Neither industry nor resource.
No big firms, No profits.Agricultural sector ✓
Imports ✓

No Home Industries X

Transportation ✓ (To facilitate their targets)

Colonial Economy with no base
Agricultural

profile Based sustenance base

dependency on Agriculture should be reduced.

→ Indigenous Production start by.

Basic iron & steel industries.

Economic development with imbalanced
strategies.

P. C. Mahatmogies.

To forgo consumption & put more in
investment.

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Based on Industrialisation
due to unbalanced growth - food crisis occurred
was Economy.

Importing food from America
PL by which was stopped to
put pressure on India.

I Balance phase

5th plan

→ self-reliance ✓

Import substitution Export promotion "

→ Equal weightage to agriculture & Industry.

• Green Revolution

self reliance in food.

~~After 5th 5 year plan~~

5 year plan

Economic growth → social development to change

upliftment of people

* Poverty Eradication.

freedom from hunger disease

{ ignorance
fear }

6th 5 yr plan

poverty → under / unemployment
disguised unemployment } vicious cycle
(children)

Asy. population was in village.

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poverty.

~~generation of productive Employment~~
 Small cottage industry
 Irrigation projects
 Infrastructure.

- > Minimum food work programme
- > Irradiating low level

Planning & finance by govt. only
 fiscal deficit 8-9 Y. off CDRP

- Machine
 - crude oil
- 1990 - Gulf crisis

foreign exchange crisis :-

End of 7th 5 yr. plan we had
 a foreign exchange crisis we
 had a third plan holiday.

National welfare → free-market
 profit-oriented Economy

8th plan

To initiate the changes in entire
 policy work.

free flow of goods / services Manpower, resources
 technology, capital.

9th plan - global policy
sustainable policy.

Conserve resources

Earth summit

We have to change technological features.

Inequality

for equal income distribution

Inclusive growth

free from ignorance

Economic → social development

XII

measures to reap demographic dividend in India.

life expectancy

skill development

Syllabus

Entire planning
desolution & organization
failure & achievement -
how much we had . . . where we have
reached.

structure, causes & types of economic reforms.

New Economic Regime
(ERA)

oriented

pro-socialistic public sector nation welfare directed
policy ?

(1950 - 1990)

upliftment of masses } not profit
orientated.

Economic system

capitalistic
socialistic
communist

Infant Industry argument for protection -
protected from global competition

Industrialization was priority.

Externally also protected due to lack of
Resources.

Infant industry argument (1950-1990)
Saves us from internal & external argument.

Causes ↗ { pro ~~socialistic~~ capitalist
private profit motive }

Regular Regime ↗

market driven
Regime

→ Hinders growth rate

given by Indian Economist
Prof. Raj Krishna

4 decades

1950-1990

growth rate of GDP

3.5 - 4.5

stuck

Around India only - stuck at one place
No yrs we were stuck at 4.5%. growth Rate of
GDP.

a. Infant industry resulted in public sector losses, inefficiency & productivity not rising.

fiscal deficit 1991

Expenditure were high -
corruption

Over protection - loss of development productivity
in efficiency.

need to open up the Economy.
protection carried to longer phase.

↑ shootup

liberalisation

major causes

Immediate causes → Macroeconomic Imbalance
 1990 (a) fiscal deficit \rightarrow (8-9%)
Causes
 → not generating revenue
 → low tax rate
 → no foreign trade (shortage)
 BOP deficit.

(3%) → allowed
Deficit

development - Infrastructure
 Capital Investment
 welfare schemes } Expenditure
 running administration }
 huge subsidy
 fuel, food, electricity, fertilizers.
 Continued for (8-9%) of GDP for 4 decades

(b) Bop deficit

Current Account Deficit (CAD)

CAD → Import & Export Balance.

Machinery was Imported (heavy Machinery)

Capital account

foreign investors investing in our country

makes up for the CAD

But due to protected economy foreign inflow was stopped.

March 1990 July 1991

foreign exchange Reserve
 we didn't have enough to pay import Bills.

II Gulf crisis

IV Inflationary Pressures

Public expenditure ↑ → Inflation ↑ → without production
 Gulf Crisis → crude oil → foreign exchange reserve
 DATE / PAGE NO.: debt & wage

Immediate need - stabilisation Measures.

Type of reforms

- (a) Stabilisation Measures
 - devaluation of Indian rupee (by a/c. deplete)
 - Mold export to sustain economy
 - Mixed Scaling of subsidy
 - big reduction in public sector.

② Structural changes

LPG

liberalisation	privatisation	Globalisation
direction	Path	Goal

Business sector

without licensing.

Consumers - deregulation

delicensing.

Prices acc. to Market mechanism.

disinvestment (opening up of Economy)

↓
free flow of goods,
capital, human resources,
technology across the
Borders.

{ FDI }
FII