



REVIEW OF ECONOMIC PLANNING IN INDIA



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INTRODUCTION

- After the independence, Indians leaders had the challenges to resurge the Indian economy.
- In this direction “The Planning Commission” was established on 15th March,1950 in the leadership of the former Prime Minister Pt. Jawaharlal Nehru.
- The Planning Commission was assigned the task of formulating plans for the most effective and balanced utilization of resources and determining the priorities.
- The Planning Commission was dissolved in “NITI AAYOG” which was established by PM MODI on 1st Jan,2015.

Five Year Plans in India

- The Planning Commission frames centralized and integrated national economic programs at the interval of every FIVE YEARS , thereby known as “THE FIVE YEAR PLANS”.
- Till now 11 Five Year plans have been completed and 12th is in progress.
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|-------------------------------------|--|
| 1) First Five Year Plan(1951-1956) | 7) Seventh Five Year Plan(1985-1990) |
| 2) Second Five Year Plan(1956-1961) | 8) Eighth Five Year Plan(1992-1997) |
| 3) Third Five Year Plan(1961-1966) | 9) Ninth Five Year Plan(1997-2002) |
| 4) Fourth Five Year Plan(1969-1974) | 10) Tenth Five Year Plan(2002-2007) |
| 5) Fifth Five Year Plan(1974-1979) | 11) Eleventh Five Year Plan(2007-2012) |
| 6) Sixth Five Year Plan(1980-1985) | 12) Twelfth Five Year Plan(2012-2017) |
- There were economic holidays from 1966-1969 , 1978-1980 , 1990 -1992 due to some uncertainty in economy. E.g. inflation ,wars , lack of resources , etc.



First Five Year Plan (1951-1956)

- Target of this plan was to initialize all over development of country with the idea of self reliant closed economy.
- Focus on Agriculture to achieve food self sufficiency, Price stability ,Power and Transport and control of inflation , rehabilitation of refugees.

The total planned budget of 2069 crores (later increased to 2378 crores)

Sectors	Expenditure
Agriculture and Allied	14.8%
Irrigation and flood control	22.2%
Power and energy	7.6%
Village and small industries	2.1%
Industries and minerals	2.8%
Transport and communications	26.4%
Others	24.1%

First Five Year Plan (1951-1956) contd...

Achievements:-

- The achieved growth rate was 3.6%, more than targeted 2.1% and net domestic product went up by 50%.
- Many irrigation projects were initialized
- Five IITs were started as major technical institution
- Contracts were signed to start five steel plants.
- the monsoon was good there were relatively highcrop yielding, boosting exchange reserves and per capita income which increase by 8%.



Failures:-

- However per capita income did not increase sub-staintially because increase in national income was offset by increase in population.



Second Five Year Plan (1956-1961)

- Rapid industrialization with particular emphasis on development of basic and heavy industries,.
- Growth In public sector.

Total amount allocated was 48 billion among various sectors

Sectors	Expenditure
Agriculture and Allied	11.7%
Irrigation and flood control	9.2%
Power and energy	9.7%
Village and small industries	4.0%
Industries and minerals	20.1%
Transport and communications	27.0%
Others	18.3%

Second Five Year Plan (1956-1961) contd...

Achievement:-



- Hydroelectric power project
- five steel plants at Bhilai ,Durgapur, and Rourkela
- Coal production was increased,
- railway lines were added in north east
- The Tata institute of fundamental research(1957)
- Atomic Energy Commission -- Homi J. Bhabha (Founder, 1958)



Failures:-

- Targeted growth rate was 4.5% and actually rate was 4.27%
- Could not be implemented fully due to the shortage of foreign exchange



Third Five Year Plan (1961-1966)



GOAL:-

- establishment of a self-reliant and self-generating economy.
- Making India self sufficient in food grains by increasing agricultural production
- Minimizing rate of unemployment and increase national income by 5% per annum

Total outlay is 8577 crores.

Sectors	Expenditure
Agriculture and Allied	12.7%
Irrigation and flood control	7.8%
Power and energy	14.6%
Village and small industries	2.8%
Industries and minerals	20.1%
Transport and communications	24.6%
Others	17.4%

Third Five Year Plan (1961-1966) contd...

Achievement:-

- agriculture and improvement in the production of wheat were given priority
- Many cement and fertilizer plants were also built.
- Many primary schools were started in rural areas
- Panchayat elections were started.
- State road transportation corporations were formed
- State electricity boards and state secondary education boards were formed



Problem faced:-

- War with china and Pakistan in 1962 and 1965 respectively.
- Drought in 1965 led to inflation and price unstabilization.
- So ,The targeted growth rate was 5.6%, but the actual was 2.4%.



Economic Holiday(1966-1969)



- “Plan holidays” (from 1966–67, 1967–68, and 1968–69). Due to miserable failure of the Third Plan due to the war, lack of resources, and increase in inflation.
- High yielding varieties of seeds ,fertilizers , new techniques for irrigation and soil conservation were introduced .
- During the Annual Plans, the economy absorbed the shocks generated during the Third Plan.



Fourth Five Year Plan (1969-1974)

Objectives:-

1. Growth with stability
 2. Progressive achievement of self – reliance.
- To reform and restructure its expenditure agenda (Defense became one major expense) and to facilitate growth in exports

Total outlay was 15779 crores.

Sectors	Expenditure
Agriculture and Allied	14.7%
Irrigation and flood control	8.6%
Power and energy	18.6%
Village and small industries	1.5%
Industries and minerals	18.2%
Transport and communications	19.5%
Defense and others	18.9%

Fourth Five Year Plan (1969-1974) contd...

Achievement:-



- Government nationalized 14 major Indian banks.
- The Green Revolution

- First nuclear test (Pokhran-1)
- Food grains production increased to bring about self sufficiency in production



Failures:-

- Bangladesh Liberation War in 1971 and Asian oil crisis 1973
- The target growth rate was 5.6%, but the actual growth rate was 3.3% but marred by the inflation



Fifth Five Year Plan (1974-1978)

Objectives:-

- removal of poverty and attainment of self reliance.
- To reduce social, regional, and economic disparities
- Encourage Self-employment and growth small scale industries
- Total outlay was 39426 crores

Sectors	Expenditure
Agriculture and Allied	12.3%
Irrigation and flood control	9.8%
Power and energy	18.8%
Village and small industries	1.5%
Industries and minerals	22.8%
Transport and communications	17.4%
Others	14.4%

Fifth Five Year Plan (1974-1978) contd....

Achievement:-

- The Indian national highway system was introduced
- Better distribution of the income.
- Bombay High had shot up the commercial production of oil in India
- Food grain production was above 118 million tons due to the improvement of infrastructural facilities
- *The target growth rate was 4.4%, and the actual was 4.8%.*



Failures:-

- Food & energy prices skyrocketed negative impact on Indian Economy
- ❖ The plan was terminated in 1978 (instead of 1979) when Janta Party government rose to power

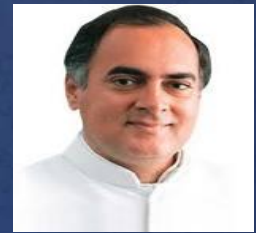


Rolling Plan (1978-1980)

- Also known as of the Janata's Sixth Five-Year
- Plan was enlargement of the employment potential in agriculture and allied activities.
- Encouragement to household and small industries



Sixth Five Year Plan (1980-1985)



Objectives:-

- “Garibi hatao” and population control
- Aimed for rapid Industrial Development and tourism industry

Total investment was about 158710 crore.

Sectors	Expenditure
Agriculture and Allied	13.9%
Irrigation and flood control	10.0%
Power and energy	28.1%
Village and small industries	1.8%
Industries and minerals	13.7%
Transport and communications	16.2%
Others	16.3%

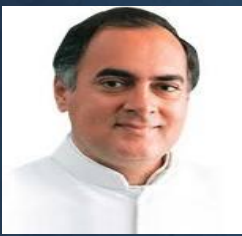
Sixth Five Year Plan (1980-1985) contd...

Achievement:-



- modernization for the achievement of economic and technological self reliance
- Population control through family planning etc.

- NREP, IRDP were launched
- Number of BPL people has come down to 20.9% from 37.0%
- Target growth rate was 5.2% and the actual growth rate was 5.7%



Seventh Five Year Plan (1985-1989)

Objective:-

- Speedy development, modernization ,self reliance and social justice
- emphasis to accelerate food grain production , increase employment

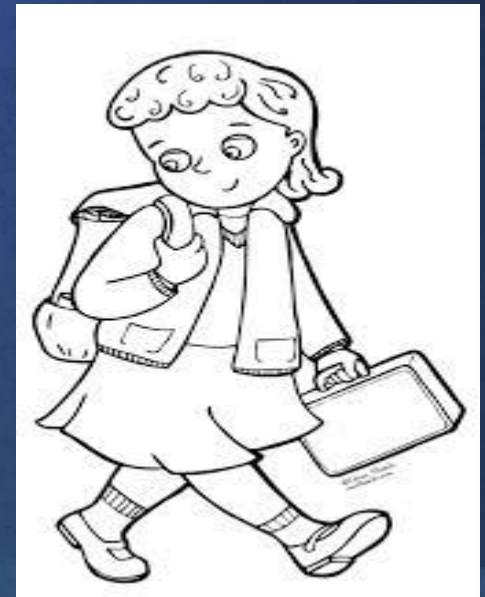
Total budget was 180000 crores , export 60.7k crores and import 95.4k crores

Sectors	Expenditure
Agriculture and Allied	5.9%
Irrigation and flood control	9.4%
Power and energy	30.5%
Village and small industries	5.0%
Industries and minerals	12.3%
Transport and communications	16.4%
Others	18.7%

Seventh Five Year Plan (1985-1989) contd...

Achievement:-

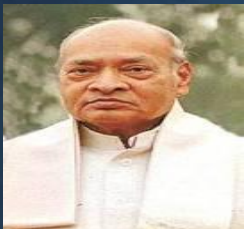
- To reduce unemployment through many programs like Jawahar Rojgar Yojana was introduced
- Targeted growth rate was 5% but actual growth was 6.0%
- Growth of national income was 4% which was largely a contribution of secondary and service sector.
- Increase productivity of small and large scale farmers
- Improved facilities for Education to girls
- India strove to bring self sustained economy



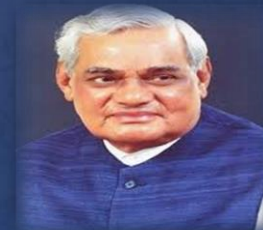
Annual Plan (1989-1991)



- In 1991, India faced a crisis in foreign exchange (forex) reserves, left with reserves of only about US\$1 billion.
- Value of rupees fell from 17.50 per dollar(1991) to 45 per dollar(1992)
- At that time Dr. Manmohan Singh (later Prime Minister of India) launched India's free market reforms that were the beginning of liberalization, privatization and globalization (LPG) in India.



Eighth Five Year Plan (1992-1997)



Objective:-

- Goal is “liberalization , privatization and Globalization”
- Controlling population growth, poverty reduction, employment generation, growth in exports , human resource development, involvement of Panchayati raj.
- Total outlay was 798100 crores.

Sectors	Expenditure
Agriculture and Allied	5.2%
Irrigation and flood control	7.4%
Power and energy	26.6%
Village and small industries	7.9%
Industries and minerals	10.8%
Transport and communications	18.8%
Others	21.2%

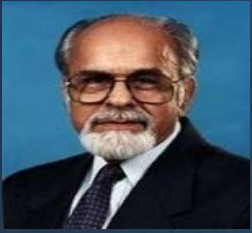
Eighth Five Year Plan (1992-1997) contd...

Achievement:-

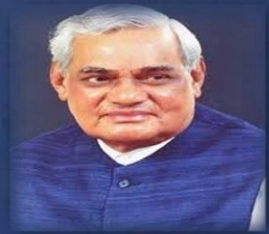


- Achieve growth rate was 6.8% while expected was 5.6%
- Growth in agriculture and allied sectors was 3.9%

- Inflation was cut down from 16.3% (1991) to 3.8% in 1997
- Fiscal deficit came down from 8.3% to 5.3%
- The government delicensed most industries ,reduced import tariffs , encourage foreign direct investment
- ❖ **it is the most successful plan that have ever been implemented.**



Ninth Five Year Plan (1997-2002)



Objective:-

Development with social justice and equaility

- Generating employment by giving priority to agriculture and rural development
- Reduction of poverty
- Ensuring proper availability of food and water for the poor
- Availability of primary health care facilities and other basic necessities
- Primary education to all children in the country
- Developing self-reliance in terms of agriculture
- Total outlay was 859200 crores.

Ninth Five Year Plan (1997-2002) contd...

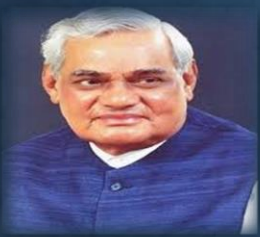
Achievement:-

- To encourage young scientists, KVPY , Swarn Jayanti fellow ship were launched
- Focus on the empowerment of women
- The service industry had a growth rate of 7.8%.

Failure:-

- GDP growth rate dropped down of 5.4% from 6.8%

Sector	Eight plan	Ninth plan
Agriculture	4.69%	2.06%
Manufacturing	7.58%	4.51%
Service	7.54%	7.78%
Total	6.8%	5.4%



Tenth Five Year Plan (2002-2007)



Objective:-

- Reduction of the poverty rate by 5% and improve quality of life
- Universal access to the primary education
- Increase in literacy rate to 75%
- Decrease the infant mortality rate to 45 per 1000 children
- Reduction of maternal mortality ratio to 2 per 1000 live birth
- Increase in forest and tree cover to 25%
- Total outlay of the plan was 1529639 crores.



Tenth Five Year Plan (2002-2007) contd...

Achievement:-

- It has taken the economy to the growth rate of 7.6 % as against 5.5 % in ninth plan.
- Gross domestic saving (GDP at market price) increase 28.2%
- Gross rate of investment is become 33.8%
- Foreign Exchange reserve reached a level of US \$185billion on February 2007.

❖ This denotes the strength of the economics.

Tenth Five Year Plan (2002-2007) contd...

Failures and Concerns for the next plan:-

- Absolute number of poor people has declined only marginally from 320 million in 1993-94 to 302 million in 2004-05.
- Still unemployment in country
- 46% child population was suffering from malnutrition
- Number of illiterates still exceed ,304 millon
- Unequal distribution of inome



Eleventh Five Year Plan (2007-2012)

GOAL :

- Towards faster and more inclusive growth

TARGETS:-

- Avg. GDP growth of 9% per year
- Agricultural GDP growth of 4% per year
- Reduction unemployment among the educated people to less than 5%
- To increase the literacy rate for person 7 years or more to 85% by 2011-12

Eleventh Five Year Plan (2007-2012) Contd...

- Infant mortality rate to be reduced to 28 and maternal Mortality rate(MMR) to 1 per 1000 by 2011-12
- To ensure electricity connection to all villages and BPL Households
- To connect all villages by Telephone and provide broad band connectivity to all village



- To treat all urban waste water by 2011-12 to clean river water.
- Development of roads , railways , airports, telecommunication , oil gas pipelines

Eleventh Five Year Plan (2007-2012) contd...

Achievement:-

- MGNREGA, Indira Awas Yojana , Pradhanmantri Gram Sadak Yojana, NRHM Health and Family welfare , ICDS Women and child development , Mid-day meal , Sarva Shiksha Abhiyan ,Rajeev Gandhi Grameen Vidyutikaran Yojana.
- Total expenditure on these schemes is 188573 crore and the total expenditure during 11th plan was almost 700,000crore.
- The population growth rate has fallen from 1.97 to 1.64

Eleventh Five Year Plan (2007-2012) contd...



➤ In the group of 6-14 years 89.3% children in schools. The RTE act which became operational in 2009 ,has laid a solid foundation .

- Growth rate of Agriculture sector was almost 3.2% which was 2.1% in 2007
- Total investment in infrastructure is estimated to have increased from 5.7%of GDP to 8.4%.



Twelfth Five Year Plan (2012-2017)



Goal:-

- *faster, sustainable and more inclusive growth*
- Growth must not only be rapid, but also more inclusive

Objective:-

- Growth rate of 9 per cent is targeted
- Rapid growth in energy
- Faster creation in job, especially in manufacturing ,generating 50 million work opportunity

Twelfth Five Year Plan (2012-2017) cont..

- Reduce poverty by 10%
- Improve conditions for SCs, STs, OBCs, Minorities
- Different plan to improve quality of villages peoples
- Stronger effects in health , education and infrastructure
- Major welfare benefits and subsidies via Aadhar

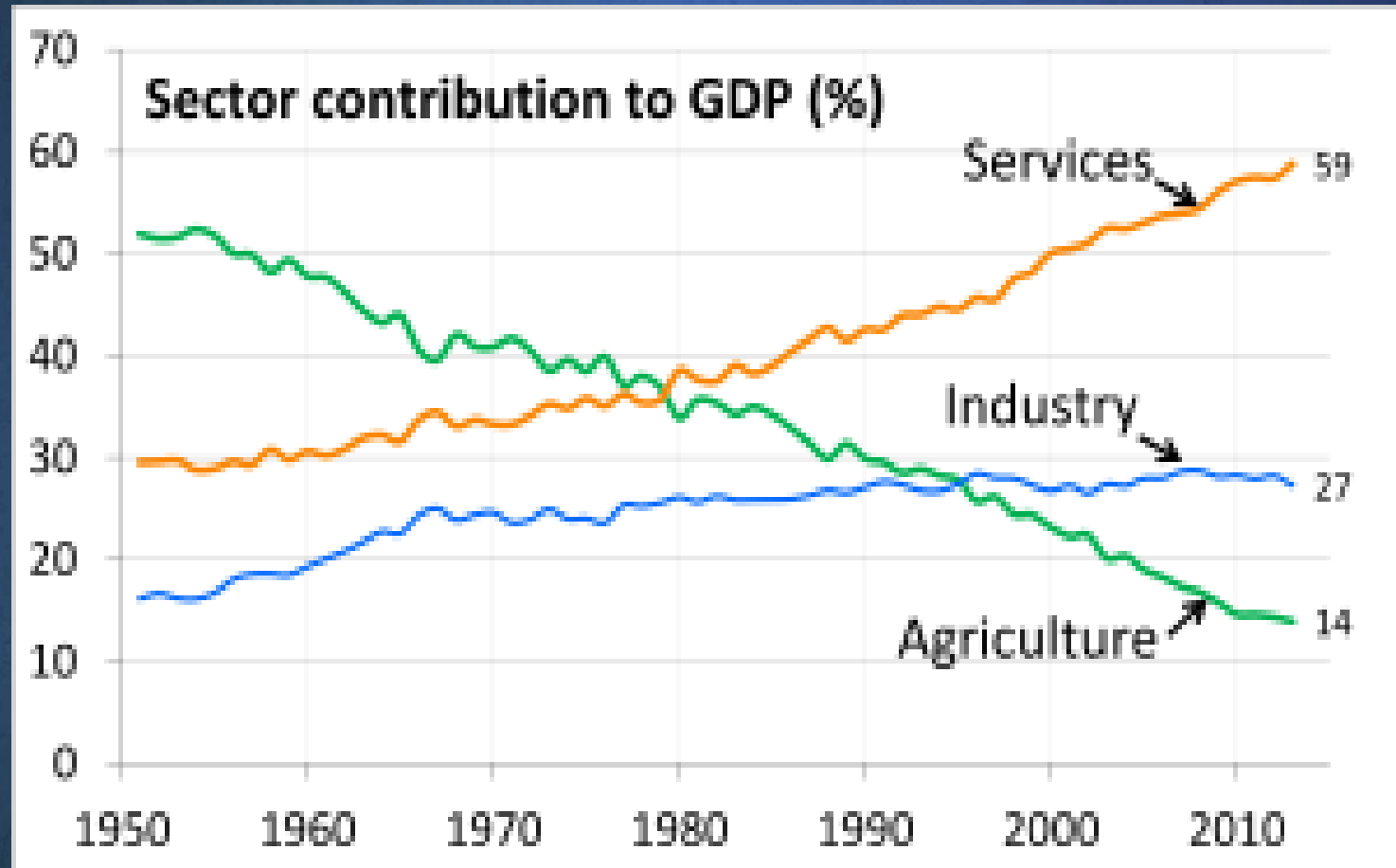
Twelfth Five Year Plan (2012-2017) cont..

- Total outlay of twelfth plan was 3568626 crores

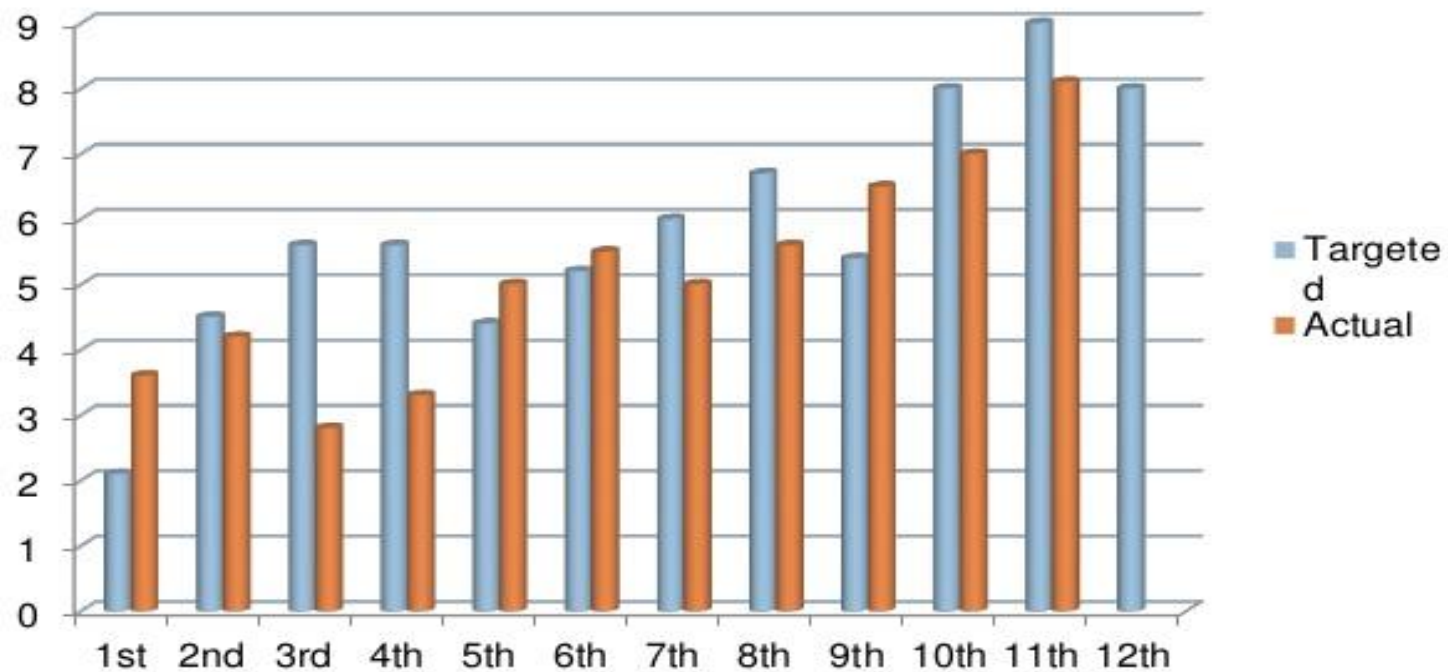
SECTORS	11 th plan	12 th plan
Agriculture and water resources	7.33%	7.96%
Rural development	25.01%	18.86%
Scientific department	3.69%	3.98%
Transport and energy	12.84%	12.57%
education	11.17%	12.71%
Health	7.09%	11.45%

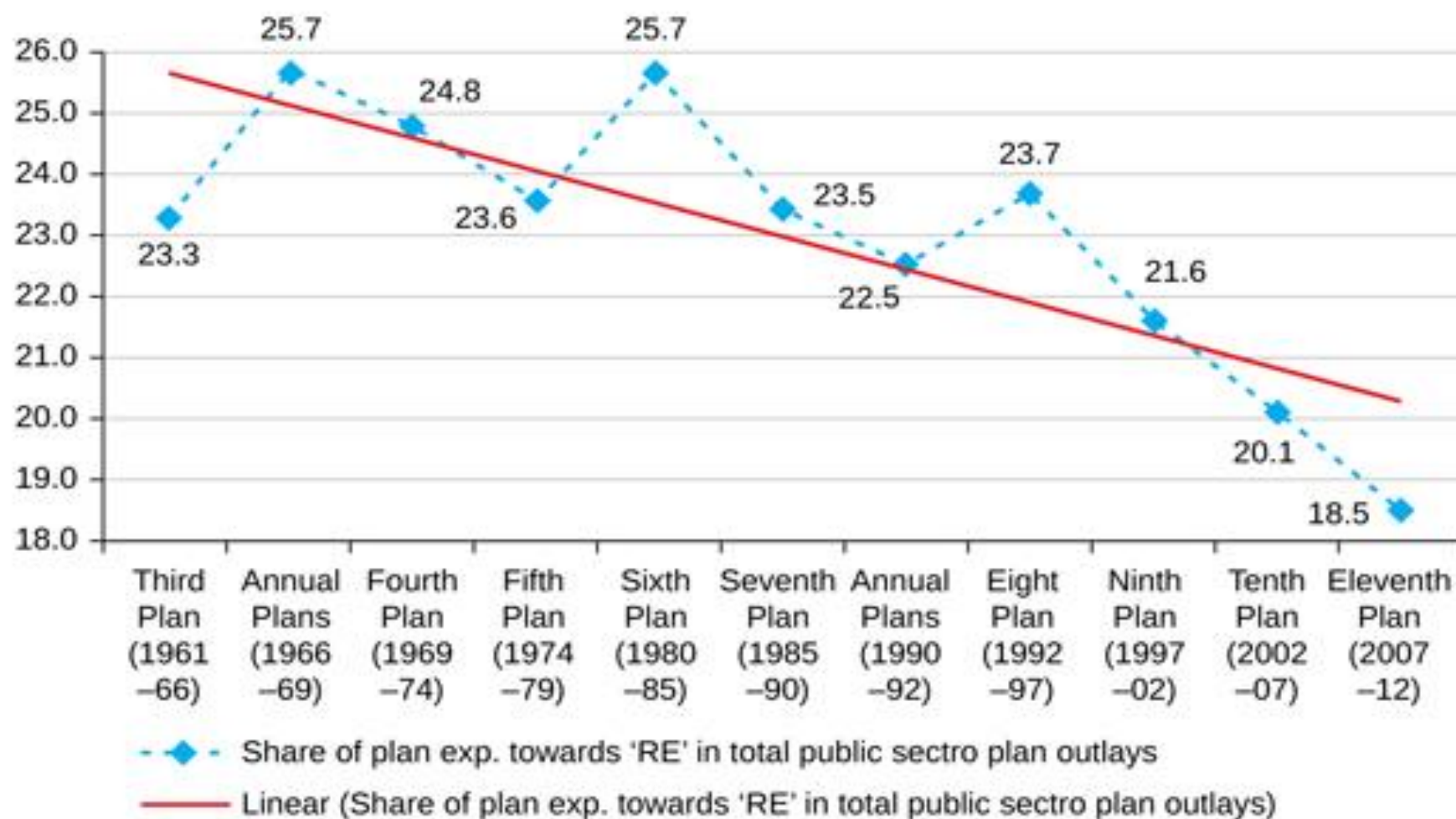
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SUMMARY



Growth Performance in Five Year Plans





Thank You!