



“Five Year Plans of India”

WELCOME



Why to Plan ???

- ❑ After independence, India was in dire conditions and needed to start acting soon
- ❑ Some of the problems necessitated need for an immediate plan:

- ✓ Vicious circle of poverty
- ✓ Foreign Trade
- ✓ Need for Rapid industrialization
- ✓ Population pressure
- ✓ Development of Natural resources
- ✓ Capital Deficiency & Market imperfections





First Five Year Plan (1951-1956)

Introduced by the then PM Pt. J. Nehru between the period 1951-56
The one responsible -- Planning Commission

Objectives:

➤ Improve living standards of the people in India which was possible by making judicious use of Natural Resources.

➤ Total outlay of this plan -- A massive Rs. `2069 Cr

The segregation –

Industrial sector

Energy, irrigation

Transport, Communications

Land Rehabilitations

Social services

Development of Agri & community



Objectives: (cont...)

➤ Importance was given to agri and irrigation; Power to decrease reliance on Food Grain, Imports & resolve Food crisis

A few things that happened

Mettur, Hirakud & Bhakra Dams were a few projects that were started
Govt. decides to improve Railway Services, Road tracks & Civil Aviation, also decides to provide sufficient funds to the Industrial sector & to take measures for the growth of SSI's.

The growth in GDP achieved by India was 3.6% p.a.

The target was

2.1% p.a.

SUCCESS !!!!!!!





Second Five Year Plan (1956-1961)

Objectives:

- To increase the national income by 25%
- To make the country more industrialized
- Development of the public sector
- To increase employment opportunities so that every citizen gets a job



Achievements:

- Five steel mills at Bhilai, Durgapur, and Jamshedpur
- Hydroelectric power projects
- Production of coal increased
- More Railway lines were added in the north east
- Improved the living standards of the people
- The large enterprises in seventeen industries were nationalized

The Tata Institute of Fundamental Research – established in 1957 as a research institute

Atomic Energy Commission -- Homi J. Bhabha (Founder, 1958)





Third Five Year Plan (1961-1966)



Objectives:



- More stress to agriculture
 - Subsidies
 - Sufficient help
- To increase the national income by 5% per annum
- Making India self sufficient in food grains by increasing agricultural production
- Minimizing rate of unemployment
- To establish equality among all the people of the country



Achievements:

- The Panchayat Organization was formed
- Many primary schools were started in rural areas
- State electricity boards and state secondary education boards were formed
- State road transportation corporations were formed
- Many cement and fertilizer plants were also built

Problems faced:

Sino-Indian War of 1962 exposed weaknesses in the economy and shifted the focus towards the Defense industry. In 1965-1966, India fought a war with Pakistan. The war led to inflation and the priority was shifted to price stabilization. GDP rate during this duration was lower at 2.7%.





Fourth Five Year Plan (1969 to 1974)

At this time Indira Gandhi was the Prime Minister.
The Govt. nationalized 19 major Indian banks.

Objectives:

- To reform and restructure its expenditure agenda (Defense became one major expense)
- To facilitated growth in exports
- To alter the socio economic structure of the society



Achievements:

- Great advancement has been made with regard to India's national income
- Spending on war efforts reduced industrial spending
- Tested the first nuclear weapon with Smiling Buddha in 1974
- Considered as one of the emerging powers
- Food grains production increased to bring about self sufficiency in production

Problems faced:

- India was attacked in 1962 followed by another one in 1965.
Worse – India faces drought.
- A gap was created between the people of the rural areas and those of the urban areas.





Fifth Five Year Plan (1974 to 1979)

Objectives:

- To reduce social, regional, and economic disparities
- Reduce poverty and to attain self sufficiency in agriculture and defense
- Reducing rate of Unemployment both in Urban & Rural sectors
- Encourage Self-employment
- Encourage growth of Small scale industries
- Prevent over population



Achievements:

➤ Food grain production was above 118 million tons due to the improvement of infrastructural facilities

Bombay High had shot up the commercial production of oil in India

Had few backdrops Food & energy prices skyrocketed
-ve impact on Indian Economy

So?? - Inflation becomes Inevitable & hence priority towards food & energy took place.





Sixth Five Year Plan (1980 to 1985)



6th Five Yr Plan -- Known as Janata Govt. Plan

It's Existence – Tourism industry increased, I.T sector develops!!!!

The issues – Rajiv Gandhi being the PM, & hence emphasized on Industrial Development

Some agreed, but the communist groups protested

Objectives:

- Aimed for rapid Industrial Development
- Improve the Tourism Industry



Objectives: (Cont...)



- Family Planning concept introduced, but not forcibly
- To introduce min Needs Program for the poor

Achievements:

- Planned GDP growth - 5.1% a year, achieved 5.4%
- Speedy Industrial development
- The transport and communication system also improved
- Government investments in the Indian healthcare sector





Seventh Five Year Plan (1985 to 1989)

Congress comes into power

Objectives:

- To upgrade the industrial sector
- To generate more scope of employment
- Improved facilities for Education to girls
- Increase productivity of small and large scale farmers





Achievements:

- Using modern technology
- Full supply of food, clothing, and shelter
- Making India an Independent Economy
- Anti-poverty programs



Problems faced:

- 1989-91 was a period of **political instability** in India & hence no Five Yr Plan was implemented
- In 1991, India faced a crisis in Foreign Exchange Reserves

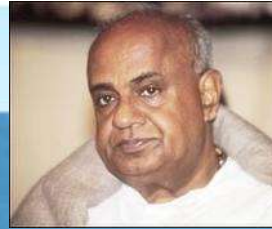




Eighth Five Year Plan (1992 to 1997)



Objectives:



- Modernization of Industrial Sector
- The plan focused on technical development
- Strengthening the infrastructure
- Involvement of Panchayat raj, Nagarpalika, N.G.O's & people's participation

Many flawed plans & Policies were rectified in this plan. During this period India was the only lucky one to become a member of the WTO (1st Jan 1995)



Something about Agriculture during this period:

Agriculture happens to be the largest contributor to the GDP of India. In fact two third of the work force was dependent on Agriculture. Industries made good use of Agricultural produce in their production process.

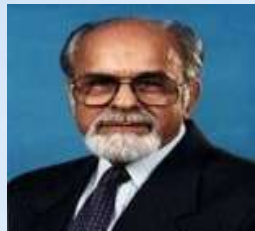
Self sufficiency in agricultural production was a top priority during this plan.

Reason: The whole of India depends on it.

Achievements:

- Production of food increased from 51 million to 176.22 million
- GDP shoots up to a whopping 6.3%the target was 1.6%
- The plan was more successful than the 7th year plan
- 24.4% domestic savings, it contributed 10.1% to the GDP in regards to Export Earnings
- Was a plan that was more successful in meeting its objectives as compared to other plans?





Ninth Five Year Plan (1997 to 2002)



By Planning Commission

General:

- ✓ Target 6.5%!!!
- ✓ Achieved 5.35% ☹️

Objectives:

- To prioritize rural development
- To generate adequate employment opportunity
- To stabilize the prices
- To ensure food & nutritional security



Objectives: (cont...)

- To provide for basic infrastructural facilities
 - ✓ Education
 - ✓ Water
 - ✓ Health
 - ✓ Transport
 - ✓ Energy
- Encourage Women improvement
- To create a liberal market for Private investment

Achievements:

Yes!! India managed to bring together the giant power, support & effort of public, private & all level of Govt.





Tenth Five Year Plan (2002 to 2007)



The Tenth Five Plan will cover a period from 1st April 2002 to 31st march 2007. The Tenth plan provides an opportunity at the start of the new millennium, to build upon the gains of the past but also to address the weakness that have emerged. Some of the gains of the past are:

- I. The growth rate of the national income has important from average of about 5.7% in the eighties to an average of about 6.5% in the Eighth and Ninth Plan periods making India one of the ten fastest growing developing countries.
- II. The percentage of the population in poverty has continued to decline.
- III. Population growth has decelerated below 2% for the first time in four decades.
- IV. Literacy has increased from 52% in 1991 to 65% in 2001.
- V. Sectors such as software services and IT enabled services have emerged as new source of strength, creating confidence about India's potential to be competitive in the world economy.





However, there are several aspects of development where our progress is clearly disappointing. Some of the weaknesses are:

- I. The decline of unemployment is relatively high at above 7%.
- II. More than half of the children 1-5 years old in rural areas are under nourished.
- III. The girl children are suffering even more severe malnutrition.
- IV. The infant mortality rate has stagnated at 72 per 1000 for the last several years.
- V. As many as 60% of rural households and about 20% of urban household do not have a power connection.
- VI. Only 60% of urban households have taps within their homes.
- VII. The Tenth Plan must learn from past experience. It must strengthen what has worked well, but it must also avoid repeating past failures. It is with objective that the tenth Five Year Plan is being drawn up as a Reform Plan instead of merely having a Resource Plan.

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❑ Objectives of the Tenth Plan:

Main objectives of the tenth plan are:

- Rate of growth of national income
- Growth rate of per capita income
- Improvement in Quality of life
- Reduction in poverty
- Provision of gainful employment
- Provision of universal education
- Reduction in gender gaps
- Reduction in growth of population
- Increases in Literacy Rate
- Reduction in Infant Mortality Rate
- Reduction in Material Mortality Ratio (MMR)
- Environmental Protection
- Provision of Drinking Water
- Growth, Equity and Sustainability
- Balanced Developed in all States





□ Assumption:

The objective of 8% growth rate of Tenth Plan is based on the following assumptions:

- I. Incremental capital output ratio will be 4:1.
- II. Rate of investment will be 32%.
- III. There will be improvement in efficiency development.
- IV. Sufficient political support will be mobilized to ensure progress in critical areas.
- V. The Rate of Domestic Savings will be 29.8% and of foreign savings will be 2.8%.
- VI. The Fiscal Deficit will be 2.6 per cent.
- VII. The revenue receipts of the central government will be 10.2 per cent and revenue expenditure will be 10.7 per cent of the gross domestic product.

Allocation of Total Outlay:



Total Outlay of Public Sector

Sr. No	Items	Proposed Outlay (Rs.`Crore)	Percentage of Total Outlay
1	Agriculture and Allied Activities	58,933	3.9
2	Rural Development	1,21,928	8.00
3	Special Area Programme	20,879	1.4
4	Irrigation and Food Control	1,03,315	6.8
5	Energy	4,03,927	26.5
6	Industry and Mineral	58,939	3.9
7	Transport	2,25,977	14.8
8	Communications	98,968	6.5
9	Science, Technology and Environment	30,424	2.00
10	General Economic Services	38,630	2.5
11	Social Services	3,47,391	22.6
12	General Services	16,328	1.10
TOTAL		15,25,639	100

(Source: Economic Survey 2002-03)

□Resources of Tenth Plan:

Resources of Tenth Plan

Resources	Total Resource	Percentage
1. Balance from Current Revenues	20,193	1.27
2. Resources of PSEs	5,98,240	37.57
3. Borrowing and Misc. Receipts	9,46,667	59.45
4. Net foreign Assistance	27,200	1.71
TOTAL	15,92,300	100

(Source: Economic Survey 2002-03)

□ Strategy of the Tenth Plan:

1. Acceleration
2. Redefining the Role of Government
3. Agricultural Development
4. Employment
5. Social Safety
6. Environment Conservation
7. Competitive

□Sectoral Policy Issues of the Tenth Plan:

1. Agriculture and Land Management
2. Poverty Alleviation Programmes
3. Public Distribution System and Food Security
4. Industrial Policy Issues





Eleventh Five Year Plan (2007-2012)



□ Introduction:

The National Development Council has approved the 11th Five Year Plan for the period from 2007 to 2012. The plan document is entitled “**Towards Faster and More Inclusive Growth**”. The Indian economy on the eve of 11th Plan is much stronger than it was on the eve of 10th Plan. 10th Plan has achieved the highest growth rate of GDP at 7.8 percent. The 11th plan enters with a saving rate at 34.8 percent of GDP and the investment rate at 35.9 percent of GDP. The priority areas for this plan are agriculture, irrigation and water resources, education, health, infrastructure, employment, upliftment of SCs/STs, other backward classes, minorities, women and children.

The Central vision of the 11th plan is to build on our strengths to trigger a development process which ensures broad-based improvement in the quality of life of the people, especially the poor, SCs/STs, OBCs, minorities and women. The National Development Council has endorsed a target of 9% GDP growth for 11th Plan. Government has visualized not only the faster but inclusive growth also. Inclusive growth means a growth process which yields broad-based benefits and ensures equality of opportunity for all.



❑ Objectives/Targets of plan:

- Infrastructure
 - Roads
 - Ports
 - Airports
 - Railways
 - Power
 - Irrigation
 - Telecom/IT
- Education
- Youth Affairs
- Sports and Physical Education
- Health
- Women and Children
- Income and Poverty
- Environment



□ Sectoral Growth Targets of 11th Plan



□ Financing of Eleventh Five Year Plan:

Financing Pattern of Public Sector Outlay during 11th Plan

(Rs. ` Crore at 2006-07 prices)

Area	Growth Rate per Annum (in %)	Resources	Central Government	States and UTs	Total
Gross Domestic Product (GDP)	9.0	1. Balance from Current Revenue	6,39,989	3,85,050	10,39,039
Agriculture	4.1	2. Borrowings	7,67,722	6,49,423	14,17,145
Industry	10.5	3. Net Inflow from abroad	-	-	-
Services	9.9	4. Resources of PSEs	10,59,711	1,28,824	11,88,535
Exports	16.4	5. Aggregate Resources (1 to 4)	24,81,422	11,63,296	36,44,718
Imports	12.5	6. Assistance to States and UTs	-3,24,851	3,24,851	-
		TOTAL RESOURCES	21,56,571	14,88,147	36,44,718

(Source: Planning Commission)

(Source: Economic Survey, 2007-08, p.a-50)

□ Resource Allocation in 11th Five Year Plan:

Eleventh Plan Outlay and Its Allocation (at 2006-07 Prices)

Items	Proposed Outlay (Rs. Crore)	Percentage of Total outlay
1. Agriculture and Allied Activities	1,36,381	3.7
2. Rural Development	3,01,069	8.3
3. Special Area Programme for Backward Regions	26,329	0.7
4. Irrigation and Flood Control	2,10,326	5.8
5. Energy	8,54,123	23.4
6. Industry and Minerals	1,53,600	4.2
7. Transport	5,72,443	15.7
8. Communication	95,380	2.6
9. Science, Technology and Environment	87,933	2.4
10. General Economic Services	62,523	1.7
11. Social Services	11,02,237	30.3
12. General Services	42,284	1.2
TOTAL	36,44,718	100

(Source: Economic Survey, 2007-08, p.a-47)



❑ Strategy of 11th Plan:

The main elements of strategy of 11th Plan are:

1. Rapid Growth
2. Inclusive Growth
3. Main Priority Areas
4. Main Focus on Private Sector



❑ Main Areas of 11th Plan:

Main areas of 11th plan are as follows:

1. Agriculture
2. Infrastructure
 - ✓ Highways
 - ✓ Airports
 - ✓ Railways
 - ✓ Power Generation
3. Rural Infrastructure: Specific Targets of Bharat Nirman Programme for the Period (2005-2009)
 - ✓ Irrigation
 - ✓ Rural Roads
 - ✓ Rural Housing
 - ✓ Rural Water
 - ✓ Rural Electrification
 - ✓ Rural Telephone
4. Industry
5. Employment
6. Education
7. Health
8. Social Sector



■ Assessment of Economic Planning in India:



○ Achievements:

1. Increase in National Income
2. Increase in Per Capita Income
3. Increase in the Rate of Capital Formation
4. Development of Agriculture
5. Industrial Development
6. Infrastructure Development
7. Generation of Employment
8. Development of Social Services
 - ✓ Life Expectancy
 - ✓ Death Rate
 - ✓ Education
 - ✓ Health
9. Self-Reliance
10. Structural and Institutional Changes

○ Failures:

The major failures of economic planning are as follows:

1. No Substantial Increase in the Standard of Living
2. Increase in Unemployment
3. Inequality in Distribution of Income and Wealth
4. More Ambitious
5. Paradox of Saving and Investment
6. Predominance of Welfare Considerations
7. Less Growth in Productive Sector





RAVI

Thank You!

