

Introduction

- The economy of India is based in part on planning through its five-year plans.
- These plans are developed, executed and monitored by the Planning Commission of India.
- The eleventh plan completed its term in March 2012

First Five-Year Plan (1951-1956)

- The first Indian Prime Minister, Jawaharlal Nehru presented the first five-year plan to the partition of India
- The total planned budget of 2069 crore was allocated to seven broad areas:
- irrigation and energy (27.2 percent),
- agriculture and community development (17.4 percent),
- transport and communications (24 percent),
- industry (8.4 percent),
- social services (16.64 percent),
- land rehabilitation (4.1 percent), and for other sectors and services (2.5 percent).

Objectives of the 1st five year plan (1951 to 1956)

- The primary aim of the 1st five year plan was to improve living standards of the people of India. This could be done by making judicious use of India's natural resources.
- The target set for the growth in the gross domestic product was 2.1% every year.
- In reality, the actual achieved with regard to gross domestic product was 3.6 % per annum.
- This is a clear indication of the success of the 1st five year plan.

Achievements of 1st plan

- Some important events that took place during the tenure of the 1st five year plan: The following Irrigation projects were started during that period: • Mettur Dam • Hirakud Dam • Bhakra Dam.
- The government had taken steps to rehabilitate the landless workers, whose main occupation was agriculture.
- Soil conservation, was also given considerable importance.
- The Indian government also made considerable effort in improving posts and telegraphs, railway services, road tracks, civil aviation.
- Sufficient fund was also allocated for the industrial sector.
- Measures were taken for the growth of the small scale industries.

Second Five-Year Plan (1956–1961)

- The second five-year plan focused on industry, especially heavy industry.
- Domestic production of industrial products was encouraged in the Second plan, particularly in the development of the public sector.
- The plan followed the Mahalanobis model, an economic development model developed by the Indian statistician Prasanta Chandra Mahalanobis in 1953.
- The plan attempted to determine the optimal allocation of investment between productive sectors in order to maximise long-run economic growth.
- The plan assumed a closed economy in which the main trading activity would be centered on importing capital goods.

Achievements of the 2nd plan

- Hydroelectric power projects and five steel mills at Bhilai, Durgapur, and Rourkela were established.
- Coal production was increased.
- More railway lines were added in the north east.
- The Atomic Energy Commission was formed in 1958 with Homi J. Bhabha as the first chairman.
- The Tata Institute of Fundamental Research was established as a research institute.
- In 1957 a talent search and scholarship program was begun to find talented young students to train for work in nuclear power.

Achievements of the 2nd plan

- The total amount allocated under the second five-year plan was Rs. 4,800 crore. This amount was allocated among various sectors:
- Power and irrigation
- Social services
- Communications and transport
- Miscellaneous
- Target Growth:4.5% Growth achieved:4.0%

Third Five-Year Plan (1961–1966)

- The third plan stressed on agriculture and improvement in the production of wheat, but the brief China-Indian War of 1962 exposed weaknesses in the economy and shifted the focus towards the Defense industry or Indian army.
- In 1965–1966, India fought a [Indo-Pak] War with Pakistan. Due to this there was a severe drought in 1965. The war led to inflation and the priority was shifted to price stabilisation

Achievements of the 3rd plan

- The construction of dams continued.
- Many cement and fertilizer plants were also built.
- Punjab began producing an abundance of wheat.
- Many primary schools have been started in rural areas.
- In an effort to bring democracy to the grassroot level, Panchayat elections have been started and the states have been given more development responsibilities.

Achievements of the 3rd plan

- State electricity boards and state secondary education boards were formed. States were made responsible for secondary and higher education.
- State road transportation corporations were formed and local road building became a state responsibility.
- Target Growth: 5.6% Actual Growth: 2.4%

Annual Plans (1966-67 to 1968-69)

- 4th plan could not implemented due to many reasons:
- Chinese and Pakistani attacks in 1962 & 1965
- Draught in 1965-66
- Import of food grains was done on large scale
- So annual plans were implemented and Rs. 6,626 crore were spent on these plans
- Growth rate was very low during these plans

Fourth Five-Year Plan (1969–1974)

- At this time Indira Gandhi was the Prime Minister.
- The Indira Gandhi government nationalised 14 major Indian banks
- the Green Revolution in India advanced agriculture.
- In addition, the situation in East Pakistan (now Bangladesh) was becoming dire as the Indo-Pakistani War of 1971 and Bangladesh Liberation War took Funds earmarked for the industrial development had to be diverted for the war effort

- India also performed the Smiling Buddha underground nuclear test in 1974, partially in response to the United States deployment of the Seventh Fleet in the Bay of Bengal. The fleet had been deployed to warn India against attacking West Pakistan and extending the war.
- Target Growth: 5.7% Actual Growth: 3.3%

Fifth Five-Year Plan (1974–1979)

- Stress was by laid on employment, poverty alleviation, and justice.
- The plan also focused on self-reliance in agricultural production and defence.
- The Indian national highway system was introduced and many roads were widened to accommodate the increasing traffic. Tourism also expanded.

- In 1978 the newly elected Morarji Desai government rejected the plan. Electricity Supply Act was enacted in 1975, which enabled the Central Government to enter into power generation and transmission.
- Target Growth: 4.4% Actual Growth: 5.0

Sixth Five-Year Plan (1980–1985)

- The sixth plan also marked the beginning of economic liberalisation.
- Price controls were eliminated and ration shops were closed.
- This led to an increase in food prices and an increase in the cost of living. This was the end of Nehruvian socialism and Rajeev Gandhi was prime minister during this period.
- Family planning was also expanded in order to prevent overpopulation.

- In contrast to China's strict and binding one-child policy, Indian policy did not rely on the threat of force.
- More prosperous areas of India adopted family planning more rapidly than less prosperous areas, which continued to have a high birth rate.
- The sixth five year plan was a great success...
- **Target Growth: 5.2% Actual Growth: 5.4%**

Seventh Five-Year Plan (1985–1990)

- The Seventh Plan marked the comeback of the Congress Party to power. The plan laid stress on improving the productivity level of industries by upgrading of technology.
- **The main objectives of the 7th five-year plans were**
 - to establish growth in areas of increasing economic productivity, production of food grains, and generating employment.

Objectives of 7th Plan

- As an outcome of the sixth five-year plan, there had been steady (continue) growth in agriculture, control on rate of Inflation, and favourable balance of payments which had provided a strong base for the seventh five Year plan to build on the need for further economic growth.
- The 7th Plan had strived (efferts) towards socialism and energy production at large.

The thrust areas of the 7th Five year plan have been enlisted below:

- Social Justice
- Removal of oppression of the weak
- Using modern technology
- Agricultural development
- Anti-poverty programs
- Full supply of food, clothing, and shelter
- Increasing productivity of small- and large-scale farmers
- Making India an Independent Economy

Achievements

- Under the Seventh Five Year Plan, India strove to bring about a self-sustained economy in the country with valuable contributions from voluntary agencies and the general populace.
- Target Growth: 5.0% Actual Growth: 5.7%

Eighth Five-Year Plan (1992–1997)

- 1989–91 was a period of economic instability in India and hence no five-year plan was implemented. Between 1990 and 1992, there were only Annual Plans. In 1991, India faced a crisis in Foreign Exchange reserves, left with reserves of only about US\$1 billion.
- Under pressure, the country took the risk of reforming the socialist economy. P.V. Narasimha Rao was the twelfth Prime Minister of the Republic of India and head of Congress Party, and led one of the most important administrations in India's modern history overseeing a major economic transformation and several incidents affecting national security.

Objectives of 8th plan

- At that time Dr. Manmohan Singh (currently, Prime Minister of India) launched India's free market reforms that brought the nearly bankrupt nation back from the edge. It was the beginning of privatisation and liberalisation in India.
- Modernization of industries was a major highlight of the Eighth Plan.
- Under this plan, the gradual opening of the Indian economy was undertaken to correct the deficit and foreign debt.
- India became a member of the World Trade Organization on 1 January 1995.
- This plan can be termed as Rao and Manmohan model of Economic development.

Major objectives of 8th plan

- controlling population growth
- poverty reduction
- employment generation
- strengthening the infrastructure
- Institutional building
- tourism management
- Human Resource development

Major objectives of 8th plan

- Involvement of Panchayat raj, Nagar Palikas, N.G.O'S and Decentralization and people's participation.
- Energy was given priority with 26.6% of the outlay.
- An average annual growth rate of 6.78% against the target 5.6% was achieved.

Major objectives of 8th plan

- To achieve the target of an average of 5.6% per annum, investment of 23.2% of the gross domestic product was required.
- The incremental capital ratio is 4.1.
- The saving for investment was to come from domestic sources and foreign sources, with the rate of domestic saving at 21.6% of gross domestic production and of foreign saving at 1.6% of gross domestic production

Ninth Five-Year Plan (1997–2002)

- **with the main aim of attaining objectives**
 - **speedy industrialization,**
 - **human development,**
 - **full-scale employment,**
 - **poverty reduction, and self-reliance on domestic resources.**

Main objectives of Ninth Five Year Plan

- to prioritize agricultural sector and emphasize on the rural development
- to generate adequate employment opportunities and promote poverty reduction
- to stabilize the prices in order to accelerate the growth rate of the economy
- to provide for the basic infrastructural facilities like education for all, safe drinking water, primary health care, transport, energy

Main objectives of Ninth Five Year Plan

- **to ensure food and nutritional security.**
- **to check the growing population increase**
- **to encourage social issues like women empowerment, conservation of certain benefits for the Special Groups of the society**
- **to create a liberal market for increase in private investments**

Achievements of 9th plan

- During the Ninth Plan period, the growth rate was 5.35 per cent.
- Achieved lower than the target GDP growth of 6.5 per cent.

Tenth Five-Year Plan (2002–2007)

- Attain 8% GDP growth per year.
- Reduction of poverty ratio by 5 percentage points by 2007.
- Providing gainful and high-quality employment at least to the addition to the labour force.
- Reduction in gender gaps in literacy and wage rates by at least 50% by 2007.
- 20 point program was introduced.
- Target growth:8.1% Growth achieved:7.7%

Eleventh Five-Year Plan (2007–2012)

The eleventh plan has the following objectives:

- **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 agricultural 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 percentage points.

11th Plans objectives.....

• 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 or 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.

11th Plans objectives.....

- Health
 - Reduce infant mortality rate to 28 and maternal mortality ratio to 1 per 1000 live births
 - Reduce Total Fertility Rate to 2.1
 - 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 Women and Children
 - Raise the sex ratio 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 enjoy a safe childhood, without any compulsion to work

11th Plans objectives.....

• 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 house construction for rural poor to cover all the poor by 2016–17

- **Environment**

- Increase forest and tree cover by 5 percentage points.

- Attain WHO standards of air quality 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:7.9%**

Twelfth Five-Year Plan (2012–2017)

- 12th Five Year Plan of the Government of India (2012-17) is under drafting which aims at the growth rate at 9.56%.
- With the deteriorating global situation, the Deputy Chairman of the Planning Commission Mr Montek Singh Ahluwalia has said that achieving an average growth rate of 9 per cent in the next five years is not possible.
- The final growth target has been set at 8% by the endorsement of plan at the National Development Council meeting held in New Delhi.

Targets

- **Poverty** The government intends to reduce poverty by 10 per cent during the 12th Five-Year Plan.
- Mr Ahluwalia said, “We aim to reduce poverty estimates by 2 per cent annually on a sustainable basis during the Plan period.”