

Economic planning in india – assignment

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Subject: Project study on “ Economic Planning in India – Retrospect & Prospects” This is regarding the project done by our group for Economic Environment of Business. In this project study, we have tried to go through and take reference from various books, articles, and websites. The project study has been done to critically analyze the various facets of Economic planning in India and also for the purpose of evaluation of our group for internal assessment, by the authorization of our faculty members Prof. Megha Chandok. We are indebted to her for helping us with our report preparation and in future also we will be privileged to take assistance from her. Acknowledgement We would like to acknowledge the help and support of Prof. Meghna Chandok without whose support this project would not have seen the light of the day. We are grateful to her for not only guiding us through this project but also providing us unflinching support and endless resources in making our endeavor a success. We are also extremely thankful to all the members of the group for their support to finish the project.

st Five-Year Plan (1951-1956) The 1st five year plan was presented by Jawaharlal Nehru, who was the Prime Minister during that period. It was formulated for the execution of various plans between 1951 & 1956. The Planning Commission was responsible for working out the plan. Objectives of the 1st five year plan (1951 to 1961): 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 total outlay of the 1st five year plan was worth Rs. 2, 069 crore.

This amount was assigned to different sectors which included: 1. Industrial sector 2. Energy, Irrigation 3. Transport, Communications 4. Land

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rehabilitation 5. Social services 6. Development of agriculture and community 7. Miscellaneous issues: The target set for the growth in the gross domestic product was 2. 1 percent every year. In reality, the actual achieved with regard to gross domestic product was 3. 6 percent per annum. This is a clear indication of the success of the 1st five year 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: 2. Mettur Dam 3. Hirakud Dam 4. Bhakra Dam. 5. The government had taken steps to rehabilitate the landless workers, whose main occupation was agriculture. These workers were also granted fund for experimenting and undergoing training in agricultural know how in various cooperative institutions. Soil conservation, was also given considerable importance. 6. The Indian government also made considerable effort in improving posts and telegraphs, railway services, road tracks, civil aviation. 7.

Sufficient fund was also allocated for the industrial sector. In addition measures were taken for the growth of the small scale industries. 2nd Five-Year Plan (1956-1961) With India's five year plans the country has attained a more or less stable economic setup down the years. The 1st five year plan ended in the year 1956. The 2nd five year plan was effective from 1956 to 1961. Objectives of the 2nd five year plan (1956 to 1961): Industries got more importance in the 2nd five year plan. The focus was mainly on heavy industries. The Indian government boosted manufacturing of industrial goods in the country.

This was done primarily to develop the public sector. Mahalanobis Model:
The 2nd year five year plan functioned on the basis of Mahalanobis model.
The Mahalanobis model was propounded by the famous Prasanta Chandra Mahalanobis in the year 1953. His model addresses different issues pertaining to economic development. Assumptions made by the Mahalanobis model: 1. According to this model, it is assumed that the economy is closed and has two segments. 1. Segment of consumption goods 2. Segment of capital goods. 2. Capital goods cannot be moved or are "non shiftable". 3. Production is at its peak. 4. Depending on the availability of capital goods, investments are decided upon. 5. Capital is the scarce factor. 6. Capital goods production is not influenced by consumer goods production. By following the Mahalanobis model, the then government wanted that there should be optimum assignment of the fund among the various productive segments. This was aimed with a view to achieve maximum returns on a long term basis. As many as five steel plants including the ones in Durgapur, Jamshedpur as well as Bhilai were set up as per the 2nd five year plan.

Hydroelectric power plants were formed during the tenure of the 2nd five year plan. There was considerable increase in production of coal. The North eastern part of the country, witnessed increase in the number of railway tracks. During the term of the 2nd five year plan, Atomic Energy Commission came into being. The Commission was established in the year 1957. During the same period, Tata Institute of Fundamental Research was born. The institute conducted several programs to search for talented individuals.

These individuals would eventually be absorbed into programs related to nuclear power. 3rd Five-Year Plan (1961-1966)

India's 1st and 2nd five year plans paved the way for the 3rd five year plan, the term of this plan being from the year 1961 to 1966. Five year plans were introduced by the Indian government, so that people could make the optimum use of the resources better their living standards. Effective usage of the resources would eventually ensure an enhancement in output. Main events of the 3rd five year plan (1961 to 1966): 1. 3rd five year plan laid considerable stress on the agricultural sector. However, with the short lived Sino Indian War of 1962 India diverted its attention to the safety of the country.

Again, during the period 1965 to 1966, owing to Green Revolution, once again agriculture attracted attention. 2. Due to the Sino Indian War, India witnessed increase in price of products. The resulting inflation was cost push in nature. Many dams were constructed during this period. It may be recalled, that when the 1st five year plan was tabled, construction of Hirakud dam, Mettur dam and Bhakra dam had taken place. Along with dams, India got many fertilizer plants and cement making plants. Abundant production of wheat took place in Punjab. 3.

When the 1st five year plan was introduced people were slightly apprehensive about the success of the plan. So, when it was discovered that the 1st and the 2nd five year plans were successful, people pinned their hopes on the next five year plan. 4. Role of the states increased and they were given more prominence. Many primary schools had started functioning

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in the village areas. Various bodies looking into matters related to secondary education were also formed. To promote democracy, there was commencement of the Panchayat elections. 5. There was formation of state electricity boards.

The state governments were entrusted with the responsibility of constructing roads. Objectives of the 3rd five year plan: In addition to the above measures and proposals, the Planning Commission aimed at the following: 1.

Increasing the national income by 5 percent per annum. 2. Making India self sufficient by increasing agricultural production. This step was taken to ensure that India does not have to bank on others for food products. 3.

Minimizing rate of unemployment. 4. Ensuring that people enjoy equal rights in the country. 4th Five-Year Plan (1969-1974)

The 4th five year plan of India also served as a stepping stone for the economic growth. The following section will highlight the main events that had taken place under the 4th five year plan. Main events of the 4th five year plan (1969 to 1974): 1. India had to reform and restructure its expenditure agenda, following the attack on India in the year 1962 and for the second time in the year 1965. India had hardly recuperated when it was struck by drought. India also had a stint of recession. Due to recession, famine and drought, India did not pay much heed to long term goals.

Instead, it responded to the need of the hour. It started taking measures to overcome the crisis. 2. Food grains production increased to bring about self sufficiency in production. With this attempt, gradually a gap was created between the people of the rural areas and those of the urban areas. 3. The

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need for foreign reserves was felt. This facilitated growth in exports. Import substitution drew considerable attention. All these activities widened the industrial platform. Following the 4th Five Year Plan an alteration in the socio economic structure of the society was observed. The 5th Five-Year Plan (1974-1979) India's development in every sector takes place through the five year plans which are laid out by the Planning Commission. They not only lay out the plans but also monitor the execution of those plans and make sure that all the machineries of the Center and the state work in coordination. The 5th Five Year Plan was also developed by the Planning Commission. The Commission has a Deputy Chairman and along with the Prime Minister, who acts as the Ex Officio Chairman, the plan is laid out. The 5th Five Year Plan commenced on 1974 and extended till 1979.

Objective of the Fifth Year Plan The objective of the 5th Five Year Plan was to increase the level of employment, reduce poverty and to attain self sufficiency in agriculture. **Backdrop of the 5th Five Year Plan** The world economy was in a troublesome state when the fifth five year plan was chalked out. This had a negative impact on the Indian economy. Prices in the energy and food sector skyrocketed and as a consequence inflation became inevitable. Therefore, the priority in the fifth five year plan was given to the food and energy sectors.

In the later stages the increase in the supply of food grains and the export of minerals and oil reserve earned quite a good amount of foreign exchange to the Indian Economy. **Contents of the 5th Five Year Plan** The 5th Five Year Plan was laid out during a crisis period to overcome the impediments posed

by the wavering economic condition. The 5th Five Year Plan was designed in a way to meet the needs of the time. The issues that were emphasized were:

1. Reducing the discrepancy between the economic development at the regional, national, international level. It emphasized on putting the economic growth at par with each other. .
2. Improving the agricultural condition by implementing land reform measures.
3. Improving the scope of self-employment through a well integrated program.
4. Reducing the rate of unemployment both in the urban and the rural sectors.
5. Encouraging growth of the small scale industries.
6. Enhancing the import substitution in the spheres including chemicals, paper, mineral and equipment industries.
7. Applying policies pertaining to finance and credit in the industrial sector.
8. Stressed on the importance of a labour intensive production technology in India.

6th Five-Year Plan (1980-1985) th Five Year Plan is also referred to as the Janata Government Plan and it was revolutionary since it marked a change from the Nehruvian model of Five Year Plans. The sixth five year plan has changed a lot of things in India. On one hand it had improved the tourism industry in India and on the other hand it aimed at development in the Information Technology sector. Issues within the 6th Five Year Plan The 6th Five Year Plan started from 1980 and covered a time span of another five years that is till 1985. During this time the Prime Minister was Rajiv Gandhi and hence industrial development was the emphasis of this plan.

His idea about the betterment of the industrial sector was welcomed by some and opposed by lot others specially the communist groups. Even the workers who were more inclined towards the leftist ideology were not much convinced. This slowed down the pace of progress. Transport and

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Communication System The transport and communication system also improved under this Plan. The National Highways were all built during this time. Apart from the construction of new highways, the condition of the roads were meliorated. This helped in the betterment of the traffic system in India.

During this time the Indian currency was devalued and this led to a dramatic increase in the number of foreign travelers in India thus helping India to become a tourist destination. New Introduction on the Economic Front Economic Liberalization was introduced for the first time in India during this period. Ration shops were closed because government no more produced articles at a subsidized rate. Price control measures were no more useful. As a consequence the prices of various goods increased leading to growth in the standard of living of the residents of India.

Measures against Population Explosion Family Planning was implemented for the first time in India. Family Planning helped to create awareness among the Indians regarding population. However, this measure to control population was not accepted across India. It was readily accepted by the people residing in the developed areas of the country but the mass of the less developed areas refused to accept the plan and never implemented it.

7th Five-Year Plan (1985-1989) 7th Five Year Plan which covered a time span of another five years started on 1985 and went on till 1989.

This Five Year Plan was the come back vehicle of the Indian National Congress Party into power. The primary aim of the five year plan was to upgrade the industrial sector and enable India to establish itself as one of the

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developed countries of the world. This Plan was released under the National Development Council of India. Objective of the Five Year Plan The objective of the 7th Five Year Plan was to generate more scope of employment for the people of India, to produce more in terms of food which would lead to an overall increase in productivity. Backdrop of the 7th Five Year Plan

The 7th Five Year Plan started off on a string ground since the foundation for economic development was laid by the 6th Five Year Plan. The Sixth Five Year Plan had already paved the way for economic development by increasing the production in the agricultural and industrial sector, curbing the rate of inflation and maintaining a balance in the transaction of goods, services and money. Therefore, the 7th Five Year Plan had a strong base on which it could built the superstructure of industrial development for the betterment of India's economic position.

This plan strove to achieve socialism and expand the production of energy. Contents of the 7th Five Year Plan 1. The basic issues on which this plan put stress were: a. Introduction and application of modern technology b. Justice meted out to people from various social stratas c. Improving the position of the weak in the Indian society d. Development of agriculture e. Reducing poverty in India f. Assuring the essentials of food, shelter and clothing to the people g. Striving to achieve independence as per the Indian economy is concerned h.

Help the small as well as the large farmers to increase their productivity This time Indian government was adamant to achieve self-sufficiency in the economic and production sector. They endeavored to develop on the factors

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that ensure a persistent growth in the economy. The rate of employment was anticipated to rise by 4% every year and the labor force was anticipated to grow by 39 million at the end of fifth year. Overall improvement was the aim of the 7th Five Year Plan. Therefore care was taken to establish a harmony in all the sectors that are contained in an economy.

Special care was taken to spread education among girls, enhance telecommunication within the country. The government of India also strove to maintain a balance in the economy and by striking a balance within export and import. 8th Five-Year Plan (1992-1997) 8th Five Year Plan commenced on 1992 and carried on till 1997. The basic objective of this period was the modernization of industrial sector. This plan focused on technical development. Through this plan the reduction of deficit and foreign debt was aimed at. The rectification of certain flawed plans and policies were also done under this five year plan.

During this period only India received a coveted opportunity to become a member of the World Trade Organization on January 1st 1995. Agricultural Activities 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 also made use of agricultural produce as inputs in their production process. Self-Sufficiency in Agricultural Production Self-sufficiency in agricultural production was a top priority during India's eighth Five Year Plan since most of the population depended on that.

Production of food increased to 176. 22 million from 51 million which was a huge leap in comparison to the previous years. Comparative Analysis of the <https://assignbuster.com/economic-planning-in-india-assignment-essay-samples/>

Eighth Five Year Plan | Plan | Investment as a % of | Current Account Deficit | Domestic Savings as a | Foreign Capital Inflow | GDP Growth Per Annum(Target | | GDP(Target rate) | as % of GDP(Target rate)|% of GDP(Target rate)| as a % of GDP(Target | rate) | | | | | rate) | | | 7 th | 22. 7 | 2. | 20. 3 | 1. 6 | 5. 8 | | Plan | | | | | | 8 th | 23. 2 | 1. 6 | 21. 6 | 1. 4 | 5. 6 | | Plan | | | | | From the above table it is clear that the 7th Five Year Plan targeted a GDP growth rate of 5. % while the 8th Five Year Plan projected a 5. 6% growth rate. The achievements show that the GDP shot up to a whopping 6. 3% during the 8th Five Year Plan and to 4. 3% during the 7th Five Year Plan. Hence the 8th five year plan had overshooted its target. The target set for the current account deficit during the 7th Five Year Plan was fixed at 2. 4% while it was set at 1. 6% during 8th Five Year Plan. Results show that the 8th Five Year Plan had been more successful in this regard as the deficit was reduced by 0. 7% in the 8th Five Year Plan and by only 0. 1% in the 7th Five Year Plan.

With regard to domestic savings as a percentage of GDP the 8th Five Year Plan reached 24. 4% while in the 7th Year Plan the figure was 20. 2%. As far as the contribution of the export earnings is concerned the 8th Year Plan contributed 10. 1% to the GDP while the 7th Year Plan contributed 9. 9% to the GDP. The import volume as a percentage of GDP was also more during the 8th Five Year Plan (10. 9%) compared to the 7th Five Year Plan (10. 3%). In a nutshell the 8th five year Plan was more successful in meeting its objectives as compared to the previous five year plan. 9th Five-Year Plan (1997-2002) | Like all other Five Year Plans made so far, the 9th Five Year Plan (1997-2002) is formulated, executed and supervised by the Planning

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Commission. In the Ninth Five Year Plan period from 1997 to 2002, the recorded rate of growth was merely 5.35%. However, this economic growth rate is a percentage point lesser than the GDP growth of 6.5% targeted during this period. Evolution of the 9th Five Year Plans: Some facts Passed after 50 years of Indian independence, the 9th Five Year Plan was formulated to act as a tool for solving the economic and social problems existing in the country.

The Plan in fact, was born out of the government's realization that the latent economic reserves of the country which were still not explored, should be utilized for the overall development and benefit of the Indian economy in the coming five years. However, this could only be done when the Indian government offers strong support and priority to the social spheres of the country, focusing especially on the complete elimination of poverty. Taking into consideration the past weaknesses, the 9th Five Year Plan endeavored to formulate fresh actions to initiate improvement in the overall economic and social sectors of the nation.

To this effort, there was mutual contribution from the general population of India as well as the governmental agencies. This joint private and public attempt ultimately assured development of the Indian economy. Primary objectives of the 9th Five Year Plan: Each and every Five Year Plan of the Indian government is formulated, keeping in mind the fulfillment of certain objectives. The 9th Five Year Plan is no exception. The main objective of this Plan is to achieve the following goals: 1. Industrialization at a rapid pace 2. Reduction in poverty level 3. Gaining self-sufficiency on local resources 4.

Complete employment for all countrymen 5. Price stabilization should be initiated to hasten up the rate of growth of the Indian economy 6. Control the ever-increasing rate of population 7. Creating an independent market, for enhancing private financial investments 8. Promotion of social events like conservation of specific benefits for special social groups, female empowerment, etc. 9. Achieving self sufficiency in food production 10. Generation of equal opportunities for employment and taking steps to reduce poverty 10th Five-Year Plan(2002-2007) The 10th Five Year Plan (2002-2007) targets at a GDP growth rate of 8% per annum.

Taking note of the inabilities of the earlier Five Years Plans, especially that of the 9th Five Year Plan, the Tenth Five Year Plan decides to take up a resolution for immediate implementation of all the policies formulated in the past. This amounts to making appeals to the higher government authorities, for successful completion of their campaigns associated with the rapid implementation of all past policies. The primary aim of the 10th Five Year Plan is to renovate the nation extensively, making it competent enough with some of the fastest growing economies across the globe.

It also intends to initiate an economic growth of 10% on an annual basis. In fact, this decision was taken only after the nation recorded a consistent 7% GDP growth, throughout the past decade. The 7% growth in the Indian GDP is considered to be considerably higher than the average growth rate of GDP in the world. This enabled the Planning Commission of India to extend the GDP limit further and set goals, which will drive India to become one of the

best industrial countries in the world, to be clubbed and recognized with the world's best industrialized nations.

Like all other Five Year Plans, the 10th Five Year Plan is also devised, executed and supervised by the Planning Commission of India. Chief

Objectives of the 10th Five Year Plan: 1. The Tenth Five Year Plan proposes schooling to be compulsory for children, by the year 2003. 2. The mortality rate of children must be reduced to 45 per 1000 livings births and 28 per 1000 livings births by 2007 and 2012 respectively 3. All main rivers should be cleaned up between 2007 and 2012 4. Reducing the poverty ratio by at least five percentage points, by 2007 5.

Making provision for useful and lucrative employments to the population, which are of the best qualities 6. According to the Plan, it is mandatory that all infants complete at least five years in schools by 2007. 7. By 2007, there should be a decrease in gender discriminations in the spheres of wage rate and literacy, by a minimum of 50% 8. Taking up of extensive afforestation measures, by planting more trees and enhance the forest and tree areas to 25% by 2007 and 33% by 2012 9. Ensuring persistent availability of pure drinking water in the rural areas of India, even in the remote parts 10.

The alarming rate at which the Indian population is growing must be checked and fixed to 16. 2%, between a time frame of 2001 and 2011 11. The rate of literacy must be increased by at least 75%, within the tenure of the Tenth Five Year Plan 12. There should be a decrease in the Maternal Mortality Ratio (MMR) to 2 per 1000 live births by 2007. The Plan also intended to bring

down the Maternal Mortality Ratio to 1 per 1000 live birth by the year 2012.

The 10th Five year Plan of India in a nutshell: 1.

Increasing the mobility of all the available financial resources of India, and optimizing them as well 2. Setting up of a state-of-the-art infrastructure for all the existing industries in India. 3. Encourage the initiative of capacity building within the Indian industrial sector 4. Creating a friendly, amiable and pleasant investment environment in India 5. Encouraging sufficient transparency in the corporate sectors of India 6. Introduction of reforms in the industrial sectors, which are more investor-friendly in nature 11th Five-Year Plan (2007-2012)

The eleventh plan has the following objectives: 1. Income & Poverty o 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 o Increase agricultural GDP growth rate to 4% per year to ensure a broader spread of benefits o Create 70 million new work opportunities. o Reduce educated unemployment to below 5%. o Raise real wage rate of unskilled workers by 20 percent. o Reduce the headcount ratio of consumption poverty by 10 percentage points. 2. Education o Reduce dropout rates of children from elementary school from 52. % in 2003-04 to 20% by 2011-12 o Develop minimum standards of educational attainment in elementary school, and by regular testing monitor effectiveness of education to ensure quality o Increase literacy rate for persons of age 7 years or more to 85% o Lower gender gap in literacy to 10 percentage points o Increase the percentage of each cohort going to higher education from the present 10% to 15% by the

end of the plan 3. Health

- o Reduce infant mortality rate to 28 and maternal mortality ratio to 1 per 1000 live births
- o Reduce total fertility rate to 2.
- o Provide clean drinking water for all by 2009 and ensure that there are no slip-backs
- o Reduce malnutrition among children of age group 0-3 to half its present level
- o Reduce anemia among women and girls by 50% by the end of the plan

4. Women and Children

- o Raise the sex ratio for age group 0-6 to 935 by 2011-12 and to 950 by 2016-17
- o Ensure that at least 33 percent of the direct and indirect beneficiaries of all government schemes are women and girl children
- o Ensure that all children enjoy a safe childhood, without any compulsion to work

5.

Infrastructure

- o Ensure electricity connection to all villages and BPL households by 2009 and round-the-clock power.
- o 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
- o Connect every village by telephone by November 2007 and provide broadband connectivity to all villages by 2012
- o 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

6. Environment

- o Increase forest and tree cover by 5 percentage points.
- o Attain WHO standards of air quality in all major cities by 2011-12.
- o Treat all urban waste water by 2011-12 to clean river waters.
- o Increase energy efficiency by 20 percentage points by 2016-17.

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