

# **Course– Indian Economy Econ(H)221**

## **Lecture 9: Planning Process in India**



# Topics to be Discussed

- Objectives of Planning in India
- Process of Planning

# Planning in India . . . Major objectives

- Major objectives of planning in India:
  - **Economic Growth:** sustained increase in the levels of production in the economy.
  - **Poverty alleviation:** reducing poverty is one of the important objective and many programmes from time to time have been launched (e.g National Rural Employment Guarantee Programme (NREGP))
  - **Employment generation**
  - **Economic equality:** checking all kinds of economic and social inequalities

# Planning in India . . . Major objectives

Major objectives of planning in India:

- **Self reliance:** an effort aimed at growth activity free from political pressures of dominant capitalist countries of the world
- **Modernization:** a foremost objective (for being a recognized force in the world) – modernization of agriculture, industry, educational system – science & technology

# Five Year Plans

After Independence, emphasis was on overall socio-economic development and in order to focus on fulfilling this goal the Planning Commission was established to plan and execute the development efforts in a phased manner.

The each phase was termed as the Five Year Plan.

➤ The Goals of the Five Year Plans were:

- Growth of the economy
- Modernization of the economy
- Self Reliance, and
- Equity

# Indian Planning

- Sh. Prasanta Chandra Mahalanobis
- The architect of Indian planning



# First Five Year Plan (1951-56)

- In July 1951, the planning commission issued the draft outline of the First Five year Plan for the period April 1951 to March 1956.
- Agriculture was the priority for sustaining of growth and development in the First Plan because of the raw materials and food produced by this sector.
- **Objectives of the First Plan:**
  - to increase food production.
  - to fully utilize available raw materials.
  - to check inflationary pressure.
- Outlay: the total proposed outlay was ₹ 3,870 crore.



# Second Five Year Plan

- **Also called Mahalanobis plan after its chief-architect.**
  - The main thrust of the Plan was to boost industrialization to strengthen the industrial base of the economy.
  - The Second Plan emphasized the expansion of Public Sector
  
- **Objectives of the Second Plan:**
  - increase in national income so as to raise the levels of living.
  - rapid industrialization of the country with particular emphasis on the development of basic and key industries.
  
- **Outlay:** the second plan proposed a total outlay of ₹4,800 crores though actual outlay was only ₹ 4,672 crore.
  
- **The Plan** shifted basic emphasis from agriculture to industry far too soon. And during this period price level increased by 30%.



# Third Five Year Plan (1961-66)

- In the Third Plan, the emphasis was on long-term development.
- The Plan emphasized that Indian economy "must not only expand rapidly but, also become self-reliant and self-generating."
- **Objectives:**
  - An investment pattern to increase and maintain growth rate of more than 5 per cent annually.
  - to achieve self sufficiency by increasing food grain production.
  - Greater equality of opportunities, more even distribution of economic power and reducing wealth and income disparities.
  - Also, it was realized from the experience of first two plans that agriculture should be given the top priority to suffice the requirement of export and industry.

# Fourth and Fifth Plan (1969-74; 1974-79)

## ➤ Objectives: (4<sup>th</sup> Plan)

- to achieve stability and progress towards self-reliance.
- to achieve an overall rate of growth of 5.7 per cent annually.
- to raise exports at the rate of 7 per cent annually.

## ➤ Objectives: (5<sup>th</sup> Plan)

- 5.5 per cent overall rate of growth in gross domestic objectives.
- Expansion of productive employment and fuller utilization of existing skills and equipment.
- a national programme for minimum needs and extended programmes of social welfare.

# Sixth & Seventh Plan (1980-85)

## ➤ Objectives (6<sup>th</sup> Plan (1980-85))

- To eliminate unemployment and underemployment.
- To raise the standard of living of the poorest of masses.
- To reduce disparities in income and wealth.

## ➤ 7<sup>th</sup> Plan (1985-90) Objectives:

- Decentralization of planning and full public participation in development.
- the maximum possible generation of productive employment.
- removal of poverty and reduction in income disparities.

# **Eighth Five Year Plan (1992-97)**

## ➤ **Objectives:**

- Generation of adequate employment to achieve near full employment level by the turn of the century.
- Containment of population growth through people's active co-operation and an effective scheme of incentives and disincentives.
- Universalisation of elementary education and complete eradication of illiteracy among the people in the age group of 15 to 35 years.

# Ninth Five Year Plan (1997-2002)

## ➤ Objectives:

- Priority to agriculture and rural development
- Accelerating growth rate of economy
- Food and nutritional security for all
- Containing growth rate of population
- Empowerment of women and socially disadvantaged groups such as SC/ST, Backward classes and minorities.
- Promoting and developing participatory institutions like "Panchayati raj" institutions, co-operatives and self-help groups.

# Tenth Five Year Plan (2002-07)

- Since economic growth is not the only objective, the plan aims at harnessing the benefits of growth to improve the quality of life of the people by setting the following key targets:
  - All children to be in school by 2003 and all children to complete five years of schooling by 2007
  - Reduction in poverty ratio from 26% to 21%
  - Growth in gainful employment to, at least, keep pace with addition to the labour force
  - Decadal population growth to reduce from 21.3% in 1991-2001 to 16.2% by 2001-11

## Tenth Five Year Plan (2002-07)

- Reducing gender gaps in literacy and wage rates by 50%
- Literacy rate to increase from 65% in 1999-2000 to 75% in 2007
- Infant mortality rate (IMR) to be reduced from 72 in 1999-2000, to 45 in 2007
- Maternal mortality rate (MMM) to be reduced from 4 per 1000 in 1999-2000 to 2 per 1000 in 2007
- Providing portable drinking water in all villages
- Cleaning of major polluted river stretches
- Increase in forest/tree cover from 19% in 1999-2000 to 25% in 2007



# Eleventh Plan (2007-2012)

## ➤ **Monitorable Targets fixed for the Plan were:**

- GDP growth rate to be increased to 10% by the end of the plan;
- Farm sector growth to be increased to 4%;
- Creation of seven crore job opportunities;
- Reduce educated unemployed youth to below 5 percent
- Infant mortality rates to be reduced to 28 per 1000 births;
- Maternal death rates to be reduced to 1 per 1000 births;
- Clean drinking water to all by 2009;
- Improve sex ratio to 935 by 2011-12 and to 950 by 2016-17;

# Eleventh Plan (2007-2012)

## ➤ **Monitorable Targets fixed for the Plan were:**

- Ensure electricity connection to all villages and broadband over power lines (BPL) households by 2009
- Roads to all villages that have a population of 1000 and above by 2009;
- Increase forest and tree cover by 5%;
- Achieve the world health organization standard air quality in major cities by 2011-12;
- Treat all urban wastewater by 2011-12 to clean river waters;
- Increase energy efficiency by 20 % by 2016-17

# Twelfth Plan (2012-17)

➤ **Monitorable Targets fixed for the Plan were:**

- GDP growth rate of 8%
- Poverty reduction by 10% (9% annually)
- Increase standard of living
- Expand infrastructure

# Achievements of Planning In India

- Increase in national and per capita income
- Progress in agriculture
  - Progress in the use of agricultural inputs
  - Increased agricultural production
- Progress in industry
- Development of economic infrastructure
- Diversification of exports and import substitution
- Development of science and technology
- Development of educational system

**Thank you**

**Dr. (Ms) Kesari Singh**  
School of Business Management and Liberal Arts  
Shoolini University  
Village Bajhol, Solan (H.P)  
+91 9816603968  
[kesari@shooliniuniversity.com](mailto:kesari@shooliniuniversity.com)