FIVE YEAR PLANS
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OVERVIEW

• Strategy of a planned approach to economic development.
• Planning commission is responsible for the formulation of five year plans
• Objective: growth, employment, self-reliance and social justice
• Continual watch on trends and adjustments
• Systematic observation of technical, economic and social data
Planning Commission

Functions:

• To estimate the capital and human resources
• To prepare plans for making effective & balanced utilization of HR
• To determine various stages of planning & to propose the allocation of resources on the priority basis
• To evaluate the economic progress and to suggest remedial measures
Assessment
First Five Year Plan (1951-56)

- Herald Domar Model
- Proposed Plan Outlay: Rs.2069 Crores.
- GDP Target 2.1%, Achieved 3.6%
- Situation: Influx of refugees, food shortage, disequilibrium in the economy and mounting inflation

Objectives
- To reconstruct the damaged economy after World War and partition
- To check the inflationary trends
- To solve food crisis and to improve the availability of raw materials, especially Jute and Cotton
- To rehabilitate refugees
First Five Year Plan Cont...

- To increase the production capacity and to lessen the economic disparities

**Achievements:**
- Achieved growth was more than the target
- Total allocation – Rs.2069 Crores
- Actual expenditure – Rs.1960 Crores
- NDP increased by 15% and per capita income by 8%
- Agricultural production
- Power & Transport
- Price stability
- Community Development Programme: 1952
Second Five Year Plan

- Mahalanobis Model
- Period: 1956-61
- Proposed plan outlay: Rs. 7900 Crores
- Target Growth Rate: 4.5% Achieved: 4.27%
- Situation: Low industrial output

**Objectives:**
- Rapid industrialisation and development of heavy and basic industries
- Plan could not be implemented fully because of acute shortage of foreign exchange.
Second Five Year Plan Cont…

Achievements:
• Imported capital goods
• Generation of hydro electric power
• Five steel plants were established
• Increased coal production
• Tata Institute of Fundamental Research etc.
Third Five Year Plan

- Period: 1961-66
- Proposed Plan Outlay: Rs.11600 Crores
- Actual Expenditure: 8577 Crores
- Situation: Rate of growth of agriculture was the main limiting factor in India’s economic development
- Objective: Top priority to agriculture with equal emphasis on development of basic industries
- Objective changed to defence development because of indo-china (1962) and indo-pak wars (1965).
Third Five Year Plan Cont…

- Severe draught (1965)
- War led to inflation
- Many cement & fertilizers plants were built
- Punjab: Increased wheat production
- Many Schools were started in rural areas
- Panchayat elections were started
- Target Growth rate: 5.6% Achieved 2.4%
Plan Holiday

- Original draft outline of the plan was abandoned because of pressure on economy by two years of drought, War, devaluation of the rupee and the inflationary pressure
- Three annual plans also called “Plan Holiday” were implemented for the years 1966-69
Fourth Five Year Plan

- Period: 1969-74
- Proposed Plan Outlay: Rs.24880 Cr
- Actual Expenditure: 15779 Cr.
- Situation: large scale poverty and unemployment
- Objective: Growth with stability and progressive achievement of self-reliance
- Aimed at 5.6% growth and actual achievement is 3.3%
Fourth Five Year Plan Cont…

• Provision of National Minimum Guarantee for weaker sections of the community- “Garibi Hatao”
• Nationalisation of 14 Banks (1969)
• Green Revolution
• Indo-Pak War 1971 (For Bangladesh Separation)
• Underground Nuclear Test-1974 (Smiling Budha)
• Target Growth rate: 5.6% actual achieved 3.3%
Fifth Five Year Plan

- Period: 1974-79
- Proposed Plan Outlay: Rs.53410 Cr.
- Actual Expenditure: 39426 Cr.
- Situation: high inflation, hike in oil prices and failure of Government take-over of the wholesale trade in wheat
- Objective: Employment generation, Poverty reduction and Justice, self-reliance in agro products and defence
Fifth Five Year Plan Cont…

• Built national highway, Electricity generation, Tourism etc
• Target Growth rate: 4.4%, Actual achieved 5%
• This plan is terminated by Janata party in 1978 (Morarji Desai)
• Introduced Rolling Plan (1978-80) This was again terminated by Indira Gandhi
Sixth Five year Plan (Morarji Desai)

- Two sixth plans. One by the Janata Party during the period 1978-83.
- Focus on enlargement of employment potential in agriculture and allied activities and encouragement to small industry.
- The plan was rejected when Congress party came into power. The objective changed to removal of poverty by expanding economy.
Sixth Five Year Plan (Indira Gandhi)

- Period: 1980-85
- Proposed Plan Outlay: Rs.158710 Crores
- Actual Expenditure: 109292 Cr.
- High levels of poverty and inflation
- Impact: Indian economy made good progress and most of the targets fixed were realised.
- Nationalisation of 6 Banks
- Aimed at a growth rate of 5.2 and achieved a growth rate of 5.7
- Modernisation of technology
- Decrease in poverty and unemployment
- Control on Population
Seventh Five Year Plan

• Period: 1985-90
• Proposed Plan Outlay: Rs.348150 Cr.
• Actual Expenditure: 218730 Cr.
• Situation: Reasonable growth rate of economy
• Objectives: Accelerate food grains production, increase employment opportunities and raised productivity
• Target Growth Rate: 5%
• Achieved a growth rate of 6.1%
Eighth Five Year Plan

• Political Uncertainty: (1990-92)
• Period: 1992-97
• Proposed Plan Outlay: Rs.871000 Cr.
• Actual Expenditure: 434100 Cr.
• Situation: balance of payment crisis, rising debt, budget deficits, mounting inflation and recession in industry
• Objective: Economic reforms, accelerate growth and improve quality of life in common man
• Growth in exports and Imports (Improvement in BOP)
• Achieved an impressive growth rate of 6.8%
Ninth Five Year Plan

- Period: 1997-2002
- Proposed Plan Outlay: Rs.859200 Cr.
- Actual Expenditure: 941041 Cr.
- Objective: Quality of life, productive employment, regional balance & Self reliance
- Target Growth rate: 6.5%
- Achieved growth rate: 5.35%
Tenth Five Year Plan

- Period: 2002-2007
- Proposed Plan Outlay: Rs.1525639 Cr.
- Actual Expenditure: 1618460 Cr.
- Target Growth Rate: 8%
- Achieved growth rate: 7.2%

Objective:
- Reduction in poverty
- High quality employment
- Universal access to primary education
Tenth Five Year Plan Cont…

- Reduction in gender gaps in education
- Reduction in population, Reduction in infant mortality rate - 45 by 2007 and 28 by 2012
- Increase in forests and Drinking Water
- Cleaning of polluted rivers
Eleventh Five Year Plan (2007-12)

“Towards Faster and More inclusive Growth”

Economic Scenario on the eve of 11th plan

- The percentage of population below the poverty line came down from 36% in 1993-94 to 28% in 2004-05.
- The absolute number of poor people has declined marginally from 320 million in 1993-94 to 302 million in 2004-05.
- According to the national family health survey, 46% of children in the 0-3 age group suffered from malnutrition in 2005-06 and it was reported 47% in 1998.
- Literacy was 64.8% in 2001, the number of illiterates still exceeds 304 million, making India the country with the largest number of illiterates.
Eleventh Five Year Plan Cont…

- Life expectancy during 2001-06 was 63.9 years for male and 66.9 years for females (72 years in China)
- Adverse male female ratio 1000-933
- Infant mortality rates are higher than those of countries in East Asia.
- Agricultural growth rate target for 10th plan was 4%, but achieved 2.1%
- Unemployment rate increased from 7.3% in 1999-2000 to 8.3% in 2004-05, despite the GDP of 7.6% during the 10th plan
- Permanent employment in organized sector has declined
Eleventh Five Year Plan Cont…

**Objectives of the plan**

- Rapid growth that reduces poverty and creates employment opportunities
- Access to essential services in health and education especially for poor
- Employment through education and skill development
- Extension of employment opportunities using **National Rural Employment Guarantee Programme (NREGP)**
- Environmental sustainability
- Reduction of gender inequality
Eleventh Five Year Plan Cont…

**Targets**

**Income & Poverty**
- GDP-9%, Agriculture-4%, 58 Million Employment opportunities, Reduction of unemployment among the educated to less than 5%, 20% increase in wages of unskilled workers, Reduction in poverty by 10%

**Education**
- Reduction in drop out 52.2% in 2003-04 to 20% by 2011-12
- Increasing literacy to 85%
- Reducing gender gap in literacy by 10%
Eleventh Five Year Plan Cont…

**Targets**

**Health**
- Infant mortality 28 by 2011-12
- Maternal mortality 1 per 1000
- Clean drinking water to all by 2009
- Reduction in malnutrition to 23% (46% 2005)

**Women & Children**
- Male Female ratio to be raised to 935 by 2011-12 and to 950 by 2016-17 for age group 0-6 years
- 33% reservation for women and girls
- No work for children
Eleventh Five Year Plan Cont…

**Targets**

**Infrastructure**
- Electricity connection to all by 2009
- Road connection to all by 2009
- Telephone and broadband to all by 2011
- Home for all by 2016-17

**Environment**
- Increase forests by 5%
- WTO standards in air quality in all cities by 2011-12
- Treat all urban waste water by 2011-12 to clean river water
Employment Perspective
“Generation of productive and gainful employment, with decent working condition on a sufficient scale to absorb our growing labour force from a critical element in the strategy for achieving exclusive growth”

Weaknesses in the 11th Plan
- Rate of unemployment: 6.1% in 1993-94, 7.3% in 1999-2000, 8.3% in 2004-05
- Unemployment among agricultural labour and household: 9.5% in 1993-94, 15.3 in 2004-05
- Frustration among educated youth due to unemployment
Eleventh Five Year Plan Cont…

**Poverty Reduction**

- Poverty in 2004-05 was 27.5% (28.3% Rural, 25.7% Urban)
- Total No. of poor 301.7 Million in 2004-05 (30 Cr, 1 Lakh, 70 Th)
- Total No. of poor 321.3 Million in 1969-74
  (In 31 years 19.6 Million people were become out of this evil)
- In the 60 years of independence, ¼ population is still poor
- Tribal areas, forested regions and rain fed regions-
  **Watershed Development Programme**
  - Concentration of poor in certain states where land-man ratio is lowest (**Effective land Reforms**)
  - Large dependence on casual labour with low wages and less No. of days
    (NAREGA for SC, ST)
  - Providing Substitute to Agriculture
  - Education and Skill Development (IT Polytechnic)
  - Structure of production is to be employment generating
Eleventh Five Year Plan Cont…

**Regional Disparities in Growth Rate (10th Plan GDP 7.6%)**

**Better Performance:** (More than 7.6% Growth) Jharkhand, Gujarat, Orissa, Chhattisgarh, Maharashtra, Goa, Uttarakhand, Nagaland & Tripura

**Worst Performance:** (Less than 6% Growth) Bihar, Rajasthan, MP UP, Punjab, Meghalaya, Arunachal Pradesh and J&K

**Remaining States:** (Between 6 - 7.6% Growth) Karnataka, Andhra Pradesh, Kerala, West Bengal, Tamil Nadu and Assam
PATTERN OF FINANCING THE FIVE YEAR PLANS IN INDIA

RESOURCES FOR THE PUBLIC SECTOR
- DOMESTIC BUDGETARY SOURCES
- FOREIGN LOAN & ASSISTANCE
- DEFICIT FINANCING (Printing of new currency)
- MARKET BORROWING

RESOURCES FOR THE PRIVATE SECTOR
- SAVINGS OF INDIVIDUALS & COMPANY
- PUBLIC SECTOR FINANCIAL INSTITUTIONS
- FUND RAISING THROUGH SHARES AND DEBENTURES
- FOREIGN FUNDS-EQUITY CAPITAL, FOREIGN COLLABORATION
ACHIEVEMENTS OF FIVE YEAR PLANS

• INCREASE IN NATIONAL AND PER CAPITA INCOME
• PROGRESS IN AGRICULTURE
• PROGRESS IN INDUSTRY
• DEVELOPMENT OF ECONOMIC INFRASTRUCTURE
• DIVERSIFICATION OF EXPORTS AND IMPORT SUBSTITUTION
• DEVELOPMENT OF SCIENCE AND TECHNOLOGY
• DEVELOPMENT OF HUGE EDUCATIONAL SYSTEM
FAILURES OF FIVE YEAR PLANS

• FAILURE TO ELIMINATE POVERTY
• FAILURE TO PROVIDE EMPLOYMENT TO ALL ABLE PERSONS
• FAILURE TO REDUCE INEQUALITIES OF INCOME AND WEALTH
• FAILURE TO CHECK GROWTH OF BLACK MONEY
• FAILURE TO REDUCE CONCENTRATION OF ECONOMIC POWER
• FAILURE TO IMPLEMENT LAND REFORMS
CONCLUSION

THE PHILOSOPHICAL FOUNDATIONS OF THE PLANNING POLICIES AND STRATEGIES WERE SOUND BUT THERE WAS A CRISIS OF IMPLEMENTATION DUE TO THE EXISTENCE OF A GAP BETWEEN THEORY AND PRACTICE OF SOCIA LISTIC PLANNING
THANK YOU