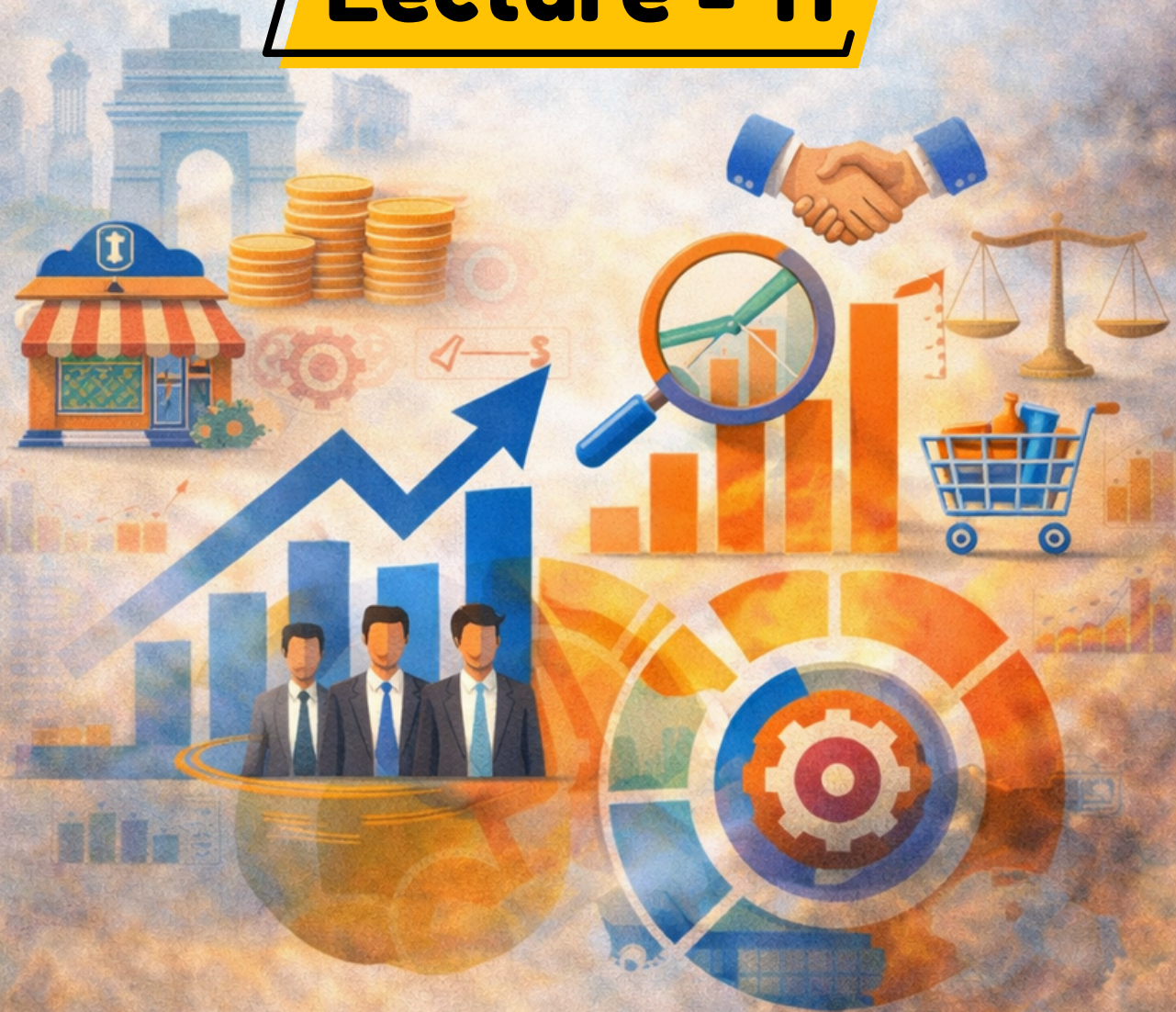
PARMAR SSC

FIVE YEAR PLANS

Lecture - 11



BY PARMAR SIR

Evolution of Planning in India (Pre-Independence)

- Planning in India started conceptually much before independence, with various individuals and groups proposing frameworks for economic development.

Year	Plan / Committee	Proposer / Chairman	Key Details
1934	Visvesvaraya Plan	M. Visvesvaraya	First blueprint for Indian planning. Proposed in his book "**Planned Economy for India**".
1938	National Planning Committee (NPC)	J.L. Nehru (Chairman)	Formed by Subhash Chandra Bose (President of INC). It was the first attempt to develop a national plan for India.
1944	Bombay Plan	J.R.D. Tata & Leading Capitalists	Titled "A Plan of Economic Development for India". Published in two parts (First part in 1944 & Second part in 1945).
1944	Gandhian Plan	S.N. Agarwal	Based on Gandhian ideology. Emphasized a decentralized economic structure with self-contained villages, promotion of cottage industries, and minimal state control.
1945	People's Plan	M.N. Roy	Formulated by M.N. Roy, who was the Chairman of the Post-War Reconstruction Committee of the Indian Trade Union. Based on Marxist Socialism. **Focus on agriculture and nationalization of land.** **Note**: M.N. Roy also formed the CPI (Communist Party of India) in Tashkent (1920) and formalized it in Kanpur (1925)
1950	Sarvodaya Plan	J.P. Narayan	Formulated by Jayaprakash Narayan (who formed the Congress Socialist Party in 1934). It was the first blueprint for the planned development of Independent India.

Post-Independence Planning

- **Inspiration:** The concept of Five-Year Plans was borrowed from the USSR (Soviet Union). Joseph Stalin first introduced it there in 1928 to industrialize the Soviet Union.

Introduction in India

Planning Commission (1950)

- **Established:** March 1950.
- **Nature:** It was an Extra-Constitutional and Non-Statutory body (Executive Body). It was not mentioned in the Constitution nor established by an Act of Parliament.
- **Function:** To design and formulate the Five-Year Plans.
- **Composition:**
  - **Chairman:** Prime Minister (Ex-officio).
  - **Deputy Chairman:** Appointed by the PM.
  - **Members:** Cabinet Ministers and Planning Minister.
- **Status:** Dissolved in 2014 and replaced by NITI Aayog on 1st January 2015.

National Development Council (NDC)

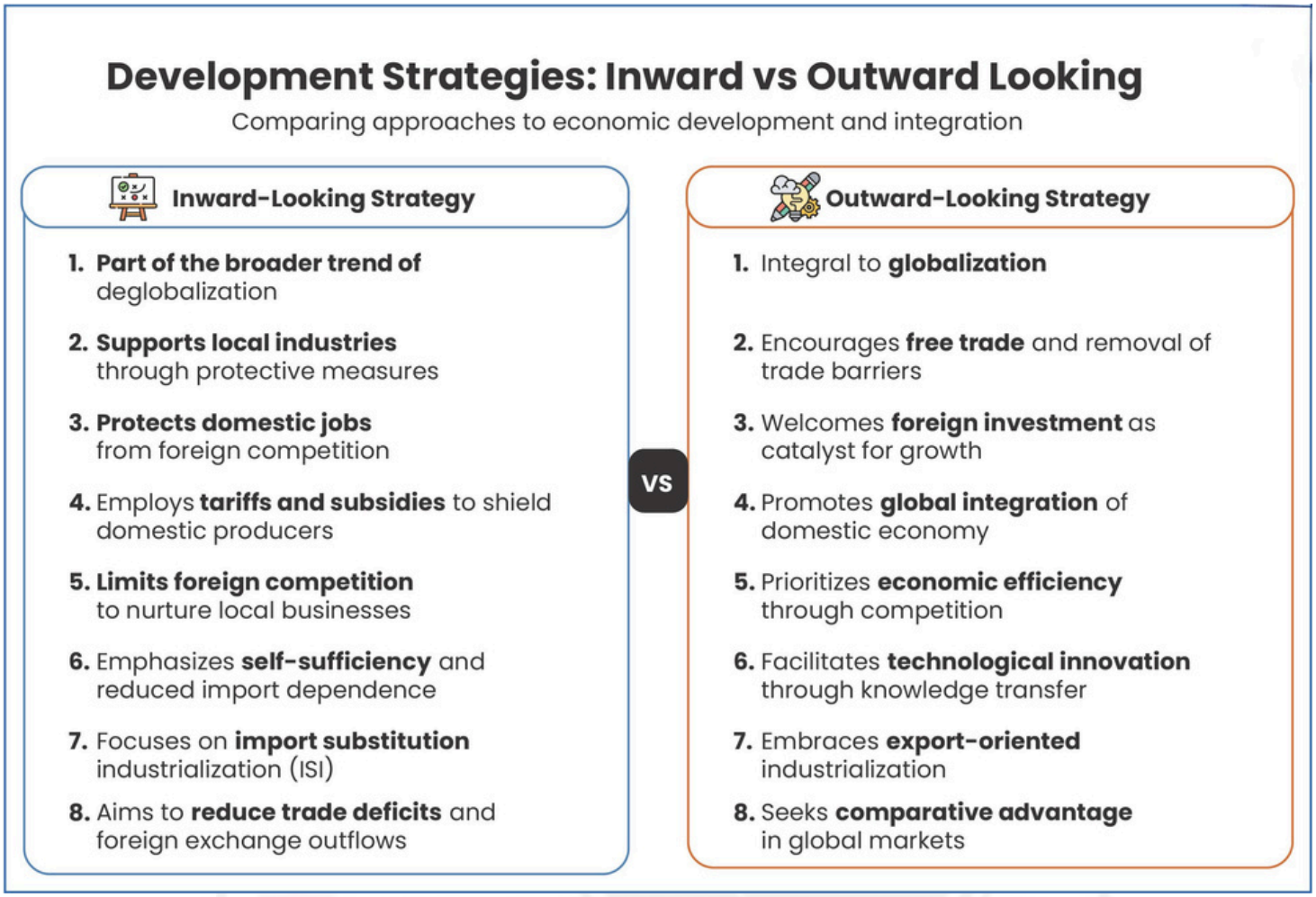
- **Established:** August 1952.
- **Function:** Its main job was to approve and implement the Five-Year Plans designed by the Planning Commission.
- **Chairman:** Prime Minister.

The goals of the five year plans were

The plans aimed at four primary objectives:

1. **Growth:** Growth in terms of GDP.
2. **Modernisation:** Integration of new technology in the economy.
3. **Self-reliance:** Inward-looking trade strategy (domestic production instead of importing goods).
4. **Equity**: Development of all.

- Five-Year Plans were not just for 5 years; they also had long-term goals to be achieved over 20 years.
- This long-term vision is called a Perspective Plan



First Five-Year Plan (1st April 1951)

- The era of planned development began with a focus on the primary sector to solve the immediate crisis of food shortage and influx of refugees.
- **Duration:** 1951 - 1956
- **Model:** Harrod-Domar Model.
- **Leadership:** Presented by India's first Prime Minister, Jawaharlal Nehru.
- **Primary Focus:** Agriculture and Irrigation (Primary Sector development).

Performance:

- **Target Growth:** 2.1%.
- **Achieved Growth:** 3.6%.
- **Verdict:** Highly Successful (Achieved more than the target).

Key Developments & Projects:

- **Major Dams:** To support irrigation, massive dam projects were initiated:
  - **Bhakra Nangal Dam:** On Sutlej River (Highest gravity dam).
  - **Hirakud Dam:** On Mahanadi River in Odisha (Longest dam).
  - **Nagarjuna Sagar Dam:** On Krishna River.

Educational Institutions:

- Established 5 IITs (Indian Institutes of Technology).
- **IIT Kharagpur (1951):** The first IIT to be established.
- **Note on others:** The foundation for others was laid, and they were established subsequently: **IIT Bombay (1958)**, **IIT Kanpur (1959)**, **IIT Madras (1959)**, and **IIT Delhi (1961)**.

Land Reforms:

- Policy of "**Land to the Tiller**": Gave ownership rights to the actual cultivators, aiming to abolish the Zamindari system.
- **Community Development Programme (CDP):** Launched in 1952 for overall rural development.
- **Land Ceiling Act:** While land reforms began in the 1st Plan, the specific Land Ceiling Act (limiting maximum land ownership) was enacted later in 1976.

Second Five-Year Plan

- Moving from agriculture, the focus shifted to building a strong industrial base.

- **Duration:** 1956 - 1961
- **Model**: P.C. Mahalanobis Model (Nehru-Mahalanobis Model).
- **Leadership:** Presented by India's first Prime Minister, Jawaharlal Nehru.
- **Primary Focus:** Rapid Industrialization with a stress on Basic and Heavy Industries.

Performance:

- **Target Growth:** 4.5%.
- **Achieved Growth:** 4.3%.
- **Verdict:** Moderately Successful (Narrowly missed the target).

Three Steel Plants were setup:

1. **Rourkela Steel Plant (RSP) (1959):** Odisha (with German collaboration).
2. **Durgapur Steel Plant (DSP) (1959):** West Bengal (with British collaboration).
3. **Bhilai Steel Plant (BSP) (1955):** Chhattisgarh (with USSR collaboration).

- The Industrial Policy Resolution of 1956 (2nd IPR) served as the foundational policy for India's Second Five Year Plan.



About P.C. Mahalanobis:

- He is considered as Chief Architect of Indian Planning.
- On his Birth Anniversary 29 June, Statistics Day is celebrated.
- Founded: Indian Statistical Institute, Kolkata.
- He started a journal name Sankhya.

- **Karve Committee (1955):** Also known as the Village and Small-Scale Industries Committee.
- **Chairman:** D.G. Karve.
- **Objective:** To promote rural development through small-scale industries and cottage units, ensuring employment alongside heavy industrialization.

Third Five-Year Plan

- This plan is often considered the most failed plan in Indian history due to unforeseen external aggressions and internal crises.

- **Duration:** 1961 - 1966
- **Model:** Gadgil Formula / Gadgil Yojana (also associated with the John Sandy and Sukhamoy Chakravarty models).
- **Leadership:** Presented by India's first Prime Minister, Jawaharlal Nehru.
- **Primary Focus:** To establish a Self-reliant and self-generating economy.

PL 480 Scheme: India imported wheat from the USA under this scheme to alleviate hunger and poverty.

Performance:

- **Target Growth:** 5.6%.
- **Achieved Growth:** 2.8% (Disastrous failure).

Reasons for Failure (The Triple Shock):

- **Indo-China War (1962):** Diverted funds from development to defense.
- **Indo-Pak War (1965):** Further drained resources.
- **Severe Drought (1965-66):** Led to a massive food crisis.

Key Developments:

- **Food Corporation of India (FCI):** Established in 14 January 1965.
- **Agricultural Prices Commission (APC):** Setup in 1st January 1965 to recommend Minimum Support Prices (MSP). Later renamed CACP (Commission for Agricultural Costs and Prices).
- **Industrial Development Bank of India (IDBI):** 1st July 1964.
- **Unit Trust of India (UTI):** 1963 (by an Act of Parliament) → Established in 1st February 1964

Plan Holiday (1966 - 1969)

- A break in Five-Year: 1966-1969 due to economic strain caused by the war and other factors like severe drought.
- India focused on "New Agriculture Strategy" or "Green Revolution".
- Widespread distribution and adoption of HYV seeds.

1. 1st phase (Mid 1960s-1970s).
2. 2nd phase (Mid 1970s).

Fourth Five-Year Plan

- After stabilizing the economy, planning resumed under Prime Minister Indira Gandhi.

- **Duration:** 1969-1974
- **Prime minister:** Indira Gandhi
- **President:** V.V. Giri
- **Model:** Gadgil Formula / Rudra-Allen Model (Rudra Manne Model).
- **Primary Focus:** "Growth with Stability" and "Progressive achievement of Self-Reliance".

Performance:

- **Target Growth:** 5.6%.
- **Achieved Growth:** 3.3% (Failed).

Key Initiatives & Reforms:

- Family Planning Programme was introduced.
- 14 major banks were nationalised (1969).
- First Underground Nuclear Test conducted: "Smiling Buddha" (1974).
- Drought Prone Area Programme (1973-1974).

Fifth Five-Year Plan

- **Duration:** 1974–1978 (Terminated one year early).
  Note: This is the only Five-Year Plan that lasted for just 4 years.
- **Model:** Based on the D.P. Dhar Model.
- **Prime Minister:** Indira Gandhi
- **Primary Focus:** Employment and Poverty alleviation ("Garibi Hatao" slogan given by Indira Gandhi).

Performance:

- **Target Growth:** 4.4%
- **Achieved Growth:** 4.8% (Moderately Successful).

Key Initiatives & Schemes:

- Attainment of self-reliance.
- Regional Rural Banks (RRBs) were set up (1975).
- 20 points programme (1975) was launched that aimed to reduce poverty and improve quality of life.
- Minimum Needs Programme (1974) was introduced which aimed to provide basic needs to poor and unreserved.
- Hill Area Development Programme was initiated.

Rolling Plan (1978–1980)

- It was introduced by Janata Party/Morarji Desai government.
- **Duration:** 1978-1980.
- **Key Focus:** Increase in the country's GDP, employment, and agricultural production.

Sixth Five-Year Plan

- With the return of Indira Gandhi to power in 1980, the Rolling Plan was abandoned, and the Five-Year Plans were reinstated.
- **Duration:** 1980-1985
- **Prime minister:** Indira Gandhi
- **Primary Focus:**
  - Increase in National Income.
  - Modernisation of technology.
  - Decrease in poverty and unemployment (schemes for transferring skills)

Performance:

- **Target Growth:** 5.2%
- **Achieved Growth:** 5.7% (Successful).

Key Initiatives & Schemes:

- (TRYSEM—Training Rural Youth for Self-Employment) and assets (IRDP → Integrated Rural Development Programme) and providing slack season employment (NREP → National Rural Employment Program).
- Rural Landless Labour Employment Guarantee Programme (RLEGP) was launched on 15 August 1983.
- Establishment of NABARD (National Bank for Agriculture and Rural Development) in 12 july 1982. Established on the recommendation of the B. Sivaraman Committee.

Seventh Five-Year Plan

- This plan continued the momentum of the 6th plan but faced the beginning of the economic crisis towards its end.
- **Duration:** 1985-1990
- **Prime Minister:** Rajiv Gandhi.
- **Primary Focus:**
  - Accelerating food grain production → Food.
  - Generating employment opportunities → Work.
  - Increasing economic productivity through "Social Justice" → Productivity.

Performance:

- **Target Growth:** 5%
- **Achieved Growth:** 6% (Successful).

Hindu Rate of Growth (1978)

- Signifying low economic growth.
- **Concept given by:** Prof. Raj Krishna.
- From 1960-1980, India has experienced a slow economic growth rate.

Key Developments:

- Jawahar Rozgar Yojana was introduced in 1989 by merging NREP (National Rural Employment Programme) and RLEGP (Rural Landless Employment Guarantee Programme).
- Department of Biotechnology was set up by GOI in Seventh FYP.

Annual Plans (1990 - 1992)

- No Five-Year Plan due to Political Uncertainty.
- Balance of Payments (BoP) Crisis (1991) that led to beginning of L (Liberalisation), P (Privatisation) and G (Globalisation) reforms.

Eighth Five-Year Plan

- This is considered the Game Changer plan that transformed the Indian economy.

- **Duration:** 1992-1997
- **Leadership:** P.V. Narasimha Rao (PM) and Dr. Manmohan Singh (Finance Minister).
- **Model:** Rao-Manmohan Model (LPG Model).
- **Primary Focus:**
  - New Indicative Policy.
  - Human Development.
  - Economic and Fiscal reforms were seen.
  - Share of Public sector declined (License Raj ended).
    - share of public sector in total investment had declined considerably to about 34 %.

Performance:

- **Target Growth:** 5.6%
- **Achieved Growth:** 6.8% (Highly Successful).

Key Developments:

- The Eighth Plan was finally launched in 1992 after the initiation of structural adjustment policies.
- Some 65% of the country's population continued to be employed in agriculture even as late as 1990.
- Between 1950 and 1990, GDP contributed by agriculture declined significantly but not the population depending on it (67.5% 1950 to 64.9% by 1990).

Ninth Five-Year Plan

- **Duration:** 1997-2002
- **Prime Minister:** Atal Bihari Vajpayee
- **Primary Focus:**
  - Growth with social justice and equality.
  - After 9th Five-Year Plan, there was not much focus on public sector.
  - It aimed to depend predominantly on the private sector.

Pokhran-II (1998): Second nuclear test conducted.
Code Name: Operation Shakti.

Performance:

- **Target Growth:** 6.5%
- **Achieved Growth:** 5.4% (Failure).

Tenth Five-Year Plan

- **Duration:** 2002-2007
- **Prime Minister:** Atal Bihari Vajpayee & Manmohan Singh
- **Primary Focus:**
  - National Horticulture Mission (NHM) was promoted by government.
  - Jute Technology Mission was introduced.
  - Introduction of Micro Irrigation Programme.

Performance:

- **Target Growth:** 8%
- **Achieved Growth:** 7.6% (Failure).

Key Social & Developmental Goals

- It also aimed at reduction in gender gaps in literacy and wage rate, reduction in Infant & maternal mortality rates, improvement in literacy, access to potable drinking water, cleaning of major polluted rivers, etc.
- India had emerged as one of the fastest growing economy by the end of the Tenth Plan

Eleventh Five-Year Plan

- **Duration:** 2007-2012
- **Prime Minister:** Dr. Manmohan Singh
- **Primary Focus:**
  - Towards rapid and more inclusive growth.
  - Global financial crisis overlapped with the Five-Year Plans.

Performance:

- **Target Growth:** 9%
- **Achieved Growth:** 8% (Failure).

Twelfth Five-Year Plan

- **Duration:** 2012-2017
- **Prime Minister:** Dr. Manmohan Singh
- **Primary Focus:**
  - Towards faster, more inclusive and sustainable growth.

Performance:

- **Target Growth:** 8%

NITI AAYOG

NITI Aayog (National Institution for Transforming India)

- **NITI AAYOG chairman:** Prime Minister of India.
- In 2014 the Planning Commission was replaced with NITI AAYOG and Five-Year Plans were discontinued.
- NITI AAYOG (non-constitutional body) was set up on: 1st Jan 2015.
- It is a policy think tank for the GOI.
- It designs and recommends policies and programs for India's development.
- It publishes reports on a variety of topics, including fiscal health, education quality, and water management.

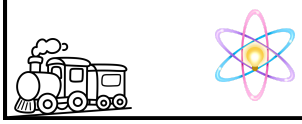
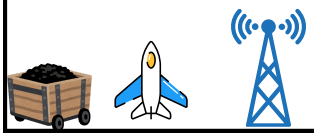
INDUSTRIAL POLICY RESOLUTION (IPR)

- Industrial Policy Resolutions (IPRs) are policy frameworks set by the Indian government to regulate industrial growth, define the role of the public and private sectors, and promote economic development.

1st IPR, 1948

- First official industrial policy of independent India.
- **Led by:** Dr. Shyama Prasad Mukherjee (Industry & Commerce Minister).
- It declared the Indian economy as Mixed Economy.

Industries divided in 4 groups:

Strategic Industries (Public Sector)	Basic/Key Industries (Public-Cum-Private Sector)	Industries Requiring Regulation and Control (Controlled Private Sector):	Other Industries (Private and Cooperative Sector):
Railways, defense, atomic energy. 	Coal, steel, aircraft, telecommunications. 	Sugar, cement, textiles. 	Consumer goods and small-scale industries. 

- The start of License Raj: Government control over industries through licensing.
- It laid the foundation for public sector dominance in key industries.
- In 1955, the Village and Small-Scale Industries Committee, also called the Karve Committee, noted the possibility of using small-scale industries for promoting rural development.

2nd IPR, 1956

- It is also known as the "Economic Constitution of India".
- It is a framework for socialist industrial growth in India.
- Divided industries into three schedules:

Schedule A (17 Industries - Public Sector Monopoly):	Schedule B (12 Industries - Public & Private Sectors):	Schedule C (All Other Industries - Private Sector)
Aviation, Atomic energy, railways, arms and ammunition, steel and iron, etc. 	Aluminium, machine tools, chemicals, etc. 	Consumer goods, textiles, automobiles, etc. 

3rd IPR, 1977 (extension of 1956 Policy)

- Introduced by Morarji Desai Government (Janata Party).

Key Features:

- It emphasised growth of Small-Scale Industries (SSI).
- Introduced the "Tiny Unit" concept: Small enterprises with investments below 1 lakh.
- Restrictions on Multinational Corporations (MNCs) → Focus on self-reliance

4th IPR, 1980

- It was introduced by Indira Gandhi Government.

Key Features:

- Shifted focus back to heavy industries.
- Encouraged foreign technology transfer and investment → FERA Act of 1973.
- Monopolistic and Restrictive Trade Practices (MRTP) Act, 1969 was amended to remove the threshold limits of assets in respect to MRTP companies.
- Investment limit for tiny unit increased to 2 lakhs.

5th IPR (New Industrial Policy, 1991 – Economic Liberalisation)

- It was announced by P.V. Narasimha Rao government, led by Dr. Manmohan Singh.

Key Features:

- **End of License Raj** → Most industries freed from licensing requirements.
- **Privatization:** Disinvestment in Public Sector Undertakings (PSUs).
- **Foreign Direct Investment (FDI) opened**: Allowed foreign investment in key industries.
- Liberalization, Privatization, Globalization (LPG Reforms).
- Exit policy for the sick units in private sector for a smooth exit without affecting welfare of labour.

Joint Sector

- Joint Sector refers to a form of partnership between the public sector (government) and the private sector.
- Dutta Committee recommended the establishment of Joint Venture Sector in Indian Industry.

FDI (Foreign Direct Investment)

- Investment from another country into a local business.

Shell Company

- A company that exists only on paper

Round Tripping

- Domestic money leaves the country and returns as "Foreign Investment."



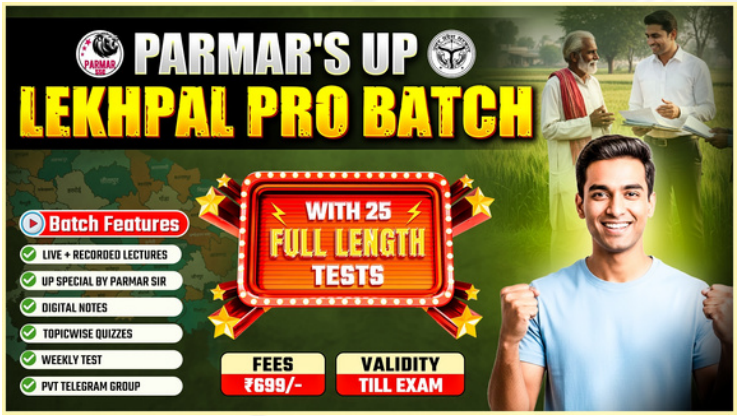


Join Now – Start Your Smart Preparation Today!

CLICK HERE

Join Now – Start Your Smart Preparation Today!

CLICK HERE





Join Now – Start Your Smart Preparation Today!

CLICK HERE

Join Now – Start Your Smart Preparation Today!

CLICK HERE





Join Now – Start Your Smart Preparation Today!

CLICK HERE