

# **SOS POLITICAL SCIENCE AND PUBLIC ADMINISTRATION**

## **M.A.PUB.ADMN.402**

### **SUBJECT NAME : DEVELOPMENT ADMINISTRATION**

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#### **UNIT-V**

#### **TOPIC NAME : ROLE OF FIFTH YEAR PLAN IN DEVELOPMENT**

The Planning Commission set up in 1950 has been formulating Five Year Plans for India's development taking an overall view of the needs and resources of the country. The First Plan was launched in April 1951 and the Third Plan ended in March 1966. After this, there were three one year plans from April, 1966 to March 1969. The Fourth Plan started in April 1969 and the Eighth Plan started in April 1992.

#### **FIVE YEAR PLANS OF INDIA**

Planning plays an important role in the smooth functioning of an economy. In 1950, the Government set up the Planning Commission to create, develop, and execute India's five-year plans. In the article, we will look at each five year plan of India and how it helps achieve the basic objectives of growth, employment, self-reliance, and also social justice. Further, it also takes into account the new constraints and possibilities to make the necessary directional changes and emphasis.

#### **OBJECTIVES OF FIVE YEAR PLAN OF INDIA**

The objectives of these five-year plans were as follows:

Economic Growth, Economic Equity and Social Justice ,Full Employment ,Economic Self-Reliance ,Modernization

#### **THE APPROACH TO EACH FIVE YEAR PLAN OF INDIA**

#### **FIRST FIVE YEAR PLAN OF INDIA (1951-56)**

On December 8, 1951, the Prime Minister Jawaharlal Nehru presented the first five-year plan to the Parliament of India. This was based on the Harrod-Domar model. At that time, India was facing three problems – the influx of refugees, a severe shortage of food, and also mounting inflation India had to recover from the partition and the disequilibrium in the economy due to the Second World War. The First Plan, therefore, had the objectives of rehabilitating refugees, agricultural development, and self-sufficiency in food along with controlling inflation.

#### **SECOND FIVE YEAR PLAN OF INDIA (1956-61)**

The focus of the Second Plan was rapid industrialization, especially the development of heavy industries and capital goods, like iron, steel, chemicals, etc. and the machine building industries. Professor Mahalanobis developed the plan.

#### **THIRD FIVE YEAR PLAN OF INDIA (1961-66)**

The primary goal of the Third Plan was to establish India as a self-reliant and a self-generating economy. However, the Second Plan had slowed the rate of growth of agricultural production in the country which

limited India's economic development. Therefore, the Third Plan included agricultural development as one of its objectives to achieve balanced, regional development. Unfortunately, this period had many misfortunes which drained the funds – Indo-China war in 1961-62, Indo-Pak war in 1965-66, and also a severe drought-led famine in 1965-66. Therefore, this plan could not meet its objectives.

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Introduction of NITI Aayog in India

Agricultural Policies, Industrial Policies, Economic Reforms, Goods and Service Tax (GST) Demonetization, Indian Economy in comparison to Major Economies of the World, Key Features of Budget 2018-2019,Three Annual Plans From 1966-69, three Annual Plans were devised. While the Fourth Plan was designed in 1966, it was abandoned under the pressure of drought, currency devaluation, and inflationary recession on the economy. Therefore, the government opted for an Annual Plan in 1966-67 and the subsequent two years. This is period is also called – Plan Holiday.

#### **FOURTH FIVE YEAR PLAN OF INDIA (1969-74)**

There were two principal objectives of this plan – 'Growth with Stability' and 'Progressive Achievement of Self-Reliance'. It aimed at a 5.5 percent average growth rate of the national income and also the provision of the national minimum for the weaker sections of the society (called 'Garibi Hatao' or 'Growth with Justice'). However, another Indo-Pak war in 1971-72 created a financial crunch for the plan.

#### **FIFTH FIVE YEAR PLAN OF INDIA (1974-79)**

This plan had two main objectives – the removal of property and attainment of self-reliance. This was planned through the promotion of higher growth rates, better income distribution, and also a significant increase in the domestic rate of saving. It also focused on import substitution and export promotion. Further, it included a National Program on Minimum Needs like housing, drinking water, primary education, etc. Annual Plan (1978-80) Also called the Rolling Plan, it helped to achieve the targets of the previous years.

#### **SIXTH FIVE YEAR PLAN OF INDIA (1980- 85)**

This plan focused on the socio-economic infrastructure in the rural areas. Further, it endeavored to eliminate rural poverty and reduce regional disparities through the Integrated Rural Development Program (IRDP – 1979).

#### **SEVENTH FIVE YEAR PLAN OF INDIA (1985 – 90)**

The country enjoyed a reasonable rate of economic growth (5.4 percent) during the Sixth Plan. The Seventh Plan focused on the rapid production of food grains along with an increase in the creation of employment and overall productivity. The guiding principles were growth, modernization, self-reliance, and social justice.

#### **EIGHTH FIVE YEAR PLAN OF INDIA (1992 – 97)**

The Eighth Plan was scheduled to be introduced in April 1990. However, there were many changes in the Government at the Center, which led to the reconstitution of the Planning Commission and the preparation of different versions of the approach to the Eighth Plan. Finally, in 1992, the Eighth Plan was introduced (fourth version). At this time, the country was going through a severe economic crisis and the Government initiated fiscal reforms to provide a new dynamism to the economy.

#### **NINTH FIVE YEAR PLAN OF INDIA (1997 – 2002)**

The South East Asian Financial Crisis (1996-97) caused an overall slowdown in the economy of India too. While the liberalization process was still criticized, India was out of the fiscal mess of the early 1990s. The Plan targeted a high growth rate of 7 percent and also directed itself towards time-bound social objectives. Further, the Plan focused on the seven Basic Minimum Services (BMS) with a view to achieving complete population coverage in a time-bound manner. The BMS includes: Safe drinking water, Primary health service, Universalization of primary education, Public housing assistance to shelter-less families, Nutritional support to children, Connectivity of all villages and habitations, Streamlining the public distribution system.

#### **TENTH FIVE YEAR PLAN OF INDIA (2002 – 07)**

Some major aspects of this Plan were: Double the per capita income in 10 years, Higher growth rates must translate into better quality of life for people, Set monitorable targets, Consideration of governance as a factor of development Policy and institutional reforms in all sectors, Declaring the agriculture sector as the primary moving force (PMF) of the economy, Emphasis on the social sector (health, education, etc.)

#### **ELEVENTH FIVE YEAR PLAN OF INDIA (2007-12)**

The title of the 11th Plan was 'Towards Faster and more Inclusive Growth'. It envisaged a high growth rate of around 9 percent implying a growth rate of around 7.5 percent in the per capita GDP. It also ensured an overall improvement in the quality of life of people. The vision of the 11th Plan includes: Rapid growth with reducing poverty and increasing employment opportunities, Easy access to essential services in health and education for the poor, Empowerment through education and development of skills, Using the National Rural Employment Guarantee Program to extend employment opportunities to all, Environmental sustainability, Reducing gender inequality, Improving the overall governance.

#### **TWELFTH FIVE YEAR PLAN OF INDIA (2012 – 17)**

According to this plan, 'It must be guided by a vision of India moving forward in a manner that would ensure a broad-based improvement in the living standards of all the people through a growth process which is faster than in the past, more inclusive, and also more environmentally sustainable.' The objectives of this Plan are as follows: A growth rate of 9 percent, Focus on the agricultural sector and have an average growth of 4 percent during the Plan period, Restrain inflationary pressure, For the growth of GDP, ensure that the commercial energy supplies grow at a rate of 6.5-7 percent per year, Develop a holistic water management policy, Suggest new legislation for the acquisition of land, Continue focus on health, education, and skill development, Large investments in the development of the infrastructure sector, Emphasis on the process of fiscal correction, Efficient use of available resources.

#### **ASSESSMENT OF FIVE YEAR PLANS:**

If we make an appraisal of all the eight completed plans, we find that we have completed about five decades of planning. All our plans have been oriented towards something, sometimes self-reliance in agricultural production, sometimes employment; sometimes industrial growth, and so on. But poverty and unemployment have always increased. During this period of 45 years, the average rate of economic growth has been 3 per cent. Though it is not bad in comparison to the world's average of 4 per cent, it is definitely poor in comparison to the average of the developing countries of 7 per cent to 10 per cent. During 1951- 1996, our annual national income had increased by about 3.5 per cent, agricultural production by 2.7 per cent, industrial production by 6.1 per cent, and the per capita consumption by 1.1 per cent. Though the government claimed that the number of people below the poverty line came down to 18.1 per cent in 1993-94 but since the number of unemployed people has increased, we cannot

concede that poverty has been contained. No wonder, more people feel frustrated today and the number of agitations is increasing every year. The plans have pumped thousands of crores of fresh money into heavy industries, small industries, power stations, oil refineries, fertilizer plants, irrigation systems, transport units, and so on. But has this money made any dent in the percentage of unemployment and poverty? Has it improved the quality of life of the poor? We have still to wait and watch before we decide to give planning a long holiday. Planning in India has lost whatever teeth it had. Each new Five Year Plan, including the Ninth Plan, is described by experts as something like a loose denture with blunt and uneven teeth which is most likely to fail to bite into the ever-hardening crust of economic problems of the country. Our planners forget that howsoever ambitious the plan they frame for five years, the implementation of the plans remains in the hands of political leaders who are always prone to vested interests and to populism. After the Eighth Plan, where does India stand today vis-a-vis the rest of the world? In 1950-51, India's share of the world's GNP was 2 per cent; now it is less than 1 per cent. In 1950-51, 12 per cent of the Third World's GNP was contributed by India; at present, the corresponding contribution has come down to 5 per cent. In the world foreign trade, India's share declined from about 2 per cent in 1950-51 to 0.6 per cent in 1996-97. While India's farm output went up by 2.1 per cent, the corresponding percentage for Indonesia was 3.7, for Malaysia 4.7 and for Thailand 4.6. India's yield of wheat, rice, maize, etc. per hectare is lowest in Asia. It is half of the world's average of about 3,000 kg per hectare. Further, 55 per cent of the Indian people are poor compared to 47 per cent in Africa and 20 per cent in China. India's 36 per cent of people live below poverty line while China's percentage has come down to 8 only (The Hindustan Times, January 20, 1997). While the pace of economic development might have been slow in our country, in indebtedness and corruption, the move has been much faster. The foreign debt is so high (\$100 billion in 1996) that India has been the third largest indebted country in the world. Its internal debt also presents a grim picture. Interest payments now absorb about 25 per cent of government revenue, compared to 39 per cent in 1991-92. A study made by an American university recently listed India among the most corrupt nations in the world. On the basis of all these facts, can Five Year Plans be described as successful and useful in the development processes and in the framework of the reforms? The latest (1996) Human Development Report of the UNDP has described India as "experiencing a jobless, ruthless, rootless and futureless growth". All this requires a serious introspection in the utility of the Five Year Plans in the country and invoking a new commitment and new inspiration. The countries that have done better are those which have no Planning Commissions and have no plans. Japan and Germany are two amongst them and both have progressed considerably.

The end of Five-Year Plans: All you need to know about this big policy change

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NEW DELHI: A key component of the Nehruvian socialism—the economic approach adopted by India's first Prime Minister Jawaharlal Nehru—the Five-Year Plans have been laid to rest by the Narendra Modi-led NDA government. The 12th Plan, the last of the Five-Year Plans, is coming to an end on March 31, though it has been given an extension of six months to allow ministries to complete their appraisals.

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The Niti Aayog, which has replaced the Planning Commission, is launching a three-year action plan from April 1.

What were Five-Year plans?

Five-Year Plans (FYPs) were centralized economic and social growth programs. Joseph Stalin, president of the erstwhile USSR, implemented the first Five-Year Plan in the late 1920s. India too followed the socialist path but here the planning was not as comprehensive since the country had both public and private sectors. The planning in India was only about the public sector. The first Five-Year Plan was launched in 1951. The idea was to plan public spending for equitable growth rather than leaving expenditure to the market forces.

What they did

The Five-Year Plans played a great role in lifting India's social sector and building of heavy industry. A centralized planning system could ensure that the money gets spent where it was the most needed.

Why they aren't needed now

For a long time, there had been a feeling that for a country as diverse and big as India, centralized planning could not work beyond a point due to its one-size-fits-all approach. Moreover, since the Planning Commission used to be controlled by the Central government, it often ended up as a tool to punish states ruled by the opposition parties when it came to allocating funds. Due to the top-to-bottom approach in centralized planning, it was felt that the states needed to have greater say in planning their expenditure. The Planning Commission was seen to be imposing its diktats on states who could have better known what and how much they needed.

How is Niti Aayog different?

The Niti Aayog, which has replaced the Planning Commission, is the new body that gives policy direction. Its founding principal is 'cooperative federalism'. Most important difference is that Niti Aayog has no power to grant funds or make decisions on behalf of states. It is only an advisory body.