

AN OVERVIEW AND ANALYSIS THE END OF FIVE YEAR PLAN IN INDIA

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Abstract:- In an economy planning the government decided to utilize the resource properly and trying to reduce the inequalities in the society. Present study is related with the government target under the five year plan and it show the loopholes of the government. Suddenly the new government abolished the Planning commission and established the NITI ayog under which government decided to make a new draft 15- year vision plan instead of five year plan.

Key words:- planinig commission, NITI Ayog, Draft 15-year vision, National Development council

Introduction

Brief History of Planning:- In India , the planned economic development began in 1951 with the inception of the first five year plan. The theoretical effort for economic development in Indian economy had already begun before independence. In the year 1934, sir M. Videshvarya wrote a book named 'Planned Economy for India', which was the first attempt in this direction. In 1938, the Indian national congress, under the leadership of Pt. Jawaharlal Nehru, made a National Planning committee. Its recommendations could not be implemented due to the beginning of the second World War and changes in the Indian political situation. In 1944, eight industrialists of Bombay presented a well-organized plan called 'The Bombay Plan', which could not be brought into action due to various reasons. In August 1944, the Indian government inaugurated a separate department called 'The Planning and Development Department' and appointed Sir Ardishar Dalal, the controller of Bombay plan, as its acting member. Inspired by the economics view of Mahatma Gandhi, Shri Sriman Narayan constructed a plan in 1944 which known as 'Gandhian Plan'. Mr.M.N.Rao, Chairman of post war reconstruction Committee of Indian Trade Union, introduced a 'People's Plan' in April 1954. This plan introduced before independence again could not be implemented due to various reasons. In 1946, the Interim Government was formed in India. This government established a High Level advisory Planning Board in order to study the problems of planning and development in the country. The Board studied all the problems very deeply and gave recommendations to establish a stable planning commission at the central level which could continuously work for the planning and development of the country. In January 1950, Shri Jai Prakash, Narayan published a plan called 'Sarvodaya Plan'. The Government did not accept the entire plan and adopted only a few parts of it. The Planning Commission was constituted on 15th March, 1950, by the Government of India. The National Development Council (NDC) is neither a constitutional body nor a statutory body. Union cabinet set-up NDC in 1952, through an executive order. NDC is mainly concerned with approval of five year plans. The NDC is headed by the prime Minister and consists of the Central ministries.

Replacement of Planning Commission:- There are lots of reason for replacing the planning commission, important thing is than planning commission provide the 2/3 granted to the state which sanction by the central government, this involves the political interference. As the granted provide in time to those state where the central government have their government. Second thing is functions of National Development Council, they are as follow:-

- To review the work of plan from time to time and to recommend such measures as are necessary for achieving the aims and targets articulated in the National Plans
- To review the social and economic policies affecting the development of the nation.
- To ensure maximum cooperation of people in the planning and improvement of administrative capacity.
- To suggest programmes and schemes for the development of less developed and backward classes and regions.
- To assess resources required for implementing plans and to suggest ways and means for raising national resources.
- To prescribe guidelines for the formulation of National plans
- To consider national plans as formulated by planning commission and to approve the same.

NITI Aayog:(National Institution for Transforming India) :- it is a policy ‘think-tank’ of the government that replaces Planning commission and aims to involve states in economic policy-making, it will be providing strategic and technical advice to the central and the state governments. The body occupying the building, the planning commission, had been restructured and renamed the National Institution for Transforming India (NITI) Aayog, even as the employees of the erstwhile planning commission face teething troubles, with no clearly defined function or role, business standard takes a look at five key counts on which the new body differs from the planning commission of India. Some functions of NITI Aayog

- Based on the belief that strong states make a strong centre, NITI Aayog is structured to promote cooperative federalism.
- Policy planning will be long term with-in-built mechanisms for course correction based on emerging economic scenario. National security interests will be kept in focus, while formulating plans on economic and social development.
- The planning process must encourage innovation, knowledge and entrepreneurial thinking and include close interaction with all stakeholders and research bodies, both in India and overseas and seek suggestions and opinion for a more pro-active and relevant policy plan
- Technology up gradation and capacity building will be encouraged to promote efficient implementation of programme initiatives.
- Aiming to facilitate greater inter department and inter sector coordination and avoid bottlenecks in smoother policy implementation.
- To develop a knowledge based repository of information and data, to enable all stakeholders to access the resource pool and help in developing best practices for sustainable and equitable development

Objectives

- To analysis the growth rate of economy
- To evaluate the cause of change in growth rate during the five year plan
- To known the reason for abolishing the five year plan
- To elucidate the development in different sectors

Review of Literature

Sumitra (2015) the researcher describe in this paper about the five plans. The major economics decision is based on this plan that is 'what to produce', 'how to produce' and 'whom to produce'. Analysis is made on the basis of comparison of five year Plan in India.

Gupta (2017) the researchers describe about the economic development, which can be achieved by through productivity. Higher productivity leads to improvement in economics outcomes.

Research Methodology

In the present study, an attempt make to evaluate, analyse and comparison of five year Plan. The study is based on the secondary data that has been collected through newspapers, Economic Survey, Annual magazines, monthly magazines.

Analysis of Five Year Plan

Plans	Objectives Facts	Evaluations
First Plan (1951-56) Harrod Domar Model	<ul style="list-style-type: none"> • Highest priority accorded to agriculture in view of large import of foodgrain and inflation • Increasing the rate of investment from 5% to 7% • 31% of total plan outlay on agriculture followed by transport and communication, social services, power and industry • Economist KN Raj was the architect 	<ul style="list-style-type: none"> • Agriculture production increased dramatically • National income went up by 18% and Per capita income by 11% • Targeted growth rate was 2.1% and First Plan achieved 3.6%. • Price level was stable.
Second Plan (1956-61)	<ul style="list-style-type: none"> • Rapid industrialization with particular emphasis on the development of basic and heavy industry, also called Nehru Mahalanobis Plan. • To increase National income by 25%, expansion of employment and reduction of inequality. • To increase the rate of investment form 7% to 11% of GDP 	<ul style="list-style-type: none"> • Moderately successful, targeted growth rate was 4.5% but achieved 4.1% • Durgapur(UK), Bhillai(USSR) and Rourkela, (W Germany) Steel plant set up with foreign help. • Inflation and low agricultural production and Suez crisis.
Third Plan (1961-66) Gadgil Yojana	<ul style="list-style-type: none"> • Indian economy entered take off stage (WW Rostow) • Self-reliant and self-generating economy was the goal • Priority to agriculture and development of basic industries. Tried to balance industry and agriculture • To increase the National income by 30% and Per Capita Income by 17% 	<ul style="list-style-type: none"> • A failure because of worst famine (1965-66), in 100 years. • Ino-china (1965), conflict diverted the resources form development of defence. • Postponement of fourth Plan by 3 year. • Targeted growth 5.6% achieved growth 2.8% • The situation created by Indo-

		<p>Pakistan Conflict (1965), two successive years of severe drought, devaluation of currency by 57% general rise in prices and erosion of resources for plan delayed.</p> <ul style="list-style-type: none"> • Fourth Plan delayed because between 1966-69 three Annual Plans were formulated.
Annual Plan (1966-69)	<ul style="list-style-type: none"> • Due to the unfortunate failure of the Third Plan, the production in various sectors of the economy became stagnant. In 1966, the government of India declared the devaluation of rupee, with a view to increase the exports of the country. So the Fourth Plan was postponed and 3 Annual Plans were implemented. Some of the economists called this period as Plan holiday. 	<ul style="list-style-type: none"> •
Fourth Plan (1969-74)	<ul style="list-style-type: none"> • Objective was growth with stability and progressive achievement of self-reliance • Laid special emphasis on improving the condition of under privileged and weaker sections. • Food security in gold was also one of its main goal. 	<ul style="list-style-type: none"> • First 2 years of the plan were successful with record food-grain production on account of Green revolution. • Adoption of import-substitution policy and export-production widened the industrial base. • Targeted growth 5.7% however, achieved growth 3.3% • The plan was failure on account of runaway inflation from Bangladesh post 1972 Indo-Pak war.
Fifth Plan (1974-79)	<ul style="list-style-type: none"> • Original approach to plan prepared by C Subramaniam, who proposed economic growth alongwith direct attack on poverty. • However, final draft prepared by DP Dhar with objectives of removal of poverty (Garibi Hatao) and attainment of self reliance. • To step up domestic rate of saving. • Introduction of minimum needs programme. 	<ul style="list-style-type: none"> • Targeted growth 4.4% and achieved growth 4.8% • Fifth Plan cost calculations based on 1971-72, prices proved to be wrong. • Brought to the fore problem associated with coalition government making a mockery of formulation of five Year Plan
Rolling Plan	<ul style="list-style-type: none"> • Rolling plan (Gunnar Myrdal) was brought out by Janata Pary government under Morarji Desai in 1978. The focus of the plan was 	<ul style="list-style-type: none"> •

(1978-80)	enlargement of the employment potential in agriculture and allied activities to raise the income of the lowest income classes through minimum needs programme. Annual Plan period was 1979-80	
Sixth Plan (1980-85)	<ul style="list-style-type: none"> • Removal of poverty through strengthening of infrastructure for both agriculture and industry. • The emphasis was laid on greater management, efficiency and monitoring of various schemes. • Involvement of people in formulating schemes of development at local level. 	<ul style="list-style-type: none"> • Indian economy made an all round progress and most of the targets fixed by the plan was achieved. • Targeted growth 5.2% • Achieved growth 5.4%
Seventh Plan (1985-90)	<ul style="list-style-type: none"> • To accelerate food grains production. • To increase employment opportunities. • To raise productivity. • Outward looking strategy with gradual liberalization over of economy. 	<ul style="list-style-type: none"> • Food grains production grew by 3.23% as compared to a long-term growth rate of 2.68% between 1967-68 and 1988-89. • The Indian economy finally crossed the barrier of the Hindu rate of growth of 3% given by Professor Raj Krishna. • Average annual growth rate was 6% as against the targeted 5% and average of 3.5% in the previous year
Annual Plan (1990-92)	<ul style="list-style-type: none"> • The Eighth Plan could not take off due to fast changing political situation at the centre. Therefore , from 1990-92, annual plans were formulated. 	<ul style="list-style-type: none"> •
Eighth Plan (1992-97)	<ul style="list-style-type: none"> • Process of fiscal reforms and economic reforms initiated by Narasimha Rao Government to prevent another major economics crisis. • To increase the average industrial growth rate to 7.5% • To provide a new dynamism of the economy and improve the quality of life of the common man. • First indicative plan. 	<ul style="list-style-type: none"> • Higher economic growth rate of 6.8% achieved as against the targeted 5.6% • Improvement in trade and current account deficit. • Significant reduction in fiscal deficit. • Agriculture growth and industrial growth increased • Unshackled private sector and foreign investment control was the prime reason for high growth. • Overall soci-economic development indicators low. • The growth became jobless and fruitless.

<p>Ninth Plan (1997-02)</p>	<ul style="list-style-type: none"> • Growth with social justice and equality • Emphasis on Seven Basic Minimum Services (BMSs), which included safe drinking water univerisalisation of primary education, streamlining PDS among others./ • Pursued the policy of fiscal consolidation . • Ensuring food and nutritional security to all. 	<ul style="list-style-type: none"> • Global economic slowdown and other factors led to revision of targeted growth rate from 7%to 6.5%, which too was not achieved. • The economy grew at 5.4% only. • Agriculture grew by 2.1% as against the target of 4.2% per annum.
<p>Tenth Plan (2002-07)</p>	<ul style="list-style-type: none"> • The tenth Plan aimed at achieving 8.1% GDP growth assuming that ICOR (Incremental Capital Output Ratio) will decline from 4.53% to 3.58% • It aimed at increasing domestic saving rate from 23.52% to 29.4% of GDP and gross capital formation to 32.2% from 24.4% of GDP. • To improve the overall framework of governance. • Agriculture was the core element. 	<ul style="list-style-type: none"> • Increase in GDP growth to 7.6% compared to 5.5% compared to 5.5% in the Ninth Plan. The lower than targeted growth rate of 8% was due to low growth of 3% in the first year of Tenth Plan. • Increase in gross domestic saving and investment. • Reduction in ICOR to 4.2% though higher than targeted but less than Ninth Plan's ICOR of 4.53% • Increase in foreign exchange reserves to US\$ 287 billion • However, Tenth Plan fared worst on socio-economic indicators and the agricultural growth rate was meager 2.1%
<p>Eleventh Plan (2007-12)</p>	<ul style="list-style-type: none"> • Average GDP growth of 8.1% per year. • Agricultural GDP growth of 4% per year. Generation of 58 million employment opportunities. • Sex ratio for age group 0-6 year to be raised to 935 by 2011-12 and to 950 by 2016-17 	<ul style="list-style-type: none"> • The growth rate during the Wleventh Plan period was about 7.9% which is higher than the 7.8% growth rate achieved in the Tenth Plan. • As against the target of 4% growth in the agriculture sector, the plan could register a growth of only 3% during 2007-12 period. • The services sector continued to register a growth rate of more than 10%. However, the industrial growth rate showed 7.9%
<p>Twelfth Plan (2012-17)</p>	<ul style="list-style-type: none"> • Real GDP Growth rate of 8% • Agriculture Growth rate of 4% • Manufacturing Growth rate of 10% 	<ul style="list-style-type: none"> • Growth rate of real GDP achieved during 2012-17 is 8.2%

Conclusion:-

During the year five plan the government unable to utilize its resources properly, as it is clear there is a difference between the targeted goal or achieved. While during plan the focus is put on only a particular sector and other rejected. NITI ayog has come forward with a draft 15- year vision plan to catapult the country's economy to more than three times as compared to the present day. The new plan is set to replace the five- year plans the country and this new draft plan is accompanied by shorter sub-plan a seven-yeat strategy for 2017-24 and a three-year 'Action Agenda' from 2017-18 to 2019-20

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