

ECONOMIC PLANNING IN INDIA

Economic planning is the process in which the limited natural resources are used skillfully to achieve the desired goals.

The basic aim of economic planning in India is to bring rapid economic growth through development of agriculture, industry, power, transport, communication & all other sectors of the economy.

Planning Commission Structure and Function :

- ◆ Planning commission was constituted on 15th March 1950.
- ◆ The prime-minister is the ex-office chairman of the commission.
- ◆ It is a central body for making plans in India.
- ◆ It is a non-statutory, extra-constitutional and advisory body & finds no-mention in the constitution of India.
- ◆ The deputy-chairman of the planning commission enjoys the status of cabinet Rank minister & its members are appointed by the government.
- ◆ The tenure of its members, deputy chairman & composition of the planning commission is not fixed.

HISTORY OF PLANNING

- ❑ First attempt was made by **Sir M. Visvesvarayya** through his book "planned economy for India" in 1934. In his book he gave the plan for 10 years.
- ❑ **1944** - Bombay plan (A plan of economic development) by eight industrialists.
- ❑ **1944**- Gandhian plan by **SN Aggarwal**.
- ❑ **1945** - Peoples plan by **M.N. Roy**.
- ❑ **1950** - Sarvodaya plan by **Jai Prakash Narayan**.
- ❑ Just after attachment of independence the government of India set up the planning commission.
- ❑ The first chairman of the commission was **Jawaharlal Nehru**.
- ❑ First deputy chairman was **Gulzarilal Nanda**.

National Development Council (NDC) :

- ◆ N.D.C. was constituted on 6th Aug. 1952.
- ◆ The prime-minister is the ex-office chairman & the secretary of planning commission is the ex-office secretary of this council chief minister of all the states & the members of planning commission are the members of N.D.C.
- ◆ The main functions of NDC are -
 1. To make co-operative environment for economic planning between states & planning commission.
 2. To evaluate the management of plans from time to time.
 3. To analyze the policies affecting development.
 4. To give suggestions to achieve the aim fixed in the plan.
 5. To give the final approval to five year plans.

Present Composition of Planning Commission

Chairman	-	Dr. Manmohan Singh
Deputy	-	
Chairman	-	Montek Singh Ahluwalia
Members	-	Shri. Soumitra choudhary
		Shri. Mihir Shah
		Shri. K. Kasturirangan
		Shri. Aman maira
		Shri. Abhijit Sen
		Shri. Syeda hameed
		Shri. Narendra Jadhav
		Shri. B.K. Chaturvedi

FIVE YEAR PLANS - AT A GLANCE					
Five year Plans	Target	Achievement	Model	Theme	Assessment
1st plan 1951-56	2.1%	3.6%	Herold-Domor Model	Agriculture development	<ul style="list-style-type: none"> ♦ Community development programme was started in 1952. ♦ National broadcasting services in 1953. ♦ Bhakra Nagal dam (Satluj-M.P.) & damodar valley (Mahandi) & Heera Kund get inaugurated.
2nd plan 1956-61	4.5%	4.27%	P.C. Mahalanobis	Focus on heavy industry	<ul style="list-style-type: none"> ♦ Durgapur (UK), Bhilai (USSR) & Rourkela (W. germany) steel plant were established. ♦ Atomic energy commission came into being & TIFR was set up.
3rd plan 1961-66	5.6%	2.84%	Sukhmoy Chakraborty and prof. Saddy	Economic Sufficiency	<ul style="list-style-type: none"> ♦ In 1964, BOKARO STEEL plant established. ♦ In 1964, "United trust of India" was established. ♦ First mutual-fund by govermend of Indian "US-64" was launched. ♦ IDBI established in 1964 ♦ In 1965, FCI & Agriculture pricing commission was established. ♦ In 1966, the rupee was devaluated first time.
Planning holiday 1966-69 - Due to drain of resources with war of Pakistan, & China goverment was not able to execute next 5 year plan that's why 3rd annual plan where implemented from 1966-69. How ever, there was no 5 year plan during this time-span that's why, this time spain is known as " Planing-holding ".					Reason of failure of plan <ul style="list-style-type: none"> ♦ Indo-China confict - (1962) ♦ Indo-Pak confict (1965) ♦ Diverted the resource from development to defence,
4rd plan 1969-74	5.7%	3.3%	Ashok Rudra & Alon S. Manney	Growth with stability & Progress	<ul style="list-style-type: none"> ♦ In 1969, 14 banks were nationalized. ♦ India conducted underground nuclear test at Pokharan (Rajasthan) & code name was "Budha Smiled". ♦ The allocations to state for planning provided through "Gadgil formula".
5th plan 1974-79	4.4%	3.8%	Alike fourth-five year plane which is called "Investment model of planning commission"	Poverty eradication & attainment of selfreliance	<ul style="list-style-type: none"> ♦ RRB were established in 17th oct 1975. ♦ This was only plan which was not able to complete its 5 year.
Rolling plan (1978-80) - It was boughtout by Janta party gov. under morarji desai in 1978. The focus of the plan was enlargement of the emloyment potential in agriculture & allied activities to raise the income of the lowest income class through minimum need programmes.					<ul style="list-style-type: none"> ♦ Plan because this plan was ended by "Janta goverment in 1978."

Five year Plans	Target	Achievement	Model	Theme	Assessment
6th plan 1980-85	5.2%	5.7%	Based on investment yojana infrastructural changing & trend to growth model	Food & fuel security	<ul style="list-style-type: none"> ◆ First time poverty index was introduced by planning commission. ◆ This plan was based "On D.T. Lakadwala model." ◆ In 1980, 6 banks were nationalised. ◆ 12 July 1982, NABARD was established. ◆ 1982, EXIM bank was established. ◆ 6th plan was only plan which was started twice by janta-goverment & then by congres goverment. ◆ Important programmes like, integrated Rural development programme (IRDP), minimum need programme (MNP) were started.
7th plan 1985-90	5%	6.02%	Alike sixth five year plan prepared © pranav mukherjee	H u m a n R e s o u r c e development	<ul style="list-style-type: none"> ◆ 1986, speed - post was established. ◆ In 1988, SEBI was established ◆ Prof. Raj Kirshna define, 7th plan as "hindu growth rate." ◆ In this plan, for the first time private sector was given priority in comparision to public sector. ◆ Employment generated programmes like Jawahar Rozgar Yojana were started.
The eight plan could not take off due to fast changing political situations at the centre. Therefore, from 1990-92, Annual plans were formulated.					
8th plan 1992-97	5.6%	6.68%	John W. miller model	Libralization privatization, globlization	<ul style="list-style-type: none"> ◆ In 1993, pradhan Mantri Rozgar yojana (PMRY) was started. ◆ In, 1995, India become a member of WTO, as the early organization GATT formally converted into world trade organization at same date.
9th plan 1997-2002	6.5%	5.35%	Created by planning commission	Growth with social justice & equality	<ul style="list-style-type: none"> ◆ Priority given to agriculture & rural development. ◆ Recession in international economy was held responsible for the failure of 9th plan.

Five year Plans	Target	Achievement	Model	Theme	Assessment
10th plan 2002-2007	8.0%	7.2%	—do—	Growth with social justice & equality	♦ It was expected to follow a regional approach rather than sectoral approach to bring down regional inequalities.
11th plan 2007-2012	9%	8%	Prof. C Rangarajan	Fast, broad - base & inclusive growth	♦ During this plan highest growth observed during financial year of 2007-08 and 2010-2011.
12th plan 2013-17				Faster, sustainable and more inclusive growth	♦ Agriculture growth rate targeted 4% investment rate with respect to GDP 38.7% ♦ They have targeted average fiscal deficit of 3.25% ♦ Average current deficit for 12th plan is 2.5% ♦ Targeted to spend 1 trillion dollar during this plan in infrastructure.

National Target of the 11th Plan (2007-12)

Income & Poverty :-

- ❑ GDP growth rate target of 9% p.a.
- ❑ Increase agricultural GDP growth rate of 4% per year.
- ❑ To enhance domestic investment from 35.9% of GDP in 2006-07 to an average of 36.7% of GDP in plan period.
- ❑ To raise industrial growth rate from 9.2% in the 10th plan to between 10% & 11%.
- ❑ Manufacturing sector is target to grow at 12% p.a.
- ❑ Create 58 million new work opportunities.
- ❑ Reduce educated unemployment to below 5%
- ❑ Raise real wage rate of unskilled workers by 20%.
- ❑ Reduce the headcount ratio of consumption poverty by 10% points.

Education :-

- ❑ Reduce dropout of children from elementary from 20% by 2011-12.
- ❑ Increase literacy rate for persons of age 7 years or more to 85%.
- ❑ Lower gender gap in literacy to 10% points.

Health :-

- ❑ To raise public health spending to 2% of GDP during plan period.
- ❑ Reduce infant mortality rate to 28 & maternal mortality ratio to 1 per 1000 live births.

- ❑ Reduce total fertility rate to 2.1 by the end of the plan.
- ❑ Provide clean drinking water for all by 2009 & ensure that there are no slip-backs by end of the 11 plan.
- ❑ Reduce malnutrition among children of age group 0-3 to half its present level.

Women & Children :-

- ❑ Raise the sex ratio for age group 0-6 to 935 by 2011-12 & to 950 by 2016-17.
- ❑ Ensure that atleast 33% of the direct & indirect beneficiaries of all govt. schemes are woman & children.

Infrastructure :-

- ❑ To achieve telecom subscriber base of 600 million & a rural teledensity of 25%.
- ❑ Ensure electricity connection to all villages & BPL families.

Environment :-

- ❑ Increase forest & tree cover by 5%
- ❑ Attain WHO standards of air quality in all major cities by 2011-12.
- ❑ Treat all urban waste water by 2011-12 to clean river water.
- ❑ Increase energy efficiency by 20% points by 2016-17.

Vision of 12th Five year Plan (2012-17)

Economic Growth :-

1. Real GDP growth Rate - 8.0%
2. Agriculture growth Rate - 4.0%

3. Manufacturing growth Rate - 7.1%
4. Industrial sector growth Rate - 7.6%
5. Service sector growth Rate - 9.0%
6. Every state must have a higher average growth rate in the twelfth plan than that achieved in the 11th plan.

Poverty & Employment -

1. Head-count ratio of consumption poverty to be reduced by 10% points over the preceding estimates by the end of 12th five year plan.
2. Generate 50 milion new work opportunities in the non-farms sector & provide skill certification to equivalent numbers.

Education : -

1. Mean years of schooling to increase to 7 year by end of this plan.
2. Enhance access to higher education by creating two million additional seats for each age cohort aligned to the skill needs of the economy.
3. Eliminate gender & social gap in school enrolment (that is between girls & boys & between SCs, STs, muslims & the rest of the population) by the end of the plan.

