

RADIAN IAS ACADEMY

INDIAN ECONOMY (SHORTCUTS)

FIVE YEAR PLANS

(IMPORTANT FACTS FROM 1ST TO 11TH FIVE YEAR PLAN)

1) **FIRST FIVE YEAR PLAN (1951 -56)** - *Harrod Domar Model*

SHORTCUT: SIPCOT

S - SOCIAL SERVICE

I - INDUSTRY

P - POWER

Co - Communication

T - Transport

2) **SECOND FIVE YEAR PLAN (1956 -61)** - *P.C Mahalanobis.*

SHORTCUT : MADRAS

M - Mahalanobis Model

A - Atomic Energy Commission

D - Durgapur steel company, Tata Inst of Fundamental Research

R - Rourkela Steel Company, Rapid Industrialisation

A - Agriculture

S - Socialistic Pattern of Society

3) THIRD FIVE YEAR PLAN (1961-66) – John sandy & sukhamoy

SHORTCUT : SAD

S - Self Reliance

A - Agriculture

D - Development of Industry

4) Fourth Five Year Plan 1969 -1974 - Gadgil

SHORTCUT : GDB

G - Green Revolution, which boosted agriculture

D- Drought Prone Area Programme

B - Nationalization of 14 major Indian banks

5) FIFTH FIVE YEAR PLAN (1974-79) – D.P Dhar

SHORTCUT : PSTM (Persons Studied in Tamil Medium)

P - Poverty Eradication

S - Self reliance

T - Twenty Point Programme

M - Minimum Need Programme

6) SIXTH FIVE YEAR PLAN (1980-85) - Shivaraman Committee

SHORTCUT : MAIL

M - Management

A - Agriculture production

I - Industry production

L - Local Development Schemes

7) SEVENTH FIVE YEAR PLAN (1985-90)

SHORTCUT : EFGH (the alphabets)

E - Employment generation

F - Foodgrain production was doubled

G - Jawahar Rozgar Yojana (1989)

H - Hindu rate of Growth

8) EIGHTH FIVE YEAR PLAN (1992-97)

SHORTCUT : LPG

L - Liberalisation

P - Privatisation

G - Globalisation

9) NINTH FIVE YEAR PLAN (1997-2002)

SHORTCUT : ESPN

E - Employment for Women, SC's and ST's

S - Seven Basic minimum service

P - Panchayat Raj Institutions, Primary Education, Public Distribution System

N - Nutrition Security

11) ELEVENTH FIVE YEAR PLAN (2007 -2012)

SHORTCUT : TEACHERS

T - Telecommunicatons (2G)

E - Electricity, Environment Science

A - Anemia

C - Clean water

H - Health education

E - Environment Science

R - Rapid growth

S - Skill Developmen

HISTORY OF FIVE YEAR PLANS

- The Idea of Planning as a process of rebuilding the economy gained prominence in the 1940s-50s.
- Various Industrialists came together in 1944 and drafted a joint proposal for setting up a planned economy in India. It is famously known as the Bombay Plan.
- Planning for development was seen as a crucial choice for the country, following Independence.
- Joseph Stalin was the first person to implement the Five-Year Plan in the Soviet Union, in the year 1928.
- India launched a series of Five-Year Plans after independence to build its economy and attain development.

Concept of FYPs

- The idea of five-year plans is simple- The Government of India prepares a document with all its income and expenditure for five years.
- The budget of the central government and all the state governments is divided into two parts: non-plan budget and plan budget.
- The non-plan budget is spent on routine items yearly. The planned budget is spent on a five-year basis as per the priorities fixed by the plan.
- The model of the Indian Economy was premised on the concept of planning based on five-year plans from 1951-2017.
- The Five Year Plans were formulated, implemented and regulated by a body known as the Planning Commission.
- The Planning Commission was replaced by a think tank called NITI AAYOG in 2015.
- The Niti Aayog has come out with three documents — 3-year action agenda, 7-year medium-term strategy paper and 15-year vision document.

First Five-Year Plan (1951-56)

- The First Five Year Plan laid the thrust of economic development in India.
- It was presented by the first Indian Prime Minister, Jawaharlal Nehru to the Parliament of India.
- K.N Raj, a young economist, argued that India should "hasten slowly" for the first two decades.
- It mainly addressed the agrarian sector, including investment in dams and irrigation. Ex- Huge allocations were made for Bhakhra Nangal Dam.
- It was based on the Harrod Domar Model and emphasised increasing savings.
- By the end of 1956, five Indian Institutes of Technology were established.

	<ul style="list-style-type: none"> ▪ The target growth rate was 2.1% and the achieved growth rate was 3.6%.
Second Five Year Plan (1956-61)	<ul style="list-style-type: none"> ▪ The Second Five year Plan stressed rapid industrialisation and the public sector. ▪ It was drafted and planned under the leadership of P.C Mahalanobis. ▪ It emphasised quick structural transformation. ▪ The government imposed tariffs on imports to protect domestic industries under this plan. ▪ The target growth rate was 4.5% and the actual growth rate was slightly less than expected, 4.27%.
Third Five Year Plan (1961-66)	<ul style="list-style-type: none"> ▪ The focus was on agriculture and improvement in the production of wheat. ▪ States were entrusted with additional development responsibilities. Ex-States were made responsible for secondary and higher education. ▪ Panchayat elections were introduced to bring democracy to the grass roots level. ▪ The target growth rate was 5.6% and the actual growth rate only achieved 2.4% ▪ This indicated a miserable failure of the Third Plan, and the government had to declare "Plan Holidays" (1966-67, 1967-68, and 1968-69). The Sino-Indian War and the Indo-Pak War, which caused the Third Five Year Plan to fail, were the primary causes of the plan holidays.
Fourth Five-Year Plan (1969-74)	<ul style="list-style-type: none"> ▪ It was introduced under the Prime Ministership of Indira Gandhi and attempted to correct the previous failures. ▪ Based on Gadgil Formula, a great deal of emphasis was laid on growth with stability and progress towards self-reliance. ▪ The government nationalised 14 major Indian Banks and the Green Revolution boosted agriculture. ▪ The Drought Prone Area Programme was also launched. ▪ The target growth rate was 5.6%, but the actual growth rate was 3.3%.
Fifth Five-Year Plan (1974-78)	<ul style="list-style-type: none"> ▪ It laid stress on increasing employment and poverty alleviation (garibi hatao). ▪ In 1975, the Electricity Supply Act was amended, enabling the central government to enter into power generation and transmission. ▪ The Indian National Highway System was introduced. ▪ The Minimum Needs Programme introduced in the first year of this plan, aimed to provide basic minimum needs. MNP was prepared by D.P. Dhar. ▪ The target growth rate was 4.4% and the actual growth rate turned out to be 4.8%

- In 1978, the newly elected Morarji Desai government rejected this plan.

Rolling Plan (1978-80)

- ℞ This was a period of instability. The Janata Party government rejected the fifth five-year Plan and introduced a new Sixth Five-Year Plan.
- ℞ This, in turn, was rejected by the Indian National Congress in 1980 upon Indira Gandhi's re-election.
- ℞ A rolling plan is one in which the effectiveness of the plan is evaluated annually and a new plan is created the following year based on this evaluation.
- ℞ As a result, throughout this plan, both the allocation and the targets are updated.

Sixth Five Year Plan (1980-85)

- It underlined the beginning of economic liberation by eliminating price controls.
- It was seen as the end of Nehruvian Socialism.
- To prevent overpopulation, family planning was introduced.
- On the recommendation of the Shivaraman Committee, the National Bank for Agriculture and Rural Development was established.
- The target growth rate was 5.2% and the actual growth rate was 5.7%, implying that it was a success.

Seventh Five Year Plan (1985-90)

- This plan was led by the Prime Ministership of Rajiv Gandhi.
- It laid stress on improving Industrial productivity levels through the use of technology.
- Other objectives included increasing economic productivity, increasing the production of food grains and generating employment by providing Social Justice.
- The outcome of the Sixth Five-Year Plan provided a robust base for the success of the seventh five-year plan.
- It emphasised anti-poverty programmes, the use of modern technology, and the need to make India an independent economy.
- It focused on attaining prerequisites for self-sustained growth by 2000.
- The target growth rate was 5.0%. However, the actual growth rate grew to reach 6.01%

Annual Plans (1990-92)

- ℞ The Eight Five Year Plan was not introduced in 1990 and the following years 1990-91 and 1991-92 were treated as Annual Plans.
- ℞ This was largely because of the economic instability. India faced a crisis of foreign exchange reserves during this time. Liberalisation, Privatisation, Globalisation (LPG) was introduced in India to grapple with the problem of the economy under prime minister P.V Narasimha Rao.

<p>Eighth Five Year Plan (1992-97)</p>	<ul style="list-style-type: none"> ▪ The Eighth Plan promoted the modernisation of Industries. ▪ India became a member of the World Trade Organisation on 1 January 1995. ▪ The goals were to control population growth, reduce poverty, generate employment, strengthen the development of infrastructure, manage tourism, focus on human resource development etc. ▪ It also laid emphasis on involving the Panchayats and Nagar Palikas through decentralisation. ▪ The target growth rate was 5.6% but the actual growth rate was an incredible 6.8%.
<p>Ninth Five Year Plan (1997-2002)</p>	<ul style="list-style-type: none"> ▪ It marked India's fifty years since Independence and Atal Bihari Vajpayee led the prime ministership. ▪ It offered support for social spheres to achieve complete elimination of poverty and witnessed the joint efforts of public and private sectors in guaranteeing economic development. ▪ The focus was also to balance the relationship between rapid growth and the quality of life for the people. ▪ The objectives, further included, empowering socially disadvantaged classes, developing self-reliance and primary education for all children in the country. ▪ Strategies included enhancing the high rate of export to gain self-reliance, efficient use of scarce resources for rapid growth etc. ▪ The target growth rate was estimated at 7.1% but its actual growth rate fell shorter to 6.8%
<p>Tenth Five Year Plan (2002-07)</p>	<ul style="list-style-type: none"> ▪ The features of this plan were to promote inclusive growth and equitable development. ▪ It intended for an 8% GDP growth per year. ▪ It aimed at reducing the poverty by half and creating employment for 80 million people. Further, it aimed to reduce regional inequalities. ▪ It also emphasised reducing the gender gaps in the field of education and wage rates by 2007. ▪ The target growth rate was 8.1% while the actual growth was 7.6%.
<p>Eleventh Five Year Plan (2007-2012)</p>	<ul style="list-style-type: none"> ▪ The Eleventh Plan was significant in its aim to increase enrolment in higher education and focused on distant education as well as IT institutes. Ex: The Right to Education Act was introduced in 2009, and came into effect in 2010, making education free and compulsory for children aged between 6-14 years. ▪ Its main theme was rapid and more inclusive growth. ▪ It is aimed at environmental sustainability and reduction in gender inequality. ▪ C.Rangarajan prepared the Eleventh Five Year Plan.

	<ul style="list-style-type: none">▪ The focus was also laid on providing clean drinking water for all by 2009.▪ The target rate was 9% and the actual growth rate was 8%.
Twelfth Five Year Plan (2012-17)	<ul style="list-style-type: none">▪ The last Five Year Plan had "Faster, More Inclusive and Sustainable Growth" as its theme.▪ The plan aimed at strengthening infrastructure projects, and providing electricity supply in all villages.▪ It also aimed at removing the gender and social gap in admissions at school and improved access to higher education.▪ Further, it aspired to enhance the green cover by 1 million hectares each year and to create new opportunities in the non-farming sector.▪ The target growth rate was 9% but in 2012, National Development Council approved a growth rate of 8% for this twelfth plan.