



Five Year Plans


What is the 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.

What is the 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.

Five Year Plan	Highlights
First Five-Year Plan (1951-56)	<ul style="list-style-type: none">▪ 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.▪ K.N Raj, a young economist, argued that India should "hasten slowly" for the first two years.▪ It mainly addressed the agrarian sector, including investment in dams and irrigation 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.▪ 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.
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 given more powers in higher education.▪ Panchayat elections were introduced to bring democracy to the grassroots level.

	<ul style="list-style-type: none"> ▪ 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 a plan holiday (1966-67 and 1968-69). The Sino-Indian War and the Indo-Pak War, which caused the Third Five-Year Plan to be suspended, were the main causes of the plan holidays.
<p>Fourth Five-Year Plan: (1969-74)</p>	<ul style="list-style-type: none"> ▪ It was introduced under the Prime Ministership of Indira Gandhi and attempted to correct the failures of the Third Plan. ▪ Based on Gadgil Formula, a great deal of emphasis was laid on growth with stability. ▪ The government nationalised 14 major Indian Banks and the Green Revolution was introduced. ▪ The Drought Prone Area Programme was also launched. ▪ The target growth rate was 5.6%, but the actual growth rate was 3.3%.
<p>Fifth Five-Year Plan (1974-78)</p>	<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 take over the power transmission. ▪ The Indian National Highway System was introduced. ▪ The Minimum Needs Programme introduced in the first year of this plan, aimed to meet the basic needs of the people, 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.
<p>Rolling Plan (1978-80)</p> <p>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.</p> <p>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.</p>	
<p>Sixth Five Year Plan (1980-85)</p>	<ul style="list-style-type: none"> ▪ 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 the plan was successful.

<p>Seventh Five Year Plan (1985-90)</p>	<ul style="list-style-type: none"> ▪ 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 goods and services, and increasing 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 for a more self-reliant 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 6.0%.
<p>Annual Plans (1990-92)</p> <p>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>	
<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, 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 growth in both public and private sectors in guaranteeing economic development. ▪ The focus was also to balance the relationship between rapid growth and the quality of growth. ▪ The objectives, further included, empowering socially disadvantaged classes, development of human resources, and providing education for all children in the country. ▪ Strategies included enhancing the high rate of export to gain self-reliance, efficient use of resources, etc. ▪ The target growth rate was estimated at 7.1% but its actual growth rate fell shorter to 6.5%.
<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 80million people. ▪ It also emphasised reducing the gender gaps in the field of education and wage rates.

<p>Eleventh Five Year Plan (2007-2012)</p>	<ul style="list-style-type: none"> ▪ The target growth rate was 8.1% while the actual growth was 7.6%. ▪ The Eleventh Plan was significant in its aim to increase enrolment in higher education as well as IT institutes. Ex: The Right to Education Act was introduced in 2009, and came 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. ▪ 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%.
<p>Twelfth Five Year Plan (2012-17)</p>	<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 to all. ▪ It also aimed at removing the gender and social gap in admissions at school and improving the quality of education. ▪ Further, it aspired to enhance the green cover by 1 million hectares each year and to improve the productivity of the farming sector. ▪ The target growth rate was 9% but in 2012, National Development Council approved a plan with a target growth rate of 7.5%.

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