

# Know About Planning Commissions and its Five Year Plans - GK Notes PDF

Planning Commission was the agency of Government of India which oversees the country's economic and social development chiefly through five-year plans. There were many things about the Planning Commission that are still asked in various Government exams. Hence, it is even more important for you to know about Planning Commission and highlights of Five Year Plans, if you are appearing for Railways RRB Group D, IBPS PO, IBPS Clerk, SSC CGL and other Government Exams. Keep reading to know all about the Planning Commission of India.

## Know About Planning Commission

Established on 15 March 1950, the Planning Commission of India was a government body that made plans for the economic and social development of the country. The original purpose of the Planning Commission was to raise the standard of living of the citizens of India by methodically putting to use the human resources and material resources and thus boosting production and creating employment opportunities. The Planning Commission operated as an advisory body. It was headed by the Prime Minister and usually had a full-time Deputy Chairman.

## Need for Planning Commission (PC)

- The Planning Commission played a crucial role in the economic development and growth of the country.
- The Planning Commission held the responsibility of making an assessment of the material capital and human resources of the country and also investigating the possibility of augmentation of such resources.
- PC gave the country plans for the most effective and balanced utilization of the country's resources, both available and potential from within and without.
- The Commission was given two major responsibilities - first, to ascertain priorities and stages at which plans should be executed and second, to propose an allocation of resources which was required for effective execution at each stage.
- The Planning Commission also used to tackle the obstacles which hindered the nation's economic growth.
- The Commission also did time to time appraisal of the progress attained at each phase of the plan and suggested alterations of policy and measures accordingly.





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## Five Year Plans

- Following the attainment of Independence in 1947, India was left with no other option but to rebuild its economy from the ground up. The leaders had to select the kind of economy the country would be and also sketch out the economic planning as well. This marked the establishment of five-year plans.
- An economic plan allocates the resources of a nation to fulfill the general and specific goals as planned by the government for a specified period. As the name itself suggests, in India, these plans were made for the period of five years.
- Five-year plans are basically short term versions of perspective plans. A perspective plan outlines the long-term goals of a nation, spanning a decade or twenty years.
- The idea of economic planning in India or five-year plans was inspired by erstwhile Russia (then USSR).
- Since the conception of five-year plans, India has released 12 five year plans. The 12th five-year plan was the last since the Government of India has decided to stop launching Five-year plans and launched a think tank called NITI Aayog in place of the Planning Commission.

### First Five Year Plan (1951-56):

1. This plan was based on the Harrod-Domar model.
2. It emphasized improvement in agriculture, productions, irrigation, price stability, power, and transport.
3. It proved to be a success as agriculture production increased dramatically and it achieved a 3.6% growth rate.
4. Major dam projects of Bhakra-Nangal, Hirakud and Mettur dam were started during this plan period.
5. By the end of this plan period, in 1956, five Indian Institutes of Technology (IIT) were also started.
6. Community Development Projects was started.

### Second Five Year Plan (1956-61):

1. This plan was based on the Mahalanobis model.
2. It majorly emphasized the domestic production of industrial products and rapid industrialization.
3. Steel plants at Bhilai, Durgapur, and Rourkela were set up in accordance with this plan.
4. The target growth rate of this plan was 4.5% and the actual growth rate was 4.27%.



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### Third Five Year Plan (1961-66):

1. The third Five-year Plan stressed growth in agriculture and industry.
2. This plan is also known as the Gadgil Yojana.
3. The plan aimed to increase national income by 30% and agriculture production by 30%.
4. India failed to achieve its target due to wars with China in 1962 and Pakistan in 1965 and bad monsoon.
5. The target growth rate of this plan was 5.6%, but the actual growth rate was 2.4%.

### Plan Holidays (1966-69):

1. Due to a major war fought between India- Pakistan, and failure of the third plan the government was forced to declare “plan holidays” (from 1966–67, 1967–68, & 1968–69).
2. Three annual plans were drawn during this period.
3. Equal priority was given to agriculture, its allied activities, and industrial sector.

### Fourth Five Year Plan (1969-74):

1. This plan emphasized agriculture growth and the Green Revolution in India.
2. 14 major Indian banks were nationalized.
3. The target growth rate was 5.6%, but the actual growth rate was 3.3%.

### Fifth Five Year Plan (1974-78):

1. This Five-year Plan laid stress on employment, checking inflation, poverty alleviation (Garibi Hatao), and justice.
2. The draft of the plan was prepared by prominent diplomat D.P.Dhar
3. It focused on self-reliance in agricultural production and defense.
4. The Indian national highway system was introduced.
5. ‘Minimum Needs Programme’ was launched.
6. When Janta Party Government came to power it terminated the plan in the fourth year itself i.e. 1978.
7. The actual growth rate, 5.0%, exceeded the target growth rate which was 4.4%.

### Rolling Plan (1978-80):

1. The Janata Party government rejected the fifth five-year plan and introduced a new Sixth five-year plan (1978-1983). This plan was again rejected by the Indian





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National Congress government when it came to power in 1980 and a new sixth plan was made.

2. The earlier one was subsequently referred to as a rolling plan.
3. Rolling plan concept was coined by Gunnar Myrdal.

#### Sixth Five Year Plan (1980-85):

1. This Five-year plan marked the beginning of economic liberalization.
2. This plan focused equally on infrastructure and agriculture.
3. The sixth Five-year plan was a great success to the Indian economy.
4. The target growth rate was 5.2% and the actual growth rate was 5.4%.

#### Seventh Five Year Plan (1985-90):

1. This Five-year Plan aims to increase economic productivity, production of food grains, and generating employment.
2. Jawahar Rozgar Yojana was launched in 1989.
3. The plan was very successful. The target growth rate was 5.0% and the actual growth rate was 6.01%.

#### Annual Plans (1990-91 & 1991-92):

1. No five-year plan was implemented during this period due to political instability.
2. Only annual plans were made for the period between 1990 and 1992.
3. In 1991, India faced a crisis in Foreign Exchange (Forex) reserves, left with reserves of only about US\$1 billion. At that time Dr. Manmohan Singh launched India's free-market reforms that brought the nearly bankrupt nation back from the edge. It was the beginning of privatization and liberalization in India.

#### Eight Five Year Plan (1992-97):

1. The eighth five-year plan aimed towards modernization of industries.
2. The main objectives of this plan were controlling population growth, poverty reduction, employment generation, strengthening the infrastructure etc.
3. The target growth rate was 5.6% and the actual growth rate was 6.8%.

#### Ninth Five Year Plan (1997-2002):

1. This five-year plan gave priority to agriculture and rural development with a view to generating adequate productive employment and eradication of poverty.
2. Along with this, it laid emphasis on the concept of **Growth with Justice & Equity**.



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3. It accelerated the growth rate of the economy with stable prices.
4. Ensuring food and nutritional security for all.
5. Containing the growth rate of the population.
6. The target growth rate was 6.5% and the actual growth rate was 5.40%.

#### Tenth Five Year Plan (2002-07):

1. This five-year plan aimed to achieve 8 percent average GDP growth for the period 2002-07.
2. Creation of 50 million employment opportunities in the next 5 years.
3. Reduction in gender gaps in literacy and wage rates by at least 50% by 2007.
4. Reduction of poverty rate by 5 percentage points by 2007.
5. The 20-point program was introduced.
6. The target growth rate was 8.1% and the actual growth rate was 7.3%.

#### Eleventh Five Year Plan (2007-12):

1. Accelerate the growth rate of GDP from 8% to 10% and then maintain at 10% in the 12th Plan in order to double per capita income by 2016 – 17.
2. Rajiv Aarogyasri Health Scheme was launched.
3. Create 70 million new work opportunities.
4. Reduce educated unemployment to below 5%.
5. Increase forest and tree cover by 5 percentage points.
6. Raise the sex ratio for age group 0 – 6 to 935 by 2011 – 12 and to 950 by 2016-17.

#### Twelfth Five Year Plan (2012-17):

1. This five-year plan aimed to achieve 8.2% growth with the motto of **Faster, more Inclusive and Sustainable Growth**.
2. Its aim was to achieve 4 percent growth in agriculture and reduce poverty by 10 percentage points.
3. Health, education and skill development, environment and natural resources and infrastructure development are the main focus area of this plan.

## Shortcomings of the Planning Commission

The Planning Commission had some shortcomings and was felt outdated for modern India. Let us see what factors made the Planning Commission of India insufficient and archaic body.



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- Post-Independence, India was a young country with not many resources. Planning helped us to conserve many resources and a lot of money. The Planning Commission specified which industries should grow, which ones should come and those sort of things. This was the Socialist model of things. The government overlooked every aspect of the economy.
- India had made much progress since those times and is now a mixed economy where the government does not interfere much in the economy and it lets the market forces to operate for most of the part. At such a backdrop the Planning Commission seemed outdated since it was formed, in the first place, to overlook the aspects of the economy.
- Excessive centralization of powers occurred in the presence of the Planning Commission. The Planning Commission had the complete control on making decisions as to the amount of money to be spent, how much to give to the states etc.
- It also started intruding in the Finance Commission's field, which is not good for any economy.
- With passing time, it started to parallel the cabinet with the Prime Minister as its head. This proved to be a dangerous trend for democracy.
- In the years where UPA was the ruling party, the Environment Ministry and Planning Commission were misused to deny Non-Congress states non-plan expenditure.
- It was used as a parking lot for political cronies by the UPA government.
- The Commission was also full of bureaucrats, who were merely generalists. Whereas India needed a body comprised of specialists who are experts in specific subjects to tackle the problems of the 21st Century.

## NITI Aayog Replaces the PC for New India

- The Union Government established NITI Aayog (National Institution for Transforming India) on Jan. 1, 2015, as a replacement for the Planning Commission.
- An internal evaluation in Government revealed that the Planning Commission was witnessing policy fatigue necessitating structural changes in the central planning process.
- The assessment identified that the collapse of public investment in the face of rising subsidies, huge demands on public resources from the Right to Education Act, the National Rural Employment Guarantee Act and a poorly targeted Public Distribution System.
- Further rigid labor laws were impeding progress, and there were difficulties in releasing land for public housing and other public projects. A new Institutional framework was needed.



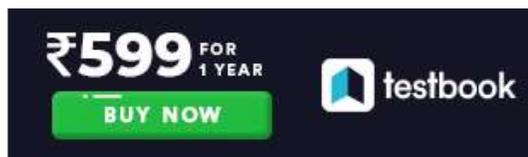
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- It will act more like a think tank or forum in contrast with the Commission which imposed five-year-plans and allocated resources to hit set economic targets.
- NITI Aayog's governing council includes Chief ministers of India's 29 states and seven union territories. Its full-time staff - a deputy chairman, Chief Executive Officer, and experts - answerable directly to the Prime Minister, who holds the post of Niti Aayog's chairman.
- Planning Commission, in contrast to NITI, used to report to the National Developmental Council.
- The major difference between NITI Aayog and Planning Commission is that while the Planning Commission took a more generalized approach towards the state and all the powers were centralized, NITI Aayog invites the greater involvement of the states following the bottom-up approach.

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