

# Planning Commission

## Concept of Planning Commission

The Planning Commission, although no longer active (since it was replaced by the NITI Aayog), was an important feature of policymaking and governance in India.

Planning Commission of India was an organization in the Government of India, which formulated India's Five-Year Plans, among other functions. The planning commission was charged with the service of the opportunities to all for employment in the service of the community.

The Planning Commission was reporting directly to the Prime Minister of India. It was established on 15 March 1950, with Prime Minister Jawaharlal Nehru as the chairman. The Planning Commission did not derive its creation from either the Constitution or statute but was an arm of the Central/Union Government.

The first Five-year Plan was launched in 1951 and subsequent Five-year plans were formulated till 1965 when a gap occurred due to the war with Pakistan. 2 consecutive years of drought, rupee devaluation, a general hike in prices and depletion of resources derailed the planning process and after Annual Plans from 1966 to 1969, the 4th Five-year plan was started in 1969.

## **Planning Commission Functions**

The 1950 resolution setting up the Planning Commission outlined its functions as the following:

- Make an evaluation of the capital, material and the human resources of the nation, including technical personnel, and study the possibilities of enhancing these resources for building up the nation;
- Draft a Plan for the most balanced and effective usage of the country's resources;
- Define the stages in which the Plan should be implemented and put forward the allocation of resources for the completion of every stage;
- Specify the factors that hamper economic development, and ascertain the conditions which, in view of the prevailing social and political situation, should be set up for the triumphant implementation of the Plan
- Determine the kind of machinery required for obtaining the successful execution of each stage of the Plan in all its aspects;
- Regularly appraise the progress achieved in the implementation of all stages of the Plan and propose the rectifications or recommendations of policy and measures that such appraisal may deem necessary;
- Make such interim or ancillary recommendations either for enabling the discharge of the duties assigned to it or on a consideration of the existing economic conditions, current policies, measures and development programme or on a study of such specific problems which the Central or State Governments can refer to it.

## Members of the Planning Commission

- Chairman – Prime Minister; presided over the meetings of the Commission
- Deputy Chairman – de facto executive head (full-time functional head);
- Was responsible for the formulation and submission of the draft Five-Year Plan to the Central cabinet.
- Was appointed by the Central cabinet for a fixed tenure and enjoyed the rank of a cabinet minister.
- Could attend cabinet meetings without the right to vote.

Part-time members – Some central ministers

Ex-officio members – Finance Minister and Planning Minister

## First-Five year Plan (1951-56)

In July 1951, the Planning Commission issued the draft outline of the First Five Year Plan for the period April 1951 to March 1956. It was presented to the parliament in Dec. 1952 by the Planning Commission.

### Objectives of First Five-Year Plan:

- (i) To increase food production.
- (ii) To fully utilise available raw materials,
- (iii) To correct the disequilibrium in the economy which was created by the Second World War (1939-45) and partition of India.
- (iv) To check inflationary pressure.
- (v) To build economic overheads such as roads, railways, irrigation, power, etc.
- (vi) To reduce inequalities in income and wealth.

## All Five Year Plan from 1 to 12

### ➤ Second Five Year Plan

- It was made for the duration of **1956 to 1961**, under the leadership of **Jawaharlal Nehru**.
- It was **based on the P.C. Mahalanobis Model made in the year 1953**.
- Its main focus was on the industrial development of the country.
- This plan lags behind its target growth rate of 4.5% and achieved a growth rate of 4.27%.
- However, this plan was criticized by many experts and as a result, India faced a payment crisis in the year 1957.

### ➤ Third Five Year Plan

- It was made for the duration of **1961 to 1966**, under the leadership of **Jawaharlal Nehru**.
- This plan is also called '**Gadgil Yojna**', after the Deputy Chairman of Planning Commission D.R. Gadgil.

- The main target of this plan was to make the economy independent. The stress was laid on agriculture and the improvement in the production of wheat.
- During the execution of this plan, India was engaged in two wars: (1) the Sino-India war of 1962 and (2) the Indo-Pakistani war of 1965. These wars exposed the weakness in our economy and shifted the focus to the defence industry, the Indian Army, and the stabilization of the price (India witnessed inflation).
- The plan was a flop due to wars and drought. The target growth was 5.6% while the achieved growth was 2.4%.

#### ➤ **Plan Holidays:**

- Due to the failure of the previous plan, the government announced three annual plans called Plan Holidays from **1966 to 1969**.
- The main reason behind the plan holidays was the Indo-Pakistani war and the Sino-India war, leading to the failure of the third Five Year Plan.
- During this plan, annual plans were made and equal priority was given to agriculture its allied sectors and the industry sector.
- In a bid to increase the exports in the country, the government declared **devaluation of the rupee**.

#### ➤ **Fourth Five Year Plan**

- Its duration was from **1969 to 1974**, under the leadership of **Indira Gandhi**.
- There were two main objectives of this plan i.e. growth with stability and progressive achievement of self-reliance.
- During this time, 14 major Indian banks were nationalized and the Green Revolution was started. Indo-Pakistani War of 1971 and the Bangladesh Liberation War took place.
- Implementation of Family Planning Programmes was amongst major targets of the Plan
- This plan failed and could achieve a growth rate of 3.3% only against the target of 5.7%.

#### ➤ **Fifth Five Year Plan**

- Its duration was **1974 to 1978**.
- This plan focussed on Garibi Hatao, employment, justice, agricultural production and defence.
- The Electricity Supply Act was amended in 1975, a Twenty-point program was launched in 1975, the Minimum Needs Programme (MNP) and the Indian National Highway System was introduced.
- Overall this plan was successful which achieved a growth of 4.8% against the target of 4.4%.
- This plan was terminated in 1978 by the newly elected **Moraji Desai government**.

#### ➤ **Rolling Plan**

- After the termination of the fifth Five Year Plan, the Rolling Plan came into effect from **1978 to 1990**.
- In 1980, Congress rejected the Rolling Plan and a new sixth Five Year Plan was introduced.
- Three plans were introduced under the Rolling plan: (1) For the budget of the present year (2) this plan was for a fixed number of years-- 3,4 or 5 (3) Perspective plan for long terms-- 10, 15 or 20 years.
- The plan has several advantages as the targets could be mended and projects, allocations, etc. were variable to the country's economy. This means that if the targets can be amended each year, it would be difficult to achieve the targets and will result in destabilization in the Indian economy.

#### ➤ **Sixth Five Year Plan**

- Its duration was from **1980 to 1985**, under the leadership of **Indira Gandhi**.
- The basic objective of this plan was economic liberalization by eradicating poverty and achieving technological self-reliance.
- It was based on investment Yojna, infrastructural changing, and trend to the growth model.
- Its growth target was 5.2% but it achieved a 5.7% growth.

#### ➤ **Seventh Five Year Plan**

- Its duration was from **1985 to 1990**, under the leadership of **Rajiv Gandhi**.
- The objectives of this plan include the establishment of a self-sufficient economy, opportunities for productive employment, and up-gradation of technology.
- The Plan aimed at accelerating food grain production, increasing employment opportunities & raising productivity with a focus on 'food, work & productivity
- For the first time, the private sector got priority over the **public sector**.
- Its growth target was 5.0% but it achieved 6.01%.

#### ➤ **Annual Plans**

- Eighth Five Year Plan could not take place due to the volatile political situation at the centre.
- Two annual programmes were formed for the year 1990-91& 1991-92.

#### ➤ **Eighth Five Year Plan**

- Its duration was from **1992 to 1997**, under the leadership of **P.V. Narasimha Rao**.
- In this plan, the top priority was given to the development of human resources i.e. employment, education, and public health.
- During this plan, Narasimha Rao Govt. launched the **New Economic Policy of India**.

- Some of the main economic outcomes during the eighth plan period were rapid economic growth (highest annual growth rate so far – 6.8 %), high growth of agriculture and allied sector, and manufacturing sector, growth in exports and imports, improvement in trade and current account deficit. A high growth rate was achieved even though the share of the public sector in total investment had declined considerably to about 34 %
- This plan was successful and got an annual growth rate of 6.8% against the target of 5.6%.

#### ➤ **Ninth Five Year Plan**

- Its duration was from **1997 to 2002**, under the leadership of **Atal Bihari Vajpayee**.
- The main focus of this plan was “**Growth with Social Justice and Equality**”.
- It was launched in the 50th year of independence of India.
- This plan failed to achieve the growth target of 6.5% and achieved a growth rate of 5.6%.

#### ➤ **Tenth Five Year Plan**

- Its duration was from **2002 to 2007**, under the leadership of **Atal Bihari Vajpayee and Manmohan Singh**.
- This plan aimed to double the Per Capita Income of India in the next 10 years.
- It also aimed to reduce the poverty ratio to 15% by 2012.
- Its growth target was 8.0% but it achieved only 7.6%.

#### ➤ **Eleventh Five Year Plan**

- Its duration was from **2007 to 2012**, under the leadership of **Manmohan Singh**.
- It was prepared by the C. Rangarajan.
- Its main theme was “**rapid and more inclusive growth**”.
- It achieved a growth rate of 8% against a target of 9% growth.

#### ➤ **Twelfth Five Year Plan**

- Its duration is from **2012 to 2017**, under the leadership of **Manmohan Singh**.
- Its main theme is “**Faster, More Inclusive and Sustainable Growth**”.
- Its growth rate target was 8%.

For a long time, there had been a feeling that for a country as diverse and big as India, centralised planning could not work beyond a point due to its one-size-fits-all approach. Therefore, the NDA government has dissolved the Planning Commission which was replaced by the NITI Aayog. Thus, there was no thirteen Five Year Plan, however, the five-year defense plan was made. It is important to note that the documents of the NITI Aayog have no financial role. They are only policy guide maps for the government.

The three-year action plan only provides a broad roadmap to the government and does not outline any schemes or allocations as it has no financial powers. Since it doesn't require approval by the Union Cabinet, its recommendations are not binding on the government.