

Subject- Economics (Class-XII)

Chapter II

FIVE YEAR PLANS IN INDIA- GOALS & ACHIVEMENTS

TYPES OF ECONOMIES

Capitalist Economy: The salient features of a capitalist economy are as under: -

- There is a private ownership of the due means of production.
- Means of production are used in a manner such that the profits are maximized.
- The role of the government is negligible.

Socialist Economy: The salient features of a socialist economy are as these: -

- Means of production are collectively owned by the government as a whole or, there is a public ownership of the means of production.
- Means of production are used in a manner such that the social welfare is maximized.
- There is a direct participation of the government in the process of production.

Mixed Economy: The salient features of a mixed economy are as under: -

- Means of production are owned and operated by private individuals as well as by the government.
- Profit motive in private sector and social welfare in public sector
- Both the price mechanism and NITI AYOOG (Planning commission) play important role

Difference between Planning Objective & Plan objective

Planning Objective		Plan Objective
1	They are long-term objective to be achieved over a period of 20 years.	They are short-term objective to be achieved over a period of 5 years.
2	They are general goals	They are specific goals
3	They are common to all plans	They vary from plan to plan
4	They are perspective plans	They are 5 years plans

OBJECTIVE OF PLANNING IN INDIA

The main long term objectives of planning in India are-

Modernization:

It refers to adoption of new technology; new methods of production and change in social outlook for e.g., Adoption high yield variety of seeds, better machines and equipment, gender empowerment etc.

Self-Reliance:

It refers to reducing dependence or imports of those goods which can be produced within the country itself. India wanted to be self-relevant due to the following reasons: -

- A) To obtain food sufficiency
- B) To reduce imports
- C) To avoid foreign interference in our policies

Economics Growth:

Economic growth is an increase in aggregate output of goods and services in a country, in a given period of time it implies sustained expansion in economic activities such as trade, agriculture industries etc. when an economy attains such a stage of growth, it doesn't require the assistance from other countries. The indicator of economic growth is G.D.P (gross domestic product)

Equality (equal distribution of resources):

It refers to the reduction in inequality of income or wealth, uplifting weaker section of society and more even distribution of economic resources. Economic inequality can be reduced by redistribution of land in rural areas, progressive taxation policy etc. Equality can be raised by uplifting weaker sections of the society the weaker section of the society are: -

- Land less workers
- Small and marginal farmers
- Handicapped people
- Backward people

The feature of economics policy followed under planning till 1991: -

Heavy Reliance on public sector: In the post-independence period India adopted a system of mixed economy, the characteristics and features of economic policies prior to 1991 was that greater importance was given to public sector in industrial policy 1956 as many of industries were exclusively reserved for public sector

Regulated development of private sector: Economic policy prior to 1991 imposed some restrictions on private sector. For example, Industrial act 1948 a new industry could not be stabilized without obtaining necessary license and gets itself registered.

Protection of small scale industry and regulation of small scale industry:

Certain area of production were exclusively reserved for the small scale industries. Financial institutions were developed later exclusively to fulfill the needs of society

Protection from foreign competition: Domestic industries were protected from foreign competition. High import duties and quantitative restrictions were imposed on imports.

Focus on import substitution: Saving and investment were identified as the key determinants of economic growth. High interest rates were offered to promote saving, while investment was induced through subsidies and capital grants.

The achievement and failure of planning in India

The achievements of planning in India: -

Increase in national income: During British rule the rate of growth of national income was 0.5% per annum. The national income has increased over the year and the growth rate of national income during 11th five year plan was 8.2% per annum. The 12th five year plan is targeting the growth rate of 9%.

Increase in per capital income: During British rule rate of increase in per capital income was very low. However during planning period the rate increased to 5.7% per annum.

Institutional & technical change in agriculture: Planning has contributed to the development of agriculture in many ways like land reforms and better techniques of production etc.

Growth & Diversification of industries: The industry in the country have been diversified Indian economy is now ranked as 10th largest industrial economy in the world.

Failure of planning in India: -

Abject Poverty: Poverty alleviation was the central theme of planning but this is where we stand. On an average a normal person needs 2400 calories of food per day but in India per capital availability of food is quite low

High rate of inflation: During high rate of inflation real income of the people has tended to eroded and economic divide between have's and haven't has tended to small overtime. 1st plan is the only exception when price level slides down.

Unemployment Crisis: Rising education levels and falling non agricultural jobs and growth shed that employment fell from 474 million in 2011 to 2012 to 465 million in 2017-18. Total employment declined by 9 million.

Deficient infra-structure: Development of infrastructure (including power, roads, dams, bridges, schools, colleges and hospital) continue to be inadequate consequently actual growth has failed to match the target of growth.

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