



Change in Industry, Employment During Five Year Plans of Indian Economy

KEYWORDS

Poverty, unemployment, red-tapism

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ABSTRACT *Since 1947, The Indian Economy has been, promised on the concept of planning. This has been carried through the five years plans. The Eleventh plan completed its term in March, 2012 and now twelfth plan is in operation. After completion of 11th plan, the objective of achieving economic self reliance, discontinuation of concessional foreign assistance, problems of unemployment still remains a cherished dream. The common man is not much enthused with the planning which has only increased his tax burden and cost of living. Therefore, it has become necessary for us to look back and see where our planning has gone wrong. So in this paper a major stress has been given on our mistakes and how we can rectify them to continue the process of economic development which proceeds in a smooth manner.*

INTRODUCTION:

Economic planning may be defined as a continuous process, which involves decisions or choices pertaining to alternative way of utilizing the available resources for achieving particular goals during a specific time period in the future. Economic planning in a country is undertaken by Central Authority for example planning commission which is entrusted with the power of formulating, implementing and reviewing the National Plan. During the period of plans many changes have taken place in various sectors. India is ranked as the tenth most industrial country of the world.

HISTORY OF ELEVEN FIVE YEARS PLANS

The first five year plan was one of the most important because it had a great role in the launching of Indian Development after the Independence. Thus, it strongly supported agriculture production and also launched the Industrialization of the country. It was launched in 1951. This plan was quasi successful for the Government. The Second Plan was designed as a step towards establishment of a socialistic pattern of society in which the pattern of production and structure of socio-economic relations are so planned that they result not only in increase in national income and employment, but also in greater equality of income and wealth. The Third Plan stated, "It is the basic-premise of India's Five-Year Plan that through democracy and widespread public participation, development along social lines will secure rapid economic growth and expansion of employment, reduction of disparities in income and wealth, prevention of concentration of economic power, and create values and attitudes of a free and equal society." The Plan reiterated that one of its aims was to establish a progressively greater equality of opportunity, reduce inequalities in income and wealth distribution and a greater diffusion of economic power. The Fourth-Plan added that, "the benefits of development should accrue in increasing measure, to the common man and the weaker sections of the society."

In brief, all the earlier Plans focussed their attention on building up of production capacities and infrastructure with a view to achieving a rapid growth of the national economy and for making an impact on the problems of poverty and unemployment. But in the later Plans, poverty

has been increasingly seen as the central problem calling for special attention. Thus, in the Fifth Plan, the emphasis on Garibi Hatao marked a shift in planning priorities from rapid economic growth "with social justice to 'removal of poverty'. The Draft Sixth Plan (1978-83) incorporated the welfare and significant improvement in conditions of living of the poorest as the major objective of planning.

The Sixth Five-Year Plan (1980-85) in its development perspective visualized accelerated progress towards removal of poverty, generation of gainful employment and technological and economic self-reliance. It states, "Experience shows that a substantial acceleration in the overall rate of growth of our economy, as measured by the growth of gross domestic product in real terms, is essential condition for releasing these objectives. However, there is also convincing evidence which points to the limited effectiveness of the 'trickle down' effect. Thus, specific action programme like the national rural employment programme and other anti-poverty schemes meant for select target groups of population are essential components of a strategy designed to assist in removal of unemployment and poverty." Thus, poverty alleviation became the explicit objective of the successive plans and has been included as an important component of promoting social justice in the Tenth Five Year Plan.

The impact of poverty alleviation measures adopted during the Plans has been only marginal. According to the earlier estimates of the government, percentage of people living below the poverty line had gone down from 54.9 percent in 1973-74 to 27.5 percent in 2004-05. However, estimates of poverty made by the Tendulkar Committee show that ratio was high at 37 percent in 2004-05 and about 30 percent is 2009-10. Rangarajan Committee has put poverty ratio at 38.2 percent in 2009-10 and 29.5 percent in 2011-12. However, all these estimates show a decline in poverty, though the prevailing rates are still very low.

APPRAISAL OF DEVELOPMENTS DURING THE PERIOD OF PLANNING IN INDIA:

Though the Five-Year Plans have brought about significant developments in the economy, yet there are many areas of Failure and half-kept promises. For example, the objective of providing employment to all able bodied and willing

persons still remains far from being fulfilled.

Right from the beginning of the planning era, India has been suffering from large-scale unemployment. Consequently, each one of the Five-Year Plans that have gone by aimed at creating more employment opportunities. Though the objective of full employment was not stated explicitly, every Plan included creating of more employment among its more important stated objectives. But the problem of unemployment has gone from bad to worse over the past half a century. Thus, the Five-Year Plans have miserably failed in solving the problem of unemployment and the objective of full employment remains only a dream with the planners and the policy-makers.

About income distribution pattern, various studies and surveys conducted so far have all expressed their doubts about the income redistribution over the five decades of planning. The real income of the bottom 20 percent of population has gone down while there has been a concentration of income, wealth and assets with the people in the top 20 percent income bracket.

INDIA'S SLOW GROWTH UNDER THE PLANS

India has completed her eleven Five-Year Plans while the Twelfth Plan is now in operation. A good deal of progress has been made in the field of transport and power. The gross domestic production (GDP) (at 2004-05 prices) has increased over twenty folds between 1950-51 and 2013-14; it has gone up from Rs. 279618 crore in 1950-50 to Rs. 5741791 crore in 2013-14. The achievements of planning in India, therefore, seem to be quite impressive. But its failures are equally disgusting. There is almost a persistent shortage of essential goods in the country. Per capita availability of cereals has not shown any significant improvement while that of pulses has actually fallen over the years. The proportion of population living below the poverty line is still substantial; although official estimates show that the proportion of population below the poverty line has declined, yet over 36 crores of people or above 30 percent of India's population were absolutely poor in 2009-10 even after nearly six decades of planning.

Growth profile of the economy does not have much to show as the growth rate of GDI' has been slow by any standard. After such massive investments the GDP growth rate had been barely 3 to 3.5 percent between 1950-51 and 1980-81 and around five percent between 1981 and 2001. It improved thereafter to 7 to 8 percent, but was still low in comparison to 10 to 12 percent growth rate recorded in South Korea, Taiwan, Singapore, Malaysia, China, etc. during the same period.

Growth rate of per capita income, which can be treated as an indicator of improvements in the average living standards has been abysmally low. Over sixty one years of planned development, per capita income had gone up barely fivefold.

Planning process in India has led to an increase in the income and assets distribution; the rich have become richer at the cost of the poor. This development has been contrary to the objectives of economic planning

REASONS FOR INDIA'S SLOW GROWTH

Lack of Practical Approach: One of the basic defects in our planning has been the lack of a practical approach to the problems of the country. The Plans have been formulated by the people more on the basis of their ideals and ide-

ologies rather than in context of the actual problems facing the country.

Lack of Financial Resources - The planners perhaps never bothered about the fact that we neither have the adequate financial resources nor the necessary administrative capacity to implement such huge Plans. The Plans have been drawn mainly to accommodate the promises made by the politicians to their electorate, rather than on the basis of the resources available in the country.

Existence of Red tapism: The bureaucratic administration machinery upon which we have to depend for the implementation of the Plans is unclean, inefficient and inadequate. It is unclean because of the undue influence and interference of the political bosses. It is inefficient because of the red-tapism arising out of lack of co-ordination between different departments of the government. It is inadequate because it cannot handle the working of a huge plan worked out in minute details.

NATURAL FACTORS:

Our agriculture still largely remains dependent on nature. The negative growth rate in agriculture during the Third Plan was because of the widespread failure of rainfall. Similarly, droughts and famines have recurred many a time during the successive Plans having an adverse effect on our rural economy and contributed to slow growth of national income.

RAPID GROWTH OF POPULATION

Rapid growth of population is one of the major obstructions in the way of economic development. The population has grown rapidly over the past five decades. Consequently, much of the resources have continued to be used up in providing the basic needs to this rapidly growing population and only a smaller amount is left for developmental activities.

12TH PLAN OF INDIAN ECONOMY (2012-2017):

Now, we are in 12th plan. This plan contain basically two set of objectives – Short term planning and long term planning.

Vision of 12th Five year Plan –

- Accelerate GDP growth rate from 8% to 10% and then maintaining in 12th Plan
- To double per Capita income by 2016-17
- Increase agriculture GDP growth rate to 4% per year to ensure a broader spread of benefits.
- To create to million new work opportunities.
- Reduced educated unemployment to below 5%
- Reduce to head count ratio of consumption poverty by 10%.

CONCLUSION

As is apparent from the above discussion, our planning has been a mixed bag of success and failures while we can take legitimate pride in the fact that under the plans a stagnant economy has been turned into a modern economy yet the pace of progress has been painfully low and much of the development has by passed the poor for whose benefits it was initiated. Therefore, if we want our plans to succeed, we have to formulate them in the contexts of actual amount of resources available in the country and implement them with honesty and efficiency.

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