

25.10. Achievements of Indian Planning

The era of planning started in India in 1951. After that, a long era of planning has passed. So far India has completed ten five year plans and several annual plans. We may consider the achievements of planning in India. There are some basic objectives of our plans. These are : (i) rapid growth of national and per capita income, (ii) increase in investment ratio, (iii) reduction in inequality in the distribution of income and wealth, (iv) attainment of self-reliance, (v) employment generation and (vi) removal of poverty. We should consider the achievements of Indian plans in the light of these basic objectives.

During the plan period, there has been deep and extensive transformation of Indian economy. The economy is now strong and balanced. But, side by side, there are poverty and unemployment. Hence, the performance of our plans is mixed with success and failure. If we consider the achievements of planning in India we can mention the following points :

1. Growth in national income : As a result of adoption of five year plans, net domestic product of India has increased considerably. During the plan period, national income has increased annually by 3.8% (on the basis of the price level of 1970-71).

2. Agricultural development : From the early years of 1970's, rate of growth of foodgrains production has surpassed the rate of growth of population. During this period, there occurred "Green Revolution" in Indian agriculture. India is now self-sufficient in foodgrains production.

3. Industrial growth : There has been an impressive industrialisation in India during the plan period. The capital goods sector has developed via the

leading role of the public sector. The public sector has played a major role in the development of the basic and core industries in India during the plan period. The industrial structure has also been diversified.

4. Increase in per capita income and standard of living : During the plan period, per capita income and standard of living of the people have increased. Per capita cereal consumption has increased due to increase in the availability of foodgrains. Per capita availability of edible oils, fish and vegetables has also increased.

5. Increase in the saving and investment rate : During the 1980's, the rate of saving and investment as percentage of national income was 20 to 24. This is quite satisfactory. It helped to achieve a high rate of growth of output.

6. Development of economic infrastructure : There has also been development of economic infrastructure in the form of energy, irrigation and transport. This has widened the base for the programme of industrialisation. The expansion of roads and road transport has enlarged the size of the market. Irrigation projects have increased the productivity of land in agriculture. Power generation has also increased.

7. Economic self-reliance : Today India is economically self-reliant. Due to 'Green Revolution', she is self-sufficient in foodgrains. **Secondly**, due to industrial growth and development in import-substituting industries, her dependence on imports has greatly reduced. **Thirdly**, India has made remarkable progress in science and technology. All these have made India self-sufficient and self-reliant.

8. Diversification of exports and import substitution : During the plan period, there has been diversification of exports and import substitution. Now India does not export only the traditional export items. A number of non-traditional export items are now included in the exports of India. Similarly, India has also been able to limit imports of many commodities and to produce the import substitutes within the country.

9. Growth of science and technology : Another major achievement of Indian plans is the growth of science and technology and the development of technical and managerial cadre to run the modern industrial structure. This has significantly reduced our dependence on foreign exports.

10. Change in economic structure : There have been remarkable changes in the output structure of India during the plan period. The occupation structure has also changed, though not very significantly. All these indicate economic development of India during the plan period.

25.11. Failures of Indian Planning

However, side by side there are failures too. We may mention the failures of Indian planning as follows :

1. Insufficient rate of growth : Rate of growth of output during the plan period has always been low. It is almost always less than the plan target. Prof. Raj Krishna has termed it as "Hindu rate of growth". On the one hand, total output has increased at a low rate. On the other hand, population has increased at a rapid rate. As a result, per capita income in India during the plan period has increased very slowly.

2. Mass poverty : Another failure of Indian planning is to provide a national minimum level of living. The basic objective of planning is to provide a national minimum level of living. But Indian plans have failed miserably to achieve this goal. Even after a long plan period, about one-third of total population lives below the poverty line. From the viewpoint of per capita income also, India is one of the poorest countries in the world.

3. Failure to develop a socialistic economy : One of the objectives of our plans was to build a socialistic pattern of society. It needed redistribution of land to the landless farmers, expansion of the public sector, reduction in economic power of the private capitalists, etc. But the plans have failed to achieve these goals. The recent policy of liberalisation will take us farther and farther from these goals.

4. Unemployment problem : The plans have also failed to provide employment to all able bodied persons. With the successive five year plans, the number of unemployed persons has also increased. The backlog of unemployed persons was 5.3 million at the end of the first plan. This figure has steadily increased in the successive five year plans. It is indeed one of the most glaring failures of our plans.

5. Inequality in the distribution of income and wealth : The plans have also failed to reduce the inequality of income and wealth. There has been growing inequality in the distribution of income and wealth during the plan period. Though several measures have been adopted by the government to reduce the inequality, these measures have not been successful. These measures have also failed to reduce the concentration of economic power.

6. Inflation : Prices of the basic necessities have tremendously increased during the plan period. As a result, the low-income group and the fixed income group have faced great difficulties in buying them.

7. Fiscal failures : The fiscal measures have failed to check the growth of unaccounted money. The problem of black money has been increasing in successive five year plans. The fiscal measures to unearth unaccounted money have failed.

8. Sectoral and regional inequality : During the plan period, inequality among the different sectors and among different regions has increased. The aim of balanced growth, both inter-sectoral and inter-regional, could not be achieved by the Indian plans.

9. Incomplete land reform : One of the objectives of Indian planning was to transfer ownership of land to the peasantry. For this purpose, land ceiling laws have been passed by all the States. But these laws have not been effectively implemented. Redistribution of land has not taken place in most of the States. As a result, inequality of income in the rural areas has not been removed. The co-operative farming has not also developed in Indian agriculture.

10. Unfavourable balance of payments position : During the plan period, India has experienced a deficit in the trade balance. The deficit assumed a serious proportion in 1991. This is another major failure of our plans.

Thus, there are both successes and failures of Indian planning. Though the plans have been able to create social and economic infrastructure and to provide an industrial base, they have failed to provide employment, eliminate poverty and bring social justice in Indian economy.