

CHAPTER-IV

OBJECTIVES AND SIZE OF THE FIVE YEAR PLANS

Generally following are some of the major objectives of planning.

Full Employment :

Full employment is an important objective of planning. Most of the countries suffer from the chronic and disguised unemployment. Without employment, standard of living cannot be raised. Basic and consumer goods industries and cottage and small scale industries help to spread employment opportunities evenly. So, the expansion of employment opportunity is the main objective of planning.

Increase in National Income :

A stable increase in national income so as to raise the level of standard of living is another objective of planning. Increase in national income is always appreciated by both developed and underdeveloped countries. National income and population of the country are closely connected by the per-capita income. So, raising the national income is another objective of planning.

Self Reliance in Foodgrains and Raw Material :

Industrialisation is closely connected with economic development. Self reliance in foodgrains and other raw material

is necessary condition for the industrialisation. Industrial labour can be fed by the country that is self-sufficient in foodgrains. Agricultural raw product helps to continue industrial process ahead. The dependence on foodgrains and raw materials abroad is always dangerous politically. Especially in war times the self-reliance in foodgrains and raw materials is necessary. Due to these reasons, a priority is given to this object of self-reliance and foodgrains and raw materials.

Rapid Industrialisation :

Another objective of planning in underdeveloped country is rapid industrialisation. An underdeveloped country cannot develop unless there is rapid industrialisation. Rapid industrialisation helps to solve the problem of unemployment as well as increasing national income.

Reduction in Inequalities of Income and Wealth and More Even Distribution of Economic Power :

In the process of economic development, generally inequalities of wealth and income tend to increase and the gap between the rich and the poor widens unless the state undertakes effective measures to prevent monopolies and exploitation of workers and peasants. Hence, economic activities should be so directed as to raise the income of the poor and less well-to-do and reduce wealth and incomes of the rich persons. Unequal distribution of wealth and income is always harmful to democracy

which causes social and political instability. For this, the equitable distribution of wealth and income is an important objective of the planning.

To Correct Regional Imbalance
in the Economy :

There arises regional imbalance in the process of economic development. The regional imbalances seem in the form that some regions lag behind and some develop more economically; or transport and communication may develop more than other sectors of the economy. Hence to correct the structural imbalances is another important objective of planning.

Thus, the objectives of planning are an interrelatedly mix and aim at laying the foundation of economic development. Underdeveloped country suffers many problems like poverty, low standard of living, unemployment and inequalities of income and wealth etc. The development plans formulate to acquire the various objectives. Hence it becomes an urgent need to see the nature of economy and interrelationship between various objectives.

Size of the Indian
Five Year Plans:

Taking into consideration above all objectives, let us observe the size of India's five year plans. The data for separate 6 plans presented in the Table-I, show the public expenditure of the Government on various activities.

TABLE-I

SIZE OF THE INDIAN FIVE YEAR PLANS OR PUBLIC SECTOR PLAN
OUTLAY (at Current Prices)

	1951-56		1956-61		1961-66		1966-69		1969-74		1974-79		1980-85	
	First Plan Rs. in Perce- Crores ntage	Second Plan Rs. in Perce- Crores ntage	Third Plan Rs. in Perce- Crores ntage	Three Annual Plans Rs. in Perce- Crores ntage	Fourth Plan Rs. in Perce- Crores ntage	Fifth Plan Rs. in Perce- Crores ntage	Sixth Plan Rs. in Perce- Crores ntage							
291	15	530	11	1088.9	12.7	1107	17.2	2320.8	17.1	4643.59	1996	13274.7	13.6	
310	16	420	9	664.7	7.8	471	6.8	1354.1	6.8	3440.18	1288	9493.5	9.7	
260	13	445	10	1252.3	14.6	1213	16.2	2931.7	15.4	7293.90	2241	19265.4	19.8	
43	2	175	4	236	2.8	126	2.8	126	2.4	242.6	1.8	1780.5	1.8	
74	4	900	20	1226.3	20.1	1511	23.3	2864.4	21	10200.60	2383	20407.1	20.9	
523	27	1300	28	2111.7	24.6	1222	19.5	3080.4	20.3	6881.43	2045	15484.2	15.9	
449	23	830	18	1493.1	17.4	976	14.6	2211.0	12.4	4776.77	1377	17794.6	18.3	
-	-	-	-	-	-	-	774.3	5.2	-	1284.29	354	-	-	
-	-	-	-	-	-	-	-	450.00	-	-	-	-	-	
-	-	-	-	-	-	-	-	342.73	236	-	-	-	-	
1960	100	4600	100	8573	100	6626*	100	15778.9	100	39303.49	12176	97500**	100	

Note : *Total of three annual plans includes buffer stock purchasing.

**Sixth Plan column based on revised allocation of sixth plan and
Currency and Finance Report 1982-83, p. 101.

In the First Five Year Plan the total, public expenditure was Rs. 1960 crores. The percentage share of the agriculture social service and irrigation was 31% according to their priorities. First Plan gave second priority to transport and communication and made 27% expenditure on this sector. Community development and power ranked third and fourth in priority on which 23% and 13% amount allotted. Industries ranked last and they got only 6% of amount.

The Second Five Year Plan was of Rs. 4600 crores of investment in the public sector of which 28% amount was invested in transport and communication. Industries, minerals and village and small industries were given first priority where Government invested 24% of the amount. Thus, the lack of investment in industries in the First Five year Plan was fulfilled in the Second Five Year Plan. Comparatively speaking agricultural development ranked second in the second five year plan.

Third Five Year Plan was of double in size in comparison to second five year plan Rs. 8573 crores were invested in the public sector. The investment in the agriculture, industries, transport and communication and social service was made in the given order of preference, i.e. 25.5%, 23%, 24% and 17.4%.

Before the Fourth Five Year Plan, Three Annual Plans were formulated due to unwarranted circumstances in the period of 1966-67 to 1968-69. Three Annual Plans gave priority to

agriculture and industries and made investment of 24 percent and 25.7 percent.

The Fourth Five Year Plan was of Rs. 15778 crores of investment in the public sector. Fourth Five Year Plan also gave priority to agriculture, industries, power and education in the order of preference.

Fifth Five Year Plan was formulated on the basis of poverty eradication and self-sufficiency. The total public outlay for this plan was Rs. 39303 crores. This Five Year Plan was also two times greater than Fourth Five Year Plan. The first priority was given to the agriculture, next to the industries and third and fourth to the transport and communication and social service. The provision of expenses was made also for education and the development of hill and tribal area.

The Government of Janata Party formulated a one year plan of Rs. 12176² crores of investment in the public sector for the period 1979-80.

Sixth Five Year Plan is big as well and is greater than the Fifth Five Year Plan. 23% of the investment will be made in agriculture out of the total investment of Rs. 97500 crores in the public sector. 22.7% of the investment will be made in the industries and the rest of it in the power, social service, and transport and communication. It is to be observed that how the Government is to make provision of such a huge investment in public sector.

Taking into consideration the outlay in all six five year plans, one notices that, size of the each successive plan has been cumulatively expanded. Outlay on each head, by the Government is quantitatively large. For example, if the amount of Rs. 291 crores was invested in agriculture in the First Five Year Plan, the amount in Sixth Five Year Plan will be Rs. 13274.7 crores. Moreover, it is also found that agriculture and irrigation which are highly important for the development of Indian economy, have been accorded lower priority in the successive Five Year Plans.

REFERENCES

- 1) Prepared from Currency and Finance Reports for
1955-56 to 1982-83.
- 2) R.B.I. Report on Currency and Finance, 1982-83,
Vol. II, p. 101.