
UNIT 2 PLANNING AND DEVELOPMENT INITIATIVES: PRE-LIBERALIZATION PERIOD

Structure

- 2.1 Introduction
- 2.2 Thrust Areas of Economic Planning
- 2.3 Development Initiatives during Different Plans
- 2.4 Development Performance: Aggregate and Sectoral
- 2.5 Let Us Sum Up
- 2.6 References and Suggested Readings
- 2.7 Check Your Progress-Possible Answers

2.1 INTRODUCTION

India inherited a dismal economic condition from the Britisher Ruler and the economic state of affair at the time of Independence was quite sordid. India's developmental pattern during the pre-liberalization period from 1950-1990, the long span of four decade was characterized by strong centralized planning. It is featured by government ownership of basic and key industries, excessive regulation and control of private enterprises, trade protectionism through tariff and non-tariff barriers and a selective approach towards foreign capital. The basic objective of planning during the period was (i) growth; (ii) social justice; (iii) modernization; (iv) self reliance and (v) socio economic development.

After reading this unit you should be able to:

- Discuss the thrust area of economic plans
- Explain development initiating during different plans
- Describe the development performance in different sector.

2.2 THRUST AREAS OF ECONOMIC PLANNING

The Indian Government Resolution of March 1950 envisaged that without developmental planning, the developmental aims and objectives of the nation cannot be achieved. The planning process in the country was triggered off with the launching of First Five Year Plan in 1951. Customarily, economic planning by a set of programmes of development fixed by the planners and implemented for achieving certain chosen objectives. Therefore, economic planning of India is an important instrument of achieving the nation's main aim and objectives.

Some of the thrust areas of economic planning are

- Economic growth
- Poverty Alleviation
- Employment Generation
- Self reliance

- Equality and social justice
- Regional Balance

Poverty Alleviation

Alleviation of poverty was a great challenge before the nation after Independence. High population growth after Independence enhanced the labour force in the economy and so also the consumer population in terms of children and aged population. The alleviation of poverty and hunger was the topmost priority before the planners. The first Five Year Plan emphasized in agriculture to enhance food grain productivity and also employment opportunity in the primary sector. The Fifth Five Year Plan especially laid emphasis on poverty alleviation or “*Garibi Hatao*”. Government of India had initiated several poverty eradication programmes in the form of land reform, self-employment programme, wage employment programmes, rural housing, social security schemes, etc for the eradication of rural poverty. Some of the important programmes are IRDP, JRY, SGRY, SGSY, EGS, NREGS, IAY, etc. All these programmes are discussed in detail in unit. One of the plan documents had rightly emphasised “dispread poverty is a challenge which no society in modern times can afford to ignore for long. It must be eradicated both on humanitarian grounds and as an essential condition for orderly progress”.

Economic growth

One of the prime objectives of economic planning is to accelerate the growth rate. In order to promote growth rate emphasis was laid on development of agriculture, industry, small scale and cottage industry and infrastructure development during different Plan period. Each plan takes into account the experience of the previous plan and attempts to make the necessary directional changes and emphasis for achieving high growth rate. The First Five Year Plan had envisaged a target of 11 percent increase in national income, the second plan a target of 25 percent increase in national income. Like this, the planner set the economic growth target and initiated development programmes in various sectors to achieve the targeted growth rate. The economic growth during the pre-liberalization period aimed at reduction of poverty. The growth rate during the pre-liberalization period particularly during 1950-1980 was normal. However, during 1980-90s some economic reforms were initiated to push economic growth. Those (a) Encouraging capital imports and commodity exports; (b) a modest degree of industrial de-regulation; and (c) a modest degree of tax system rationalization.

Equality and social justice

During the dawn of Independence, a vast inequality was observed between haves and not haves. In order to secure equality and justice to the population, planners announced socialistic pattern of society in the Second Five Year Plan. The strategies adopted to raise the standard of living of the people who were living below the poverty line, narrowing the gap between the haves and have nots, and ensuring that the benefit of growth is tickled down to benefit the poor. The Third Five Year Plan stated that “Economic activity must be so organized that the tests of production and growth and those of equitable distribution are equally met. A high rate of economic growth sustained over a long period is the essential condition for achieving a rising level of living for all citizens and specially for those in

low income groups or lacking the opportunity to work. A socialist economy must be efficient, progressive in its approach to science and technology and capable of growing steadily to a level at which the well being of the mass population can be secured”.

Self-reliance

Indian Planning for the first two plan period relied more on external aid and from the Third Five Year Plan onwards the emphasis was given on attainment of self-reliance. The endeavour was made to make investment out of domestic savings. The initiation of Green Revolution and establishment of basic industries like iron, steel, machine tools, heavy engineering, chemical and allied industries, and other textile industries are a few developmental initiatives taken in the direction of achieving self reliance. However, the motto of self reliance still remains unrealized. The Forth Five Year Plan laid greater emphasis on self-reliance. The seventh five year plan (1985-90) emphasised policies and programmes which aimed at rapid growth in food grains production, increase in employment opportunities and productivity within the framework of basic tents of planning, namely growth, modernization, self-reliance and social justice.

Employment Generation

Generation of employment is an important objective of Indian Planning and all the developmental initiative aimed at generating employment opportunities in different sectors of the economy. Though employment opportunities have increased over the years, growth of population and labour force has aggravated unemployment problems year after year. The provision of whole time employment appears either as a primary objective of planning or a necessary by product of planning of whatever kind primarily undertaken for other reasons. Full employment is inherent in the nature of planned economy. The fourth five plan laid emphasis on productive employment on a sufficiently high level of efficiency. The plan document gave stress on labour intensive programme through development of agriculture. Rural infrastructure including communication and transport links. The planning commission also suggested to the Central Ministries and the State Governments and Union Territories to take effective steps to remove any restrictive policies which inhibit the faster growth of employment. Special schemes were formulated by Gujarat and Maharashtra Government to provide increasing employment avenues in the rural employment guarantee scheme aims at providing unskilled manual work to all able bodied persons looking for employment is one of such example.

Regional Balance

Uneven Development during British Regime had led to unbalanced development. Some regions are found more advanced compared to the other region. On account of these regional disparities, the planners have accepted the urgency of balanced regional development ever since the advent of the planning process on India. The second Five Year Plan has clearly envisaged that “in any comprehensive plan of development it is axiomatic that the special needs of the less developed areas should receive due attention. The pattern of development should be so devised as to lead to balanced regional development”. Again the Third Five Year Plan devoted a separate chapter to this problem and emphasized that “balanced development of different parts of the country, extension of all benefits of economic progress of the less developed regions and wide spread diffusions

of industry are among the major aims of planned development”. Thus, it is clear that one of the avowed objectives of Indian planning during pre-liberalization period is the balanced regional development.

In this session you read about different objectives of India Plan and now answer the questions given in the Check Your Progress-1.

Check Your Progress 1

Note: a) Answer the following questions in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) Narrate two key thrust areas of Indian planning.

.....
.....
.....
.....
.....

2) Why do we need balanced regional development ?

.....
.....
.....
.....
.....

2.3 DEVELOPMENT INITIATIVES DURING DIFFERENT PLANS

During pre-liberalization period from 1951 to 1991, India had formulated seven Five Year Plans. The thrust areas and development initiative undertaken during First Five Year Plan to Seventh Five Year Plan are discussed.

First Five Year Plan (1951-1956)

At the time of launching First Five Year Plan, the country was facing formidable challenge of food security. Obviously, the plan gave topmost priority to agriculture and community development. Some of the development initiatives undertaken during the First Five Year Plan period are as follows:-

- i) land reforms measures
- ii) setting up agriculture extension services
- iii) revitalization of cooperative movement
- iv) provision of irrigation and facilities
- v) establishment of a number of specialized institutions for providing credit to agriculture, small scale industries and backward sections of the population.

Second Five Year Plan (1956-1961)

The Second Five Year Plan laid emphasis on the development of heavy and basic industries to lay the foundations for future industrialization of Indian economy.

Some of the emphasis and development initiative of Second Five Year Plan are :

- i) Emphasis was laid on development of iron and steel, chemicals, fertilizers, heavy engineering and machine building industries.
- ii) Plan defined more clearly the key role that the public sector was to play in the economic development of the country.
- iii) Acceleration of the rate of growth of the economy.
- iv) Establishment of socialistic pattern of society.
- v) Increase the capacity for producing cement, caustic soda ash, sugar etc.
- vi) Expansion of steel in private sector.

It is appropriate to say that the Second Five Year Plan laid the foundation stone for a highly developed, self-reliant industrial economy. The completion of Second Five Year Plan also led to the completion of a decade of India's planned development. The decade laid the foundation stone of the basic objectives and long term economic goals of the Indian economy.

Third Five Year Plan (1961-1966)

The Third Five Year Plan was constructed basing on the experiences gathered during First and Second Five Year Plans. The greatest stress in the Plan was given on the implementation and creating conditions for the maximum production and employment and the development of human resources. Some of the initiatives and thrust areas during the Third Five Year Plan are as follows:-

- i) Shifting of emphasis from industry to agriculture as there was slow growth rate in agricultural production forcing the nation to import 25 Million Tonnes of food grains from outside?
- ii) Emphasis was on establishment of number of basic industries such as sugar, paper, cement, textile etc.
- iii) Development of cottage and small industries in the areas like handicraft, coir, handlooms and silk product etc.

Thus, Third Five Year Plan was grounded on the mixed emphasis both on agriculture and industry and particularly on small scale and cottage industries.

Annual Plans (1966-1969)

The planning process was disrupted during 1966 to 1969 because of certain unavoidable circumstances such as hostilities with Pakistan, drought condition, devaluation of rupee and inflationary pressure. Therefore, instead of the Fourth Five Year Plan, three annual plans such as 1966-67, 1967-68 and 1968-69 were prepared. This is otherwise known as 'Plan Holiday' which essentially means that no long term financial commitment can be made by the Government for more than one year. The Annual Plans gave top priority to agriculture and family planning programmes which revolutionized farm sector giving birth to 'Green Revolution'

in Northern India. The main lessons learned during this plan holidays was that not the only growth, but the stability with the maximum rate of growth consistent with its maintenance considered as the main strategy for the next five year plan period.

Fourth Five Year Plan (1969-1974)

The Fourth Five Year Plan was formulated under the Chairmanship of Indira Gandhi. The two main objectives of the Fourth Five Year Plan are (i) growth with stability and (ii) progressive achievement of self reliance.

The Plan recommended for regional and local planning to vary the large number of small and weaker producers and increase immediate and future employment potential. The Plan identified the role of Panchayati Raj Institutions in local planning. Fourth Five Year Plan also laid emphasis on industries manufacturing inputs for agriculture such as fertilizers, pesticides, farm equipment etc. The development of small scale and cottage industries continued to be the main area of industrial development with a motto to achieve self reliance. It also suggested reorganization of the management of public enterprises to achieve the twin aims of a strong well knit public sector.

Fifth Five Year Plan (1974-79)

The Fifth Five Year Plan laid emphasis on “Growth with Social Justice”. It also coined a new slogan called “*Garibi Hatao*” or “remove poverty”. But the change of the government in Centre in 1977 lead to change in the strategy called Growth for Social Justice”. A new pattern of planning was introduced called “Rolling Plan” which emphasised that every year the performance of the plan would be assessed and necessary correction be made in the subsequent year. In other words, it led to continuous planning. The plan in order to achieve the growth with social justice laid stress on rapid growth of the core sector by expanding production of essential consumer goods and by restricting the production of luxurious goods. As a result of production in the consumer goods industry recorded a high growth rate of 14.3 percent.

Sixth Five Year Plan (1980-85)

The Sixth Five Year Plan places a very high priority on alleviation of poverty. In the Sixth Five Year Plan substantial allocation was made for reducing regional disparities. Moreover, substantial investment was made for the development of the North Eastern region. The programme such as National Rural Employment Programme and Minimum Needs Programme were launched and strengthened to have direct attack on poverty. One of the important objectives of the Sixth Five Year Plan was to raise at least 3000 poorest households above the poverty line in each block during the plan period.

Seventh Five Year Plan

The Seventh Five Year Plan had an ambitious objective of growth, modernization, self reliance and social justice along with the strategy of generation of productive employment. The plan document had accorded highest priority to food, work and productivity. For this, the natural emphasis placed on programmes for agriculture and community development. A key feature of the strategy was the extension of the Green Revolution to the eastern region and to dry land areas to reduce regional imbalances in agricultural development.

The Seventh Five Year Plan laid emphasis on the acceleration of the industrial growth rate in the country. For this, the Seventh Five Year Plan gave boost to the liberalization measures. A few of them are as under

- i) Raising the assets limit for exemption to companies from the purview of MRTP Act.
- ii) Exempting 83 industries under the MRTP Act for entry to dominant industries.
- iii) Grant of exemption from licensing for industrial limits with an investment up to Rs.50 Crores in backward areas and Rs.15 Corers in other areas on the bank of a negative list.
- iv) De-licensing non MRTP non-FERA companies for 31 industries groups and MRTP/FERA companies in backward areas for 72 industry groups.

Thus both agriculture and industry was given top priority in the Seventh Five Year Plan with a few to generate more and more employment and enhanced productivity in both the sectors.

In this session your read about the development initiatives taken during different five year plans and now answer the questions given in Check Your Progress-2.

Check Your Progress 2

Note: a) Answer the following questions in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

- 1) What are the thrust areas of First Five Year Plan

.....
.....
.....
.....

- 2) Why there was a need for annual plan ?

.....
.....
.....
.....
.....

2.4 DEVELOPMENT PERFORMANCE: AGGREGATE AND SECTORAL

The Government of India triggered off the planning process in 1950 and the First Five Year Plan covering the period 1951-1956 was launched. The planned development initiative emphasized, not only on the balanced regional development, but also on the balanced development of all developmental sectors, although, the emphasis varied from Plan to Plan. In this section you will read about the planning

and development initiative undertaken in India during the Pre-Liberalization period from 1950-1990. The main sectors of development are

- Agriculture
- Industry
- Social and Human Development
- Infrastructure Development

2.4.1 Agriculture

Agriculture is the most important sector of Indian economy. It plays a key role in providing food security, generating employment, alleviation of poverty and also contributing to export. 65 percent of the manpower is still engaged in agriculture and still contribute one third to country's GDP. Therefore late Prime Minister Jawaharlal Nehru said "everything may wait but agriculture can not." Agriculture is primary to economic development. However, before independence 1947, the agriculture was traditional and stagnant characterized by feudal land relations, primitive technology, poor capital formation and low productivity. The First Five Year Plan gave a pride of place to agriculture development. During the First Five Year Plan period following initiative were taken for the development of agriculture (i) extending irrigation facilities; (ii) increase the supply of agricultural inputs like fertilizers, insecticides, improved seeds etc., (iii) introduction of land reforms, community development and extension programmes. Although, in the Second Five Year Plan focus was shifted from agriculture to industry, yes, increase in production of food and raw materials have been remaining in the mainstream of development initiative in subsequent Five Year Plans. The Second Five Year Plan laid emphasis on greater diversification of agriculture by growing fruits, vegetables and allied food crops and by stepping up the production of cash crops. Large investments were made for the development of research system under the aegis of Indian Council of Agricultural Research (ICAR) and the State Agricultural Universities. With these interventions the agricultural productivity has increased which has been depicted by Table-1. The food grains production increased from 54 million tonnes to 75 million tonnes during a decade from 1950-51 to 1960-61 that is by 40%.

Table 1: Agricultural Productivity 1950-51 to 1960-61

Items	Unit	1950-51	1951-56	1956-61	1961-66	1966-69	1969-74	1974-79	1980-85	1985-90
Rice	Tonnes	20.6	25.0	30.3	35.1	35.9	41.8	47.3	54.5	65.1
Wheat	Tonnes	6.4	7.9	9.7	11.1	15.5	25.4	29.8	41.2	48.3
Jowar	Tonnes	5.5	7.5	8.7	8.8	9.7	8.6	10.8	11.3	10.9
Bajra	Tonnes	2.6	3.4	3.4	3.9	4.5	6.0	5.0	6.0	5.2
Maize	Tonnes	1.7	2.7	3.6	4.6	5.6	6.1	6.3	7.3	7.6
Other cereals	Tonnes	6.1	6.6	6.5	6.3	6.2	6.4	7.1	6.0	5.4
Pulses	Tonnes	8.4	10.1	11.7	11.1	10.3	10.9	11.7	11.8	12.5
Total food grains	Tonnes	50.8	63.2	74.0	81	87.8	103.0	118.1	138.1	155.0
Oilseeds	Tonnes	6.2	5.5	6.7	7.3	7.2	8.3	8.9	11.4	13.9

Sugar cane	Tonnes	57.1	55.3	80.3	109.2	104.3	128.1	153.3	174.9	196.4
Cotton	Bales	3	3.9	4.8	5.4	5.5	5.9	6.8	7.5	8.4
Jute	Bales	3.3	3.9	4.4	5.7	4.9	5.5	5.2	6.4	8.9

Source: *Indian Economy Today Changing Contours*, B N P Singh Deep & Deep Publication Pvt. Ltd, p.73

Table II Use of Agricultural Inputs, 1950-51 to 1960-61

Inputs	Unit	1950-51	1960-61	1964-65	1965-66
Fertilizers	000 tonnes N	56	210	555	600
Electricity	Million Kwh	203	832	1400	1730
Irrigation tube wells	Numbers	3500	17700	28900	32400
Fuel oil	Values in Rs crores	4.5	14.6	25.1	27.7

Source: *Fourth Five Year Plan, A Draft Outline, Government of India, p.9*

In the mid-1960s the Green Revolution programme was started in order to boost the agricultural productivity in the country. The HYV (High Yielding Programme) initiated through the Green Revolution was initially launched in selected districts of the country for example Ludhiana in Punjab, Aligarh in Uttar Pradesh and West Godavari in Andhra Pradesh. Later on, it was extended to many more districts in the country. As a result the food grain production which was hovered around 50-60 million tonnes per year since 1950-51 started increasing at a faster rate. By the mid-1980s it had touched the level of 170 million tonnes. The main achievement is in the areas of wheat production.

The Fourth Five Year Plan offered priority to the provision of material inputs and other supporting services for augmenting agricultural productivity. It emphasized on enhanced production of fertilizers, pesticides tractors, agricultural implements and tube-wells and pumps for irrigation purposes. Besides, it also emphasises on the agricultural education and research. The Seventh Five Year Planning (1985-90) aimed at a substantial increase in agricultural productivity with a targeted growth rate of 4 percent per annum. The plan initiated following steps for agricultural development.

- Modernization of irrigation systems and improved water management; and
- Acceleration and resilience of growth in raifed dry land agriculture and in crops like paddy, oilseeds and pulses.

The special food-grain production programme (SFPP) was launched for raising productivity in low yield areas. The earlier Integrated Programme for Rice Development (IPRD) launched during Sixth Five Year Plan merged with the SFPP. This scheme covered other principal crops such as Maize, Jawar, Bajra and Ragi along with rice. These programmes laid emphasis on spread of improved technology, efficient delivery of inputs such as seeds, fertilizers, pesticides and improved agricultural equipments. Lauding the achievement of Indian agriculture the Economic Survey 2000-01 observed that “technology led development in agriculture has made India self-sufficient in food grains and a leading producer of several agricultural commodities in the world. The green revolution in crops, yellow revolution in oilseeds, white revolution in milk production, blue revolution

in fish production and golden revolution in horticulture bear ample testimony to the contribution of agricultural research and development efforts undertaken in the country.”

2.4.2 Industry

It is realized that development of agriculture is not sufficient to ensure a sustainable higher standard of living to the people. Therefore the industrialization is a strategic move to supplement the agriculture. Industrialization subject to an absolute and relative growth in the importance of factories, mills mines, power plants and railways and so on of manufacturing and closely related activities especially activities involved in the building and operation of a modern economic infrastructure.

Industry occupies a pivotal place in the post-independence economic development of India. In the constitution of independent India the subject ‘industries’ appears as entry number 24 in List II (State list) of the Seventh Schedule of the constitution of India. Besides, the three Acts formulated during the pre-liberalization period provided boost to industrialization in India. The industrial (Development and Regulation) Act 1951 is a step towards systematic industrialization in the country. The two important objectives of the Act are: (i) to endure the establishment of new industrial capacities according to national priorities; and (ii) to regulate generally the location of industrial enterprises so as to secure balance regional development. Further the industrial licensing system, owing its legal authority to the Act, is the main instrument to direct investments into desired channels of industrial activity. Secondly, another Act called Monopolies and Restrictive Trade Practices (MRTP) Act. 1969 is enacted for regulating the industrial activities in India. Besides, the Foreign Exchange Regulation Act (FERA) was enacted by the Government of India in 1973 to deal with the foreign exchange law violators.

The Government of India formulated various industrial policies and passed resolutions to deal with the various industrial development issues such as

- i) Foreign participation in industrial initiatives.
- ii) Determination of role of public and private sector in industrial development.
- iii) Consumer goods vis-à-vis capital goods industries.
- iv) Large vis-à-vis small scale industries
- v) Location of industries: economic versus social criteria
- vi) Entrepreneurships issues
- vii) Licensing policy.
- viii) Regional balance in industrial development.

Some of the policy initiative taken during post independence and pre-liberalization period are:

- i) Industrial Policy Resolution 1948
- ii) Industrial Policy Resolution 1956
- iii) Industrial Policy Statements 1973, 1977 and 1980
- iv) New Economic Policy and Industrial Liberalization, 1985

The Second Five Year Plan laid adequate stress on industry sector. A number of industries like Cement, Sugar, Diesel, Engines, Machine Tools, Iron, Steel, Aluminium, Automobiles, Paper and Paper Boards, Sulphuric Acid registered with a significant rise in production level during 1959 and 1960. However, during the plan period the performance of small and cottage industries was poor. Although the Third Five Year Plan placed emphasis on agriculture, yet the private sector enterprises a recorded and remarkable increase in the field of aluminium, tractors, machine tools, ball and roller bearings, steel castings and forgings, cement and a number of other items. In the public sector, the small and cottage industries such as leather products, machine tools hard tools, khadi etc., got a boost in their production. The Fourth Five Year Plan gave priority to the industries manufacturing industrial inputs for agriculture such as fertilizers, pesticides, farm equipments etc. The plan document envisaged that the development of village and small industries will continue to be undertaken as an integral part of the industrial development of the country with a view to achieve the goal of self reliance., The Fifth Five Year Plan emphasised that the programmes of industrial development is planned and implemented in such a way so as to realize the turn objectives of self reliance and social justice by accelerating rapid growth of the core sector by expanding the production of essential consumer goods and by restricting the production of luxurious goods. During the Sixth Five Year Plan also the industrial growth rate was unstable and one of the major problems for the basic industries during the Plan period was shortage of power. The liberalization measures undertaken during the Seventh Five Year Plan promoted industrial development. Besides, the significant growth in industrial production during the Seventh Plan period attributed to a number of other factors, the most important among them is the performance of the infrastructure viz. Power, coal etc.

2.4.3 SOCIAL AND HUMAN DEVELOPMENT

The two key sectors of social development are education and health. Both these sectors play an important role in the human resources development of human resources is both a means and an end to development. It is well said that education and improved health care are desirable in themselves. TW Schultz one of the eminent economists said that investment in human resource development is more important to bring about the accelerated economic growth with social justice than mere investing in physical capital.

The First Five Year Plan intended that the educational planner has to strike a balance between primary education secondary and higher education, general and vocational studies, humanities sciences and technologies and between institutional training and in service training. The Education Policy drafted in 1968 emphasized on following aspects (a) relating educational system more closely to the life of the people (b) a continuous effort to expand educational opportunities (c) a sustained effort to raise the quality of education at all stages (d) an emphasis on the development of science and technology and cultivation of moral and social values.

The post independence period saw the massive quantitative expansion of educational institutions at all levels with the support of the government.

Table I: School and College Education During Post Independence and Pre-Liberalization Period

Institutions	1950-51	1960-61	1970-71	1980-81	1990-91
Primary	210.10	290.40	385.80	494.50	560.90
Middle	35.40	65.90	90.60	118.60	151.50
Higher Secondary	16.20	24.70	37.10	51.60	79.80
Higher Education (College)	426	1438	2285	3421	4862
Professional College	74	645	992	1317	886*
Universities	27	49	82	110	184*

- Medical, Engineering and Teacher Training Colleges only.
- Including deemed Universities and Institutions of national importance

Table-II Expenditure on Education during Post-Independence and Post-Liberalization Period

Five Year Plan	Elementary	Secondary	Higher	Total Expenditure in Lakh
1st	85 (5600)	20 (13)	14 (9)	15,300
2nd	95 (35)	51 (19)	48 (10)	27,300
3rd	201 (34)	103 (18)	87 (15)	58,900
4th	239 (30)	140 (18)	195 (25)	78,600
5th	317 (35)	156 (17)	205 (22)	91,200
6th	803 (30)	736 (25)	530 (18)	204,300
7th	2849 (34)	1829 (22)	1201 (14)	850,000

Note: Figures in paranthesis indicate percentage of total allocation

Source: Tenth Five Year Plan, 2002-07, Vol.II, Planning Commission, New Delhi

Table III: Literacy Rate during Post Independence and Pre-Liberalization Period

Year	Persons	Male	Female	Male-Female Gap in Literacy Rate
1951	18.33	27.16	8.66	18.30
1961	28.30	40.40	15.35	25.05
1971	34.45	45.96	21.97	23.98
1981	43.57	56.38	29.76	26.62
1991	52.21	64.31	39.29	24.84

Source: Tenth Five Year Plan, 2002-07, Vol.II, Planning Commission, New Delhi

The physical expansion of educational institutes as well as enhanced expenditure on education enabled the nation to raise its literacy from a meagre 18.33 per cent in 1951 to 52.21 per cent in 1991. Accordingly there was also rise in percentage of education in the secondary and higher education also. However, the progress as croupade to the investment was not satisfactory. Except a few southern states the literacy rate was poor in eastern part of the country. Besides, the literacy rate among the Scheduled Castes, Scheduled Tribes and even girl child across the community was not encouraging. The National Policy on Education (NPE), 1986 and its programme of Action (POD) as reviewed in 1992, therefore envisaged improvement and expansion of education in all sectors, elimination of disparities in access, a stress on improvement in quality and relevance of education at all levels, along with technical and professional educations.

Like education health is one of the major components of major development. Good health is a necessary condition for economic development. Improved health contributes to higher economic growth by reducing predication losses because of morbidity. So there is a significant relationship between health and development. The Alma Ata Declaration in 1977 upholds that primary health care is the key to attain Health for All. India being a signatory to the Declaration also adopted primary health care as the main instrument for achieving the goal of Health for All. The government of India took initiative for enhancement of health care infrastructure in the country which has resulted in establishment of health sub-centers, primary health centres, community health centres and district hospitals.

Table IV Trend of health Care Institutions

Categories	1951	1981	2000
SC/PHC/CHC	725	57363	163181
Dispensaries and Hospitals	9209	23555	43322
Nursing Personnel	18054	143887	737000
Doctors (Modern)	61800	268700	503000

Source: *Government of India, Economic Survey, 2002-03, P.230*

The figure given in Table IV shows that the number of primary health care delivery institutions in creased significantly from a meager 725 to 57363 and similarly also the number of medical and paramedical professional. This has resulted in the reduction of birth and death rates.

Table V: Trends in Health Indicates (1951-1991)

Categories	1951	1981	1991
Crude Birth Rate (CBR)	40.8	33.9	29.5
Crude Death Rate	25.1	12.5	9.8
Total Fertility Rate	6.0	4.5	3.6
Infant Mentality Rate	146	110	80
Child(0-4) Mentality Rate	57.3	41.2	26.5
Life Expectancy Rate(%)			
Male	37.2	54.1	59.7
Female	36.2	54.7	60.9

Source: *Government of India, Economic Survey, 2002-03, P.230*

The CBR has reduced from 40.8 at 1951 to 29.5 in 1991. The death rate has gone down from 25.1 during 1951 to 9.8 during 1991. Similarly, the life expectancy for both male and female has gone up from 37.2 and 36.2 in 1951 to 59.7 and 60.9 respectively in 1991. Since independence, the government has taken a large number of measures to control the communicable diseases like small pox, malaria, tuberculosis, leprosy, filarial, blindness etc. increased access to the quality health care services has been one of the thrust areas of the social development programmes being undertaken in the country.

2.4.4 Infra Structure Development

Existence of adequate, and constitutes the care of development strategies and efforts. Customarily, infrastructure is defined as the physical frameworks of facilities through which goods and services are provided to the public relationship to the development are multiple and complex, because it directly influences production and consumption in a country. The most important infrastructure are: (i) electric power (ii) transport; and (iii) communication.

Electric Power

Power is the prime movers of economic development. The Government of India, since Independence has assigned utmost priority to power generation in the country. Up to independence 1947 the supply of electricity was mainly confined to the urban areas generally for lighting purpose. The government assigned emphasis on the generation of electricity through various sources such as coal, oil, gas and hydroelectric. However, during the pre-liberalization period coal-based thermal power plants were the main source. However the adequate generation of power has helped in the industrial and agricultural development of the country.

Transport

Transport system holds crucial to development process. Generally it refers to various means which carry men and material from one place to another. The four important means of transport are (a) road; (b) railways; (c) civil aviation and ports. The government of India has laid emphasis on road transport by constructive National Highways. Second to road transport is railways. The Indian railways have played an integrating role in the socio-economic development of the country. In 1901 the British constituted the Railways Board. After independence in 1951, the government formed six zones. In 1985 the steam locomotives were phased out and the computerization of railway reservation started in 1987. These initiatives triggered up not only modernization of railways but also enhanced the contribution of railways to development process in the country. The third transport system is civil aviation which provides three categories of services viz. operational, infrastructure and regulatory cum developmental. The history of civil aviation in India shows that the first commercial flights started in 1911. After independence the government of India set up Air India International in 1948 and the first route journey was Bombay-London air route. The Nationalization of Indian Airline was done in 1953. This sector has substantial contribution towards the development of country's trade and tourism.

Communication

During the pre-liberalization period, the two important communication systems was (i) postal communication and (ii) telecommunication. The postal system was established by Lord Clive in 1766. At the time of independence there were

23344 post offices throughout the country. Of these 19184 post offices were in the rural areas and 4160 in the urban areas. Today India has the largest postal network in the world with more than 1.55 lakhs of post offices. The Indian postal system currently provides 38 services could be categorized as:

Communication: letters, postcards, newspapers

Transportation: parcels, money orders, etc.

Other services: postal life insurance.

Besides, postal communication, the telecommunication network in the longest in Asia and 12th largest in the world. The telecommunication infrastructure was established in India in 1856. During the time of independence India had 321 telephone exchanges with a capacity of 100000 lines and 86000 working completion. This grew significantly by the year 1991. The liberalization period is considered as period of information revolution. The India launched its first telecommunication satellite in 1962. The advent of computer in to the communication system was utterly limited. In 1947 first microware was setup and in 1952 the first data base was implemented on RCA'S Bizmac computer. In 1985 department of telecommunication (DOT) was established. In 1986 DOT was concerted into two wholly government owned companies: the Videsh Sanchar Nigam Limited (VSNL) for international telecommunications as been playing an important role in the development as commutation is a vital component of development process.

In this session you studied about performance of various sectors during pre-liberalization period and now answer the questions given in the Check Your Progress-3.

Check Your Progress 3

Note: a) Answer the following questions in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

- 1) What are the initiatives taken in the agriculture sector during the pre-liberalization period.

.....
.....
.....
.....
.....

- 2) What are the social sector development initiatives taken during the pre-liberalization period ?

.....
.....
.....
.....

2.5 LET US SUM UP

In this unit has extensively discussed two aspects that are thrust areas of economic planning and the development initiatives undertaken by the government during different plans period particularly pre-liberalization period which covers First Five Year Plan to Seventh Five Year Plan. The various sectors covered in this unit are agriculture, industry, social sector development and infrastructure development.

2.6 REFERENCES AND SUGGESTED READINGS

Mishra, S. K and Puri, V.K (1986), *Development and Planning Theory and Practice*, Himalayan Publishing House, New Delhi.

Singh, B. N. P (2004), *Indian Economy Today Changing Contours*, Deep& Deep Publication Pvt. Ltd, New Delhi.

Jain, P. C (1965), *Economic Problems of India*, Chaitanya Publishing House, Allahabad.

First to Seventh Five Year Plans, Government of India, Planning Commission.

Prasad, C.S and et.al (2007), *Sixty Year of Indian Economy 1947-2007*, New Century publications , New Delhi.

Government of India, *Economic Survey*, 2006-07.

Sury, M.M (2004), *Indian Economy in the 21st Century Prospects and Challenges*, New Century publications , New Delhi.

2.7 CHECK YOUR PROGRESS - POSSIBLE ANSWER

Check your Progress 1

- 1) Narrate two key thrust areas of Indian planning.

The two important thrust areas of plan were alleviation of poverty and promotion of growth rate. Alleviation of poverty was a great challenge before the nation after Independence. The first Five Year Plan emphasized in agriculture to enhance food grain productivity and also employment opportunity in the primary sector. The Fifth Five Year Plan especially laid emphasized on poverty alleviation or “*Garibi Hatao*”. One of the prime objectives of economic planning is to accelerate the growth rate. In order to promote growth rate emphasis was laid on development of agriculture, industry, small scale and cottage industry and infrastructure development during different Plan period.

- 2) Why do we need balanced regional development?

Uneven Development during British Regime had led to unbalanced development. Some regions are found more advanced compared to the other region. On account of these regional disparities, the planners have accepted the urgency of balanced regional development ever since the advent of the planning process on India.

Check your Progress 2

- 1) What are the thrust areas of First Five Year Plan?

At the time of launching First Five Year Plan, the country was facing formidable challenge of food security. Obviously, the plan gave topmost priority to agriculture and community development. Some of the development initiatives undertaken during the First Five Year Plan period are as follows:-

- land reforms measures
- setting up agriculture extension services
- revitalization of cooperative movement
- provision of irrigation and facilities

- 2) Why there was a need for annual plan?

The planning process was disrupted during 1966 to 1969 because of certain unavoidable circumstances such as hostilities with Pakistan, drought condition, devaluation of rupee and inflationary pressure. Therefore, instead of the Fourth Five Year Plan, three annual plans such as 1966-67, 1967-68 and 1968-69 were prepared. This is otherwise known as 'Plan Holiday' which essentially means that no long term financial commitment can be made by the Government for more than one year.

Check Your Progress 3

- 1) What are the initiatives taken in the agriculture sector during the pre-liberalization period.

The First Five Year Plan gave a pride of place to agriculture development. During the First Five Year Plan period following initiative were taken for the development of agriculture (i) extending irrigation facilities; (ii) increase the supply of agricultural inputs like fertilizers, insecticides, improved seeds etc., (iii) introduction of land reforms, community development and extension programmes. In the mid-1960s the Green Revolution programme was started in order to boost the agricultural productivity in the country. As a result the food grain production which was hovered around 50-60 million tonnes per year since 1950-51 started increasing at a faster rate. By the mid-1980s it had touched the level of 170 million tonnes.

- 2) What are the social sector development initiatives taken during the pre-liberalization period ?

The two key sectors of social development are education and health. The First Five Year Plan intended that the educational planner has to strike a balance between primary education secondary and higher education, general and vocational studies, humanities sciences and technologies and between institutional training and in service training. As far as health is concerned, the government of India took initiative for enhancement of health care infrastructure in the country which has resulted in establishment of health sub-centers, primary health centres, community health centres and district hospitals.