

not so low even by world standards, according to Dandekar. Over the period 1990-91 to 1995-96, the growth rate was around 3.4 per cent which increased to about 3.9 during the Eighth Plan.

Infrastructure. Rapid growth of agriculture and industry is crucially dependent on the expansion of the key infrastructure sectors like coal, power, petroleum and transport. The base for these sectors was laid in the Second Plan and production became significant in the Third Plan. Between 1950-51 and 1996-97, the production of coal increased from 32.3 m tonnes to 285.6 m tonnes, power generation from 5.1 billion Kwh to 390.5 Kwh, and of crude oil from 0.3 m tonnes to 33 m tonnes over the period.

There has been substantial growth both in the spread of network as well as in the output of the transport system. Besides increase in railway lines, freight traffic and passenger traffic recorded a growth rate of about 5 per cent during the period. Similarly, there has been marked growth in the traffic at major ports and domestic airlines passenger traffic. Road transport fleet and shipping tonnes have also increased substantially.

Social Services. Modernisation is also reflected in the spread of social services. There has been a significant increase in development expenditure on social services whose share in GDP grew from 3 per cent in 1950-51 to 14 per cent in 1996-97. There has been a marked expansion of health services. The number of doctors, nurses and hospitals has increased. Villages have been electrified. Drinking water has been supplied to lakhs of villages. There has been a spectacular spread of education in rural areas. The number of secondary schools, colleges, universities, medical and engineering institutes has multiplied manifold.⁷

3. Self-Reliance

Self-reliance means "a reduction in the dependence on foreign aid, diversification of domestic production and a consequential reduction in imports for certain critical commodities and the promotion of exports to enable us to pay for imports from our own resources." A major constraint towards achieving the objective of self-reliance has been unfavourable balance of payments (BOP). The deficit in BOP increased from a modest Rs. 42 crores in the First Plan to Rs. 63,179 crores in the Eighth Plan. These deficits were sought to be met by the use of foreign exchange reserves, inflows of external finance, and through export promotion and import substitution. We try to assess the extent to which these measures have helped in the management of balance of payments during the Plans and the goal of self-reliance.⁸

7. For more details, refer to section on Social Justice in the present chapter.

Foreign exchange reserves depend upon the trade balance, net earning from invisibles and the inflow of external borrowings. Since these factors are exogenous, foreign exchange reserves have been sometimes increasing and at other times declining. For instance, foreign exchange reserves increased from \$ 5.8 billion in 1990-91 to \$ 25.2 billion in 1994-95 and declined to \$ 21.7 billion in 1995-96, but increased to \$ 26.2 billion in 1996-97.

Net external aid has been on the increase in absolute terms over the Plan periods from a meagre Rs. 177 crores in the First Plan to Rs. 23,733 crores in the Eighth Plan. Taking the period from 1950-51 to 1995-96, the net aid received was only 47 per cent and the remaining 53 per cent had gone back as principal and interest payments. But the real index of self-reliance is the net aid as a percentage of Plan expenditure, which increased from 9.1 per cent in the First Plan to 28.1 per cent in the Second Plan, and to 34 per cent in three Annual Plans. But it has been on the decline since the Fourth Plan. From 11.2 per cent in the Fourth Plan, it fell to 9.1 per cent in the Fifth Plan, to 5.5 per cent in the Sixth Plan, to 4.6 per cent in the Seventh Plan and to 6.1 per cent in Eighth Plan. This shows that we are nearing the goal of self-reliance.

An important component of the strategy for self-reliance is the increased oil production programme. The domestic production of refinery throughput increased from 18.4 m tonnes in 1979-71 to 58.4 m tonnes in 1996-97 and domestic production of crude oil from 0.3 m tonnes in 1950-51 to 33 m tonnes in 1996-97.

There has been a substantial reduction in import dependence on foodgrains over the Planning era. Net imports of foodgrains declined from about 4 m tonnes in 1970-71 to 2 m tonnes in 1989-90. In 1996-97, they were only 0.66 m tonnes.

Import substitution is another measure towards a self-reliant economy. India has been following this policy in the form of domestic production of consumer goods of all types, including foodgrains, capital goods, intermediate goods and the development of research and technology indigenously. She has achieved a large measure of success towards this direction and has started exporting a variety of durable consumer goods and capital goods which she used to import earlier.

Further, the commodity-mix of India's exports has considerably widened. In 1950-51, traditional exports like tea, jute and cotton textiles formed 55 per cent of its total export trade. Now exports include, besides traditional items, innumerable non-traditional items. Among the major non-traditional items are leather goods, gems, garments, textiles, engineering goods, chemicals and many household consumer goods like bicycles, fans, scooter, and varied electrical appliances, etc.

Above all, India has been achieving self-reliance in science and

technology. At the time of launching the First Five Year Plan in 1951, the scientific and technical base of the country was very small. But today it has considerably widened in terms of laboratories, R & D institutions, etc. covering several areas. There has been stupendous growth in such high technology areas as electronics, nuclear and space sciences, informatics, telematics, etc. Science and technology have helped in the growth of agriculture, industry, infrastructure and services thereby paving the way for self-reliance.

Thus we find that on all counts, India is moving fast towards the goal of a self-reliant economy.

4. Social Justice

Every five-year Plan in India from the Second Plan onwards has been emphasizing the objective of planned growth with social justice and also suggesting measures to achieve this. One of the main objectives of the Ninth Plan is *growth with social justice and equity*. This objective comprises improvement of living standards of the people, alleviation of poverty, removal of unemployment, and reduction in inequalities of income and wealth.

There has been significant improvement in the living standards of the average people. In some States of the country, life expectancy, infant mortality rate, literacy, consumption of foodgrains and clothes, potable water, and domestic electricity have reached satisfactory levels. For instance, the literacy rate increased from 18.3 per cent in 1951 to 52.5 per cent in 1991. Significant improvement in the health of the people is visible from the fact that the life expectancy increased from 32 years to 61 years in 1995-96.

The per capita availability of cereals increased from 334 gms. per day in 1951 to 473 gms. in 1997, and of edible oils and vanaspati from 3.2 kgs. to 9.2 kgs. over the period. As on March 1998, potable water was available to 92.5 per cent of rural and 90.2 per cent of urban population. Electricity for lighting purposes was available to 27 per cent of rural and 75 per cent of urban families. To solve the housing problem, dwelling units have been constructed in rural and urban areas. The National Housing Bank has been making a significant contribution towards this direction.

There has been vast improvement in the educational system in terms of enrolment over the Plans. Enrolment in the primary and upper primary stage increased from 22.3 million in 1950-51 to 151.45 million in 1996-97 and at the high/higher secondary stage from 1.5 million to 24.27 million over the period. The number of students at the college/ university stage increased from 0.2 million in 1950-51 to 6 million in 1996-97. There has been a significant increase in the enrolment of girls from 13.7 per cent to 34 per cent over the period. The turnout of technical graduates rose from 2200 to about 1 lakh per annum between 1950-51 to 1996-97.

There has been a significant rise in the number of persons who have been provided gainful employment : from 249.1 million in 1978 to 367.2 million in the 8th Plan. Over the same period, the unemployment rate declined from 2.63 per cent to 1.8 per cent.

The incidence of poverty expressed as the percentage of people below the poverty line in the total population declined from 56.4 per cent in 1973-74 to 37.3 per cent in rural areas and from 49.0 per cent to 34.4 per cent in urban areas over the period. For the country as a whole, the poverty ratio declined from 54.9 per cent in 1973-74 to 36.0 per cent in 1993-94. The projections of the Ninth Plan for 1996-97 (at the end of the Eighth Plan) show further reduction in the incidence of poverty to 30.55 per cent in rural areas, 25.58 per cent in urban areas and 29.18 per cent for the country as a whole.

Besides, a number of other measures have been adopted to achieve social justice with equity to a considerable extent by adopting such measures as land reforms, abolition of bonded labour, liquidation of rural indebtedness, fixation of minimum wages for farm labour, drive against economic offenders, and measures towards reduction of concentration of incomes, wealth and economic power.

FAILURE OF PLANS

The Indian economy has made significant progress over forty five years of the planning process. Still there are many weaknesses which point towards the failure of Indian Plans in many directions. These are discussed below.

1. *Inadequate Use of Natural Resources.* The natural resources of the country have not been tapped and used adequately for economic development. India's total geographical area is 329 million hectares, of which 166 million hectares is the arable land. But only 141 million hectares are used for cultivation. Keeping in view the increasing needs for food, fodder, fibre, fuel and urbanisation, this area is inadequate. There are huge areas of degraded land, estimated at about 130 million hectares, due to water logging, salinity, alkalinity, soil erosion, etc. Inadequate planning and inefficient management have failed to reclaim such areas.

Little has been done to stop reckless destruction and degradation of forests. They are taking a heavy toll of the country's soil and water resources. According to one estimate, 6,000 million tonnes of top soil with essential nutrients flows into the sea every year. The National Forest Policy of 1988 stressed the importance of having one-third of the geographical area of the country under forests. But only 11 per cent is under *real* forests. Moreover, unplanned urban growth and industrialisation are increasing the levels of pollution which, in turn, seriously threaten the country's economic and social progress.