



# ATOMIC ENERGY EDUCATION SOCIETY

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## DEVELOPMENT EXPERIENCE INDIAN ECONOMY (1950-1990)

MODULE (1/1)

CLASS : XII

SUBJECT: ECONOMICS

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# INTRODUCTION

During British rule, the status of Indian Economy was poor, stagnant and backward. So we adopted planned developmental economy.

# Economic Planning

Economics planning refers to a system under which a central authority sets a set of targets and specifies a set of programmes and policies to achieve those targets within the specified period of time.

The Govt. of India appointed a Planning commission on March 15, 1950. The planning commission fixed the planning period of five years. The first five year plan was started in 1<sup>st</sup> April 1951.



Prof. P.C MAHALANOBIS



# Goals of five year plans

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## ▶ A : GROWTH

- ▶ **Growth:** it means to increase the production of goods and services as well as the productivity in the country.
- ▶ Growth of the economy is measured in terms of GDP.
- ▶ Growth also resulted in the change in the structural composition (share of each sector)of the economy.

## ▶ B. MODERNISATION

- ▶ It means to adopt modern technology so production as well as productivity can be increased.
- ▶ It also means to modernise the society so maximum participation from women can be ensured.



### C. SELF RELIANCE

It means to decrease the dependency of the country on foreign countries.

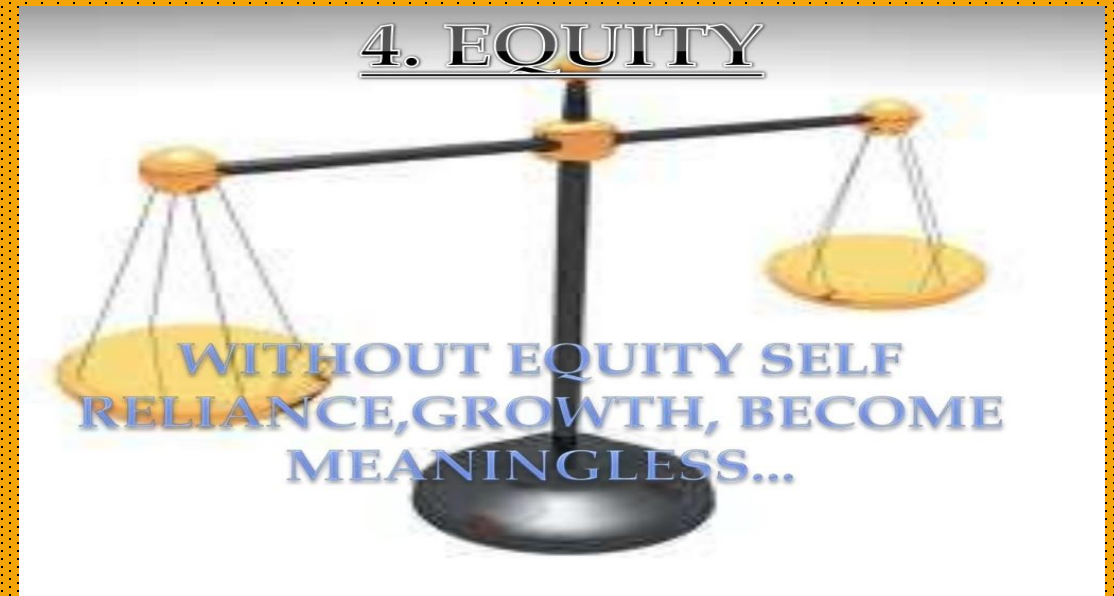
For the same import substitution policy was adopted to utilise country's own resources.

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### D. EQUITY

The main goal of the five year plan is to distribute the national income equally among its citizens. If growth results in income disparities then it will adversely affect the welfare of the public.





# Green revolution

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- ▶ Use of high yielding varieties (HYV) with improved irrigation facilities and chemical fertilisers as well as pesticides in mid 1960s is termed as green revolution.
- ▶ Why Green Revolution-Agricultural stagnation (chapter 1)
- ▶ Benefits:
  1. Marketable surplus generated.
  2. Prices of food grains came down resulted in increased consumption
  3. Buffer stocks maintained to fight drought and flood situation
  4. Price oscillations controlled.



# Leading role to public sector and IPR-1956

## ► Why Public Sector:

1. Private sector was not big enough to investment requirements of the country.
2. The market was not so big to encourage private sector to invest in big projects.
3. Government wanted to control the economy.

## IPR- 1956 (three categories of industries)

1. Fully state owned.
2. Private sector permitted as supplementary role .
3. For private sector but under compulsory license system even for expansions and product diversification.

# SECTORAL COMPOSITION AND INCREASING ROLE OF SERVICE SECTOR

- ▶ Sectoral Composition:

Share of Primary, Secondary and Tertiary sector in the GDP.

- ▶ Increasing share of service sector in GDP:

As economy develops the need of different types of services such as transportation, banking, insurance, education, medical and health, telecommunication etc. increases.



# Agriculture: Institutional Aspects and Strategies

- ▶ **Institutional Aspects** means the land ownership and land management system.
- ▶ LAND REFORMS:
- ▶ **ABOLITION OF INTERMEDIARIES:** some 200 lakh tenants came into direct contact with the government and freed from being exploited by the *zamindars*.

**TENANCY REFORMS:** rent on land decreased from 75% to 25%.  
Ownership was given to tenants.

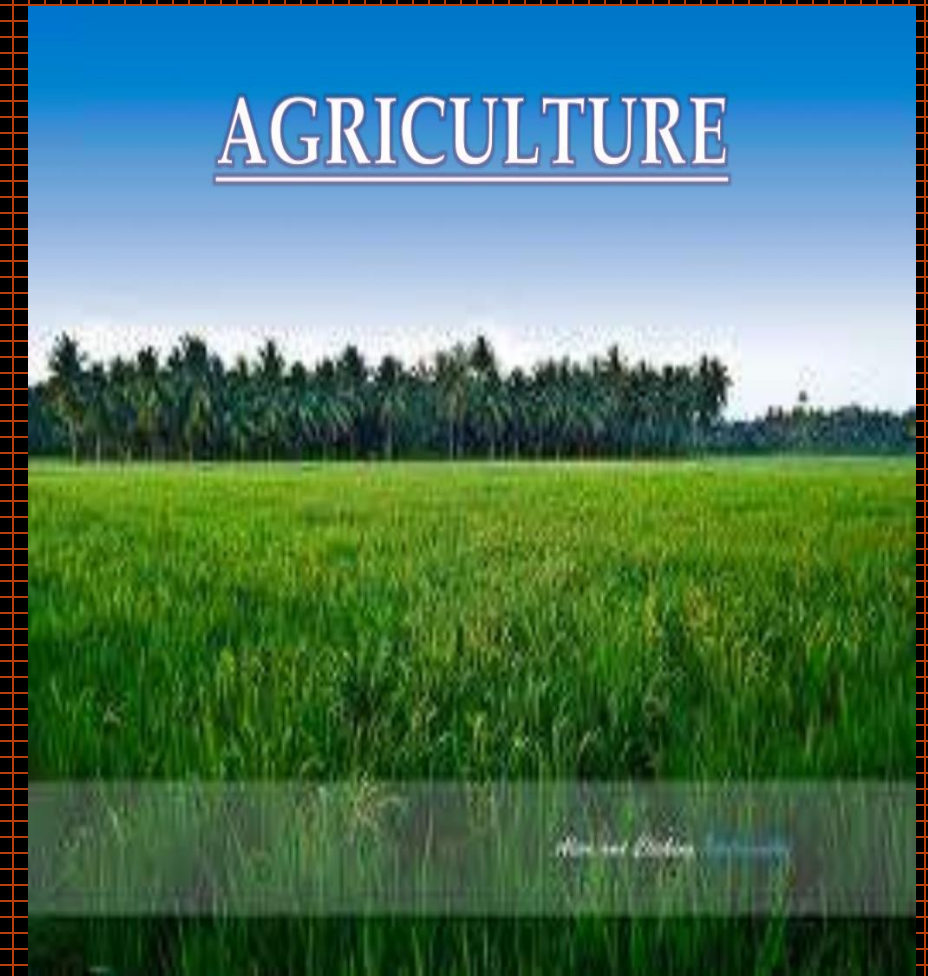
- ▶ **LAND CEILING:** fixing the maximum size of land (10 to 54 acres depending on land) which could be owned by an individual

**CONSOLIDATION OF LAND HOLDINGS:** is it possible?

# NEW AGRICULTURAL STRATEGY

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- ▶ GREEN REVOLUTION
- ▶ CROP ROTATION AND MULTI CROPPING
- ▶ EXTENDED IRRIGATION
- ▶ MODERN FARM MACHINERY
- ▶ MSP POLICIES
- ▶ AGRICULTURAL RESEARCH AND INSTITUTIONS
- ▶ FARM PROTECTION AND INSURANCE SCHEMES



# INDUSTRY: INDUSTRIAL LICENSING

- ▶ category of industries left to the private sector (Schedule C ), the sector was kept under state control through a system of licenses. In order to open new industry or to expand production, obtaining a license from the government was a prerequisite. Opening new industries in economically backward areas was incentivised through easy licensing and subsidization of critical inputs like electricity and water. Licenses to increase the production were issued only if the government was convinced that the economy required more of the goods.<sup>[2]</sup>



# FOREIGN TRADE

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- ▶ **1952 to 1957:** exports were encouraged by removal or relaxation of some export restrictions. Liberalisation of imports led to a tremendous increase in imports.
- ▶ **1956-57 to 1965-66:** shortage of foreign exchange and deficit trade balance. Import substitution policy suffered fundamental drawbacks.
- ▶ **1965-66 to 1975-76:** increased allocation of raw materials to export-oriented industries, income tax relief on export earnings, export promotion through import entitlement.
- ▶ **1975- 76 to 1990-91:** adoption of liberal import policy and balancing import liberalisation with export promotion

# CONCLUSION



**Indian Economy had a great time from 1950-1990.**



**THANK  
YOU**