



## **Unit 5: Rural Industrialization and Entrepreneurship**

**UNIT 5-** Concept of Rural Industrialisation, Gandhian approach to Rural Industrialisation, Appropriate Technology for Rural Industries, Entrepreneurship & Rural Industrialisation-Problems & diagnosis of Rural Entrepreneurship in India, with special reference to women Entrepreneurship; Development of Small Entrepreneurs in India, need for and scope of entrepreneurship in Rural area.

### **OUTCOMES-**

Studying rural industrialization and entrepreneurship can equip students with a deeper understanding of the unique challenges and opportunities of rural development, help them identify entrepreneurial opportunities, develop essential skills, learn about government policies and programs, and contribute to the economic and social development of rural communities.

#### **I. CONCEPT OF RURAL INDUSTRIALIZATION:**

- One of the central problems impinging significantly on rural development is the shrinking employment opportunities in rural areas.
- Seasonal unemployment, partial unemployment, artisans who are at the margins because the technology they use has become obsolete is common in Indian villages.
- Finding jobs to match the skills of the people is one enormous task for any government.
- Agriculture is widely found to be non-remunerative. This has accelerated migration to urban areas in a big way, worsening the situation of urban poverty.
- A recent challenge to development in rural areas is distress departure from agriculture. The paradox is that commercial exploitation of resources in rural areas is systematically done by corporate interests.
- The dearth of access to information, knowledge and technology make rural people to stand away and watch their resources such as land, sand, soil, water, vegetation, herbs, trees etc. being exploited by profiteering interests.
- The unlettered or semi-literate rural people wind up their business in villages, and get set to depart to urban centres in search of employment in the cities.
- Commencing from the mid-1950s, one of the best strategies that India has been adopting for employment generation, especially in rural areas is rural industrialization.

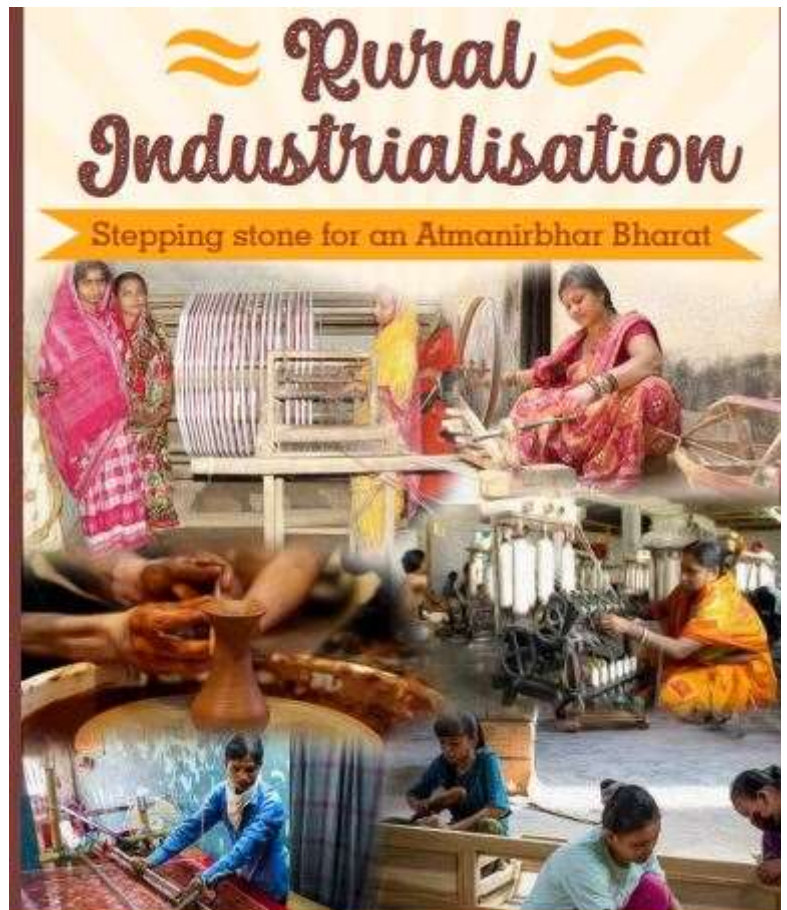


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- There are several concepts, models, and experiments that are successful in rural industrialization and in mass employment generation in several parts of the country. They are also known as non-agricultural sub-sector.
- Rural industries are non-farm activities that depend on rural resources, and are primarily meant for employment generation through effective utilization of

locally available resources, human power and technologies that are native or home-grown.

- Rural industries usually work with the philosophy of production by masses-as opposed to mainstream industries where goods are mass produced.
- They are popularly addressed as small-scale industries, village industries or artisan industries.
- Rural Industrialisation is therefore a concept that encompasses facilitating avenues of employment in non-farm activities on a widely dispersed basis nearer to the place of living of the poor.
- The Planning Commission first used the term **“rural industries”** when it recommended a rural industries projects programme in the year 1962.
- In a report on Village and Small industries sector, the Planning Commission (1988) defined rural industries in the following lines, “The term ‘rural industries’ connotes such types of industries as **khadi, Village industries, handloom, handicraft, sericulture, coir and tiny and service industries** situated in rural areas”.
- Thus, rural industrialization includes economic activities outside agriculture, carried out in villages and varying in size from households to small factories.
- Some examples of these activities are cottage, tiny, village and small-scale manufacturing and processing industries; and services of various kinds. Household industries have declined over time, whereas small scale, non-household industries have expanded. Cottage enterprises – based on part-





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time family labour – are relatively less efficient than small-scale, fulltime and specialised rural industries.

**CHARACTERISTICS OF RURAL INDUSTRIES:**



**TYPES OF RURAL INDUSTRIES-**

**Types of rural industries**

<b>Traditional Village Industries</b>	<b>Light industries</b>	<b>Medium Group Industries</b>	<b>Heavy industries</b>	<b>Sunrise sectors</b>
Khadi, cottage, leather tanning, wood work, artisan industries, etc.	Animal feed and fodder industries, construction programme to meet the local demands etc.	Mini-cement plant using molasses or coal as energy, minor paper plant, etc.	Bio-fertilizer plants, Bio-pesticides plants, Mini-steel plants, etc.	Agribusinesses including food processing, rural tourism, etc.



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Rural industries are non-farm activities that depend on rural resource. They usually work with the philosophy of production by masses-as opposed to mainstream industries where goods are mass produced.

Various types of rural industries include Traditional Industries like Khadi, Light Industries like light animal feed, Medium group industries like mini cement plant, Heavy industries like bio-fertilizer plants and Sunrise sectors like rural tourism.



**Role of rural industrialisation in National Development**

- ❖ Crucial for growth of rural economy
- ❖ Provides additional and offseason employment and supplements agricultural income of farmers
- ❖ Inclusive national development
- ❖ Balanced industrialisation
- ❖ Preservation of India's rich culture
- ❖ Promoting Micro and Small Enterprises (MSMEs)
- ❖ Women empowerment
- ❖ Achieving sustainable development goals



**Evolution of policy framework for rural industries post-independence**



**Major hurdles in the path of Rural Industries to flourish**

- ❖ The Protection Syndrome wherein the items reserved for SSIs were unable to compete with the imported products after economic reforms in 1990s
- ❖ Inability to access adequate credit on time
- ❖ Inadequate infrastructure for marketing, transportation, scientific storage facilities, etc.
- ❖ Competition for procuring raw materials from urban industries
- ❖ Lack of appropriate technology and inability of adoption of available technologies
- ❖ Inability to retain local talent or to attract talent from outside



**Key Initiatives to overcome the challenges and promote Rural Industrialisation**

- ❖ Formal Institutional Arrangements: KVIC and NSIC Limited
- ❖ Promotion of Traditional industries: SFURTI and USTAD scheme
- ❖ Facilitating Credit needs of small enterprises: Establishing NABARD and SIDBI, Promoting formation of Cooperative Societies
- ❖ Imparting training and development of skills: Micro Enterprise Development Programme (MEDPs); Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), etc.
- ❖ Schemes for agro based industries: ASPIRE scheme for agro based industries, PM SAMPADA for food processing, etc.
- ❖ Promoting Entrepreneurship & Innovation: Decentralising incubation Centre through the Atal Innovation Mission (AIM), Start-Up India scheme, etc.
- ❖ Other initiatives for empowering rural women, infrastructure creation, digital empowerment, etc.



**Way ahead to revitalise and fast track the process of rural industrialisation**

- ❖ Formulation of Rural Industrial Policy
- ❖ Defining rural industries
- ❖ Upgrading the techniques of production
- ❖ Integrated approach for Skills development
- ❖ Harnessing the potential of rural women
- ❖ Fulfilling the gaps in Infrastructure
- ❖ Other initiatives like Cooperative federalism, strengthening the role of MSMEs, Harnessing export potential of rural Industries, banking opportunities created by COVID-19 induced reverse migration



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### GANDHIAN APPROACH TO RURAL INDUSTRIALIZATION:

An ideal village is free of quarrels and thefts, harmony among communities. Untouchability is absent.

**Mahatama Gandhi**



- The Gandhian approach to rural industrialization is based on the principle of self-reliance and the promotion of village industries.
- Mahatma Gandhi believed that India's economic development could only be achieved through the development of rural areas, and that this could be achieved through the promotion of small-scale industries in villages.
- Gandhi believed that the village economy should be self-sufficient and sustainable, with local resources being used to meet local needs. He emphasized the need for the production of handmade goods and the use of traditional techniques and skills.
- This approach was seen as a way to promote rural development, create employment opportunities, and reduce poverty.
- Gandhi's approach to rural industrialization also emphasized the importance of social justice and the empowerment of marginalized communities, such as women and lower-caste groups.



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- He believed that these communities should have equal access to resources and opportunities, and that their skills and knowledge should be recognized and utilized.
  - Gandhi's vision of rural industrialization was centered around the idea of "[Gram Swaraj](#)" or village self-rule, which was based on the principles of decentralization, local decision-making, and community ownership. He believed that this approach would not only promote economic development but also social harmony and political stability.
- Overall, the Gandhian approach to rural industrialization emphasized the importance of sustainable, decentralized, and community-based economic development, and continues to be a source of inspiration for many development practitioners and policymakers today.
- During the time of Gandhi, the industries that were promoted were mainly cottage and small-scale industries that could be set up in rural areas.
  - These industries were based on traditional skills and techniques, and used local resources, such as natural fibers, wood, and clay.
  - Some of the industries that were promoted by Gandhi included:
    1. **Handloom weaving:**
      - Handloom weaving was one of the main industries promoted by Gandhi.
      - He believed that it was a way to provide employment to rural women and to promote the production of handmade cloth, which was seen as a symbol of self-reliance and independence.
    2. **Khadi production:**
      - Khadi production was another industry promoted by Gandhi. Khadi refers to hand-spun and hand-woven cloth made from cotton.
      - Gandhi believed that the production of khadi would promote rural self-sufficiency and would help to reduce dependence on imported cloth.
    3. **Pottery:**
      - Pottery was another industry that was promoted by Gandhi.
      - He believed that the production of clay pots and other household items could provide employment opportunities in rural areas and promote the use of local resources.



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### **4. Carpentry:**

- Carpentry was another industry that was promoted by Gandhi.
- He believed that the production of handmade furniture and other wooden items could provide employment opportunities in rural areas and promote the use of local resources.

### **5. Leatherwork:**

- Leatherwork was also promoted by Gandhi.
  - He believed that the production of handmade leather goods, such as shoes and bags, could provide employment opportunities in rural areas and promote the use of local resources.
- Overall, the industries promoted by Gandhi were those that could be set up in rural areas, that were based on traditional skills and techniques, and that used local resources.
- These industries were seen as a way to promote rural self-sufficiency and to reduce dependence on imported goods.

## **TECHNOLOGIES OF RURAL INDUSTRIES:**

- There are many different technologies used in rural industries that can be classified under traditional and modern technologies.
- Here are some examples:

### **Traditional Technologies:**

#### **1. Handloom weaving:**

- This is a traditional technology that has been used for generations in many rural communities.
- It involves the use of a simple wooden loom and requires skilled handwork to create intricate patterns and designs.

#### **2. Pottery making:**



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- Pottery making is another traditional technology that involves the use of clay and simple hand tools.
- It is used to create various household items like pots, dishes, and decorative items.

#### **3. Carpentry:**

- Carpentry is a traditional technology that involves the use of hand tools to shape and join wood.
- It is used to create furniture, doors, windows, and other wooden items.

#### **4. Blacksmithing:**

- Blacksmithing is another traditional technology that involves heating metal and shaping it into tools, implements, and other items.
- It requires a forge, anvil, and hand tools.

#### **5. Leatherwork:**

- Leatherwork involves the use of animal hides to create shoes, bags, belts, and other items.
- It requires simple hand tools like a knife and needle and thread.

### **Modern Technologies:**

#### **1. Solar-powered water pumps:**

- These are modern technologies that are used to pump water from wells and other sources using solar energy.
- They are used in agriculture and other industries to provide irrigation and water for livestock.

#### **2. Biomass gasifiers:**

- Biomass gasifiers are modern technologies that are used to convert organic waste into gas that can be used for cooking, heating, and lighting.
- They are often used in rural communities where access to electricity is limited.

#### **3. Computer-aided design (CAD) software:**

- CAD software is a modern technology that is used in textile design to create intricate patterns and designs.





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- It allows designers to create and modify designs on a computer before they are woven on a handloom.

#### **4. Biogas digesters:**

- Biogas digesters are modern technologies that are used to convert organic waste into gas that can be used for cooking and lighting.
- They are often used in rural communities to reduce the use of firewood and charcoal.

#### **5. Small-scale wind turbines:**

- Small-scale wind turbines are modern technologies that are used to generate electricity from wind energy.
  - They are often used in rural communities where access to electricity is limited.
- Overall, the choice of technology used in rural industries depends on factors such as the availability of resources, the skills and knowledge of the community, and the environmental and social impact of the technology.
- A sustainable approach to rural industrialization should prioritize the use of technologies that are locally appropriate, cost-effective, and environmentally friendly.

### **PROBLEMS/CHALLENGES FACED BY RURAL ENTREPRENEURSHIP IN INDIA:**

- Rural entrepreneurship in India faces several problems and challenges, which can hinder the growth and development of small businesses in rural areas.
- Here are some of the significant challenges faced by rural entrepreneurship in India:

#### **1. Lack of Infrastructure:**

- One of the major challenges faced by rural entrepreneurs in India is the lack of basic infrastructure such as roads, transportation, electricity, and internet connectivity.
- These issues can hamper the supply chain and limit access to markets and resources, making it difficult for rural entrepreneurs to expand their businesses.



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### **2. Limited access to finance:**

- Rural entrepreneurs often struggle to access finance and credit facilities from traditional financial institutions.
- Banks and financial institutions are reluctant to lend to rural entrepreneurs, who may not have adequate collateral or a proven track record of creditworthiness.

### **3. Limited Market Access:**

- Rural entrepreneurs often face a limited market for their products or services due to the low population density and lack of awareness of their products in urban areas.
- Moreover, the lack of marketing skills and inadequate exposure to market trends and opportunities can restrict the growth of rural entrepreneurs.

## **WOMEN ENTREPRENEURSHIP:**

- Women Entrepreneurs means the women or a group of women who initiate, organize and operate a business enterprise.
- A woman entrepreneur is therefore a confident, creative and innovative woman desiring economic independence individually and simultaneously creating employment opportunities for others In the advanced countries of the world, there is a phenomenal increase in the number of self-employed women after the World War II

### **Need:**

- They have made their mark in business for the following reasons:
  - (i) They want new challenges and opportunities for self-fulfillment.
  - (ii) They want to prove their determination in innovative and competitive jobs.
  - (iii) They want the change to control the balance between their family responsibilities and their business lives.

## **Factors Influencing Women Entrepreneurship:**

### **1. Family culture and traditions –**

- Family culture and traditions influence entrepreneurship. Women entrepreneur will remain entrepreneur if its family tradition is so or if she belongs to a pioneer entrepreneur.



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### **2. Geographical factors and social factors –**

- The society the state and the area to which she belongs also influence the entrepreneurship.
- If she is a Punjabi or Gujrati belonging to their respective state, will become entrepreneurs.

### **3. Caste system –**

- The caste system also influences as a women who is Sindhi may start a business at an early stage as in their caste or communities it is a trend.

### **4. Government aids and policies –**

- Government can never increase entrepreneurship, it always helps an entrepreneur.
- A capable person only can become entrepreneur even if she gets aids or adopts policies to start a venture. Government can help poor class people with reservations.
- Government help can be of significance if entrepreneur takes its help for logical conclusions. But for this, caliber of an entrepreneur is also seen.

### **5. Inherent capabilities and efficiency –**

- Capabilities to withstand the competition with males requires guts and dare to become an entrepreneur.
- Females require same capabilities as that of males.
- They get benefit of being females only when the service has to be rendered to women only like in hospitals etc.
- Capabilities influence the entrepreneurship but efficiency is also required as if the person has capability to become an entrepreneur but if she is not efficient to run the venture she cannot become a better entrepreneurship.



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### **Barriers in the Path of Women Entrepreneurs:**

- There are many barriers or constraints that restrict the expansion of women entrepreneurship.
- The major barriers in the path of women entrepreneurs are as follows:

#### **1. Financial Problem:**

- It refers to the major problem of women entrepreneurs that arise due to the lack of access to funds.
- It is really difficult for them to arrange the requisite fund as they may not possess any tangible security and credit in the market.
- Generally, the family members of women entrepreneurs do not have confidence in their capability of running the business successfully.
- Women entrepreneurs even face problems in financing day-to-day operations of enterprises, including purchasing of raw materials and paying wages to labors. The lack of access to funds makes the condition of women entrepreneurs extremely vulnerable.
- The complexities and the complications in the process of obtaining bank loans usually deter women from establishing enterprises.

#### **2. Production Problem:**

- Production problem act as a main problem that discourages women to be entrepreneurs.
- The data shows that the participation of women entrepreneurs in the production is minimal due to complications involved in the production process.
- In a manufacturing enterprise, production involves the coordination of a number of activities. Improper coordination and delay in execution of any activity cause problems in production.
- This may become difficult for women entrepreneurs to coordinate and control all the production activities.

#### **3. Marketing Problem:**

- Marketing problem refers to the problems of women entrepreneurs in marketing their products or services.
- Lack of mobility and heavy competition in the market makes the women entrepreneurs dependent on middlemen.
- Middlemen take a huge amount of money to market the products. Women entrepreneurs lack information on changing



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market and find it difficult to capture the market and make their products popular.

#### **4. Socio-Cultural Barriers:**

- Socio-cultural barriers refer to the constraints and barriers imposed on women entrepreneurs by the society. In conventional countries, such as India, the major role of a woman is acknowledged towards her family.
- She has to perform primarily her family duties irrespective of her career as a working woman or an entrepreneur.
- A woman entrepreneur has to bear double responsibilities, she has to manage her family as well as her business. In our society, more importance is given to educating a male child than a female child. This results in lack of education and vocational training of women.
- Lack of education and technical skills becomes the root cause of lack of awareness of opportunities available by women entrepreneurs. Our society even gives more preference to male labor than to female labor.
- A male labor is paid more wages than a female labor. It is ascertained that male labor force are generally reluctant to work under a female boss.

#### **5. Lack of Confidence:**

- It refers to the personal problem of women entrepreneurs. Women have been dependent on their family members for a long time.
- They have been always protected and guided by the male members of their family. Right from taking any decision to going anywhere they are accompanied by male.
- This makes women feel less confident even about their own capabilities. Despite these all barriers women entrepreneurs have proved themselves in all the walks of industrial activities.
- They are successfully performing and managing their roles at work and home. They have made a great level of adjustment and tuning between two roles of a woman.
- They are confident, creative, and are very much capable of running an enterprise, regardless of all the barriers in their path.
- They are equally talented as men and need a congenial environment to grow themselves.

- ❖ Entrepreneurship does not depend upon man or woman. It is an attitude of mind and requires suitable motivation duly supported by cordial external conditions.



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- ❖ Therefore, women entrepreneurs need to be supported by congenial environment to develop the risk-taking and decision-making qualities.

### **DEVELOPMENT OF SMALL ENTREPRENEURS IN INDIA:-**

- India has been experiencing a significant growth in the small business sector, with many entrepreneurs seeking to establish their own businesses.
- The development of small entrepreneurs in India has been encouraged by the government through various initiatives such as the "Startup India" campaign, which aims to promote entrepreneurship and innovation in the country.
- Here are some factors that have contributed to the development of small entrepreneurs in India:

#### **1. Ease of doing business:**

- The Indian government has been taking steps to simplify the process of starting and running a business in India.
- The introduction of online portals and the reduction in the number of licenses and permits required have made it easier for entrepreneurs to set up and run their businesses.

#### **2. Access to finance:**

- Access to finance has been a major challenge for small entrepreneurs in India.
- However, the government has introduced various schemes such as the MUDRA (Micro Units Development and Refinance Agency) scheme, which provides loans to small businesses, and the Stand-Up India scheme, which provides loans to women and marginalized communities.

#### **3. Technology:**

- The rapid development of technology has enabled small entrepreneurs in India to access markets and customers beyond their immediate vicinity.
- The internet and social media platforms have provided a cost-effective means of marketing and selling products and services.

#### **4. Support from the government:**

- The government of India has been providing support to small entrepreneurs through various initiatives such as funding and training programs.



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- The Startup India program, for instance, provides funding and mentorship to startups.

#### **5. Growing middle class:**

- The growing middle class in India has created a huge market for goods and services.
- Small entrepreneurs have been able to tap into this market by offering affordable and innovative products and services.
- Overall, the development of small entrepreneurs in India has been driven by a combination of factors such as government support, technological advancements, and a growing market.
- These factors have provided a conducive environment for small entrepreneurs to thrive and contribute to the growth of the Indian economy.

### **NEED AND SCOPE OF ENTREPRENEURSHIP IN RURAL SECTOR:-**

- Entrepreneurship in the rural sector is essential for the economic development of rural areas.
- Here are some reasons why:

#### **1. Employment Generation:**

- Entrepreneurship in the rural sector can create employment opportunities for the local population, reducing migration to urban areas.
- It can also help in reducing unemployment rates and underemployment in the rural areas.

#### **2. Local Development:**

- Rural entrepreneurship can help in the development of local communities by promoting the growth of small businesses that cater to the needs of the community.
- This can lead to the overall development of the area in terms of infrastructure, healthcare, and education.

#### **3. Poverty Alleviation:**

- Rural entrepreneurship can play a vital role in reducing poverty in rural areas.
- It can provide a source of income to the rural population and also help in creating a local market for goods and services, leading to increased economic activity.



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### 4. Preservation of Traditional Crafts and Skills:

- Rural areas are known for their unique and traditional crafts and skills.
- Entrepreneurship in the rural sector can help in preserving and promoting these crafts and skills, leading to their continued existence and growth.

### 5. **Environmental Sustainability:**

- Rural entrepreneurship can promote environmentally sustainable practices such as organic farming, eco-tourism, and renewable energy.
  - This can help in preserving the natural resources and promoting sustainable development in the rural areas.
- The scope of entrepreneurship in the rural sector is vast.
- The availability of land, labor, and resources makes the rural sector an attractive location for setting up businesses.
- Additionally, the government has been taking steps to promote entrepreneurship in the rural sector by providing financial assistance, training, and infrastructure development.
- Entrepreneurial opportunities in the rural sector include agribusiness, food processing, handicrafts, tourism, and renewable energy.
- With the growth of the Indian economy, there is a growing demand for organic and sustainable products, which can be met by rural entrepreneurs.
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- ❖ In conclusion, entrepreneurship in the rural sector is vital for the economic and social development of rural areas.
  - ❖ It can provide employment opportunities, promote local development, alleviate poverty, preserve traditional crafts and skills, and promote environmental sustainability.
  - ❖ With the support of the government and the availability of resources, the scope for entrepreneurship in the rural sector is vast and promising.





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### **EXTRA TOPIC:-**

#### **FIVE-YEAR PLAN**

- A Five-Year Plan is a comprehensive plan that outlines the economic and social goals of a country over a period of five years.
- The Five-Year Plan system was first introduced in the Soviet Union in 1928 and has since been adopted by many other countries around the world.
- In India, the Five-Year Plan system was introduced in 1951 and has been used to guide the country's economic and social development. The Planning Commission, which was responsible for formulating the Five-Year Plans, was replaced by the NITI Aayog in 2015.
- Each Five-Year Plan in India had a specific set of objectives and goals, such as achieving a certain rate of economic growth, reducing poverty, improving infrastructure, and promoting industrialization.
- The plans were divided into different sectors, such as agriculture, industry, education, health, and social welfare, and included strategies and policies for each sector.
- The Five-Year Plans played a significant role in India's economic and social development. They helped to promote economic growth, reduce poverty, and improve infrastructure.
- Some of the notable achievements of the Five-Year Plans include the Green Revolution, which helped to increase agricultural production, the establishment of the Indian Institutes of Technology and Management, and the growth of the manufacturing sector.
- However, the effectiveness of the Five-Year Plans has been a subject of debate, with some critics arguing that they did not address the root causes of poverty and inequality in India and that they were often undermined by corruption and bureaucratic inefficiencies.
- In 2015, the NITI Aayog replaced the Five-Year Plan system with a three-year action plan and a seven-year strategy plan. The new system aims to be more flexible and responsive to changing economic and social conditions.



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<b>List of Five Year Plans in India</b>			
<b>Five Year Plans</b>	<b>Years</b>	<b>Assessment</b>	<b>Objective</b>
First Five year Plan	1951-1956	Targets and objectives are more or less achieved. With an active role of the state in all economic sectors. Five Indian Institutes of Technology (IITs) were started as major technical institutions.	Rehabilitation of refugees, rapid agricultural development to achieve food self-sufficiency in the shortest possible time and control of inflation.
Second Five year Plan	1956-1961	It could not be implemented fully due to the shortage of foreign exchange. Targets had to be pruned. Yet, Hydroelectric power projects and five steel mills at Bhilai, Durgapur, and Rourkela were established.	The Nehru-Mahalanobis model was adopted. 'Rapid industrialisation with particular emphasis on the development of basic and heavy industries Industrial Policy of 1956 accepted the establishment of a socialistic pattern of society as the goal of economic policy.



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Third Five year Plan	1961-1966	Failure. Wars and droughts. Yet, Panchayat elections were started. State electricity boards and state secondary education boards were formed.	To Establish a self-reliant and self-generating economy in India
Plan Holidays – Annual Plans	1966-1969	A new agricultural strategy was implemented. It involved the distribution of high-yielding varieties of seeds, extensive use of fertilizers, exploitation of irrigation potential and soil conservation measures.	The crisis in agriculture and serious food shortage required attention
Fourth Five year Plan	1969-1974	Was ambitious. Failure. Achieved growth of 3.5% but was marred by Inflation. The Indira Gandhi government nationalized 14 major Indian banks and the Green Revolution in India advanced agriculture.	Growth with stability and progressive achievement of self-reliance Garibi Hatao Target: 5.5 pc



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Fifth Five year Plan	1974-1979	High inflation. Was terminated by the Janta govt. Yet, the Indian national highway system was introduced for the first time.	Removal of poverty and attainment of self-reliance.
Sixth Five year Plan	1980-1985	Most targets achieved. Growth: 5.5 pc. Family planning was also expanded in order to prevent overpopulation.	The direct attack on the problem of poverty by creating conditions of an expanding economy
Seventh Five year Plan	1985-1990	With a growth rate of 6 pc, this plan was proved successful in spite of severe drought conditions for the first three years consecutively. This plan introduced programs like Jawahar Rozgar Yojana.	Emphasis on policies and programs that would accelerate the growth in foodgrains production, increase employment opportunities and raise productivity
Annual Plans	1989-1991	It was the beginning of privatization and liberalization in India.	No plan due to political uncertainties



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Eighth Five year Plan	1992-1997	Partly success. An average annual growth rate of 6.78% against the target of 5.6% was achieved.	Rapid economic growth, high growth of agriculture and allied sector, and the manufacturing sector, growth in exports and imports, improvement in trade and current account deficit. to undertake an annual average growth of 5.6%
Ninth Five year Plan	1997-2002	It achieved a GDP growth rate of 5.4%, lower than the target. Yet, industrial growth was 4.5% which was higher than the targeted 3%. The service industry had a growth rate of 7.8%. An average annual growth rate of 6.7% was reached.	Quality of life, generation of productive employment, regional balance and self-reliance. Growth with social justice and equality. growth target 6.5%

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Tenth Five year Plan	2002 – 2007	It was successful in reducing the poverty ratio by 5%, increasing forest cover to 25%, increasing literacy rates to 75 % and the economic growth of the country by over 8%.	To achieve an 8% GDP growth rate, Reduce poverty by 5 points and increase the literacy rate in the country.
Eleventh Five year Plan	2007- 2012	India has recorded an average annual economic growth rate of 8%, farm sector grew at an average rate of 3.7% as against the 4% targeted. The industry grew with an annual average growth of 7.2% against the 10% targeted.	Rapid and inclusive growth. Empowerment through education and skill development. Reduction of gender inequality. Environmental sustainability.  To increase the growth rate in agriculture, industry, and services to 4%, 10% and 9% resp. Provide clean drinking water for all by 2009.

Twelfth Five year Plan	2012- 2017	Its growth rate target was 8%.	“Faster, sustainable and more inclusive growth”. Raising agriculture output to 4%. Manufacturing sector growth to 10 %  The target of adding over 88,000 MW of power generation capacity.
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# List of all Five Year Plans of India

- The first five-year plan in India was launched in 1951 and since then, India has witnessed twelve Five Year Plans.
- The present government had however discontinued the Five-year plan system and a new mechanism was put into place. Let us have a look at all the Five Year Plans the country has witnessed so far

## List of Five Year Plans in India





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- The Five-Year Plans were laid to rest by the Narendra Modi-led NDA government in 2015.
- Hence, the 12th five-year plan is considered the last five-year plan of India. The **decades-old Five-Year Plans was replaced by a three-year action plan**, which will be part of a seven-year strategy paper and a 15-year vision document.
- **The Niti Aayog** has replaced the Planning Commission in the Modi Cabinet and launched **three-year action plans from April 1, 2017, onwards**.

### **1. First Five Year**

- I. It was launched for the duration of **1951 to 1956**, under the leadership of **Jawaharlal Nehru**.
- II. It was based on the Harrod-Domar model with a few modifications.
- III. Its main focus was on the agricultural development of the country.
- IV. This plan was successful and achieved **a growth rate of 3.6% (more than its target of 2.1%)**.
- V. At the end of this plan, five IITs were set up in the country.

### **2. Second Five Year Plan:**

- I. It was made for the duration of **1956 to 1961**, under the leadership of **Jawaharlal Nehru**.
- II. It was **based on the P.C. Mahalanobis Model made in the year 1953**.
- III. Its main focus was on the industrial development of the country.
- IV. This plan lags behind its target growth rate of 4.5% and achieved a growth rate of 4.27%.





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V. However, this plan was criticized by many experts and as a result, India faced a payment crisis in the year 1957.

#### **3. Third Five Year Plan:**

I. It was made for the duration of **1961 to 1966**, under the leadership of **Jawaharlal Nehru**.

II. This plan is also called '**Gadgil Yojna**', after the Deputy Chairman of Planning Commission D.R. Gadgil.

III. The main target of this plan was to make the economy independent. The stress was laid on agriculture and the improvement in the production of wheat.

IV. During the execution of this plan, India was engaged in two wars:

(1) the Sino-India war of 1962 and

(2) the Indo-Pakistani war of 1965. These wars exposed the weakness in our economy and shifted the focus to the defence industry, the Indian Army, and the stabilization of the price (India witnessed inflation).

V. The plan was a flop due to wars and drought. The target growth was 5.6% while the achieved growth was 2.4%.

#### **4. Plan Holidays:**

I. Due to the failure of the previous plan, the government announced three annual plans called Plan Holidays from **1966 to 1969**.

II. The main reason behind the plan holidays was the Indo-Pakistani war and the Sino-India war, leading to the failure of the third Five Year Plan.

III. During this plan, annual plans were made and equal priority was given to agriculture its allied sectors and the industry sector.

IV. In a bid to increase the exports in the country, the government declared **devaluation of the rupee**.



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### **5. Fourth Five Year Plan:**

I. Its duration was from **1969 to 1974**, under the leadership of [Indira Gandhi](#).

II. There were two main objectives of this plan i.e. growth with stability and progressive achievement of self-reliance.

III. During this time, 14 major Indian banks were nationalized and the Green Revolution was started. Indo-Pakistani War of 1971 and the Bangladesh Liberation War took place.

IV. Implementation of Family Planning Programmes was amongst major targets of the Plan

V. This plan failed and could achieve a growth rate of 3.3% only against the target of 5.7%.

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### **7. Rolling Plan:**

I. After the termination of the fifth Five Year Plan, the Rolling Plan came into effect from **1978 to 1990**.

II. In 1980, Congress rejected the Rolling Plan and a new sixth Five Year Plan was introduced.

III. Three plans were introduced under the Rolling plan: (1) For the budget of the present year (2) this plan was for a fixed number of years-- 3,4 or 5 (3) Perspective plan for long terms-- 10, 15 or 20 years.



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IV. The plan has several advantages as the targets could be mended and projects, allocations, etc. were variable to the country's economy. This means that if the targets can be amended each year, it would be difficult to achieve the targets and will result in destabilization in the Indian economy.

### **8. Sixth Five Year Plan:**

I. Its duration was from **1980 to 1985**, under the leadership of **Indira Gandhi**.

II. The basic objective of this plan was economic liberalization by eradicating poverty and achieving technological self-reliance.

III. It was based on investment Yojna, infrastructural changing, and trend to the growth model.

IV. Its growth target was 5.2% but it achieved a 5.7% growth.

### **9. Seventh Five Year Plan:**

I. Its duration was from **1985 to 1990**, under the leadership of **Rajiv Gandhi**.

II. The objectives of this plan include the establishment of a self-sufficient economy, opportunities for productive employment, and up-gradation of technology.

III. The Plan aimed at accelerating food grain production, increasing employment opportunities & raising productivity with a focus on 'food, work & productivity

IV. For the first time, the private sector got priority over the **public sector**.

V. Its growth target was 5.0% but it achieved 6.01%.

### **10. Annual Plans:**

I. Eighth Five Year Plan could not take place due to the volatile political situation at the centre.

II. Two annual programmes were formed for the year 1990-91 & 1991-92.



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### **11. Eighth Five Year Plan:**

I. Its duration was from **1992 to 1997**, under the leadership of **P.V. Narasimha Rao**.

II. In this plan, the top priority was given to the development of human resources i.e. employment, education, and public health.

III. During this plan, Narasimha Rao Govt. launched the [New Economic Policy of India](#).

IV. Some of the main economic outcomes during the eighth plan period were rapid economic growth (highest annual growth rate so far – 6.8 %), high growth of agriculture and allied sector, and manufacturing sector, growth in exports and imports, improvement in trade and current account deficit. A high growth rate was achieved even though the share of the public sector in total investment had declined considerably to about 34 %

V. This plan was successful and got an annual growth rate of 6.8% against the target of 5.6%.

### **12. Ninth Five Year Plan:**

I. Its duration was from **1997 to 2002**, under the leadership of **Atal Bihari Vajpayee**.

II. The main focus of this plan was “**Growth with Social Justice and Equality**”.

III. It was launched in the 50th year of independence of India.

IV. This plan failed to achieve the growth target of 6.5% and achieved a growth rate of 5.6%.



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### **13. Tenth Five Year Plan:**

I. Its duration was from **2002 to 2007**, under the leadership of **Atal Bihari Vajpayee and Manmohan Singh**.

II. This plan aimed to double the Per Capita Income of India in the next 10 years.

III. It also aimed to reduce the poverty ratio to 15% by 2012.

IV. Its growth target was 8.0% but it achieved only 7.6%.

### **14. Eleventh Five Year Plan:**

I. Its duration was from **2007 to 2012**, under the leadership of **Manmohan Singh**.

II. It was prepared by the C. Rangarajan.

III. Its main theme was “**rapid and more inclusive growth**”.

IV. It achieved a growth rate of 8% against a target of 9% growth.

### **15. Twelfth Five Year Plan:**

I. Its duration is from **2012 to 2017**, under the leadership of **Manmohan Singh**.

II. Its main theme is “**Faster, More Inclusive and Sustainable Growth**”.

III. Its growth rate target was 8%.



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