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SECOND FIVE YEAR PLAN

SINCE the achievement of independence, our country has been engaged in the great task of "building and re-making itself. We are, all of us, working together to make a new India" (Shri Jawaharlal Nehru). The process by which we have chosen to achieve the goal is democratic planning. By implementing a series of plans with the people's backing, we seek to double the per capita income by 1977, through increased employment, higher productivity and the achievement of the largest possible measure of social justice.



Before any systematic progress could be made, the country's economy had to be revitalised and a sound basis laid for further planned development. With this goal in view, the First Five Year Plan was launched. The Plan aimed at a better life for the people through democratic methods. Its objectives were :—

- (i) more food ;
- (ii) more goods ;
- (iii) better social services ; and
- (iv) great employment.

FIRST PLAN ACHIEVEMENTS

The First Five Year Plan largely fulfilled its objectives. As a result of a total developmental expenditure of Rs. 1,960 crores, the national income increased by about 18 per cent, from Rs. 9,110 crores to Rs. 10,800 crores. Allowing for an increase in population, this meant a rise of 11 per cent in the per capita income, from Rs. 254 to Rs. 281.

The First Plan brought about a marked improvement in agricultural and industrial production. It also indicated the various directions in which action was necessary to achieve the objective not only of increased production potential but also of lessening inequalities of income. More important than these, the First Plan evoked widespread public interest and created an insistent urge for rapid development all over the country.





Shramdan (voluntary labour) for common good

SOCIALIST PATTERN OF SOCIETY

These achievements encouraged the nation to launch a second and bigger plan designed to take the nation nearer to the goal of "socialist pattern of society". Economic development is undertaken not for the promotion of material welfare alone but also to provide the environment and facilities for a better intellectual and cultural life. The pattern of development and the lines along which economic activity is directed is related to the basic objectives that the country has in view. These basic objectives have been collectively described as "socialist pattern of society". Essentially, this means that the basic criterion for determining the lines of advance is not private profit but gain by the society as a whole. Development is so planned that it should not only lead to appreciable increase in national income and employment but also to greater equality in income and wealth.

The Second Plan aims to bring about :—

- (i) a sizeable increase in national income so as to raise the standard of living in the country ;
- (ii) rapid industrialisation with particular emphasis on the development of basic and heavy industries ;
- (iii) a large expansion of employment opportunities ; and
- (iv) reduction in inequalities of income and wealth and a more even distribution of economic power.

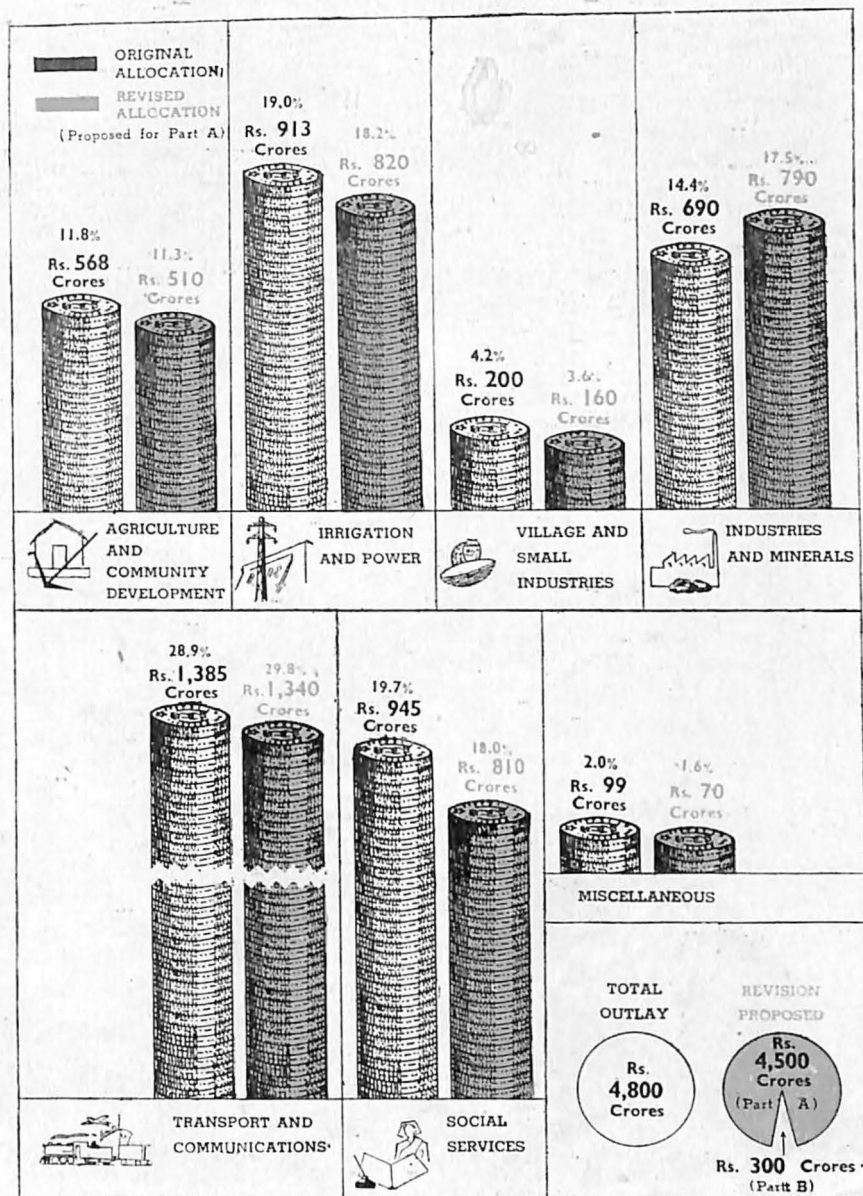
TWO PARTS

In the first two years (1956-58), the Second Plan recorded substantial achievements in some fields and a modest advance as a whole. But the period had also been one of strain due to accelerated pace of expenditure and Plan commitments, rise in internal and external prices and heavy withdrawals from foreign exchange reserves. These developments led the Planning Commission to reassess the resources that would be available to implement the Plan. As a result of such a reassessment, the Planning Commission proposed revision of the allocations. (See Chart on opposite page).

The Planning Commission's appraisal was considered by the National Development Council which met in May 1958. The Council decided that the total outlay of the Second Five Year Plan should be maintained at Rs. 4,800 crores. At the same time, it considered that the projects and programmes to be undertaken within the ceiling of Rs. 4,800 crores should be divided into two parts.

Part 'A' of the Plan, involving a total outlay of Rs. 4,500 crores, will include schemes which will directly help increase agricultural production, "core projects" and projects which have reached an advanced stage and other inescapable schemes.

DISTRIBUTION OF PLAN OUTLAY



This part of the Plan will represent the level of outlay up to which, on the basis of the latest assessment of resources, commitments may be made for the rest of the Plan period.

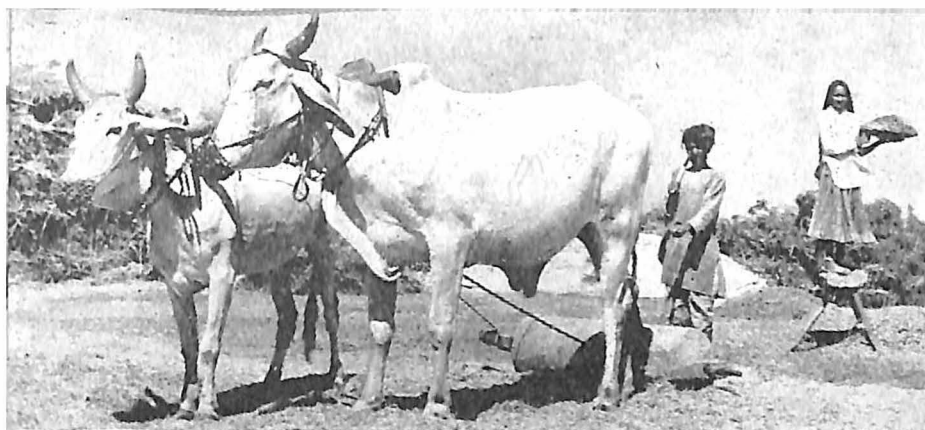
The remaining schemes, costing Rs. 300 crores, will come under Part 'B' and will be undertaken to the extent the additional resources become available.

The Council also pointed out that in working out the distribution of outlay care should be taken to ensure that the needs of the less developed areas were given due consideration and that high priority was given to social services and the development of the Community Development movement.

AGRICULTURE

Under the First Plan, agricultural production increased substantially. In 1955-56, the total output of foodgrains was 65.3 million tons, about 4 million tons more than the target fixed in the Plan. Though the Second Plan has a predominantly industrial bias, raising the food output has become vital to the success of the Plan.





Better farming, bigger yield

Food production is to be increased through intensive cultivation using more manure and fertilizers, improved seeds, new techniques of soil conservation, better utilisation of irrigation facilities and better farming methods. The National Extension Service and the Community Development Projects, the village panchayats and the co-operatives have all been assigned important roles in the task of increasing food production. The Second Plan programme also includes the development of fisheries, farming, animal husbandry and forests.

In the first year of the Second Plan (1956-57) food production stood at 67.8 million tons as compared to 65.3 million tons in 1955-56. There was a significant increase also in the production of commercial crops. In 1956-57, the production of cotton was 10 per cent more, sugar 13 per cent more and oilseeds 6 per cent more than the production in 1955-56.

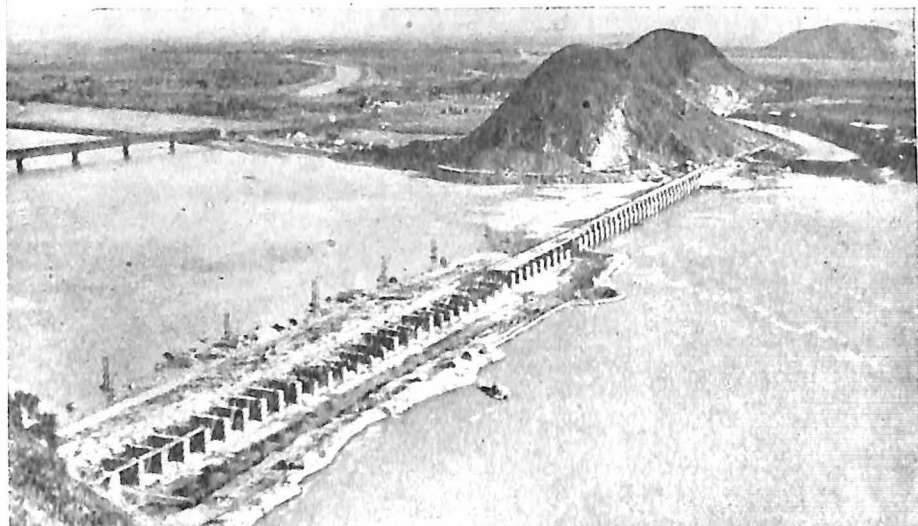
Unfavourable weather conditions in many parts of the country have affected the foodgrain prospects for 1957-58. The prospects of commercial crops, however, are encouraging. An all-out effort is being made to implement the Second Plan programme for increasing food production.

IRRIGATION AND POWER

The area of irrigated land increased from 51 million acres in 1950-51 to 65 million acres by the end of the First Plan. In the Second Plan period, it was originally proposed to extend irrigation facilities to over 21 million acres of land. But the assessment of progress actually made shows that if the requisite funds are available, the additional acreage brought under irrigation would be of the order of 19.4 million acres. In the first two years of the Second Five Year Plan, an additional 3.5 million acres of land were irrigated through minor irrigation works and 1.79 million acres through medium and major irrigation works.

As regards electric power, the installed capacity increased from 2.3 million kw. to 3.4 million kw. in the First Plan. In the light of the latest assessment, the total additional installed capacity during the Second Plan period is expected to be nearly 3 million kw. as against the original target of 3.5 million kw. In 1956-58, the installed capacity increased by 578,600 kw.

Prakasam Barrage across the Krishna, Andhra Pradesh













Adult education

COMMUNITY DEVELOPMENT

A noteworthy achievement in the rural sector under the First Plan was the process of transformation initiated with the launching of the National Extension Service and the Community Development Projects. A principal source of vitality in democratic planning, this programme aims at improving the living conditions of the people of the rural areas and instilling in them a desire for higher standard of living.









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PRINCIPAL TARGETS OF DEVELOPMENT IN THE SECOND FIVE YEAR PLAN

Sector	Unit	Achievement up to 1955-56	Target 1960-61
 AGRICULTURE (Annual Production)			
Foodgrains	Million Tons	65.3	80.5
 Cotton	Million Bales	4.0	6.5
 Sugarcane—Raw gur	Million Tons	5.9	7.8
 IRRIGATION (Additional acres)	Million Acres	16.0	21.0
 NATIONAL EXTENSION & COMMUNITY DEVELOPMENT	No. of Blocks	1,122	3,054 (Revised Target)
 POWER (Total installed capacity)	Million kw.	3.4	6.9
 FINISHED STEEL (Annual Production)	Million Tons	1.3	4.3
 COAL (Annual Production)	Million Tons	38.0	60.0

■ ORIGINAL

DEVELOPMENT AND PRODUCTION PLAN PERIOD

Sector	Unit	Achievement up to 1955-56	Target 1960-61
 CEMENT (Annual Production)	Million Tons	4.6	13.0
 ROADS Surfaced	Total no. of miles	1,22,000	1,44,000
 Unsurfaced	Total no. of miles	1,95,000	2,35,000
 SHIPPING (Coastal & Overseas)	Lakh GRT	6.0	9.0
 HOSPITAL BEDS	Total number	1,25,000	1,55,000
 SCHOOLS (Elementary & Basic)	Total no. in Lakhs	2.93	3.50
 RAILWAYS (Annual Traffic) Passengers	Total no. in Millions (originating)	1,275	1,466
 Freight	Million tons (originating)	114	162

PROPOSED

The total number of blocks (National Extension Service, Community Development and Post-Intensive) in operation on April 1, 1958 was 2,361 covering 2,99,694 villages with a population of 161.94 million. This coverage works out to more than 50 per cent of the total number of villages.

With a view to accelerating and intensifying the tempo of development so that the urge among the people of rural areas for a better and richer life may be adequately met, the Community Development programme is being implemented in two stages instead of in three stages as originally conceived. The entire country is proposed to be covered by the Community Development programme by October, 1963.

To enlist people's active cooperation in community development it has been decided to entrust people's institutions, like Block Panchayat Samitis, with the power of making decisions regarding planning and implementation of development programmes. This follows the recommendation of the study team on Community Development and National Extension Service to give this programme a sound popular basis through the process of 'democratic decentralisation'.

INDUSTRIAL DEVELOPMENT

During the First Plan period, steady progress was made in industry, the rise in overall output being about 40 per cent. Output of mill-made cloth exceeded the target by nearly 400 million yards, with the production standing at 5,102 million yards in 1955-56 as compared to 3,718 million yards in 1950-51. Higher levels of output were obtained in the case of sugar, sewing machines, paper and paper boards, bicycles and cement. Encouraging progress was made by the general engineering industries as well as heavy chemicals.

In the private sector, investment targets in the Plan were fulfilled and production was stepped up along lines



Vocational training for Harijans

broadly envisaged in the Plan, through the more intensive utilisation of the existing capacity. The private sector will continue to play a valuable role in the Second Plan and the increase in the output of goods and services, contemplated in the Plan, will have to be brought about by the two sectors functioning in unison as parts of a single mechanism.

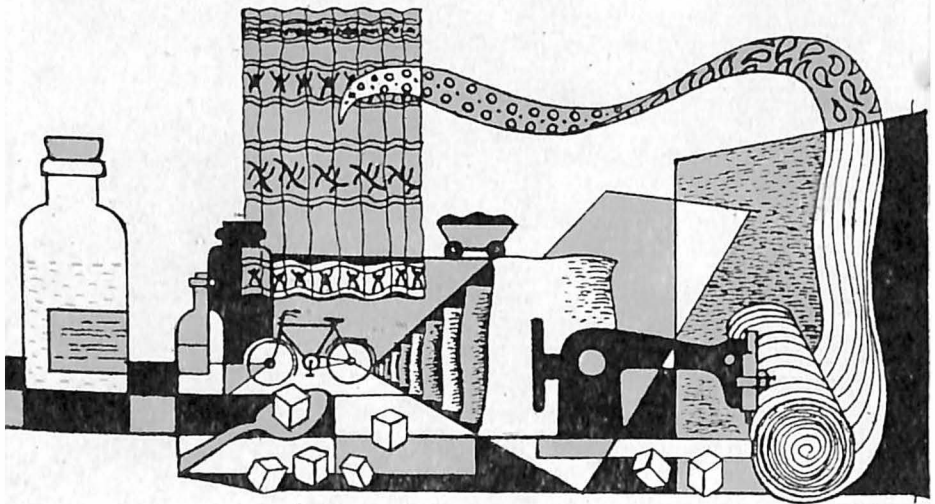
Under the Second Plan, the bulk of the amount allotted to large-scale industries and mining is being utilised for the development of basic industries like iron and steel, coal, fertilizers, heavy engineering and heavy electrical equipment.

The work of setting up three steel plants at Rourkela, Bhilai and Durgapur is already well under way. The location of the fourth steel plant in the public sector at Bokaro is also kept in view. Great importance is being attached also to the exploitation of mineral resources like iron ore, gypsum, manganese, bauxite, oil, etc.

Under the Second Plan, production in almost all principal organized industries was higher in 1956 as compared to 1955 and the index of industrial production rose from 122.1 to 132.7. Levels of output in industrial undertakings in the public sector were also generally higher, particularly in locomotives, integral coaches, DDT, newsprint, cables and machine tools.

Industrial production, both in the public and the private sectors, continued to rise in 1957. The output of steel was 13.44 lakh tons as against 13.37 lakh tons in 1956, while cement production rose to 5.6 million tons from 4.9 million tons in the previous year.

In the public sector, the production of fertilizers, machine tools, penicillin and insecticides registered a substantial increase. Some of the other industrial products whose output increased in 1957 were paper and paper board, automobiles, bicycles, power-driven pumps, sewing machines, textiles and various electrical goods.





Potters' art

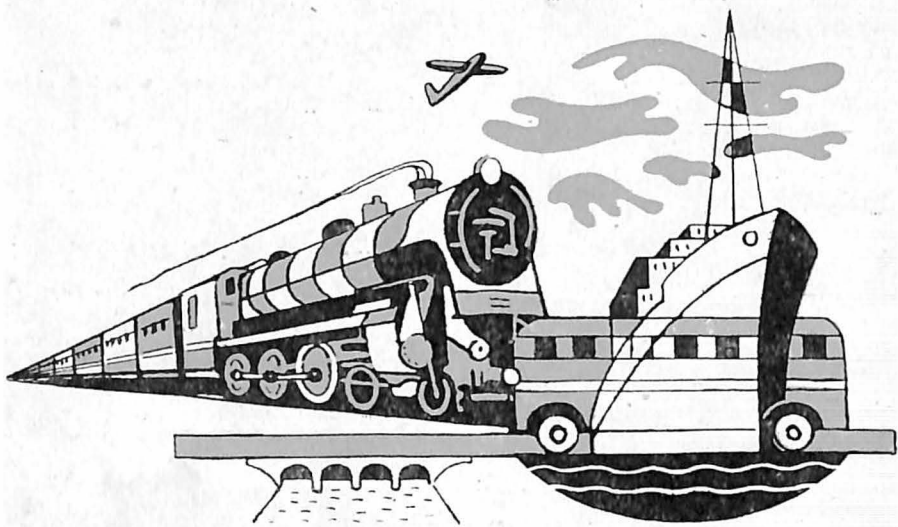
SMALL-SCALE INDUSTRIES

A significant feature of the Plan for industrial development is the attention devoted to the fostering of village and small-scale industries. The promotion of these industries will help reduce under-employment and unemployment, lessen inequalities of income and bring about a more even distribution of wealth leading to a more balanced economy.

TRANSPORT AND COMMUNICATIONS

While railways, shipping and road development registered modest progress during the First Plan, their expansion at an accelerated pace has become necessary for achieving the rapid industrialisation aimed at in the Second Plan.

Nearly, Rs. 900 crores out of the total allocation for Transport and Communications have gone to the railways. The process of rehabilitation started by the railways in the First Plan will continue in the Second Plan. At the same time, addition to line capacity and rolling stock has also been planned to meet a greater demand



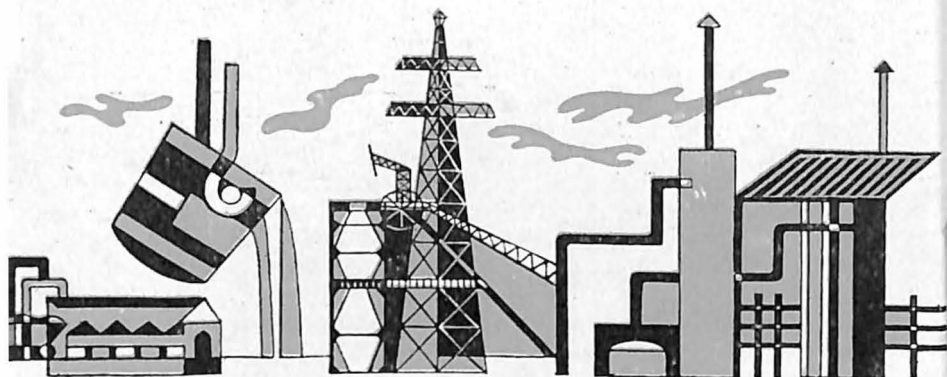
for rail transport which will arise from increased tempo of economic development.

At the end of the First Plan, the railways were carrying 1,275 million passengers and 114 million tons of freight. The targets originally fixed for the Second Plan are 1,466 million passengers and 162 million tons of freight. As regards road development, there were at the end of the First Plan 1,22,000 miles of surfaced roads and 1,95,000 miles of unsurfaced roads including those in the Community Project and N.E.S. Blocks. At the end of the Second Plan, the mileage of surfaced roads is expected to rise to 1,44,000 and that of unsurfaced roads to 2,35,000. During 1956-58, the National Highways programme progressed satisfactorily.

As far as shipping is concerned, commitments for almost the entire amount allotted for increasing the tonnage in the Second Plan have been made already. The total tonnage likely to be acquired as a result of these commitments is estimated at 1,80,000 GRT (gross registered tons) as against the Plan target of 3,90,000 GRT.

THE CORE OF THE PLAN

For the rapid industrialisation envisaged in the Second Plan, the schemes for the setting up of steel plants and expansion of steel production, increased output of coal and the development of railways and ports and some power projects are so essential that these have come to be included in the 'core' of the Plan. The steel plants being set up at Bhilai, Rourkela and Durgapur and the expansion of the Mysore Iron & Steel Works at Bhadravati, coal and lignite mining in the public sector, development of railways and the ports of Bombay, Madras, Calcutta and Visakhapatnam and a number of specified power projects form this 'core'. Also, included in it are the expansion of steel works and coal mining in the private sector.



The idea of the 'core' has arisen essentially because of the scarcity of foreign exchange resources. The heavy withdrawals from the country's foreign exchange reserves as a result of a large excess of imports over exports have necessitated the conservation of this asset and its utilisation for the top-priority projects, which are now included in the 'core'.

SOCIAL SERVICES

The Second Plan continues the emphasis on the expansion of social services with particular attention to the development of education and medical facilities and the advancement of industrial labour, displaced persons and the backward classes, including the scheduled castes and scheduled tribes. This is an important part of the effort to achieve a greater degree of equality of opportunity for all. In the field of education, the Plan provides for a larger emphasis on basic education, expansion of elementary education, diversification of secondary education, improvement of standards of college and university

education, expansion of facilities for technical and vocational education and the implementation of social education and cultural development programmes.

The health programme in the Plan covers improvement of hospitals and dispensaries, health education, training and research, control of communicable diseases, water supply and sanitation, maternity and child care and family planning.

The social welfare programme includes social legislation, welfare of women and children, family welfare, youth welfare and welfare of the physically and mentally handicapped.

Medical aid within easy reach



EMPLOYMENT

As a result of increased activity in agriculture, industry, commerce and other fields during the First Plan, 4.5 million people secured employment. In the original estimate for the Second Plan, it was expected that employment opportunities for nearly 8 million people would be created outside agriculture. But the latest appraisal by the Planning Commission shows that if the outlay in the Second Plan period is to be limited to Rs. 4,500 crores, employment potential might be of the order of 6.5 million.

NEED FOR SAVING

While all avenues are being explored to earn more foreign exchange, no effort should be spared in mobilising internal resources to the maximum to finance the Plan. There are two ways in which these resources can be increased; firstly, by utilising more effectively the available land, labour and capital. In other words, the first step towards mobilising a larger quantum of resources for development is an increase in productivity. The second step is to set apart from the increased national output a larger proportion by way of savings for re-investment. It is in this context that the nationwide savings campaign has been intensified. The Small Savings campaign affords an excellent opportunity for everyone to help oneself by helping the country.

Increased production and increased savings are the watchwords for implementing the Second Five Year Plan.

