

## **ECONOMIC SURVEY—1962-63**

The Economic Survey for the current year is divided into two parts. The first part reviews briefly the major developments in the Indian economy during the year 1962-63 and outlines the tasks that lie ahead so as to provide a background for the consideration of budgetary and economic policies for the coming year. Recent trends in the economy are analysed in somewhat greater detail in the second part.

### **PART ONE**

#### **I. Developments in 1961-62**

2. During 1961-62, the first year of the third five-year plan, an expenditure of the order of Rs. 1,140 crores was incurred on programmes of development in the public sector; and private investment maintained its general momentum. At the same time, considerable progress was made with the mobilisation of resources, both domestic and external. On the whole, supply and demand were in better balance than in the preceding few years and this was reflected in an improvement in the price situation. The balance of payments, however, remained under pressure and the overall rate of growth of the economy was below expectations.

3. In itself, the low rate of growth in 1961-62 could not be assigned much significance as it reflected, in the main, the failure of agricultural output to advance beyond the record level of the preceding year on account of weather conditions. But there was some slackening in the rate of growth of industrial output as well; and this was in response not only to shortfalls in agricultural production but also to shortages of power, transport, coal, steel and imported materials. The rephasing of the second plan after 1958-59 on account of foreign exchange shortage and the somewhat slower progress in the implementation of programmes for which foreign exchange was assured had led to weaknesses in the basic sectors which were brought into focus as the third plan began to gather momentum.