

Economic Planning in India

1. Meaning of Economic Planning

Economic Planning is a **systematic process** where the government identifies economic problems, prioritizes them, sets targets, mobilizes resources, and implements policies to achieve development goals.

Steps involved

1. **Identify problems** in the economy.
2. **Arrange in priority** (urgent → long-term issues).
3. **Classify problems** into **short-run** and **long-run** categories.
4. **Set targets**
 - Time target
 - Quantitative target (e.g., production levels).
5. **Estimate resources**
 - Financial, human, physical.
6. **Mobilize resources**
 - Government: taxation, budget
 - Private: loans, manpower, infrastructure
7. **Implement the plan** systematically.
8. **Periodic review** to correct deviations & adjust strategy.

2. Objectives of Economic Planning in India

Core Objectives

1. **Economic Development**
 - ↑ GDP, ↑ Per Capita Income
2. **Full & Productive Employment**
 - Optimal use of human resources
3. **Self-Sufficiency**
 - Agriculture, key industries
 - India reached the take-off stage during the **Third Five-Year Plan (1961–66)**
4. **Economic Stability**
 - Control inflation/deflation, stable prices
5. **Social Welfare**
 - Education, health, and social services
6. **Regional Development**
 - Reduce regional imbalance (Punjab/Gujarat vs Bihar/UP)

7. **Comprehensive & Sustainable Development**
 - Agriculture + Industry + Services
 - Environmental considerations
8. **Reduction of Inequalities**
 - Progressive taxation, employment, and reservation policies
9. **Social Justice**
 - Poverty reduction, inclusive access to welfare
10. **Higher Standard of Living**
 - Equal distribution of income and higher purchasing power

3. Historical Evolution of Planning in India (Pre-1950)

Early thinkers

- **Dadabhai Naoroji, M.C. Ranade, and R.G. Dutt** wrote on India's economic backwardness, poverty, and need for industrialisation.
- **The Great Depression (1930s)** highlighted Soviet-style planning success.

A. Visvesvaraya's Plan (1934)

- Work: *Planned Economy for India*
- **10-year plan**
- Emphasis: **Industrialization**, doubling national income
- First systematic attempt at planning by an Indian.

B. National Planning Committee (1938)

- Initiated by **Subhash Chandra Bose**
- Chaired by **Jawaharlal Nehru**
- **First institutional attempt**
- Produced detailed reports on all sectors
- Stressed: **National independence is required for planning**

C. Bombay Plan (1944)

- By industrialists: **J.R.D. Tata, Purshottamdas Thakurdas**, etc.
- **15-year plan**, aim = **double per capita income**
- Outlay: **₹10,000 crore**
- Emphasis: Heavy industry
- Criticism: Favoured **capitalist structure**, weak focus on agriculture.

D. People's Plan (1945) – M.N. Roy

- **10-year plan**
- Focus:
 - Collectivization
 - Consumer goods
 - Agriculture

- Nationalization of land
- Criticism: **Impractical** due to resource constraints.

E. Gandhian Plan – Sriman Narayan

- Emphasis:
 - **Decentralization**
 - Rural self-sufficiency
 - Cottage industries

F. Sarvodaya Plan (1950) – Jaiprakash Narayan

- Inspired by **Gandhian ideas, Vinoba Bhave**
- Focus:
 - Agriculture
 - Small & cottage industries
 - Decentralised planning
 - Freedom from foreign technology

G. Post-War Reconstruction (1941–46)

- Reconstruction Committee of Cabinet (1941)
- **Planning & Development Department (1944)**
- Focus: man-power training, technical development
- Abolished in 1946 after completion of its work.

H. Advisory Planning Board (1946)

- Recommendations:
 - Need for a **national plan**
 - Control over energy, minerals
 - State acquisition of mineral rights

4. Establishment of Planning Commission (1950)

- Context: Post-war challenges, Partition, economic instability
- Supported by the **Directive Principles of State Policy**
- Established: **15 March 1950**
- Task: Formulate **Five-Year Plans** to guide national development.