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Planning in India: Socialist Path & Planning Commission

India's Path of Development

After Independence, India chose a **Socialist pattern of development** within a **Mixed Economy framework**.

This meant:

- The **private sector** was allowed and encouraged in business and industry.
- The **government retained control** over major industries and strategic sectors.
- The objective was **economic growth with social justice**, not profit alone.

This approach was in line with the **Preamble, Fundamental Rights, and Directive Principles of State Policy (DPSP)** of the Constitution.

Planning Commission: Background

The **Planning Commission** was set up in **March 1950** through a **Government of India Resolution**.

Purpose:

To raise the **standard of living**, increase **production and employment**, and ensure **balanced economic and social development** through planned use of resources.

It was:

- **Extra-constitutional**
- **Non-statutory**
- Advisory in nature

Main Functions of the Planning Commission

The Planning Commission was responsible for:

- Assessing **natural, financial, and human resources**
- Identifying resource gaps and suggesting ways to fill them
- Preparing **Five-Year Plans**
- Fixing priorities and stages of implementation
- Monitoring plan progress
- Recommending policy corrections when required
- Advising the Centre and States on development issues

Structure of the Planning Commission

Position	Role
Chairman	Prime Minister
Deputy Chairman	Full-time executive head
Members	Experts and ministers
Guidance Body	National Development Council

National Development Council (1952)

- Established on **6 August 1952**
- Chaired by the **Prime Minister**
- Included **Chief Ministers, Union Ministers, UT representatives, and Planning Commission members**
- Aimed to ensure **cooperative federal planning**
- **Extra-constitutional and non-statutory**

Evolution of Economic Planning in India (At a Glance)

Phase	Key Features
First Plan (1951–56)	Agriculture focus, Harrod-Domar Model
Second Plan (1956–61)	Heavy industries, P.C. Mahalanobis Model
Third Plan (1961–66)	Self-reliance failed due to wars & drought
Plan Holidays	Annual plans (1966–69)
Fourth–Fifth Plans	Bank nationalisation, Green Revolution
Sixth–Seventh Plans	Poverty removal, private sector growth
Eighth Plan onwards	LPG reforms, human development focus
Twelfth Plan	Last Five-Year Plan
Post-2015	Planning Commission replaced by NITI Aayog

Evaluation of the Planning Commission

Advantages	Challenges
Created a long-term vision for national development	Highly centralised decision-making
Built strong infrastructure in power, railways, irrigation, and education	Weak engagement with States
Helped India become self-sufficient in food grains	One-size-fits-all planning approach
Promoted industrial and technological base	Poor implementation and monitoring
Focused on poverty reduction and social justice	No binding authority over States
Supported phased and orderly economic growth	Limited accountability mechanisms
Adapted over time to liberalisation and inclusion	Failed to effectively implement land reforms

End of the Planning Commission

Over time, it was felt that **centralised planning** was not suitable for a **large and diverse country like India**.

As a result:

- The **Planning Commission was dissolved in 2015**
- Replaced by **NITI Aayog**
- NITI Aayog acts as a **policy think tank**
- It has **no financial powers**
- Its recommendations are **not binding**

MCQs

1. Consider the following pairs:

Five-Year Plan	Primary Focus
1. First Plan	Agricultural development
2. Second Plan	Heavy industries
3. Third Plan	Defence and price stabilisation

Which of the pairs given above are correctly matched?

- A) 1 and 2 only
- B) 1 and 3 only
- C) 2 and 3 only
- D) 1, 2, and 3

Answer: A

2. Which of the following correctly describes India's development strategy after Independence?

- A) Complete capitalist economy
- B) Fully socialist economy
- C) Socialist pattern within a mixed economy framework
- D) Laissez-faire economy with minimal State intervention

Answer: C

3. The **National Development Council (NDC)** is best described as:

- A) A constitutional body mentioned in the Directive Principles of State Policy
- B) A statutory body created by an Act of Parliament
- C) An extra-constitutional body for cooperative federal planning
- D) A sub-committee of the Planning Commission

Answer: C

4. Which of the following was a major limitation of the Planning Commission?

- A) Excessive dependence on the private sector
- B) Inability to coordinate with international agencies
- C) Centralised planning with a one-size-fits-all approach
- D) Lack of focus on social justice and poverty alleviation

Answer: C

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