

EVOLUTION OF ECONOMIC PLANNING IN INDIA

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INTRODUCTION

- **Economic planning**, the process by which key economic decisions are made or influenced by central governments. It is mainly focused on welfare of all people through allocation of resources.
- The Constitution of India makes the provision of socio-economic planning in the Concurrent list (entry no. 20).
- The idea of economic planning was initially advocated by Dadabhai Naoroji in his article 'Poverty of India' (1878).
- In 1931, the Congress party passed the resolution on 'fundamental rights and economic policy' in the Karachi Session.

VISVESVARAYA PLAN

- The era of economic planning in India started with Visvesvaraya's ten-year Plan.
- Sir M. Visvesvaraya published a book titled "Planned Economy in India" in 1934 wherein he presented a draft to double the national income in a decade.
- He proposed to shift the labor from the agrarian set up to the industries thereby advocating for democratic capitalism (similar to the USA) with emphasis on industrialization. However, there was no follow up of this plan in British Government, it successfully stirred an urge for national planning among the educated citizens of the country.

NATIONAL PLANNING COMMITTEE (NPC)

- It was the first attempt to develop a national plan for India emanated in **1938** with the set-up of NPC under the chairmanship of Jawahar Lal Nehru. It was decided in Haripura session of congress party and Meghnad Shah proposed the concept of Russian economic planning.
- However, because of commencement of World War II, the reports of the committee could not be prepared. The papers finally came out after independence in 1948-49.

BOMBAY PLAN

- Eight leading industrialists and technocrats formulated a draft titled “A Brief Memorandum Outlining a Plan of Economic Development for India” under the editorship of Purushottamdas Thakurdas in **1944**.
- This draft is known as ‘Bombay Plan’.
- The basic objectives of the plan were doubling of the output of the agricultural sector and a five-fold growth in the industrial sector in 15 years.
- A key principle of the Bombay Plan was that the economy could not grow without government intervention and regulation.
- Officially the plan was never accepted, however, its ideas were replicated in future economic plans.

PEOPLE'S PLAN

- People's plan was drafted by M. N. Roy, the communist leader, on behalf of the Post- War Re-Construction Committee of the Indian Federation of Labour in **1944**.
- It was based on 'Marxist Socialism' and gave primacy to agriculture. It advocated for the nationalization of agriculture and all production activities.

GANDHIAN PLAN

- Gandhian Plan was drafted by S. N. Aggarwal, the Principal of Wardha Commercial College in 1944.
- The plan articulated a ‘decentralized economic structure’ for India with ‘self-contained villages’.
- Unlike NPC and Bombay Plan, the plan laid more emphasis on agriculture.
- And wherever industrialization was talked about, it stressed upon promoting cottage and village level industries.

SARVODAYA PLAN

- This plan by drafted by Jai Prakash Narayan in **1950**.
- It was inspired by Gandhi Plan and Vinoba Bhave's principles of self-reliance.
- It laid stressed upon agriculture as well as small and cotton industries.
- It advocated self-sufficiency by curtailing the use of foreign technology and implementing land reforms and decentralized participatory planning.

PLANNING COMMISSION

- After independence, the Economic Programme Committee (EPC) was formed by the All India Congress Committee.
- Pandit J.L. Nehru was its Chairman.
- In 1948, this committee recommended the formation of the planning commission.
- It was an extra-constitutional body, charged with the responsibility of formulating five-year plans.
- After independence the Union Cabinet passed a resolution on March 15, 1950 and the Planning Commission came in existence under the Chairmanship of the Prime Minister and First five year plan was started from April 01, 1951.

NATIONAL DEVELOPMENT COUNCIL (NDC)

- ◉ During the formulation of the First five year plan it was felt that there is no representation of the States in the Planning Commission, so a new and apex body was created.
- ◉ It was founded on August 6, 1952. It presided over by the Prime Minister and all the Chief Ministers are its member.
- ◉ It is the apex body for decision creating and deliberations on development matters in India.
- ◉ It had been giving the final approval to the Five-Year Plans of India.

NITI AAYOG

- ◉ The Planning was abolished on 01 Jan.2015 and it was replaced by National Institution for Transforming India (NITI) as a think tank for the government.
- ◉ Prof. Arvind Pangariya was made Vice chairman on Jan05,2015.
- ◉ The concept of five year plans was also discontinued and last five year plan was XII FYP that ended on March31, 2017.