

# Lesson – 2

## Economic Planning In India

### SUMMARY

Introduction of planning has provided a new dimension for achieving economic growth and development of our nation. During the period of pre- Intendance era , British Govt. utilized our resources for their own benefits. Resultantly, in the post – Independent era the codition of Indian economy was shattered and destroyed. It was a challenging phase for our economy to utilize available resources in purposeful manner to overcome the problems like poverty, unemployment, inequality etc. In such a situation, economic planning was the only strategic way to overcome economic problemsand be in the que of developed economy.

### Meaning of Economic Planning ;

Preparing list of problems faced by an economy

Rearranging the list on the basis of priority

Identify prolems which are to solved immediately in the short run

Prepare policy for the mobilisation of resources

Estimation of Resources for achieving target

Fixing target to achieve desired goal

Implementantion and execution of policy starts to acheive the desired goal

- First Five Year Plan was introduced in the year 1951 and the duration of the plan was 1951-56.
- By 2014, 12- Five Year Plan was introduced in India.

### Objectives of planning



### Some Important Facts

- Main architects of Indian Planning – Jawahar Lal Nehru , P.C. Mahalonobish , V.K.Gadgil , V.K.R.V. Rao.
- First Prime Minister Jawaharlal Nehru established Planning commission in the year 1950.

## **Need for Economic planning**

- a) To eradicate the socio- economic problems like poverty, unemployment improper utilisation of resources etc.
- b) To mobilise unutilized and underutilised resources with the use of technological advancements.
- c) To be self sufficient and compete with the International competition of the world economy.
- d) To formulate planning and policy and ensure its implementation to achieve the target of economic growth.
- e) To avoid wasteful expenditure minimise cost and meet the target of achievements to attain the level of self sufficiency.

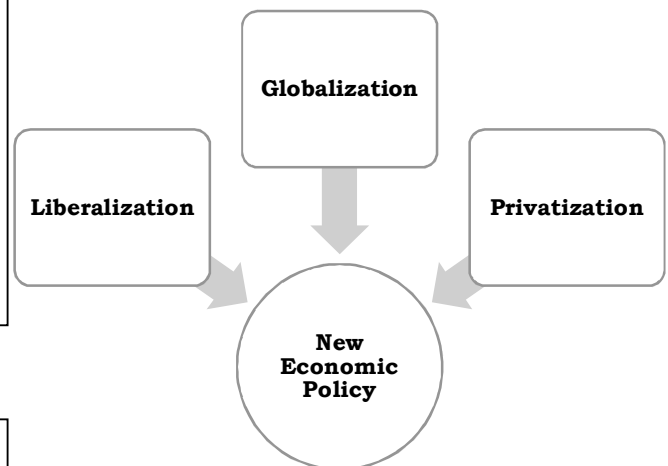
## **Strategies of Planning**

- The first five year plan 1951 to 56 was introduced with the strategy of development of agriculture and gained great success.
- In the second five year plan in 1956-61 emphasis was given on the process of industrialisation.
- In the following planning period various development strategies were introduced on priority basis and target was fixed to mark the achievement.

## **Justification of The Strategies of Industrialization**

- It shifted the pressure and burden of agriculture sector to industrial sector.
- The process of industrialisation created ample opportunities of employment for jobless people.
- It also supported the agriculture sector by providing a new technology package for producing more and more agricultural goods and services.
- It also met the requirements of establishment of basic and heavy industries on priority basis for example SAIL, BHEL, BALCO, NALCO etc.
- With the process of industrialisation the Government of India also gave emphasis on developing micro, small and medium industries by providing them protection against competition with heavy industries.

## **New Economic Policy**



## **New Economic Policy-**

The Central Government came out with new economic resolution in the year 1991 by introducing the effective measures - Liberalization, Globalization and Privatization.

### **Liberalisation -**

- Reduction in government control and regulation on industry and other public sector establishments.
- The process of liberalization provided private individual or organisation liberty from licensing system.
- Some of the strategic industries like medicines defence equipments etc. still need permission for licensing.

### **Globalisation-**

- The process of integrating our economy with world economy.
- The process of globalisation allowed free flow of goods and services, labour and technology, investment etc.

### **Privatisation-**

- The process of privatisation opened the door of industrial activities which was exclusively reserved for public sector.
- The govt. Adopted the policy of disinvestment for public sector companies.

## **Achievements of Economic Planning**

- Achievements in economic growth- During planning period there was a gap between the target and achievement of economic growth of our country.
- Creation of infrastructure- India has made remarkable achievement in the field of infrastructure development.
- Development in education- India has made remarkable achievement in the field of education.
- Development of Science and Technology- It has also made a remarkable achievement which has reduced our dependency on foreign experts and consultants.
- Expansion of foreign trade- Economic planning has provided us sufficient ground to reduce our dependency on imported goods and services for meeting our requirements.

## **Drawbacks and Failures of Planning**

- Failure to remove poverty and inequality completely- After 70 years of independence still we are not able to remove poverty and inequality from our country.
- Problem of unemployment persists- Still the problem of unemployment creates obstacle in the way of economic growth and standard of living of our country.
- Failure to curtail corruption and black money- The practices of corruption and deposits of black money has always been impediment in the way of achieving the way of economic planning.

### **Evaluate Yourself**

Q. List out the main objectives of economic planning of India.

Q. How did LPG concept bring economic reforms since 1991?

Q. Discuss the objectives of modernisation of economy and social justice under five year plan.

Q. The process of industrialisation has given protection to small, micro and medium industries. How?