

NOTES
B A ECONOMICS PART 2
PAPER 3

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Economic Planning in India

‘Planning is the process of achieving the goals for the nation’s economic development by using resources in the well planned way’.

History of Planning in India

Though the planned economic development in India began in 1951 with the inception of the First Five Year Plan, theoretical efforts had begun much earlier. Even prior to the Independence. Setting up of National Planning Committee by Indian National Congress in 1938, the Bombay Plan & Gandhian Plan in 1944. Peoples Plan in 1945 (by post war reconstruction Committee of Indian Trade Union), Sarvodaya Plan in 1950 by Jaiprakash Narayan were steps in this direction.

Just after the attainment of Independence the Prime Minister Nehru set up the Planning Commission to assess the country’s needs of material capital and human resources and to formulate economic plans for their more balanced and effective utilisation. The first Five-Year Plan commenced in 1950-51 and it was followed by a series of Five-Year Plans.

Objectives of Economic Planning in India

The Directive Principles of our constitutions laid down: “The State shall , in particular , direct its policy towards securing:

- (a) That citizens, men and women equally, have right to an adequate means of livelihood.
- (b) That the ownership and control of the resources of the community are so distributed as best to subserve the common good.
- (c) That the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment.

The Government of India adopted planning as a means of fostering economic development. The Planning Commission set out the following four long term objectives of Planning:

- I. To increase production to the maximum possible extent so as to achieve higher level of national and per capita income;
- II. To achieve full employment
- III. To reduce inequalities of income and wealth
- IV. To set up a socialist society based on equality and justice and absence of exploitation.