

Planning in India



Strategy and Technology of Indian Planning

Part A

History of Planning in India

- ❖ First attempt to initiate economic planning in India was made by Sir M Visvesvaraya, a noted engineer and politician, in 1934, through his book, 'Planned Economy for India'
- ❖ In 1938, National Planning Commission was set-up under the chairmanship of Jawaharlal Nehru by the Indian National Congress

History of Planning in India

- ❖ Its recommendations could not be implemented because of the beginning of the World War II and changes in the Indian political situation
- ❖ It stated that the objective of planning was to ensure an adequate standard of living for the masses
- ❖ It emphasised on heavy industry and land reforms

History of Planning in India

- ❖ In 1944, Bombay Plan was presented by 8 leading industrialists of Bombay including JRD Tata, GD Birla and others
- ❖ It saw future progress based on textile and consumer industries and saw an important role for the state in post independent India
- ❖ In 1944, 'Gandhian Plan' was given by Shriman Narayan Agarwal

History of Planning in India

- ❖ It emphasised decentralisation, agricultural development, cottage industries etc
- ❖ In 1945, People's Plan was given by MN Roy
- ❖ In 1950, Sarvodaya Plan was given by Jai Prakash Narayan
- ❖ A few points of this plan were accepted by the government

Strategy of Planning in India

Harrod Domar Strategy

- ❖ The 1st Five Year Plan was based on this strategy
- ❖ This strategy emphasised the role of capital accumulation's dual character, which on the one hand, increases the national income (demand side role) and on the other hand, increases the production capacity (supply side role)

Harrod Domar Strategy

- ❖ According to this growth model, the rate of economic growth in an economy is dependent on the level of savings and capital output ratio
- ❖ Thus, Rate of growth (y) = Savings (s)/Capital output ratio (k)
- ❖ Here, the capital output ratio, defined as change in capital divided by change in output measures the productivity of investment that takes place.

To be Continued...

Thank You