TOPIC:

OBJECTIVES AND STRATEGIES OF PLANNING IN INDIA.

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INTRODUCTION: -

ORIGIN OF PLANNING IN INDIA:

The Planning Commission was set up in 1950 to formulate strategies and to bring about development in the economy by utilizing the available resources in the country. Though, prior to independence, the National Planning Committee (1938) , the Bombay Plan(given by eight leading industrialists), the People's Plan (M.N. Roy) were talked about but they were never implemented. The Constitution of India, in the Directive Principles of State Policies states that- "The State shall, in particular, direct its policy towards securing –(i) that citizens, men and women equally, have the right to an adequate means of livelihood (ii) that the ownership and control of the resources of the community are so distributed as best to sub serve the common good(iii) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment". In consonance with the spirit of the Constitution of India, the Government of India adopted 'Planning' as an instrument for achieving economic progress. Thus, our first Prime Minister, Pandit Jawaharlal Nehru laid the foundation of the 'Planning in India' to achieve the goals of economic development. The Prime Minister is the ex-officio chairman of the planning commission in India. The Planning Commission makes a comprehensive assessment of the resources, both actual and potential. It advises the Government as to how to undertake plans in light of the economic policies decided to achieve the various goals. The implementation of plans is the responsibility of the Government of India through the various ministries and departments. There is also mid-term appraisal of plans to check shortfalls and incorporate changes in strategy and policies, if need be.

ACCELARATION OF GROWTH RATE: -

One of the basic objectives of planning in India has been to achieve rapid economic growth rate of the economy. During the British rule, the Indian economy was stagnant and suffered from high levels of poverty and deprivation. The British exploited the Indian economy through trade as well as unjust colonial rule. During the last phase of British rule from 1901-1946, the growth rate of Indian economy was around one percent. The Indian economy was caught in low levels of income and poverty. Therefore, after attainment of independence, the Planning System was adopted to achieve the goals of economic growth and prosperity. Planning as an instrument aimed at increasing national and per capita incomes on the assumption that would eventually reduce poverty and deprivation and raise the standard of living of the masses. The economic growth of a country is achieved through continuous expansion of real national income as well as real per capita income. However, apart from the quantitative growth aspect, qualitative aspects like improvements in life expectancy, infant mortality rate, literacy etc. assumes significance. Amartya Sen's 'Capability Approach' stresses on the availability of freedom and capability to lead the kind of lives that people have reason to value.

During the first three decades of planning, the rate of growth averaged around 3.5-4 percent (the hindu growth rate- coined by Professor Raj Krishna). The sixth plan onwards, there was a rise in the rate of growth due to the considerable changes in the economy.

EXPANSION OF EMPLOYMENT OPPORTUNITIES: -

Right from the first five-year plan (1951-56), one of the long term objectives of Planning in India has been the achievement of full employment. The first five-year plan stated' 'Maximum production and full employment, the attainment of economic equality or social justice which constitute the accepted the accepted objectives of planning under present day conditions are not really so many different ideas but a series of related aims which the country must work for. None of the objectives can be pursued to the exclusion of others, a plan of development must place balanced emphasis on all of these." Since poverty is a major problem, the Planning Commission has endeavored to remove poverty through increase in investment and consequent increase in employment opportunities.

MODERNISATION OF THE ECONOMY: -

Modernization of the Indian economy has been one of the foremost objective to achieve rapid economic growth and also to ensure high levels of productivity in all sectors of the economy. Modernization refers to the structural and institutional change in the economic activities. Modernization aims at improving the standard of living of the masses by adopting better, scientific method of production. Modernization is an attempt to raise the productivity of the economy in general and the sectors in particular. The green revolution heralded an era of modernization in the mid-sixties in the agriculture sector, with the introduction of seed (High Yield Variety)- fertilizer-water strategy to improvise productivity and raise income levels of farmers .The macro-economic reforms introduced in the nineties have brought a great deal of modernization of the economy.

PROMOTION OF SOCIAL JUSTICE ANDREDUCTION OFINEQUALITY OF INCOMES: -

The Directive Principles of State Policy enshrined in the Constitution lay down the objective of promotion of social justice and economic justice as one of the foremost duty of the State. Reduction of inequalities of income and equal opportunities for all in the matter of education and employment shall be important objectives of planning in India. The prevalence of large-scale poverty in underdeveloped countries results in glaring Inequalities and thus the need for measures of social justice and prevention of concentration of economic power. The five year plans have consistently tried to uplift the economic condition of the socio-economically weaker sections through a number of target-oriented programs. Many states have reduced inequalities in land ownership by adopting land reforms measures. Through the instrument of planning, specific programs in backward areas have been adopted to reduce regional inequalities.

SUSTAINABLE ECONOMIC GROWTH: -

The goal of sustainable economic growth has become an important objective of Planning in the interest of inter-generational equity, environment and the economy. Growth would be unsustainable, if the means to achieve it makes use of non-renewable uses in a greater way and also ignores the cost on environment. The five year plans aim at sustainable economic development by striking a judicious balance between the development needs of the present and future generations.

SELF-RELIANCE: -

The years of foreign rule had brought a desire to adopt the concept of self-reliance as an objective of Planning in India. Self-reliance means reliance on domestic resources for economic development. The fourth five-year plan adopted ‘self-reliance’ as the main objective of Planning. Basically, it refers to lessening dependence on foreign aid, grants, loans and thus doing away the dependence on foreign countries. The fourth plan aimed at achieving self-sufficiency in the production of food grains. The fifth five-year plan focused on earning sufficient foreign exchange through export promotion and import substitution. India, could achieve self-sufficiency in food grain production by the end of the fifth five-year plan. However, Self-reliance should not be confused with self-sufficiency. While self-sufficiency means the country produces all its needs and does not import, self-reliance means the country has enough resources to pay for its imports and imports are normal part of economic activities.

ECONOMIC STABILITY: -

The objective of economic growth is the foremost objective of planning in India but over the years, there is an increasing need for policies that control inflation and its consequences. Growth oriented policies may overlook the accompanying price rise and the distortions in the production process. Government needs to take stabilization measures to check the imbalances and wasteful expenditures that lead to high fiscal deficit and inflation.

MEANING OF STRATEGY: -

Development strategy refers to the choice of instruments of policy and the course of action from among the available alternatives to achieve the objectives of Planning. To quote Dr I.G. Patel, former governor of the Reserve Bank of India, “Strategy implies essentially a deliberate choice – a choice of the point and timing and manner of attack on the problem in hand.” Strategies have undergone changes with the evolution of time, objectives, technologies and resources. The second five-year plan set the enunciation of a strategy for the first time by prescribing the heavy-capital goods based industrial development. This strategy also known as the Nehru-Mahalnobis model of growth. The strategy laid down the foundation for industrialization, which was assumed to be the basic condition for rapid economic growth.

EVOLUTION OF DEVELOPMENT STRATEGY IN INDIA: -

The first five-year plan did not have any strategy as such but the second five-year plan did have the heavy industry-capital goods based industrialization strategy. Development strategy has been designed to serve the basic objectives of rapid economic growth and social justice. Since India adopted the mixed economy model, the existence of public sector along with the private sector provided the way for economic growth and welfare. In such a setup, the state is supposed play a positive role in economic activities. The role of public sector was designed to provide the commanding heights to the economy and also to influence the composition and direction of economic activities towards establishing a ‘socialist pattern of society’. The development strategy has been focusing on a dominant role of state till the advent of the economic reforms of nineties. Subsequent plans were designed with minimal role of the state and greater role for the private sector and the market. Thus, development strategy has been designed to meet the issues and challenges of the country and also to incorporate dynamism and de-centralization in the policy frameworks.

CONCLUSION: -

- Planning Commission was set up in 1950
- Planning in India started in 1951
- The Prime Minister is the ex-officio chairmen of the Planning Commission
- The first five-year plan was started in 1951
- P.C. Mahalnobis was the architect of the second five-year plan
- For Pandit Nehru, the development of heavy industry was synonymous with industrialization.
- Industrialization via heavy industry was the way to achieve rapid economic growth
- Planning is a means to foster economic development
- The Planning Commission set the four long-term objectives of Planning:
- (i) high levels of national and per capita income
- (ii) full employment
- (iii) reduction of inequalities of income and wealth
- (iv) set up a socialist society based on equality and justice
- While Planning refers to implementation of policies and programs to achieve the objectives, Strategy refers to the choice of the instruments, timing and manner from the various available alternatives
- Strategy is a dynamic concept- it has evolved with time, objectives and resources
- Indian planning was inspired from the Soviet model of planning
- India adopted the mixed economy model of development and planning
- The public sector was given the commanding heights in the process of industrialization
- The leading role of public sector is not accepted in the era of liberalization, privatization and globalization
- The challenges of a mixed economy pose the need for coordination between the public and the private sector.
- The 1991 reforms led to redefining the role of the state and an increasing role of private sector and markets.
- Greater emphasis on sustainable economic development in the interest of inter-generational equity and harmony with nature and environment
- Planning is indicative and decentralized in nature in the present times