



renaissance

college of commerce & management

B.A. (HONS.) Mass Communication II Year Sub. - Economic Development & Planning In India

SYLLABUS

Class – B.A. (HONS.) MASS COMMUNICATION

II Year

**Subject – ECONOMIC DEVELOPMENT & PLANNING IN
INDIA(Paper II)**

UNIT-I	Planning and Development Origin and growth of economic planning in India
UNIT II	Objects and achievements of planning in India Pre requisites for effective planning in India



UNIT I

PLANNING AND DEVELOPMENT

If we have to define economic planning in simple words, then we can define it as branch of planning in which nation decides in advance what to be done for the purpose of stability and development of economy. In 21st century, every country has its own economic plans. Even developed countries are also making economic planning for stability of their country because economic planning is fully related to effective utilization of national resources for the benefits of general people of country.

National Planning Commission of India- "Planning under a democratic system may be defined as the technical co-ordination, by disinterested experts, of consumption, production, investment, trade and income distribution, in accordance with social objectives set by bodies representative of the nation. Such planning is not only to be considered from the point of view of economics and the raising of the standard of living but must include cultural and spiritual and the human side of life".

In India now planning commission of India is known as NITI aayog (National institute of transforming India)

Origin and growth of economic planning in India

Indian planning is an open process. Much of the controversy and the debates that accompany the preparation of the plans are public. The initial aggregate calculations and assumptions are either explicitly stated or readily deducible, and the makers of the plans are not only sensitive but responsive to criticism and suggestions from a wide variety of national and international sources. From original formulation through successive modifications to parliamentary presentation, plan making in India has evolved as a responsive democratic political process and the culmination of the same in the final document is an impressive manifestation of the workings of an open society. But by its very nature it also generates many problems from the point of view of mapping an optimal strategy for economic development.

History of Planning in India & Origin of Five Year Plans:

Though the planned economic development in India began in 1951 with the inception of 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.

Five-Year Plans (FYPs) are centralized and integrated national economic programs. Joseph Stalin implemented the first FYP in the Soviet Union in the late 1920s. Most communist states and several capitalist countries subsequently have adopted them. China and India both continue to use FYPs, although China renamed its Eleventh FYP, from 2006 to 2010, a guideline (guihua), rather than a plan (jihua), to signify the central government's more hands-off approach to development. After independence, India launched its First FYP in 1951, under socialist influence of first Prime Minister Jawaharlal Nehru. The process began with setting up of Planning Commission in March 1950 in pursuance of declared objectives of the Government to promote a rapid rise in the standard of living of the people by efficient exploitation of the resources of the country, increasing production and offering opportunities to all for employment in the service of the community. The Planning Commission was charged with the responsibility of making assessment of all resources of the country, augmenting deficient resources, formulating plans for the most effective and balanced utilisation of resources and determining priorities.



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The first Five-year Plan was launched in 1951 and two subsequent five-year plans were formulated till 1965, when there was a break because of the Indo-Pakistan Conflict. Two successive years of drought, devaluation of the currency, a general rise in prices and erosion of resources disrupted the planning process and after three Annual Plans between 1966 and 1969, the fourth Five-year plan was started in 1969. The Eighth Plan could not take off in 1990 due to the fast changing political situation at the Centre and the years 1990-91 and 1991-92 were treated as Annual Plans. The Eighth Plan was finally launched in 1992 after the initiation of structural adjustment policies.

For the first eight Plans the emphasis was on a growing public sector with massive investments in basic and heavy industries, but since the launch of the Ninth Plan in 1997, the emphasis on the public sector has become less pronounced and the current thinking on planning in the country, in general, is that it should increasingly be of an indicative nature.

List of Five year plans of India

First plan (1951-1956)

Second plan (1956-1961)

Third plan (1961-1966)

Period between 1966 to 1968 (because indo-Pakistani war happened in 1965, so there is no plan in 1966 to 1968 period)

Fourth plan (1969-1974)

Fifth plan (1974-1979)

Sixth plan (1980-1985)

Seventh plan (1985-1989)

Period between 1989-91 (because this period is political instability, so there is no plan in this period.)

Eighth plan (1992-1997)

Ninth plan (1997-2002)

Tenth plan (2002-2007)

Eleventh plan (2007-2012)

Twelfth Five Year Plan (2012-17) The Twelfth Plan commenced at a time when the global economy was going through a second financial crisis, precipitated by the sovereign debt problems of the Eurozone which erupted in the last year of the Eleventh Plan. The crisis affected all countries including India. Our growth slowed down to 6.2 percent in 2011-12 and the deceleration continued into the first year of the Twelfth Plan, when the economy is estimated to have grown by only 5 percent . The Twelfth Plan therefore emphasizes that our first priority must be to bring the economy back to rapid growth while ensuring that the growth is both inclusive and sustainable. The broad vision and aspirations which the Twelfth Plan seeks to fulfil are reflected in the subtitle: 'Faster, Sustainable, and More Inclusive Growth'. Inclusiveness is to be achieved through poverty reduction, promoting group equality and regional balance, reducing inequality, empowering people etc whereas sustainability includes ensuring environmental sustainability ,development of human capital through improved health, education, skill development, nutrition, information technology etc and development of institutional capabilities , infrastructure like power telecommunication, roads, transport etc ,



UNIT II

Objects of planning in india

1. Remove the poverty and inequalities : The economic vicious circle of poverty arising due to low income, low savings and high propensity to consume, and further lower investment and low capital formation, low productivity, low income and poverty must be broken and it can be done only by planning. Planning is like a shot in the arm which enables a sick person to overcome his sickness. Planning alone can create more jobs and remove the wide spread unemployment and disguised unemployment which is a common feature of underdeveloped countries. It is the sovereign remedy for raising national and per capital income, for reducing inequities in income and wealth, for increasing employment opportunities and for achieving as all round rapid economic development. It is commonly said that the pendulum has swung too wide in favor of planning that it cannot swing back against planning.

2. Development of Agriculture and Industrial Sector : Planning alone can transform an agricultural and primary producing economy into a more balanced economy with heavy, medium and light industries. Agriculture and industry stimulate production in each other by creating demand for their products. Development of agriculture is also essential to supply the raw material to the industrial sector. Economic planning held in designing the plans of agricultural and industrial sectors of developing economies.

3. Development of Infrastructure : Planning alone can help an underdeveloped economy to build up its infrastructure – irrigation and power, transport and communication and schools and hospitals. The establishment of these social economic overheads is essential for an all-round harmonious and integrated development. The private enterprise is guided by profit motive and is not interested in these items of social gain.

4. To increase the rate of Economic Development : One of the principle objective of the planning in underdeveloped countries is to increase the rate of economic development. In the words D.R.Gadgil "Planning for economic development implies external direction or regulation of economic activity by the planning authority which in most cases identify with the government of state." It means planning increases the rate of capital formation by raising the levels of income, saving and investment. It is only a central planning authority which can control banking and other credit institutions when these are under private enterprise they have a tendency to crowd in urban areas. The vast rural areas are completely neglected and thrown to the wolves, the indigenous money-lender. A planned economy can revolutionize the economy by providing financial institutions and by mobilizing savings and investments in the rural areas. Planning alone can remove the imbalance in foreign trade which is generally unfavorable to the underdeveloped countries that are the exporters of primary produce and imports of produced goods.

5. To improve and Strengthen Market Mechanism : The rationale for planning arises in such countries to improve and strengthen the market mechanism. The market mechanism works imperfectly in underdeveloped countries because of the ignorance and unfamiliarity with it. A large part of the economy comprises the non-monetized sector. The product, factor, money and capital markets are not organized properly. The market mechanism is required to be perfected in underdeveloped countries through planning.

6. Balanced Development of the Economy : In the absence of sufficient enterprise and initiative, the planning authority is the only institution for planning balanced development in the economy. For rapid economic development, underdeveloped countries require the development of the agricultural and industrial sectors, the establishment of social and economic overheads, the expansion of the domestic and foreign trade sectors in a harmonious way. All this requires simultaneous investment in different sectors which is only possible underdevelopment planning .



7. Development of Money and Capital Markets : The expansion of the domestic and foreign trade requires not only the development of the agricultural and industrial sectors along with social and economic overheads but also the existence of financial institutions. Money and Capital market are underdeveloped countries are primary stage. This factor acts as an obstacle to the growth of industries and trade. The planning authority which can control and regulate the domestic and foreign trade in the best interests of the economy.

Achievements of economic planning

There is a considerable rise in net domestic product ,savings and investments.

India has achieved almost self sufficiency in every sector like goods and services.

Self sufficiency in food grain achieved.

There is a good diversification in basic infrastructure.

Tremendous development in education sector.