

Economic Planning : The Plans Boost back Indian Economy

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ABSTRACT

This paper deals with economic plans that will bring back the dragging positions of Indian Economy world-wide Economic planning is the need of today Indian economic environment, as economy plays a vital role in the development of any country. Economy not only an indicator of health of various conditions that indulge in any country but have include those factors that will be faced by various country that brings them on the top index. Indian economic conditions were severely impacted since post-independence era as there have various factors that are severely affected the country economic conditions likes as changing rules, vicious attacks from neighboring country, foreign invasion, wars etc. Indian People severely affected by the malnutrition, poverty, higher mortality rate, lower employment, underemployment, and with the total violation of natural resources, so as to overcome from these limitations formulations of the economic plans takes place. Economic plans deals with those strategies that are created with a long term vision to overcome from the limitations that are faced by the country. Economic plans deals to achieve with the balanced and sustainable growth in the long run. Economic planning are those plans that made by any government to bring back the economy on the track, by providing better infrastructure, good health opportunities, increasing the standard of living of the people, proper allocation of resources, reducing the poverty, unemployment and underemployment.

KEYWORDS

Policies, Gross Domestic products, Social Justice, Education, Regional Imbalances.

INTRODUCTION

Economic planning of India started around 1950 that deal in the growth and development of the nation economic health. Economic planning was formulated as five-year plans formulated under the influence of PT. Jawaharlal Nehru. Indian economic planning is based on the socialist pattern. Economic planning deals with the systematic allocation of resources in a manner to boost the economic vitality of the Indian economy. Economic planning deals with economic developments and social justice, like as increasing national income, improvement in the cost of living and increase in employment, balancing the societal standards by managing wealth equally, developing the weaker and backward sections of society. So, as to formation of long term goals

and makes progression in various sectors whether it is educational, agriculture, or industrial etc. Economic plans makes by the government.

Economic planning started from 1951, with the adoption of a five year plan, which basically focuses on the economic growth by reducing poverty, reducing the graph of unemployment and raising the standard of living of the people. It deals with balancing all the sections of the society and makes growth of them by proper allocation resources.

Economic plans are the plans that are needed to achieve some specific goals that will be formulation by the government, in every five years. Government need to see what the improvements are required in particular sectors and after analyzing these plans and procedures, policies should be formulated. Economic planning is based on the country growth that will be determined through country GDP gross domestic products and per capita income.

The concept of Economic planning brings by P.V. Narsimhan Rao who was a great politician and known for bringing the concept of economic planning, and to take it forward by honble prime minister Jawahar Lal Nehru introduced five year plan in the Indian parliament.

India is a democratic country and its heavily depend on various sectors for maintaining the growth and increasing its values in terms of financial gains and achievements, Central government will play a major role while doing economic planning in the form of various plans and taking necessary decisions in the benefit of nation, Economic planning helps in increasing the per capita income of the individual and helps in maintain the disposable income. At present India entered in a twelfth five year plans i.e. 2012-2017. Every five year plans will deals with certain goals in which government will decide over from past data that which sectors were booming and which sectors will need an improvement. These economic plans help government to maintain their goodwill among the public as well as foster the rapid economic growth.

In the mid-year 1991 government had drastically makes changes in their economic policies by bringing LPG i.e. liberalization, privatization and globalization reforms in trade and economy, these reforms boos back the economic health and conditions of the nation, Basically these reforms will bring a vast and huge changes in the Indian Economic systems which involve loosen up the strict rules regulations and prohibitions for doing trade and practices.

In the 21st century every nation will deal with climate changes, environmental conditions, Hazard and health challenges etc,so as to deal with these challenges, India's economic planning has been done according to overcome these situations and maintain the growth of the nation. Introduction of Sustainable development (SDG) goals will helps in formulating the India's Niti Ayog to formulate policies and plans according to the 21st century requirements and achievement of the goals.

Indian Economy is a mixed economy where the public private partnerships play a huge role, as both are the important segments of the economy. From pre independent era India's economy depends on agriculture, but due to change in climatic conditions or no use of technological advancement in the area will bring shortfalls in the national income, so the government will decided to promote five years plans in which every sectors will be covered and the policies should be made according to the overall growth the economy at Par.

OBJECTIVE OF ECONOMIC PLANNING

The crucial things or we can say objectives that is needed to be considered in the economic planning in India is to double national income in upcoming 20 years and also double per capita income in 25 years; Economic planning objective basically deals in the area like Economic, Social, and Political.

1. Economic objective deals in better utilization of National Resources that is provided in the nature such as water, land and mineral resources etc., Providing Employment and equal opportunities to all, and providing development in all the sectors i.e. Agricultural, Industrial rural and urban.
2. Social objectives deals with equality, security and welfare toward the overall development of the society like as providing old age pensions, insurance, medical facilities, transport, recreational facilities etc.
3. Political area deals with to promote the defense and internal peace within the nation, because these area are the major cause for concern while maintain the country economic conditions.

IMPORTANCE OF ECONOMIC PLANNING

Economic Planning plays a vital role for the overall growth of the country economic conditions by maintaining the industries and trade with its liberalized policies thus have to increase the per capita income and increasing the standard of living of the people.

1. Statistical Data-Economic planning helps in acquiring statistical data related to the census and other economic factors like GDP, national Income, per capita income etc. so government can formulate their plans and policies on behalf of the data available to them.
2. Maintenance of all the sectors-Indian economy is based on mixed economy where all the major players play a vital role for the proper regulations of the economic conditions; economy vastly covered industrial sectors, agricultural sector, service sectors etc. Thus economic plans equally covered and maintain the growth of all the sectors.
3. Stable Government-Economic planning helps in determining whether the government is strong and stable or not, sound economic plans helps in analyzing the policies that are formulated is good or their have a need to further improvement.
4. It helps in fixation of targets and priorities in a proper way, so as to formulate policies and plans according to it.

ECONOMIC PLANS STRUCTURE

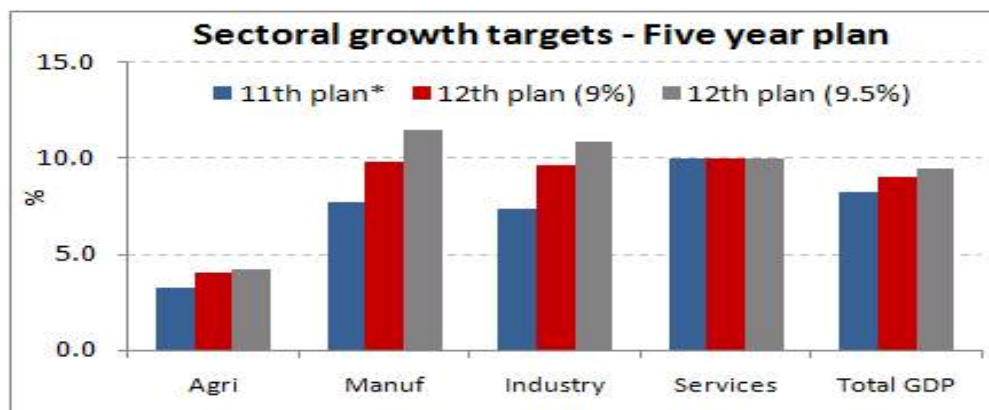
Five Year Plan	Period	Rate of Growth	Features of the Plan
Ist five year plans	1951-1956	Targeted growth 2.1 % Actual growth 3.6%	<ul style="list-style-type: none"> • Establishments of the Indian institute of management. • Reduce unemployment. • Increasing Agricultural Production.
IInd five year plans	1956-1961	Targeted growth-4.5% Actual growth-4.3%.	<ul style="list-style-type: none"> • It is authored by PC Mahalabonis. • Industrial Policy 1956 had been formed.
IIIrd five year plans	1961-1966	Targeted growth-5.6% Actual growth-2.8%	<ul style="list-style-type: none"> • Promotion of small scale industries and medium scale industries for boosting and regrowth of the rural area sectors. • Shifted focus on defense.
Plan holidays	1966-1969		Due to improper implementation of the third plan, plan holidays had taken place.
IV five year plans	1969-1974	Targeted growth-5.6% Actual growth-3.3%	<ul style="list-style-type: none"> • Introduction of family planning programs. • Bring the concept of Green Revolution. • Nationalization of major Indian 14 Banks.
Vth five year plans	1974-1979	Targeted growth-4.4% Actual growth-4.8%.	<ul style="list-style-type: none"> • Introduction of Electricity Supply Act. • Implementation of poverty removal.
Rolling Plan	1979-1980		This plan was introduced by Janata government and removed by congress party.
VIth five year plans	1980-1985	Targeted growth-5.2% Actual growth-5.7%	<ul style="list-style-type: none"> • Bringing the concept of modernization, reduction in the poverty level and achievement of the defined targets.
VIIth Five year plans	1985-1990	Targeted growth-5% Actual Growth-6%	<ul style="list-style-type: none"> • Agricultural growth rate at peak. • Mainly focused on production of a good quality of a food grain.
VIIIth five year plans	1992-1997	Targeted growth-5.6% Actual growth-6.8%	<ul style="list-style-type: none"> • Introduction of new reforms and economic policies. • Overall development in the education sectors. • Main focused on completely eradication of illiteracy.

IXth five year plans	1997-2002	Targeted growth-6.5% Actual growth-5.4%	<ul style="list-style-type: none"> • More investment in the private sectors. • Priority sectors like social justice, equality, nutrition, security, development of rural area.
Xth five year plans	2002-2007	Targeted growth-8% Actual growth-7.6%	<ul style="list-style-type: none"> • Main focused on overall growth of Gross domestic product. • Reduction in the level of poverty and minimizing of the gender gap.
XIth five year plans	2007-2012	Targeted growth-9% Actual growth- 8%	<ul style="list-style-type: none"> • Setting up of national goals and the overall productivity, concept of inclusive growth and development of the infrastructure and modern education had been take place.
XIIth five year plans	2012-2017	Actual growth-5.2%(2012-13) 6.8%(2013-14) 7.3%(2014-15) 7.8%(2015-16) 7.3%(2016-17)	<ul style="list-style-type: none"> • Overall inclusion of all the sectors like GDP, Poverty, education, Manufacturing, infrastructure etc.

This planning structures shows how government will work and segregated every sectors in every coming five years, to maintain and balanced its revenue and expenditure and allocating the present resources of the nation in a proper way.

PLANNING COMMISSION

Planning commission further replaced with “Niti Ayog” will formulate and implement various policies related to economic structure of the nation. In the year 1950 under the chairmanship of the prime minister pt. Jawaharlal Nehru the planning commission had been formed, it is non-constitutional body which worked under national development council. It plays a role as catalyst to recognize the resources of the nation and create effective methods for the proper utilization of resources.



¹<https://arindamchatterjee2015.blogspot.com/2016/02/12th-five-year-plan-and-history-of.html>

As the chart shows how economic plans will work and how government should see every aspects of the economy, that means to cover all the sectors whether it is Agriculture or services, Industries or any manufacturing unit, these all sectors will contribute toward the growth of GDP and helps in maintaining the economic health of the nation.

LITERATURE REVIEW

1. **Chandrasekher (1988)** observed in his study that the aspects of growth and structural changes in India industry and suggested that industry serving as an engine for a new aged of growth. He reviewed first decade of economic planning creditable performance of Indian industry sector and found that after 1965, the economy entered a phase of secular stagnation. He indicated public sector as a main pillar of economic development and Indian Industry developed significantly during 1950-65 with its help. He concluded by 15 suggesting that public investment is most important indicator of industrial structural change.

2. **Williams (1991)** in his study has tried to measure the extent to which recent increases in the aggregate poverty rate are attributable to the changing distribution of employment across industries. He decomposed the total poverty rate change over the 1976-1983 period into components attributable to changes in employment shares and changes in the incidence of poverty within industries,. His results show that the poverty rate increased resulted primarily from the decline in employment rates in general and from increased in the incidence of poverty within all industries, rather than from the shift of employment opportunities between sectors. The results suggest that when the impact of such change includes the decrease in employment in the population, employment shifts contributed to 25% or 30% of the poverty rate increase. When the analysis is limited to employed individuals, however, employment shifts made little or no contribution. This increase results primarily from in increased to the incidence of poverty in all industries, good producing and service-sector alike.

3. **Sandesara (1993)** has studied modern small industrial unit along with data from the first census, this paper attempts to highlight some aspects of growth and structural change in modern small industry over the 15years period between 1972 to 1987-88, the reference years of the two censuses. The focus was on growth and six, structural change, closures and impact of the

¹<https://arindamchatterjee2015.blogspot.com/2016/02/12th-five-year-plan-and-history-of.html>

policy of reservation. It needs to be noted here that increase in labour productivity has not only been more than that in capital productivity, but also more than that in capital-intensity. This conclusion, seen in the content of what he has said above on 16 productivity, suggests that as purveyor of employment, modern small industry will play only a modest role in future.

4. **Venkataratnam (1996)** highlighted mainly tripartism and structural changes. He divided his study in three parts structural changes in Indian economy, rejuvenation of Tripartism in the contest of structural changes, and performance pitfalls and prescription. He found that steel export has picked up and cement industry, which used to be net importer, became net exports. During the period from 1951 to 1991, major foreign direct investment came from USA and UK. He also discussed industrial financial reconstruction, sick industrial companies (special provisions) Act 1985 and changes in labor welfare the study carried out widening regional disparities in the past adjustment period. He pointed out the reduction in industrial conflict. He concluded that the Indian economy shows positive signs on most measures including growth rate, Inflation, employment and foreign exchange rate.

5. **Balkrishnan (2000)** in his study explained the monetary changes with regards to development and welfare. The paper has imagined more with a view to bringing up fundamental issues than giving complete arrangements. He concurred that Indian agribusiness shows up twice honored. Not exclusively do agrarian makers get appropriations obvious on account of manures and undetectable if there should arise an occurrence of water and power, yet they don't pay coordinate duties as do mechanical firms. Further, he says, on the off chance that we need to investigate the things about how agribusiness has reacted to the adjustments in the financial approach administration, and afterward there is have to focus a horticultural yield alone. He clarified the citations in addresses of business analysts and initial clarification of farming development and open welfare. To survey the agrarian development he mulled over two primary factors, yield and cost. He found, the 1980's demonstrated an ascent in the rate of yield development, the extensions in the high yielding assortment, watered range and open speculation have all indicated with respect to their pace of extension in the 1970's. He concentrated likewise on welfare of non-agribusiness populace. The creation is the poor measure of welfare which is truly what we are at last intrigued by. According to Researcher, an evaluation of the Public Distribution System in relation to the overall requirement for found security would reveal that its role is quite limited constitutionally even a widespread coverage of the PDS cannot take away from the fact that the prevention of inflation is after all a second best policy.

6. **M.S. and Parhi (2004)** highlighted that though rural households had income both from agricultural and non-agricultural sources, however, the income from non-agricultural sources remained higher than from agriculture. A large number of people of the selected area for

study go to nearby urban centre for work as this fetches those regular cash as against the seasonal flaws in agriculture.

7. **Siva and Teixeira (2006)** conducted a comprehensive survey of the economic literature on structural change. The classical economist mainly focused on growth and distribution of income and wealth with respect to structural change in the time period of 1700-1870. The marginality economist also stressed on maximum utilization of resources allocation and also discussed on long term structural change in economy.

OBJECTIVE OF THE STUDY

1. To study the economic growth from past years to present modern era through the formulation of economic planning.
2. To know about how the economic plans works in the field of economic growth of the nation.
3. To identify whether economic plans and policies of the Indian government effectively implemented.
4. To find out about how much impact does economic plans will create on the growth and development of the nation.

RESEARCH METHODOLOGY

The current study attempt to explain about the concept how economic planning done by Indian government will boost back the economy of the nation after independence, so as to know about the impact of the five year economic plans on the vitality of economic scenario, allocation of present resources, management of revenue and expenditure and economic conditions of the nation. The nature of the research is completely descriptive and conceptual and it is based on previously done researches and data availability in this area. All the necessary information used in the research paper has been collected from secondary sources like-websites,E-journal,E-books and other books relatable to it etc.

CONCLUSION

The study concluded that due to changing needs and demand of the economic environment, policies and regulations should be formulated by the central government to meet up the present needs of the economy, which regulated the economic structure of the nation. As we knew that Indian economy promptly based on agriculture products, so government mostly focused on this part and formulated various plans in every five year so as to meet the changing needs of the given economic environment. Economic plans needed to balance the economic structure in terms allocating of income and expenditure, preparation of budgets and allocation of various resources as per the required needs of the particular area. Economic planning helps in making structural changes that are required to balancing the wealth of the nation, and boost up the economy from stagnation stage to regulating stage.

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