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Political Contestation

India's post-Independence development model aimed to achieve both economic growth and social justice, emphasizing the government's role in managing key industries and addressing societal needs. Debates over centralized planning, government-run industries, and prioritizing justice over growth shaped India's economic policies, highlighting that development decisions are inherently political and require public consultation.

For example, in Orissa, untapped iron ore reserves attracted significant investment due to rising global steel demand. The state government signed Memorandums of Understanding (MoUs) with steelmakers, expecting capital investment and employment opportunities. However, conflicts arose as tribal populations feared displacement, environmentalists worried about pollution, and the central government cautioned against discouraging investments. This situation illustrates the tension between development and preservation.

Resolving such issues requires balancing the needs of various groups, with expert advice playing a role, but the final decision resting with political representatives accountable to the people.

Exam Questions

Q1: What are the main political challenges in balancing development and preservation in India?

Answer: The main challenges include addressing the concerns of displaced tribal populations, environmental protection, and encouraging investment, requiring political representatives to balance competing interests.

Q2: Why is development considered a political decision in India?

Answer: Because development involves resource allocation and impacts various social groups, requiring public consultation and political accountability.

Ideas of Development

Development holds different meanings for different groups. In Orissa, industrialists, urban consumers, and tribal communities have conflicting perspectives, leading to debates and contradictions. Early post-independence development was often viewed through a Western lens, equating modernization with industrial growth, capitalism, and material progress, categorizing countries as developed, developing, or underdeveloped.

India considered two major development models: the liberal-capitalist model of Europe and the United States, and the socialist model of the Soviet Union. Many Indian leaders favored the Soviet approach due to its focus on state-led development.

A consensus emerged during the national movement that free India's economic policies should prioritize poverty alleviation, social justice, and redistribution, differing from the colonial government's commercial focus. Debates within India revolved around whether industrialization or rural development, especially alleviating rural poverty, should take precedence in shaping the nation's development path.

Exam Questions

Q1: What were the two major development models considered by India after independence?

Answer: The liberal-capitalist model emphasizing free markets and the socialist model emphasizing state-led development.

Q2: What was the consensus on economic priorities during the national movement?

Answer: The consensus was to prioritize poverty alleviation, social justice, and redistribution over commercial interests.

Planning

Development planning gained global traction in the 1940s and 1950s, influenced by the Great Depression, post-war rebuilding in Japan and Germany, and the Soviet Union's economic progress. In India, industrialists supported planning, as seen in the Bombay Plan (1944), which urged the state to lead major industrial and economic investments.

After Independence, the Planning Commission was established with the Prime Minister as its chairperson, reflecting a shared belief in the need for a structured approach to development. The Commission became a central institution shaping India's economic strategy, balancing state intervention and private enterprise. Across ideological lines, there was consensus that development required active state involvement rather than being left entirely to private forces.

Exam Questions

Q1: What was the role of the Planning Commission in India?

Answer: It served as an advisory body to guide economic planning, balancing state intervention and private enterprise.

Q2: Why was planning considered necessary in post-independence India?

Answer: To ensure structured development, equitable resource distribution, and to balance growth with social justice.

Planning Commission

The Planning Commission was established in March 1950 by a Government of India resolution. It served as an advisory body whose recommendations required Union Cabinet approval. Its goals aligned with the Directive Principles of State Policy, focusing on social, economic, and political justice.

Key objectives included equitable resource distribution, preventing wealth concentration, and ensuring adequate livelihoods for all citizens. On 1 January 2015, the Planning Commission was replaced by the National Institution for Transforming India (NITI Aayog) to address modern developmental needs.

Exam Questions

Q1: What were the main objectives of the Planning Commission?

Answer: To ensure equitable resource distribution, prevent wealth concentration, and promote social, economic, and political justice.

Q2: What institution replaced the Planning Commission and why?

Answer: NITI Aayog replaced the Planning Commission in 2015 to better address modern developmental needs.

The Early Initiatives

The concept of Five Year Plans was introduced in India, modeled after the Soviet Union's approach. These plans outlined the government's projected income and expenditure for five years, setting clear priorities for central and state budgets to ensure focused development.

The First Five-Year Plan, launched in December 1951, generated widespread interest across academics, government officials, industrialists, and farmers. The Second Five-Year Plan in 1956 focused on industrialization and economic growth, followed by the Third Plan in 1961, which continued this momentum towards a self-reliant economy.

By the Fourth Plan in 1966, economic crises led to a 'plan holiday,' a temporary break from the traditional five-year planning cycle. Despite criticisms, these early plans played a critical role in shaping India's economic trajectory, establishing key sectors like agriculture and industry.

Exam Questions

Q1: What was the purpose of the Five Year Plans in India?

Answer: To outline government priorities and budgets for focused economic development over five years.

Q2: Why was there a 'plan holiday' in 1966?

Answer: Due to a severe economic crisis, the government temporarily suspended the five-year planning cycle.

The First Five-Year Plan

The First Five-Year Plan (1951–1956) aimed to break the cycle of poverty and set India on a path to economic recovery. It focused primarily on the agrarian sector, severely impacted by Partition, seeking to improve agricultural productivity through investments in infrastructure like dams and irrigation, notably the Bhakra Nangal Dam.

Economist K.N. Raj, involved in drafting the plan, advocated a cautious approach, advising that India should 'hasten slowly' to avoid undermining democracy. The plan recognized unequal land distribution as a key obstacle to agricultural growth and identified land reforms as essential.

A central goal was to raise national income by increasing savings, though this proved challenging due to low spending levels in the 1950s. While savings rose initially, the trend was not sustained, declining from the early 1960s to the early 1970s.

Exam Questions

Q1: What was the main focus of the First Five-Year Plan?

Answer: Agricultural development and infrastructure improvement to increase productivity.

Q2: Why did K.N. Raj advise a cautious approach to development?

Answer: To ensure steady growth without undermining democratic processes.

Rapid Industrialisation

The Second Five-Year Plan (1956–1961) shifted focus towards rapid industrialization, emphasizing heavy industries. Led by economist P.C. Mahalanobis, it aimed for swift structural changes to accelerate development. The 1955 Congress session at Avadi declared the goal of a 'socialist pattern of society,' reflected in the plan's priorities.

The plan emphasized state-led industrialization in sectors like steel, electricity, and machinery, expanding the public sector. To protect domestic industries, high tariffs on imports were imposed, fostering growth in steel and communication sectors. However, challenges included technological backwardness requiring costly imports and concerns about food shortages due to less investment in agriculture.

The Third Five-Year Plan (1961–1966) continued these strategies but faced criticism for an 'urban bias,' prioritizing industry over agriculture. Calls were made for greater focus on agriculture-related industries, highlighting the ongoing challenge of balancing industrial growth with agricultural development.

Exam Questions

Q1: What was the main focus of the Second Five-Year Plan?

Answer: Rapid industrialization with emphasis on heavy industries and state-led development.

Q2: What challenges did India face during rapid industrialization?

Answer: Technological backwardness requiring imports and concerns about food shortages due to less agricultural investment.

Solved Examples

Example 1: Explain why the First Five-Year Plan focused on agriculture.

Solution: Agriculture was the backbone of India's economy, severely affected by Partition. Improving agricultural productivity was essential for food security and economic recovery, making it the priority of the First Plan.

Example 2: Describe the significance of the Planning Commission.

Solution: The Planning Commission coordinated economic planning, ensuring balanced development and resource allocation aligned with social justice principles.

Practice Set

Easy

- What was the main goal of the First Five-Year Plan?
- When was the Planning Commission established?

Moderate

- Compare the liberal-capitalist and socialist models of development.
- Explain the role of the Planning Commission in India's economic development.

Challenging

- Discuss the political contestations involved in resource allocation in post-independence India.

- Analyze the reasons for the shift from agricultural focus in the First Plan to industrialization in the Second Plan.

Answer Key

Easy

1. To improve agricultural productivity and economic recovery.
2. In March 1950.

Moderate

1. The liberal-capitalist model emphasizes free markets and private enterprise, while the socialist model advocates state control and equitable distribution.
2. The Planning Commission advised on economic planning, balancing state and private roles to promote social justice.

Challenging

1. Political contestations involved balancing interests of tribal populations, environmental concerns, and investment needs, requiring accountable political decisions.
2. The shift was due to the need for rapid industrial growth to build infrastructure and reduce dependence on imports, while the First Plan focused on stabilizing agriculture.

Quick Reference

- **Planning Commission:** Established 1950, central to economic planning, replaced by NITI Aayog in 2015.
- **First Five-Year Plan:** 1951–1956, focused on agriculture and infrastructure.

- **Second Five-Year Plan:** 1956–1961, emphasized rapid industrialization and heavy industries.
- **Political Contestation:** Balancing development needs with social justice and environmental concerns.
- **Development Models:** Liberal-capitalist vs. socialist approaches.

Glossary

- **Five Year Plan:** A government plan outlining economic goals and resource allocation over five years.
- **Planning Commission:** Advisory body for economic planning in India (1950–2015).
- **NITI Aayog:** National Institution for Transforming India, replaced the Planning Commission in 2015.
- **Industrialization:** Transition from agrarian to industrial economy focusing on manufacturing and infrastructure.
- **Land Reforms:** Changes in land ownership to promote equitable distribution and agricultural productivity.
- **Socialist Model:** Development approach emphasizing state control and equitable resource distribution.
- **Liberal-Capitalist Model:** Development approach emphasizing free markets and private enterprise.

Chronology of Planned Development in India

Year	Event	Significance
1938	National Planning Committee formed	Initiated systematic planning in India
1950	Planning Commission established	Central institution for economic planning
1951–1956	First Five-Year Plan	Focus on agriculture and infrastructure development
1956–1961	Second Five-Year Plan	Emphasis on rapid industrialization and heavy industries

1961-1966	Third Five-Year Plan	Continued industrial focus with criticism of urban bias
1966	Plan Holiday	Temporary suspension of planning due to economic crisis
2015	NITI Aayog replaces Planning Commission	Modernized approach to economic planning

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