



Economic planning in India: A study

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Abstract

In India, economic planning is a methodical way to accomplish social fairness, quick economic growth, and poverty alleviation. Thirteen Five-Year Plans, each with a distinct focus on agriculture, industrialization, self-reliance, and inclusive growth, have been adopted by India since 1951. The plans have attempted to strike a balance between infrastructure development, social welfare, and environmental sustainability in addition to economic development. Even though India has come a long way, there are still issues like inflation, unemployment, inequality, and regional differences. Plans for the future have a strong emphasis on inclusive and sustainable growth, utilizing programs like Made in India, Digital India, Startup India, and Skill India to promote economic growth and solve environmental and social issues. In order to achieve a fair and balanced growth trajectory, India's economic planning keeps evolving as a result of shifting internal and international conditions.

Keywords:

Economic Growth, Economic Planning, Economic Development, Equality, Poverty

Introduction to Economic Planning

In order to attain the intended financial outcomes, economic planning is a strategic process that includes goal development, resource allocation, and policy implementation. It functions on several levels, such as municipal, regional, and national. After objectives are set, organizations and governments develop plans and programs, such as boosting exports, investing in infrastructure, or increasing access to healthcare and education. These strategies are carried out by means of several initiatives and events. The efficacy of economic planning is contingent upon several factors, such as the accessibility of resources, the efficacy of policies, and the institutional capacity for implementation. Numerous nations base their economic planning on a sequence of five-year plans that are modified based on changing economic conditions and priorities. The process by which a government or organization decides on priorities and how to allocate resources in order to accomplish particular objectives is referred to as economic planning. Forecasting, creating laws and regulations to control

the economy, and choosing how best to allocate financial resources are all parts of planning. Encouraging long-term, sustainable economic growth and development is the main goal of economic planning.

History of India's Economic Plans:

India gained independence on August 15, 1947, when the nation was divided. An announcement of an Industrial Policy Statement was made in 1948. It recommended creating a National Planning Commission and coming up with a hybrid economic strategy. The 26th of January 1950 saw the adoption of the Constitution. The Planning Commission was established on March 15, 1950, and the First Five Year Plan (1951–1956) was introduced on April 1, 1951, marking the beginning of the planning era in a logical order. But the concept of financial planning dates back to India's pre-independence period. India began to embrace the concept of economic planning during and after the Great Agricultural Depression (1929–1933). In significant part, the policy of withdrawing from.

Objectives of Economic Planning in India

Economic planning in India has been an integral part of the country's development strategy since independence in 1947. The main objectives of economic planning in India are as follows:

- 1. Economic growth:** In India, promoting economic growth—which is typically gauged by increases in the GDP—is a primary goal of economic planning. These include boosting the creation and consumption of products and services, lowering the rate of poverty, and generating job opportunities.
- 2. Reducing poverty:** Economic planning aims to lower poverty by boosting labor productivity, generating jobs, and giving the poor access to necessities.
- 3. Self-reliance:** Self-sufficiency is a goal of India's economic planning, particularly in vital areas like food production, energy, and defense. This is achieved through encouraging homegrown production, lowering reliance on imports, and funding indigenous R&D.
- 4. Social justice and equality:** By guaranteeing that the advantages of economic growth are distributed fairly, economic planning aims to advance social justice and equality.
- 5. Regional Development:** Economic planning seeks to promote regional development by removing regional imbalances and promoting the development of underdeveloped regions. Infrastructure development, incentives and subsidies are used to promote industrialization and economic growth in these regions.

6. **Employment Generation:** Given India's large and growing population, economic planning focuses on creating new employment opportunities, particularly in the manufacturing and service sectors, and encouraging entrepreneurship and self-employment.

7. **Improvement in the standard of living:** Economic planning attempts to promote economic growth and raise the standard of living of the population by providing access to basic amenities such as health care, education and housing.

Five-Year Plans

1. First Plan (1951-1956): Emphasis on agriculture and irrigation
2. Second Plan (1956-1961): Emphasis on industrialisation
3. Third Plan (1961-1966): Balanced growth and self-reliance
4. Fourth Plan (1969-1974): Growth with stability and social justice
5. Fifth Plan (1974-1979): Eradication of poverty and unemployment
6. Sixth Plan (1980-1985): Economic growth and social development
7. Seventh Plan (1985-1990): Food, clothing and shelter for all
8. Eighth Plan (1992-1997): Liberalisation and economic reforms
9. Ninth Plan (1997-2002): Growth with social justice and equity
10. Tenth Plan (2002-2007): Inclusive growth and poverty alleviation
11. Eleventh Plan (2007-2012): Faster and more inclusive Development
12. Twelfth Plan (2012-2017): Sustainable and Inclusive Growth
13. Thirteenth Plan (2017-2022): Transforming India

Need for Economic Planning in India

The need for financial planning in India emerged as a critical need after the country's independence. Several factors contributed to this need:

1. **Post-Independence Challenges:** After independence from British colonial rule, India faced significant economic challenges. The economy was crippled by colonial exploitation and required substantial restructuring.

2. **Utilization of Resources:** India needed a systematic approach to use its resources in the most effective and balanced way. Financial planning was seen as a means to achieve this by efficiently allocating resources.

3. **Prioritization:** Economic planning allowed the government to identify and prioritize key areas of development such as industrialization, agriculture, and infrastructure according to the country's needs and conditions.

4. **Five-Year Planning:** The establishment of the Planning Commission in 1950 formalized economic planning in India. Centralized and integrated national economic plans, known as five-year plans, were formulated at regular intervals to guide the country's development.

5. **Changes in NITI Aayog:** The Planning Commission was replaced by the NITI Aayog in 2015 under Prime Minister Narendra Modi. This change reflects a changing approach to economic planning, with an emphasis on cooperative federalism and more decentralised decision-making.

Achievements of Economic Planning in India

1. **Economic Growth:** Economic planning in India has been successful in promoting economic growth significantly. Productivity increased in both the industrial and agricultural sectors, leading to a rise in per capita income and national income.

2. **Infrastructure Development:** Over time, India was able to build the necessary infrastructure, including irrigation and hydroelectric projects, improved road networks, and expanded railway systems. This infrastructure development has facilitated economic activities and connectivity.

3. **Educational Progress:** Financial planning led to a significant increase in the enrollment of children in schools, colleges, and universities. This has contributed to the development of a more educated and skilled workforce.

4. **Progress in Science and Technology:** Economic planning promoted the growth of technical skills and the development of skilled labor. India has been able to send technical experts to other countries, showing its expertise in various fields.

5. **Expansion of Foreign Trade:** Growing industrialization led to a significant increase in the export of manufacturing and engineering goods. This expansion of foreign trade has contributed to India's economic growth and global presence.

Failures of Economic Planning in India

1. **Poverty and inequality:** Economic planning, while making progress, has not completely eliminated poverty and inequality in India. Despite some reductions, these challenges persist.
2. **Unemployment:** Despite creating employment opportunities, economic planning could not completely solve the problem of unemployment. A large part of India's workforce is still facing unemployment, the unemployment rate is 6.6%.
3. **Corruption and black money:** Economic planning has not been fully successful in eliminating corruption in the country and curbing the generation of black money. These issues remain a matter of concern.
4. **Inflation:** Economic planning has not fully solved the problem of inflation, especially the price of essential commodities. Despite decades of planning and development efforts, inflation continues to affect consumers.

Conclusion

From the above discussion we conclude that financial planning is basically concerned with the implementation of policy to achieve desired financial results. It involves the formulation of rules and policies to regulate and forecast the economy. Regional development, balanced regional development, employment generation, social justice and equality, economic growth etc. Financial planning is necessary for the use of resources for financial planning objectives, 5 year plan, personal challenges, priorities etc. This economic planning in India leads to economic development, development of infrastructure, educational advancement, advancement in science and technology and expansion of foreign trade etc.

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