

Politics of Planned Development Notes Class 12 Political Science Book 2 Chapter 3

Indian Economy at the Time of Independence.

- Dependency on agriculture.
- Poor growth of industries.
- Lack of infrastructure (Like: Electricity, Roads, Markets etc.).
- Poverty.
- Lack of basic facilities.

There were two models of development available to India.

Socialist model

This system was prevalent in the **Soviet Union**. Everything inside it is **produced by the government**. **There is no private sector** in the country and **all the companies are operating under the government**.

Capitalist system

- Under this system, all the goods are **produced by the private sector** and **the interference of the government is negligible**. This system was **prevalent in America at that time**.
- But there were two different views on the issue of development in India.

Left-wing

- The people who wanted that the system of development should be made keeping in mind the **poor and backward classes in the country are called left wing**.
- These people were **concerned for the poor**.
- They wanted that such a system should be made so that **the welfare of the poor people** can be maximized in the country.

Right-wing

- These were the people who were **in support of capitalism**. They wanted that **the policies of trade** in the country should be simplified and the rules of business should be simplified by the government

- **Private sector should be encouraged.**
- Following the views of both the classes, India adopted the way of **mixed economy**. Some features in the Indian economy were taken **from the capitalist system** and **some features were** taken from the socialist system. In this way India created a mixed economy.

Mixed economy

The mixed economy incorporated the characteristics of both socialism and capitalism. The development of small industries in the country was done in the private sector and the government took the responsibility of the development of big industries on its shoulders.

Planning

- Impressed by the system of planned development of the Soviet Union, India also adopted planning.
- **Keeping in mind the resources of the present, setting some goals for the future and planning to achieve them is called planning.**

Planning Commission

- Under the process of planning, **five year plans were prepared.**
- Five year plans refers to the development plan in the country for five years.
- **The Planning Commission was formed** to prepare these five year plans. The Planning Commission in India was **set up in 1950**. Its **chairman is the Prime Minister of the country.**
- The Planning Commission was renamed as NITI (**National Institute for Transforming India**) Aayog on **1 January 2015**.

Five yearly plan

First Five Year Plan (1951 – 56)

- **The first five year plan** in India was implemented in 1951 and this plan **lasted till 1956.**
- **The chief planner** of this plan was KN Raj.
- **Purpose**
 - Focused on agriculture.
 - To lift the country out of poverty.
 - Land reform.

Second Five Year Plan (1956 – 61)

- **The Second Five Year Plan** was implemented in 1956 and **lasted till 1961**.
- The main planner of this plan was **PC Mahalanobis**.
- **Purpose**
 - Developing large industries.
 - Promotion of indigenous industries.
 - Reducing imports and promoting exports.
 - Developing infrastructure (electricity, transport, steel, communication etc.).

Problems of agriculture

- Landlord system.
- Lack of irrigation facility.
- Dependence on rainfall.
- Low productivity.

Land Reforms (Agriculture Reforms)

- Abolition of Landlord system.
- Construction of dams for irrigation.
- The irrigation system was improved to remove the dependency on rain.
- Good quality seeds and fertilizers were made available to increase the productivity.

Due to the focus on industries in the Second Five Year Plan, the condition of agriculture in India deteriorated.

Food crisis in India

- **Food shortage in India due to focus on industries** in the second five year plan.
- Less focus on agriculture due to the **1962 Indo China War**.
- **America 's increasing pressure** due to food imports from America.

What is Green Revolution?

The Green Revolution is said to be the period when there was a tremendous increase in food grain production in India. This period was 1964 – 67.

How did the Green Revolution come?

In view of the growing problem of food grains in the country, the government paid attention to the growth of food grains production. For this the government

- Provided good quality seeds

- Advised the farmers to produce according to the land.
- Provided more help to the farmers.

Positive Effects of Green Revolution (Outcomes)

- Increase in food production.
- India became self-reliant in food production.
- New technology started being used in agriculture.
- The rise of the middle peasantry class.
- Commercialization of agriculture.

Negative effects of green revolution.

- There was an increase in the production of only a few varieties of crops like rice, wheat etc.
- The effect of Green Revolution was limited to some areas like Uttar Pradesh, Punjab etc.
- The gap between rich and poor farmers widened.
- All states of India did not get the benefit of the Green Revolution.

Main problems in development

Agriculture vs Industry.

- After independence, **the condition of both agriculture and industries** in the Indian economy was very bad. Although about 70 percent of the country's population was dependent on agriculture, yet the condition of agriculture in the country was very bad, on the other hand the condition of the industrial sector was worse than agriculture.
- Both the areas had their own importance, therefore it was **very important to develop both the areas**, in such a situation, the biggest problem was, how much importance should be given to which area.
- Due to more attention to agriculture, the industrial sector would have fallen behind and if more attention was given to the industrial sector, then there was the problem of backwardness of agriculture.
- Where on the one hand agriculture was the source of **food grains and raw materials**, **industries** were essential for development.
- For this reason, the problem of choosing between industries or agriculture always remained for the planners.

Private sector vs public sector

- As we know, India adopted a mixed economy in which both private and public sectors were included.
- The biggest problem in this system was how to develop these two areas.
- The public sector was essential for **social welfare**, but it had problems such as **corruption and low productivity**.
- The possibility of **corruption and low productivity in the private sector was less, but it was very difficult to do social welfare through it**.
- That is why there were disputes between the planners about the role of private and public sector.

Planning Commission

- To prepare and assess the plan, the government constituted the Planning Commission.
- Planning Commission was established on 15 March 1950
- Its main objective was to make plans for the future keeping in mind the resources of the country so that the country can develop rapidly.

Drawbacks of Planning Commission

- The planning commission was mainly influenced by the central government and all the plans were made by the central government and imposed on the states.
- Due to lack of representation of the states, it was difficult for the states to implement those schemes.
- Due to the politics between different parties, there were problems in making and implementing plans.
- There was a problem in allocating resources to the states.

NITI Aayog

- In view of all these problems, the government abolished the Planning Commission and established NITI Aayog on January 1, 2015.
- Like the Planning Commission in NITI Aayog, the allocation of resources is not done by the Commission, but now this responsibility has been entrusted to the Finance Ministry of the country, due to which the problem of resource allocation has ended.
- The Chief Ministers of all the states and the Lieutenant Governors of the Union Territories were given place in the Governing Council, which ended the problem of representation of the states.

Structure

- Chief of the commission is the prime minister

- The Vice President is appointed by the Prime Minister
- Governing Council included the Chief Ministers of all States and Lieutenant Governors of Union Territories
- **Some key facts**
 - First Vice President – Arvind Panagariya
 - First Chief Executive Officer CEO – Sindhushree Khullar