

Politics of Planned Development

As the global demand for steel increases, Orissa, which has one of the largest reserves of untapped iron ore in the country, is being seen as an important investment destination.

The iron ore resources lie in some of the most underdeveloped and predominantly tribal districts of the state. The tribal population fears that the setting up of industries would mean displacement from their home and livelihood.

Political Contestation

It is important to take advice from experts on mining, from environmentalists and from economists. Yet the final decision must be a political decision, taken by people's representatives who are in touch with the feelings of the people.

All these decisions were bound together by a shared vision or model of economic development. It was also agreed that this matter cannot be left to businessmen, industrialists and farmers themselves, that the government should play a key role in this.

Ideas of Development

Development would mean different things for example, to an industrialist who is planning to set up a steel plant, to an urban consumer of steel and to the Adivasi who lives in that region.

On the eve of Independence, India had before it, two models of modern development: the liberal-capitalist model as in much of Europe and the US and the socialist model as in the USSR.

This reflected a broad consensus that had developed during the national movement. The nationalist leaders were clear that the economic concerns of the government of free India would have to be different from the narrowly defined commercial functions of the colonial government.

Planning:

In fact the idea of planning as a process of rebuilding economy earned a good deal of public support in the 1940s and 1950s all over the world.

The Bombay Plan wanted the state to take major initiatives in industrial and other economic investments. Thus, from left to right, planning for development was the most obvious choice for the country after Independence.

The Early Initiative:

As in the USSR, the Planning Commission of India opted for five year plans (FYP). The idea is very simple: the Government of India prepares a document that has a plan for all its income and expenditure for the next five years.

The First Five Year Plan:

The First Five Year Plan (1951–1956) sought to get the country's economy out of the cycle of poverty. K.N. Raj, a young economist involved in drafting the plan, argued that India should 'hasten slowly' for the first two decades as a fast rate of development might endanger democracy. Agricultural sector was hit hardest by Partition and needed urgent attention. Huge allocations were made for large-scale projects like the Bhakhra Nangal Dam.

Rapid Industrialisation:

The Second FYP stressed on heavy industries. It was drafted by a team of economists and planners under the leadership of P. C. Mahalanobis. As savings and investment were growing in this period, a bulk of these industries like electricity, railways, steel, machineries and communication could be developed in the public sector. Indeed, such a push for industrialisation marked a turning point in India's development.

Agriculture versus industry:

Many thought that the Second Plan lacked an agrarian strategy for development, and the emphasis on industry caused agriculture and rural India to suffer. Others thought that without a drastic increase in industrial production, there could be no escape from the cycle of poverty. They argued that Indian planning did have an agrarian strategy to boost the production of foodgrains.

Public versus private sector:

India did not follow any of the two known paths to

development – it did not accept the capitalist model of development in which development was left entirely to the private sector, nor did it follow the socialist model in which private property was abolished and all the production was controlled by the state. A mixed model like this was open to criticism from both the left and the right. Critics argued that the planners refused to provide the private sector with enough space and the stimulus to grow.

The state intervened only in those areas where the private sector was not prepared to go. Thus the state helped the private sector to make profit.

Major Outcomes

Land reforms did not take place effectively in most parts of the country; political power remained in the hands of the landowning classes; and big industrialists continued to benefit and thrive while poverty did not reduce much.

Land reforms:

Perhaps the most significant and successful of these was the abolition of the colonial system of zamindari. Attempts

at consolidation of land – bringing small pieces of land together in one place so that the farm size could become viable for agriculture – were also fairly successful.

It was not easy to turn these well-meaning policies on agriculture into genuine and effective action. This could happen only if the rural, landless poor were mobilised.

The Green Revolution:

The government adopted a new strategy for agriculture in order to ensure food sufficiency. Thus the government offered high-yielding variety seeds, fertilizers, pesticides and better irrigation at highly subsidised prices. The government also gave a guarantee to buy the produce of the farmers at a given price. The green revolution delivered only a moderate agricultural growth (mainly a rise in wheat production) and raised the availability of food in the country, but increased polarisation between classes and regions. Some regions like Punjab, Haryana and western Uttar Pradesh became agriculturally prosperous, while others remained backward.

Exercise

- The Government of India replaced the Planning Commission with a new institution named NITI Aayog on _____.
(a) 1st January 2015
(b) 10th February 2015
(c) 31st March 2015
(d) 1st April 2015
- The Bombay Plan was drafted by _____ of India in 1944.
(a) Big Industrialists (b) Big Landlords
(c) Big Farmers (d) Big Bankers
- Who was drafted the First five years plan of India?
(a) J L Nehru (b) Sukumar sen
(c) C Rajagopalchari (d) K.N. Raj
- Which of the following area was the main focus behind the second five year plan?
(a) Agriculture (b) Food export
(c) Poverty (d) Industrialisation.
- Who was the founder of Indian Statistical Institute?
(a) J.C. Kumarappa (b) Shrilal Shukla
(c) P.C. Mahalanobis (d) K.N Raj
- 'Socialist pattern of society' was goal of which five year plan of India?
(a) First Five year Plan
(b) Second Five year plan
(c) Third Five year Plan
(d) Annual Plan
- Who was the author of 'Economy of Permanence'?
(a) P.C. Mahalanobis (b) K.N Raj
(c) J.C. Kumarappa (d) Shrilal Shukla
- Who was also known as 'Milkman of India'?
(a) Verghese Kurien (b) Srikanth
(c) M Swaminathan (d) P.C. Mahalanobis
- Who was the chairperson of planning commission?
(a) Prime Minister
(b) Finance Minister
(c) Defence Minister
(d) Chief Secretary
- What was the reason for Plan holiday in 1966?
(a) Acute economic crisis
(b) BOP crisis
(c) Inflation
(d) World war

Answer Keys

1. (a) 2. (a) 3. (d) 4. (d) 5. (c) 6. (b) 7. (c) 8. (a) 9. (a) 10. (a)