

# Politics of Planned Development

## Fastrack Revision

### ► Political Contestation

- In a democracy or in a democratic country, the final decision must be a political decision, taken by people's representatives who are in touch with the feelings of the people.
- After Independence, everyone agreed that the development of India will take place by economic growth along with social and economic justice.
- There was disagreement on the kind of role that the government must play in ensuring economic growth with justice.

### ► Ideas of Development

- Any discussion on development is bound to generate contradictions, conflicts and arguments.
- 'Development' was about becoming more 'modern' and modern was about becoming more like the industrialised countries of the West.
- Modernisation was associated with the ideas of growth, material progress and scientific rationality.

### ► Planning

- Despite the various differences, there was a consensus on one point: that development could not be left to private sectors. So, there was the need for the government to develop a design or plan for development.

### Knowledge BOOSTER

In 1944, the big industrialists drafted a joint proposal for setting up a planned economy in the country known as Bombay Plan.

- Soon after India became independent, the Planning Commission came into being as Prime Minister its chairperson.

### ► Objectives of Planning

- It helps in the proper utilisation of economic resources
- It helps in the attainment of a fixed goal in a definite time period
- Planning helps for the fulfilment of the basic needs of the society.
- It helps in the removal of various social problems like illiteracy, poverty, backwardness etc., for social development.

### ► Planning Commission in India

- Soon after the Independence a Planning Commission was set up with the PM as the chairman.
- It became the central machinery for deciding the path and strategy of Planning for development.
- It was set up in March 1950 by a resolution of the government of India.
- It was set up under the chairmanship of Prime Minister Nehru.

- The composition of the Planning Commission has kept on changing according to the requirement of the time and interest of the government.
- First Planning Commission was essentially composed of politicians.
- Later on, Nehru added certain members from public men, administrators, economists and other experts.
- Now it consists of both political and non-political men.
- In addition to Chairman and deputy Chairman, there are 10 to 12 other members.
- Among them, there are five or six ministers.

### ► Functions of Planning Commission

- To assess the material, capital and human resources of the country.
- To formulate a plan for the most effective utilisation of the country's resources.
- To suggest machinery for ensuring the successful implementation of each stage of the plan.
- To propose the allocation of resources on the priority.

### ► The Early Initiatives

- The Planning Commission has decided to formulate Five Year plans for the economic development of India. In this case, India followed the model of Soviet Union.
- The idea of Five Year Plan is very simple.

### Knowledge BOOSTER

Government of India prepares a document including all the income and expenditure for the next five years.

### ► First Five Year Plan (1951-56)

- Its aim was to save the Indian economy from poverty and to raise the level of national income.
- The famous economist Dr. K.N. Raj, played an active role in the formulation of first five year plan.
- It gave priority to agricultural sector including the construction of dams, irrigation and hydro-electric projects.
- The agricultural sector was hit harshly by partition and required urgent attention.
- The first five year plan allocated huge funds for large scale projects like Bhakra Nangal and Hirakud Dams.
- The plan identified that the chief obstacle in the path of agricultural development was the land distribution system in the country. Therefore, it also focused attention on land reforms.

### ► Rapid Industrialisation

- It was drafted under the leadership of P.C. Mahalanobis. So, it is also called as Mahalanobis' plan.
- It gave priority to industries.
- Its main aim was to change the pace of industrial development.
- During this period, some heavy industries were established in India like steel industries in Bhilai and Durgapur.

- In order to protect domestic industries, the government imposed tariffs on imports which paved the way for the growth of industries both in the public and private sectors.

### Knowledge BOOSTER

*It is not necessary that all planning always has to be centralised, nor is it that planning is only about big industries and large projects.*

#### ▶ NITI Aayog (National Institution for Transforming India)

- NITI Aayog is a statutory body constituted by the Government of India.
- Made in place of Planning Commission.
- On August 15, 2014, the Prime Minister, Shri Narendra Modi, spoke about replacing Planning Commission.
- This institution constituted after consulting state governments, Members of Parliament, subject matter experts.
- Headquarters in New Delhi.
- Instituted as the Chief Think Tank of the government.
- Will provide dynamism in directional and policy dynamics.
- To provide important and technical advice to the Central and State Governments on the major factors of development.
- To advise the Government on social and economic issues.
- To better economic and political development and management of the country.

#### ▶ Objectives of NITI Aayog

- To develop a vision of national development priorities with active participation of States.
- To provide a draft national agenda to the Prime Minister and the Board of Ministers.
- To build a strong nation.
- Enhancing the initiative and cooperation of continuous structural cooperation.
- Preparation of credible plan at village level.
- To accelerate the work of the development agenda.
- To pay special attention to the deprived sections of the society through economic progress.

- Enhancing knowledge innovation and enterprise through national and international experts and others.

#### ▶ Important Words

- **Planning:** A systematic regulation to optimum use of resources and to reduce wastage of time.
- **Capitalist Economy:** The economy in which private sectors are prioritised in place of social welfare.
- **Socialist Economy:** It aims at the public sector and planning with the aim to establish egalitarian society.
- **Bombay Plan:** It was a joint proposal of a section of big industrialists for setting up a planned economy in the country to be drafted in 1944.

### Knowledge BOOSTER

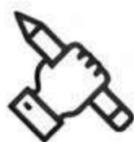
*Planning Commission: It is an 'extra-constitutional body' to make plans for the country to set up in March 1950 with the Prime Minister as its Chairman.*

- **Plan Budget:** It is the amount that is spent on a five-year basis as per the priorities fixed by the plan.
- **Mixed Economy:** The economy in which the private and the public sector both co-exist.



### Important Dateline

Date/Year	Important Dateline
1950	— Setting of Planning Commission of India
1951-1956	— First Five Year Plan
1956-1961	— Second Five Year Plan
1961-1966	— Third Five Year Plan
1969-1974	— Fourth Five Year Plan
1974-1979	— Fifth Five Year Plan
1980-1985	— Sixth Five Year Plan
1985-1990	— Seventh Five Year Plan
1992-1997	— Eighth Five Year Plan
1997-2002	— Ninth Five Year Plan
2002-2007	— Tenth Five Year Plan
2007-2012	— Eleventh Five Year Plan
2012-2017	— Twelfth Five Year Plan
2014	— Planning Commission of India dissolved
2015	— NITI Aayog succeeds Planning Commission of India



## Practice Exercise



### Multiple Choice Questions

Q 1. Which of these statements about the Bombay Plan is incorrect? (NCERT)

- It was a blueprint for India's economic future
- It supported state-ownership of industry
- It was made by some leading industrialists
- It supported strongly the idea of planning

Q 2. .... acts as a think tank of the Union Government. (CBSE SQP 2020)

- NITI Aayog
- Yojana Aayog
- Election Commission of India
- Ministry of External Affairs

Q 3. .... Policy has been adopted by NITI Aayog. (CBSE SQP 2020)

- Make in India
- Come on India
- Start-up India
- Swachh Bharat

Q 4. Planning Commission was setup by ..... (CBSE 2023)

- Constitution of India
- President of India
- a resolution of Government of India
- the Constituent Assembly

Q 5. Why J.C. Kumarappa supported the plan of industrialisation of rural areas?

- For the ground level development
- To help the poor
- To escape the vicious circle of poverty
- To boost up the economy

- Q 6. Which one of the following was not a part of the early phase of India's development policy?**  
(CBSE 2019)
- Planning
  - Self sufficiency
  - Privatisation
  - Social and economic justice
- Q 7. When were the restrictions on private industries imposed?**
- 1960s
  - 1970s
  - 1990s
  - 1950s
- Q 8. .... play an important role in the economy of developing countries like India.**
- Private sectors
  - Public sectors
  - Union ministers
  - State government
- Q 9. Which factor was responsible for discouraging research and development in manufacturing sector?**
- Goods manufactured by local industries
  - Poor Import and export policy
  - Export restrictions on goods manufactured in India
  - All of the above
- Q 10. On which model was "The Planning Commission" of India setup?**
- Calcutta Model
  - Bombay Plan
  - National Development Model
  - None of the above
- Q 11. Which among the following statements about the "Bombay Plan" is incorrect?**  
(CBSE 2023)
- It was the blueprint for India's Economic future
  - It supported the state ownership of industry
  - It was made by some leading industrialists
  - It strongly supported the idea of planning
- Q 12. In 1946, who was chairman of the Planning Advisory Board?**
- K C Neogy
  - Sardar Patel
  - Dr. Ambedkar
  - None of these
- Q 13. NITI Aayog was set up:**
- to bring more accuracy in the development
  - because people had expectations for growth and development in the administration through their participation
  - so that departments could be included in Planning Commission
  - All of the above
- Q 14. When the NDC was setup?**
- August 6, 1952
  - December 6, 1952
  - August 7, 1952
  - June 10, 1952
- Q 15. Identify the stages of modernisation:**
- Agrarian society
  - Drive to maturity
  - Age of high consumption
  - All of the above
- Q 16. Who appoints the Vice-Chairperson of NITI Aayog?**  
(CBSE 2021, Term-1)
- The Prime Minister
  - The President
  - The Chief Executive Officer
  - The Finance Minister
- Q 17. Which one of the following is not the objective of NITI Aayog?**  
(CBSE 2023)
- To provide strategic input to development process of India
  - To serve as the Think Tank of the Government of India
  - To arrange funds for the developmental programmes
  - To put an end to the tardy implementation of policies
- Q 18. NITI Aayog serves as a think-tank to promote ..... federation where government acts as a ..... with the help of technology. Select the correct option.**
- Competitive, controller
  - Comparative, central authority
  - Cooperative, facilitator
  - Correlated, enable
- Q 19. Why was the Planning Commission replaced by NITI Aayog?**  
(CBSE 2021, Term-1)
- More push was required to cope with the pressing challenges of development.
  - The Planning Commission was unacceptable by the people.
  - The Planning Commission was not desirable by the leaders.
  - It was inadmissible by the opposition.
- Q 20. Which one of the following commissions was formed for the planned development of India, just after independence?**  
(CBSE 2021, Term-1)
- Election Commission
  - Planning Commission
  - Shah Commission
  - NITI Aayog
- Q 21. Who among the following served as the Vice Chairman of NITI Aayog?**
- Rajiv Kumar
  - Amitabh Kant
  - Raghuram Rajan
  - None of these
- Q 22. In which year was the NITI Aayog constituted?**  
(CBSE 2021, Term-1)
- 2014
  - 2015
  - 2016
  - 2017
- Q 23. Which of the following statements about NITI Aayog are true?**  
(CBSE 2021, Term-1)
- NITI Aayog acts as a 'think tank' of the Union Government.
  - NITI Aayog acts against terrorism.
  - NITI Aayog acts in the spirit of cooperative federalism.
  - NITI Aayog decides more role for bigger states and smaller role for smaller states.

Choose the correct option:

- a. (i), (ii) and (iv)                      b. (iii) and (iv)  
c. (i), (iii) and (iv)                      d. (i) and (iii)

**Q 24. What was the main focus of the Second Five Year Plan?** (CBSE 2021, Term-1)

- a. Agriculture  
b. Industrialisation  
c. Education  
d. Transportation

### **Assertion & Reason** Type Questions ↘

**Directions (Q.Nos. 25-29):** In the questions given below, there are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the correct option:

- a. Both (A) and (R) are true and (R) is the correct explanation of (A).  
b. Both (A) and (R) are true, but (R) is not the correct explanation of (A).  
c. (A) is true, but (R) is false.  
d. (A) is false, but (R) is true.

**Q 25. Assertion (A):** 'Development' was about becoming more 'modern' and modern was about becoming more like the industrialised countries of the West.

**Reason (R):** It was believed that every country would go through the process of modernisation as in the West, which involved the breakdown of traditional social structures and the rise of capitalism and liberalism.

**Q 26. Assertion (A):** Development could not be left to private actors, that there was the need for the government to develop a design or plan for development.

**Reason (R):** The Bombay Plan wanted the state to take major initiatives in industrial and other Economic investments.

**Q 27. Assertion (A):** The First Five Year Plan (1951–1956) sought to get the country's economy out of the cycle of poverty.

**Reason (R):** 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.

**Q 28. Assertion (A):** NITI Aayog is a non-constitutional body.

**Reason (R):** The Chief Minister of India is the Ex-Officio Chairman of NITI Aayog.

**Q 29. Assertion (A):** The Second Five Year Plan stressed on heavy industries. It was drafted by a team of economists and planners under the leadership of P.C. Mahalanobis.

**Reason (R):** However, the Second Five Year Plan was responsible for the ruin of the agriculture as it did not have enough funding to support it.

### **Fill in the Blank** Type Questions ↘

**Q 30.** The development of the national economy cannot be left only on .....

**Q 31.** McDonald's investment in India to increase its stores is an example of .....

**Q 32.** National Development council symbolises the ..... approach to planning.

**Q 33.** The reason for setting up of the ..... is that people had expectations for growth and development in the administration through their participation.

### **True or False** Type Questions ↘

**Q 34.** Bombay plan was a blueprint for India's economic future.

**Q 35.** During 1965-67, Bihar faced a near Famine situation.

**Q 36.** The Constitution of India has guaranteed certain Fundamental Rights to the Citizens of India and enunciated certain Directive Principles of State Policy.

### **Correct and Rewrite** Type Questions ↘

**Q 37.** The Government of India replaced the Planning Commission with a new planning organisation.

**Q 38.** The Government of India has guaranteed certain Fundamental Rights to the Citizens of India.

## Answers

1. (a)    2. (a)    3. (a)    4. (d)    5. (c)  
6. (c)    7. (a)    8. (b)    9. (c)    10. (b)  
11. (b)    12. (a)    13. (b)    14. (c)    15. (d)  
16. (a)    17. (c)    18. (c)    19. (a)    20. (b)  
21. (a)    22. (b)    23. (c)    24. (b)    25. (a)  
26. (b)    27. (b)    28. (c)    29. (c)

30. Private Sectors

33. NITI Aayog

31. FDI

34. False

32. Federal

35. True

36. True

37. The Government of India replaced the Planning Commission with a new Institution named NITI Aayog.

38. The Constitution of India has guaranteed certain Fundamental Rights to the Citizens of India.



## Passage Based Questions

### Passage 1

Read the passage given below and answer the questions that follow by choosing the most appropriate option:

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. You have already studied these two ideologies and read about the 'cold war' between the two super powers. There were many in India then who were deeply impressed by the Soviet model of development. These included not just the leaders of the Communist Party of India, but also those of the Socialist Party and leaders like Nehru within the Congress. There were very few supporters of the American style capitalist development.

- Q 1. Which economic models did India have before it on the eve of independence?**  
 a. Socialist Model                      b. Capitalist Model  
 c. Mixed economy model              d. Both a. and b.
- Q 2. The nationalist leaders believed that .....**  
 a. the government was responsible for poverty alleviation and social economic redistribution  
 b. the government should encourage commercial functions  
 c. the government only needed to take care of elections  
 d. None of the above
- Q 3. The idea of planning was drawn from .....**  
 a. the Bombay Plan  
 b. Gandhian vision of society  
 c. experiences of the Soviet bloc countries  
 d. Both a. and b.
- Q 4. Which of the following were not a part of India's development in the early phase?**  
 a. Liberalisation                      b. Self-sufficiency  
 c. None of these                      d. Both a. and b.

### Answers

1. (d)    2. (a)    3. (d)    4. (a)

### Passage 2

Read the passage given below and answer the questions that follow by choosing the most appropriate option:

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. Elements from both these models were taken and mixed together in India. That is why it was described as 'mixed economy'. Much of the agriculture, trade and industry were left in private hands. The state controlled key heavy industries, provided industrial infrastructure regulated trade and made some crucial interventions in agriculture.

- Q 1. Which were the two known paths to development?**  
 a. Capitalist mode of development  
 b. Socialist mode of development  
 c. Mixed model of development  
 d. Both a. and b.
- Q 2. What was the main feature of the mixed economic model?**  
 a. The state controlled key industries  
 b. The state provided industrial infrastructure  
 c. Regulated trade and made crucial interventions in agriculture  
 d. All of the above
- Q 3. The mixed model however was criticised from both ..... and .....**  
 a. industrialists; peasants  
 b. opposition; foreign governments  
 c. left; right  
 d. USSR; USA
- Q 4. How is a mixed economy model implemented?**  
 a. Government plans and regulates economy  
 b. Licensing and subsidies and progressive taxing is adopted  
 c. Public sector performs a significant role  
 d. All of the above

### Answers

1. (d)    2. (d)    3. (c)    4. (d)



## Very Short Answer Type Questions

- Q 1. According to the guidelines of the Second Five Year Plan, how did the government try to protect the domestic industries?**  
**Ans.** The Second Five Year Plan focused on industrialisation in rural areas to protect the domestic industries.
- Q 2. Which institution has replaced the Planning Commission?**  
**Ans.** NITI Aayog (CBSE SQP 2019)
- Q 3. What was the main aim of launching "Make In India" campaign?**  
**Ans.** The Make in India initiative was launched by Prime Minister in September 2014 as part of a wider set of nation-building initiatives. Devised to transform India into a global design and manufacturing hub. Make In India was a timely response to a critical situation.

**Q 4. What is "Bottom-up Approach"?**

**Ans.** This approach is adopted by the NITI Aayog in order to act in spirit of cooperative federalism to ensure equal participation of all the states in the country regarding five year plan.

**Q 5. Who is the ex-officio chairperson of the Planning Commission of India?**

**Ans.** Prime Minister of India.

**Q 6. What was "Bombay Plan"?**

**Ans.** A section of the big industrialists got together in 1944 and drafted a joint proposal for setting up a planned economy in the country. It was called the Bombay Plan. They wanted the state to take major initiatives in industrial and other economic investments.

**Q 7. Who was P.C. Mahalanobis?**

**Ans.** P.C. Mahalanobis was the founder of Indian Statistical Institute (1931). He was chief architect of Second Five Year Plan. He supported rapid industrialisation and active role of the public sector.

**Q 8. Explain any two reasons for the formation of the NITI Aayog in place of the Planning Commission by the Union Government? (CBSE 2023)**

**Ans.** The reasons for the formation of the NITI Aayog are:

- (i) Institute as the Chief Think Tank of the government.
- (ii) Will provide dynamism in directional and policy dynamics.
- (iii) To provide important and technical advice to the Central and State governments on the major factors of development.
- (iv) To advise the government on social and economic issues.
- (v) To better economic and political development and management of the country.

 **Cartoon Based Question** ↘

**Q 1. Study the cartoon given below carefully and answer the following question:**



**(i) What does the above cartoon signify?**

**Ans.** The above cartoon signifies the contradiction over the planning developmental strategies among the leaders over public sector and private sector.

**(ii) Who is the person in the middle of the astride and what does he try to do?**

**Ans.** Prime Minister Pt. Nehru is in the middle of the astride and he is trying to balance both the sectors with the formidable elements of public sectors and private sector taken together and mixed in the new model called mixed economy.

**(iii) List any two elements of mixed model.**

**Ans.** The two elements of mixed economy are:

- (a) Most areas of agriculture, trade and industry were given to the private sector.
- (b) State have controlled key heavy industries, provided industrial infrastructure, regulated trade and made some crucial interventions in agriculture.

 **Short Answer Type Questions** ↘

**Q 1. Differentiate between the capitalist and the socialist models of development.**

**Ans.** The capitalist economic model allows free market conditions to drive innovation and wealth creation. The socialist based economy incorporates elements of centralised economic planning, utilised to ensure conformity and to encourage equality of opportunity and economic outcome.

**Q 2. What is meant by decentralised planning?**

**Ans.** Decentralised planning is a strategy to involve people directly in development activities through voluntary citizens' organisations. The state also takes initiatives to involve people in making plans at the panchayat, block and district level.

**Q 3. Write the meaning and importance of economic planning in the Indian context.**

**Ans.** Planning always plays a crucial role in the economic development of the country. Economic planning is a strategy to achieve the goal of economic development by pursuing a policy of planned economy. Planning opens a new opportunities for development for people and also enhance the standard of living.

**Q 4. State two objectives of Planning.**

**Ans.** The two objectives of planning are-

- (i) To make the economy self reliant and self generating.
- (ii) To achieve growth with justice.

**Q 5. When and how was the Planning Commission set up?**

**Ans.** The Planning Commission of India was set up in 1950 by a simple resolution of the Government of India. It is supposed to be 'advisory' in nature but in reality it is very powerful and is called the 'Economic Cabinet of the Country'.

**Q 6. Give the composition of the Planning Commission.**

**Ans.** The composition of Planning Commission are:

- (i) The Planning Commission consists of the Prime Minister as its chairman, some ministers who are incharge of important portfolios and some other members.
- (ii) It is a multi-member body. The members have a high public image and have an administrative and educational background.

**Q 7. How is decision taken in a democracy regarding socio-economic development of the country?**

**Ans.** In a democracy decision is taken and approved by the people themselves. In other words, final decision must be taken by people's representatives who are in touch with the feeling of the people.

At the same time it is important to take advice from experts ranging from environmentalists and economists. Thus, decision in democracy involves political contestation.

**Q 8. Define the term 'Mixed Economy'.**

**Ans.** Mixed economy is an economy where both the public and private sectors coexist.

- (i) In this system both the sectors work within the invisible hand of the market and the visible hand of planning.
- (ii) Mixed Economy means of production are to aimed at social welfare and private owned means of production are to be regulated by the state.

Thus, the aim of such an economy was to attain rapid economic development and ensure that no exploitative and restrictive tendencies emerged in the economy.

**Q 9. Why did India opt for more emphasis on the public sector?**

**Ans.** India emphasised more on the public sector not due to its tilt towards the socialist ideology but due to historical necessity to speed up India's development in a capitalist framework.

This was done as the private enterprises had neither the resources like money, nor the skill or technical personnel, nor the inclination to invest heavily in areas where returns would come much later due to long gestation periods.

**Q 10. In what ways the foundation of India's future economic growth were laid down?**

**Ans.** During the planning years the foundations of India's future economic growth were laid down:

- (i) Some of the largest developmental projects in India's history were undertaken during this period. These included mega dams like Bhakhra-Nangal and Hirakud for irrigation and power generation.

- (ii) Some of the heavy industries in the public sector- steel plants, oil refineries, manufacturing units, defence production, etc. were started during this period.

- (iii) Infrastructure for transport and communication was improved substantially.

**Q 11. Evaluate the major outcomes of the Indian model of mixed economy.** (CBSE 2016)

**Ans.** Outcomes of the Indian Model of Mixed Economy:

- (i) Much of the agriculture, trade and industry were left in private hands.

The state controlled heavy key industries, provided industrial infrastructure, regulated trade and some crucial interventions in agriculture. This led to the growth of both private and public sector which became the basis for future development.

**Q 12. What was the major thrust of the First Five Year Plan? In which ways did the Second Plan differed from the first one?** (NCERT)

OR

**State any two differences between the First Five Year Plan and the Second Five Year Plan.**

(CBSE SQP 2023-24)

**Ans.** The main points of difference between the First Five Year Plan and Second Five Year Plan were:

- (i) The first plan focused on land reforms in rural areas, whereas, the second plan focused on industrialisation in rural areas.
- (ii) The first plan focused on slow but steady growth of National Income, whereas the second Plan focused on rapid industrialisation for overall growth of the economy.

**Q 13. Evaluate the major outcomes of the Indian model of mixed economy.** (CBSE 2016)

**Ans.** The major outcomes of the Indian model of mixed economy:

- (i) Private sectors and public sectors flourished well
- (ii) State controlled the key industries and provided industrial infrastructure.
- (iii) The enlarged public sector provided powerful vested interests that built enough hurdles for private capital by way of installing the license and permit system.
- (iv) The state intervened into areas where private sector made profits. The policy of state restricted imports of goods and production in the domestic market.

### COMMON ERROR

Generally, many students get confused and write feature of centrally planned economy.



### TIP

Students should learn types of economy separately.

**Q 14. Which model of modern development were there before India on the eve of Independence? Which model did India decide to choose and why?**

(CBSE 2015)

**Ans.** On the eve of Independence, India had two models of modern development before it, they were the liberal- capitalist model as in much of Europe and the US and the socialist model as in the USSR. India decided to choose socialist model of USSR because:

- (i) There were many in India then who were deeply impressed by the Soviet model of development.
- (ii) These included not just the leaders of the Communist Party of India, but also those of the socialist party and leaders like Nehru within the Congress.

**Q 15. How was the Planning Commission of India set up? Mention its scope of work.**

**Ans.** The Planning Commission was set up by a simple resolution passed by Government of India in March 1950. The Planning Commission has a advisory role and its recommendations become effective when government approves them.

#### **Scope of Work of Planning Commission**

The Planning Commission drafts the Five Year Plans for keeping all resources in mind when it is drafted. The resolution which set-up the commission defined the scope of its work in the following terms:

- (i) The Constitution of India has guaranteed certain Fundamental Rights to the citizens of India.
- (ii) It enunciated certain Directive Principles of State Policy in particular. According to it, the state shall strive to promote the welfare of the people by securing and protecting a social order in which justice, social, economic and political shall direct its policy towards securing among other things.

**Q 16. What led to the policy makers to reduce the importance of state in India's economy from 1980s onwards?**

**Ans.** Following factors led to reduce the importance of state in India's economy from 1980's onwards:

- (i) The period of 1980s is seen as a period of rising regional aspirations for autonomy, often outside the framework of the Indian Union.
- (ii) Movements for autonomy involved armed assertions by the people, their repression by the government, and a collapse of the political and electoral processes.
- (iii) Most of those movements were long drawn and concluded in negotiated settlements or accords between the Central Government and the groups leading the movements for autonomy.

**Q 17. Explain any two functions of the NITI Aayog?**

(CBSE 2023)

- Ans.**
- (i) To develop a vision of national development priorities with active participation of States.
  - (ii) To provide a draft national agenda to the Prime Minister and the Board of Ministers.
  - (iii) To build a strong nation.
  - (iv) Enhancing the initiative and cooperation of continuous structural cooperation.
  - (v) Preparation of credible plan at village level.
  - (vi) To accelerate the work of the development agenda.



### **Long Answer** Type Questions ↘

**Q 1. Describe briefly the composition and four functions of the Planning Commission of India.**

**Ans.** The Planning Commission at the center is the apex body in the planning machinery of the country. The Planning Commission was set up in March 1950 by a resolution of the Government of India. In 1950, Planning Commission was set up under the chairmanship of Prime Minister Pt. Jawaharlal Nehru.

**Organisation of Planning Commission:** The composition of the Planning Commission has kept on changing according to the requirements of the time and whims of the government. The first Planning Commission consisted of a Chairman, a Deputy Chairman and five members. The Prime Minister is the Chairman and the Planning Minister is the Deputy Chairman. First Planning Commission was essentially composed of politicians.

Later on, Pt. Nehru added certain members from the public such as administrators, economists, and technical experts. Then, the Planning Commission came to combine the political and non-political men. In addition to Chairman and Deputy Chairman, there are ten to twelve other members. Among them, there are five to six ministers, e.g., Minister for Human Resources Development, Finance Minister, Home Minister, Minister of Agriculture, and Minister of State for Planning. Besides, there are a few more members.

The Commission is divided into three major parts:

- (i) Programme Advisors
- (ii) General Secretariat and
- (iii) Technical Division.

#### **Functions of the Planning Commission**

The resolution which created the Planning Commission mentioned the following functions of the Planning Commission :

- (i) **Assessment of Country's Resources:** To assess the material, capital, and human resources of the country, including technical personnel, and to investigate the possibilities of augmenting such of those resources as are found to be deficient in relation to the nation's requirements.
- (ii) **Formulation of Plans:** To formulate a plan for the most effective and balanced utilisation of the country's resources.
- (iii) **Determine Priorities:** To define the stages of the Plan and propose the allocation of resources on the determination of priorities. The Ninth Plan has given priorities to the power sector, transport and communications.
- (iv) To indicate the factors which are tending to retard economic development and determine the conditions in view of the current social and political situation should be established for the successful execution of the plan.
- (v) To suggest machinery for securing the successful implementation of each stage of the plan.
- (vi) To appraise from time to time the progress made in the execution of each stage of the plan and to recommend necessary adjustments in policy and measures as may be necessary for the light of such appraisal.
- (vii) To make such interim recommendations on the basis of the prevailing economic conditions, current policies, etc., as may appear to be appropriate.
- (viii) To examine such specific problems as may be referred to it for advice by the Central and State Governments.

Besides the above-mentioned functions, another most important task of the Planning Commission is that of formulating the plans for development and assessment of their performance. Originally, Planning Commission was set up as an expert advisory body only. But with the passage of time, the Planning Commission has built for itself a status of high prestige and commanding influence: In view of the enormous increase in the powers of the Planning Commission, it has come to be known as the Economic Cabinet.

In January 2015, NITI Aayog was established in place of the Planning Commission.

**Q 2. Examine the different areas of agreement and disagreement with respect to the model of economic development to be adopted in India after independence.** (CBSE 2016)

OR

**Elaborate any three arguments given by the critics against the mixed model of the economy adopted by India.** (CBSE 2019)

**Ans. (i) Agreement of Economic Model:** After Independence, there were lot of discussion with respect to the model of economic development to be adopted in India. 'Development' was about becoming more 'modern' and modern was about becoming more like the industrialised countries of the West. Indian planners did not follow any of the two known models of development i.e. capitalist model of development and socialist model of development.

India adopted both elements of these models that is why Indian economy is called Mixed Economy. Private sectors and public sectors flourished well. In India, state controlled the key Industries and provided industrial infrastructure.

**(ii) Disagreement of the Economic Model:** A mixed economy was criticised by many scholars and they argued that the planners had refused the private sector with enough space and the stimulus to grow. The enlarged public sector provided powerful vested interests that built enough hurdles for private capital by way of installing the license and permit systems.

Some critics have opinion that the era of public sectors where poverty did not decline even number of poor were adversely increased. The public sector did not spend much money on health care and education. The state intervened into areas where private sector made profits. The policy of state restricted import of goods and production in the domestic market. Little or no competition left the private sector with no incentive to improve their products and make them cheaper.

After all this criticism government adopted the policy of globalisation, liberalisation and privatisation in 1991. This policy is called new economy policy where private firms enjoy their independence and government interferes only in economic matters.



## Chapter Test

### Multiple Choice Questions

- Q 1. The idea of five year plan was adopted in India from:
- United States of America
  - Japan
  - United Soviet Socialist Republics
  - Australia
- Q 2. The Planning Commission in India was set up in:
- 1953
  - 1957
  - 1960
  - 1950

### Fill in the Blank Type Questions

- Q 3. .... was introduced to bring about revolutionary changes in agriculture.
- Q 4. The principal obstacle in the way of agricultural growth was the .....

### Assertion and Reason Type Questions

Directions (Q.Nos. 5-6): In the questions given below, there are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the correct option:

- Both (A) and (R) are true and (R) is the correct explanation of (A).
  - Both (A) and (R) are true, but (R) is not the correct explanation of (A).
  - (A) is true, but (R) is false.
  - (A) is false, but (R) is true.
- Q 5. Assertion (A): The first five year plan (1951-1956) sought to get the country's economy out of the cycle of poverty.  
Reason (R): 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.
- Q 6. Assertion (A): Huge allocations were made for large scale projects like the Bhakra Nangal Dam.  
Reason (R): Agricultural sector was hit hardest by partition and needed urgent attention.

### Passage Based Question

- Q 7. Read the passage given below and answer the questions that follow:
- India did not follow any of the two known paths to development..... Elements from both these models were taken and mixed together in India. That is why Indian economy was described as 'mixed economy'.

- Name the two models/paths to development.
- Why was either of the two models not fully accepted by India? Give at least one major reason for each.
- Highlight any two features of India's mixed economy based on the above said two models.

### Cartoon Based Question

- Q 8. Study the cartoon given below carefully and answer the question that follow:



- What does the above cartoon signify?
- Who is the person in the middle of the astride and what does he try to do?
- List any two elements of mixed model.

### Very Short Answer Type Questions

- Q 9. What was the main objective of the Second Five Year Plan?
- Q 10. In which year Planning Commission was set up and who was the first Chairman of Planning Commission?

### Short Answer Type Questions

- Q 11. Why was Planning Commission abolished?
- Q 12. Mention any two merits of Green Revolution.

### Long Answer Type Question

- Q 13. Describe the functions of National Development Council.