

ECONOMIC PLANNING

★ Meaning :

- India adopted economic planning in 1951 when it launched its 'First Five Year Plan' for the period 1951 to 1956. Since then, India has witnessed Twelve five Year Plans.
- The present government had, however, discontinued the five year plan system and a new mechanism was put into place.
- The Five Year Plans were laid to rest by the Narendra Modi-led NDA (National Democratic Alliance) government in 2015.
- The decades-old five-year plans was replaced by a three-year strategy paper and a 15-year vision document.
- The NITI Aayog has replaced the Planning Commission in the Modi cabinet and launched three-year action plans from April 1, 2017, onwards.

★ Definition :

"Economic planning is essentially a way of organizing and utilizing resources to maximum advantage in terms of social ends."

* Characteristics of Economic Planning :

1. A system of Economic Organization =>
In this feature of economic planning, it consists of various comprehensive activities of production, consumption, distribution, exchange, and finance are planned and defined in a coordinated manner to attain various economic & social objectives.

2. Determination of Target & Priorities =>
In this, the economic and social targets are well defined in the process of economic planning. A certain priority is also determined for these targets.

3. Central Planning =>
All the activities of economic planning are performed by the central planning authority. This authority is known as the planning commission. All the decisions are taken by this authority.

4. Certain Period =>
The process of economic planning involves the determination of economic plans for a certain or specific period.

For example => In India, an economic plan is prepared for 5 years. After completing

One five year plan another plan is launched.

5. Economic and Social Government :->

The main motive of economic planning is economic development and social welfare. All possible efforts are made to achieve balanced growth.

★ Importance of Economic Planning :

1. Reliable Statistical Data =>

Economic Planning is dependent heavily on statistics so that there can be the proper fixation of targets and priorities.

2. Suitable Economic Organization =>

The planning commission was set up in India with the desired objective of attaining economic stability and social welfare. This organization will streamline the production, consumption, distribution, and exchange mechanism to attain desired results.

3. The existence of strong and stable government =>

The progress of the nation rests on the shoulders of the central government. A strong and progressive government will provide a sound infrastructure for economic planning.

Maintenance of Proper Balance =>

A proper balance between agriculture and industry, public and private sector, urban and rural areas, cotton and heavy industries should be maintained thus, resulting in economic progress.

Proper fixation of Target & Priorities =>

Priorities are set up in the progress of economic planning. A certain priority order is determined for the attainment of these targets. The focus is on more economic and social targets.

Efficient and Clean Administration =>

Economic planning will be effective only when the administration is a sound one and free from the roots of corruption. All the policies should be progressive and should lay a lot of emphasis on human development.

Objectives of Economic Planning in India :

The main objective of economic planning in India Economic Development of India is measured by the increase in GDP and per capita.

- Bring about an increase in agricultural production so that the country becomes self-sufficient in food and grain production.
- Use the human resource in the country optimally by making increasing employment opportunities available.
- Remove the inequality in earnings and wealth.
- Increase in the national income.
- Maintain stable prices of commodities.
- Bring the growth in population under control by family planning.
- Improve the standards of living by eradicating poverty.
- Develop social services.
- Make the economy self-sufficient.