

## JAIB IE & IFS Module A (Unit 3- Economic Planning In India and NITI Aayog)

### DEFINITION OF ECONOMIC PLANNING

Planning, as a broader term, is characterised in a variety of ways. Economist H. D. Dickinson defines economic planning as “the making of major economic decisions—what and how much is to be produced and to whom it is to be allocated by the conscious decision of a determinate authority, on the basis of a comprehensive survey of the economic system as a whole.”

The National Planning Committee, set up in 1938 by the Indian National Congress defined planning in India as

“Planning, under a democratic system, may be defined as the technical coordination, by disinterested experts of consumption, production, investment, trade, and income distribution, in accordance with social objectives set by bodies representative of the nation.”

### OBJECTIVES OF ECONOMIC PLANNING IN INDIA

- i. Economic Growth
- ii. Poverty Alleviation
- iii. Employment Generation
- iv. Social justice and reducing the inequalities
- v. Self-reliant economy
- vi. Modernisation of the economy

#### **Planning Commission**

Planning Commission was set up by the Government of India in **March 1950**.

The planning process was initiated in April 1951 when the **First Five Year Plan** was launched.

The Planning Commission of India was a **non-constitutional and non-statutory body**, which was responsible to formulate India's five years plans for social and economic development in India.

- India's Five year plans were very much impressed by the rapid strides achieved by the USSR through five years plans.
- Prime minister of India is the Ex-officio chairman of the planning commission.
- Chairman: Prime Minister.

### ASSESSMENT OF FIVE-YEAR PLAN PERFORMANCE

- Seven of the twelve five-year plans experienced lower growth rates than expected.
- Negative per capita income growth has recorded in times such as 1971–72 and 1991–92.

## National development council

The NDC is the apex body for decision creating and deliberations on development matters in India , presided over by the Prime Minister.

It was set up on 6 August 1952 to strengthen and mobilize the effort and resources of the nation in support of the Five Year Plans made by Planning Commission.

### NITI AAYOG

- The National Institution for Transforming India, was formed on **January 1st, 2015**.
- Chairman: Prime Minister.
- It replaced the Planning Commission, this was done in order to better serve the needs and aspirations of the people of India.

NITI Aayog is the premier policy 'Think Tank' of the Government of India, providing both directional and policy inputs. While designing strategic and long term policies and programmes for the Government of India, NITI Aayog also provides relevant technical advice to the Centre and States.

## FINANCIAL RESOURCES FOR ECONOMIC PLANS

In India, there are three key sources of funds available for funding Economic Plans:

- i. Domestic Budgetary Sources
- ii. Deficit Financing and
- iii. Foreign Assistance

- Q1.** Which of the following was a major reason for the formation of NITI Aayog, replacing the Planning Commission?
- (a) To focus primarily on local government issues
  - (b) To increase centralization of policy power
  - (c) To address modern challenges with a more flexible and cooperative approach to policy formulation
  - (d) To control the economic affairs of private enterprises

**Ans: (c)**

- Q2.** Which of the following statements is true about India's Five-Year Plans?
- (a) Only two Five-Year Plans had lower-than-expected growth rates.
  - (b) There was negative per capita income growth during some years, such as 1991-92 and 1971-72.
  - (c) The Five-Year Plans have always led to positive economic growth.
  - (d) Per capita income growth has never been negative in any of the Five-Year Plans.

**Ans: (b)**

- Q3.** According to H.D. Dickinson, what are the two primary questions that economic planning seeks to answer?
- (a) What goods and services should be produced, and what will the prices be?
  - (b) What and how much is to be produced, and to whom it is to be allocated?
  - (c) Who should own the means of production, and how should taxes be levied?
  - (d) What foreign policies should be adopted, and how should imports and exports be controlled?
- Ans: (b)**

- Q4.** Which of the following statements about the National Development Council (NDC) is correct?
- (a) It was established after the Planning Commission was dissolved.
  - (b) It was the highest body in India for discussing development issues.
  - (c) It operates under the supervision of the Reserve Bank of India.
  - (d) It focuses primarily on military and defense policies.
- Ans: (b)**

- Q5.** Which of the following best describes the nature of the Planning Commission of India?
- (a) A constitutional and statutory body created by an amendment to the Indian Constitution.
  - (b) A non-constitutional and non-statutory body responsible for planning India's social and economic development.
  - (c) A government agency with powers to legislate on economic matters.
  - (d) A temporary advisory body established only to oversee the drafting of the Five-Year Plans.
- Ans: (b)**

- Q6.** In the context of financing India's economic plans, what is "deficit financing"?
- (a) Borrowing funds from international markets
  - (b) Government spending without adequate revenue generation, covered by borrowing or printing money
  - (c) A system of increasing taxes to meet the economic plan goals
  - (d) Foreign aid and loans to meet the country's budgetary needs
- Ans: (b)**

- Q7.** Foreign Assistance in India for funding economic plans typically comes in the form of:
- (a) Loans and grants from foreign countries and international organizations
  - (b) Stock market investments
  - (c) Domestic tax revenues
  - (d) Government bonds
- Ans: (a)**

