

CHAPTER 3

POLITICS OF PLANNED DEVELOPMENT

The Savvy Humanities | Premium Handwritten + Exam-Oriented Notes



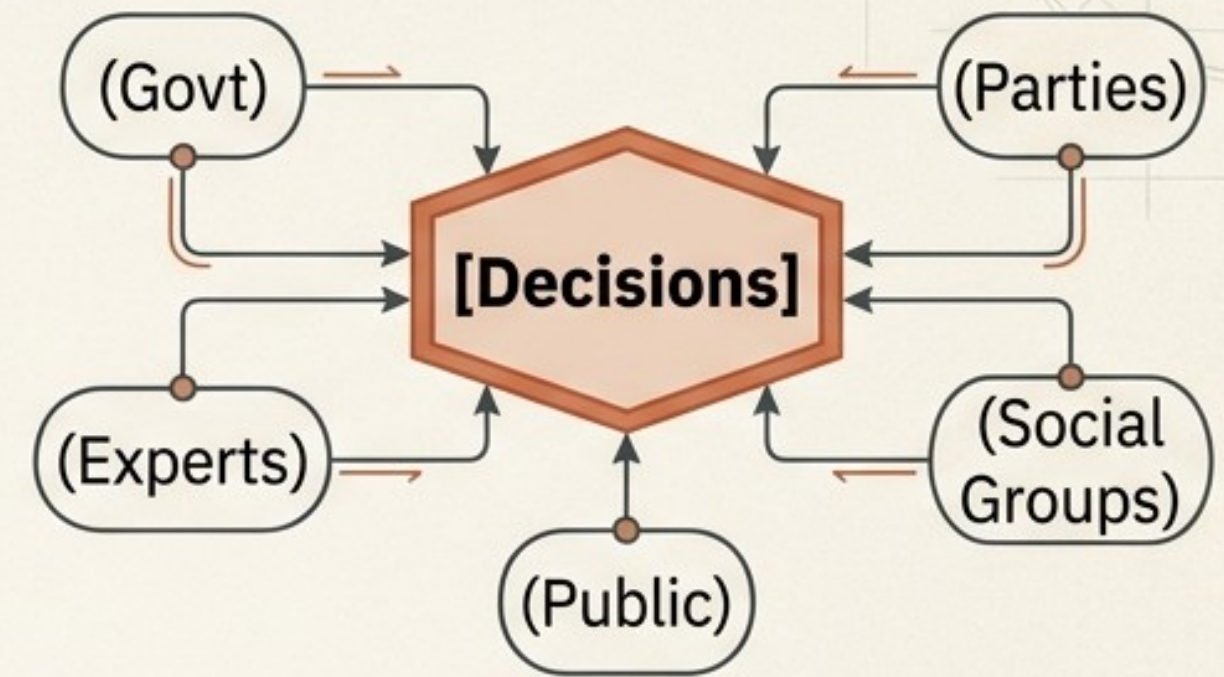
1. Development: The Political Context

After Independence, India faced dual challenges: economic development and ensuring the well-being of all.

Development involved important political choices:

- Role of the state?
- Public vs. Private balance?
- Industrialisation vs. Agriculture priority?

2. Political Contestation



In a democracy, final decisions require public representatives balancing expert advice and public concern.

The Orissa Example:

Illustrates how development creates conflict. (Industry & Govt) 🏭 vs. (Farmers, Tribals, Environmentalists & Local residents). 🌾👤🌿

3. What is Left and What is Right?

LEFT.

- Favoured greater state control
- Supported regulation of private competition
- Emphasised equality
- Favoured a strong public sector.

Core Debate:
How much
should the state
control the
economy?

RIGHT.

- Favoured greater economic freedom
- Supported free-market competition
- Emphasised a greater role for private enterprise
- Preferred less state intervention.

5. Models of Development

Liberal-Capitalist Model (West/USA)

→ Market & private enterprise.

Socialist Model (USSR)

→ Planning & state role.

Indian leaders (Nehru, Socialists/Communists) were influenced by the USSR, but **India did not simply copy either model.**

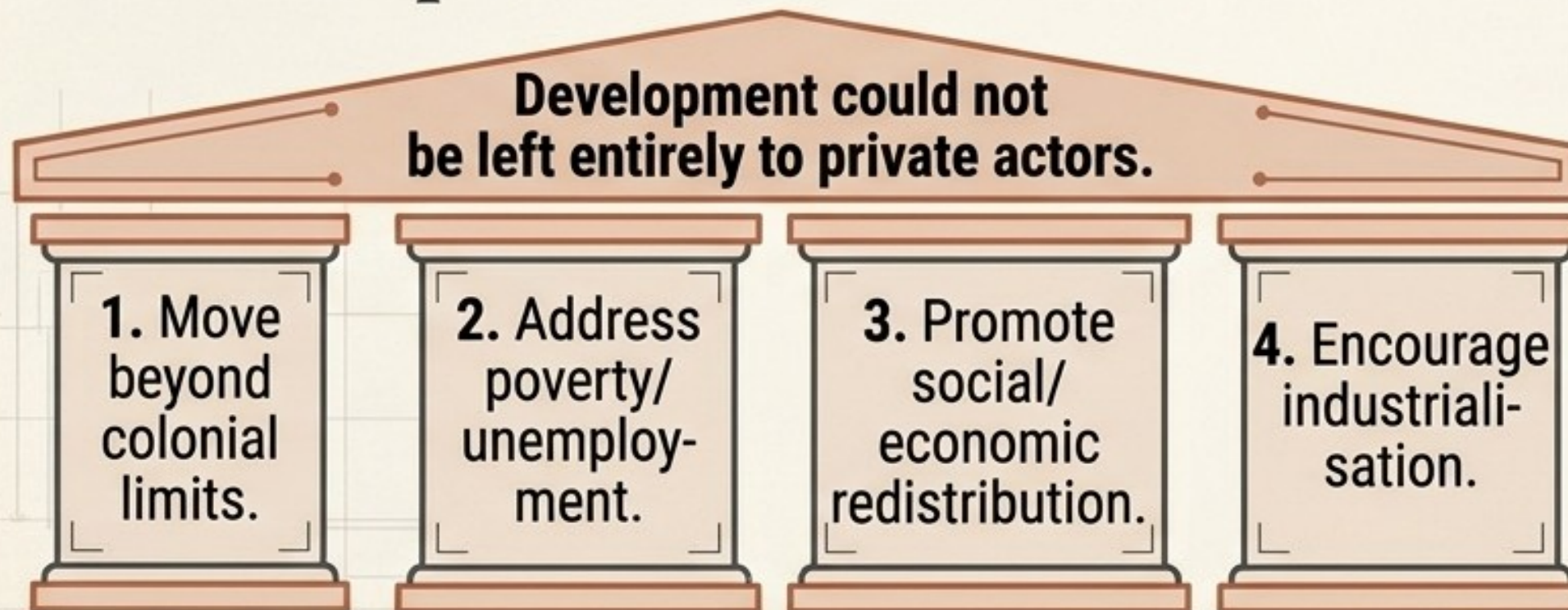
4. Ideas of Development

Meaning differed by group:
Industrialist (factories) vs.
Urban Consumer (goods)
vs. Adivasi (threat to land).



(Note: West treated as the standard of development).

6. Development & Role of Government



The Debate:
Priority dispute:
Industrialisation vs.
Agriculture/Rural
Poverty alleviation.

The Bombay Plan (1944) [Topic 9]



Leading industrialists proposed a planned economy.

Supported state initiative in industrial investment.
Proved planning had cross-ideological support.

Planning Commission (March 1950) [Topic 8]



Formed after the Constitution. Not a constitutional body.

Role: Formulate plans, assess resources, set priorities, guide allocation.

Five Year Plans (FYPs) [Topic 7]



Inspired by USSR.

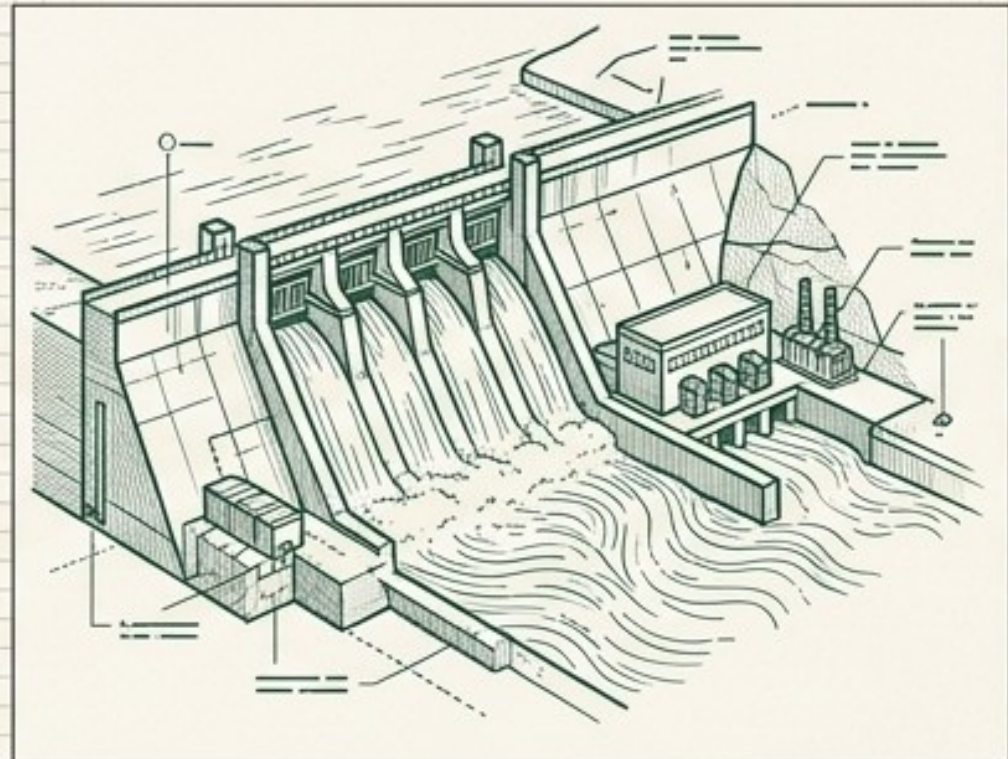
Fixed development priorities, allowed focus on larger objectives, enabled long-term intervention.

10. The Early Five Year Plans: First Plan (1951–1956)

Agrarian Sector Focus. (Agriculture, Dams, Irrigation, Land Reforms). Required urgent attention post-Partition.

Key Highlights

- ✓ **Goal:** Bring economy out of the cycle of poverty.
- ✓ **Expert View:** Economist K.N. Raj argued to 'hasten slowly' to protect democracy.
- ✓ **Key Concern:** Existing land distribution was a major obstacle, necessitating land reforms.



Bhakra Nangal Dam

11. Second Five Year Plan (1956–1961)

Strategy: Rapid Industrialisation & Structural transformation.
Drafted under the leadership of **P.C. Mahalanobis**. Focus on heavy **industries (Steel, Electricity, Railways)**, public sector role, and domestic protection via import tariffs.

Avadi Resolution:
Congress declared a “socialist pattern of society” as its goal, reflecting in the Plan.

Consequences

Tech/Forex: Technologically backward; spent precious foreign exchange on imported tech.

Imbalance: Industry attracted more investment than agriculture.

Food: Created the possibility of food shortage.

Challenge: Balancing industry and agriculture became difficult.

12. Third Five Year Plan – 1961–1966

Not significantly different from the Second Plan, but faced severe criticism.



Major Criticism Box

Strategy displayed an “urban bias.” Industry given too much priority over agriculture. Critics argued for agriculture-related industries instead of heavy industries.

13. Plan Holiday – 1966–1969

- **Context:** Novelty of planning declined + acute economic crisis.
- **Action:** Fourth FYP delayed. Government took a ‘Plan Holiday’ and implemented Annual Plans instead.

Important: Plan Holiday: 1966–1969

Exam Vault — MCQs (Part 1)

1. Consider the following statements about the Bombay Plan:

- Statement I: It was prepared by a group of leading industrialists in 1944.
- Statement II: It advocated major state initiatives in industrial and economic investment.

Choose the correct option:

- A. Both Statement I and Statement II are correct, and Statement II explains Statement I
- B. Both Statement I and Statement II are correct, but Statement II does not explain Statement I
- C. Statement I is correct, but Statement II is incorrect
- D. Statement I is incorrect, but Statement II is correct

2. Which of the following best explains the difference between the First and Second Five Year Plans?

- A. The First focused on industry, while the Second focused exclusively on agriculture.
- B. The First focused mainly on agriculture, while the Second emphasised rapid industrialisation and heavy industries.
- C. Both Plans gave exactly the same priority to agriculture and industry.
- D. The First rejected planning, while the Second introduced planning.

3. The Second Five Year Plan is closely associated with which of the following?

- A. K.N. Raj and agricultural reforms
- B. P.C. Mahalanobis and rapid industrialisation
- C. Sardar Patel and land reforms
- D. B.R. Ambedkar and the Bombay Plan

Exam Vault — MCQs (Part 2)

4. Why did the emphasis on rapid industrialisation create difficulties for India during the Second Plan?

- A. India had no public sector
- B. India had to depend on imported technology and scarce foreign exchange
- C. Agriculture completely disappeared from the planning process
- D. India stopped all international trade

5. Assertion (A): The early planning strategy in India was criticised for having an urban bias.

Reason (R): Heavy industries received greater emphasis while agriculture-related development was considered comparatively neglected.

- 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

6. The 'Plan Holiday' in India refers to the period when:

- A. Five Year Plans were permanently abandoned
- B. Annual Plans were implemented instead of immediately starting the Fourth Five Year Plan
- C. The Planning Commission was abolished
- D. India shifted completely to a free-market economy

MCQ ANSWER KEY: 1-B | 2-B | 3-B | 4-B | 5-A | 6-B

Exam Vault — Long-Answer Questions

Question 1: 'India did not follow either the capitalist or the socialist model of development in its entirety.' Examine the major areas of agreement and disagreement regarding the model of development adopted by India after Independence.

- India had two broad models before it: the liberal-capitalist model and the socialist model.
- There was broad agreement that the government had to play an important role in development.
- There was also agreement on the need for economic growth and social justice.
- The major disagreement concerned the extent of state control, the role of private enterprise and the balance between agriculture and industry.
- India ultimately adopted a mixed approach, combining planning and public-sector intervention with a role for private enterprise.

Question 2: 'The First and Second Five Year Plans reflected two different approaches to India's development.' Compare the major priorities and strategies of the two Plans.

First Five Year Plan	Second Five Year Plan
1951–1956	1956–1961
Focused mainly on agriculture	Focused on rapid industrialisation
Emphasised irrigation and land reforms	Emphasised heavy industries
Gave importance to agrarian development	Gave a major role to the public sector
Associated with the approach of 'hasten slowly'	Associated with P.C. Mahalanobis

The shift reflected India's attempt to move from immediate agricultural recovery towards building a strong industrial base.

Question 3: 'The strategy of planned development generated both achievements and serious criticisms.' Assess the major outcomes and criticisms of India's early planning experience.

- Planning created a framework for long-term economic development.
- The First Plan gave attention to agriculture, irrigation and land reforms.
- The Second Plan laid the foundation for heavy industries and industrialisation.
- However, rapid industrialisation created pressure on foreign exchange because of dependence on imported technology.
- Critics argued that agriculture received inadequate attention and that the planning strategy developed an urban bias.
- The imbalance between industry and agriculture became an important criticism of the development strategy.

Question 4: 'The Bombay Plan demonstrated that the idea of planning was not confined to socialist or Left-wing thinking.' Explain.

- In 1944, a group of leading industrialists prepared a proposal for a planned economy.
- It was known as the Bombay Plan.
- The industrialists supported state initiative in industrial investment.
- They recognised that large-scale investment and state intervention were necessary for economic development.
- Therefore, planning had support even among sections of private business and industrialists.
- This demonstrated a wider consensus on the need for planned development, despite differences over the exact role of the state.

Question 5: 'Development is not merely a technical or economic matter; it is also a political issue.' Analyse the statement in the context of India.

- Development affects different social groups differently.
- Industrial projects may benefit industry and consumers but can affect the land, livelihood and interests of farmers and tribal communities.
- Choices between agriculture and industry involve competing interests.
- Similarly, deciding the extent of state control and private enterprise involves political choices.
- In a democracy, such decisions have to take into account political parties, experts, social groups and public opinion.
- Therefore, development involves political contestation over priorities, resources and distribution.

These themes also recur in PYQs, including questions on the mixed economy, areas of agreement/disagreement over India's development model, outcomes of early planned development, and the Bombay Plan.