

Planning in India

1. What is Economic Planning?

Planning is a conscious, deliberate, and organized effort to achieve certain economic and social goals by using limited national resources efficiently.

India adopted planning after independence to:

- Overcome economic backwardness
- Reduce poverty and inequality
- Achieve self-sufficiency and rapid growth

2. Historical Background of Planning in India

Year	Event
1934	M. Visvesvaraya proposed "Planned Economy for India" – First Indian vision
1938	Subhash Chandra Bose formed National Planning Committee under Nehru
1944	Bombay Plan by industrialists (Tata, Birla) – Private sector role
1945–46	People's Plan by M. N. Roy – Emphasized socialism
1950	Planning Commission established under Nehru's leadership (non-constitutional, extra-legal body)
1951	Launch of India's First Five-Year Plan

3. Objectives of Planning in India

India's planning aimed at:

- Economic growth
- Poverty and unemployment reduction
- Self-reliance (import substitution)
- Social justice
- Modernization of the economy
- Balanced regional development

4. Planning Commission: Structure and Role (1950–2014)

- Headed by Prime Minister
- Functioned as a think tank and policy advisor
- Prepared Five-Year Plans, Annual Plans, and Mid-Term Reviews

- No constitutional status; reported to National Development Council (NDC)

→ Important for Prelims: Planning Commission was neither constitutional nor statutory.

5. NITI Aayog (Replaced Planning Commission in 2015)

Feature	Planning Commission	NITI Aayog
Top-down approach	✓	✗
Cooperative federalism	✗	✓
Focus	Planning & allocation	Policy think tank
Role	Fund allocation	Strategy, innovation, and monitoring
Legal status	Non-constitutional	Non-constitutional
Head	Prime Minister	Prime Minister
CEO	Not applicable	Appointed by Centre (currently BVR Subrahmanyam, 2024)

6. Types of Plans in India

Type	Meaning
Five-Year Plans	Long-term structured plans (1951–2017)
Annual Plans	Short-term plans during gap years (like 1966–69)
Rolling Plans	Introduced by Janata Govt (1978–80); plans revised every year
Perspective Plans	Long-term goals (15–20 years) – e.g., Vision@2047
Indicative Plans	Used post-Planning Commission; provide strategic direction but not binding

7. List of All Five-Year Plans (1951–2017)

Plan	Period	Focus
1st	1951–56	Agriculture, irrigation (community development)
2nd	1956–61	Industrialisation (Nehru-Mahalanobis Model)

Plan	Period	Focus
3rd	1961–66	Self-reliance, food security
Plan holiday	1966–69	Due to wars and droughts
4th	1969–74	Growth with stability
5th	1974–79	Poverty removal (Garibi Hatao)
Rolling plan	1978–80	By Janata Govt
6th	1980–85	Poverty eradication, employment
7th	1985–90	Productivity, food work & productivity
Annual plans	1990–92	Political instability
8th	1992–97	LPG Reforms, human development
9th	1997–2002	Growth with social justice
10th	2002–07	Faster, inclusive growth
11th	2007–12	Towards inclusive and sustainable growth
12th	2012–17	Faster, inclusive, sustainable growth

→ No more Five-Year Plans after 2017. India now uses vision documents, 3-year action plans, and 7-year strategies under NITI Aayog.

8. Facts for Prelims

- First Plan: Based on Harrod-Domar model
- Second Plan: Based on Mahalanobis model
- Rolling Plan introduced by Morarji Desai
- Planning Commission dissolved on 1 Jan 2015
- NITI Aayog launched on 1 Jan 2015
- Full form of NITI: National Institution for Transforming India
- Latest NITI Report: Multidimensional Poverty Index, Export Preparedness Index, SDG Index

MCQs

Q. Who proposed the idea of Five-Year Plans in India?

- M. Visvesvaraya
- Jawaharlal Nehru
- Subhash Chandra Bose
- Dadabhai Naoroji

Answer: (a) M. Visvesvaraya

Q. Which Five-Year Plan focused on 'Garibi Hatao'?

- (a) 4th
- (b) 5th
- (c) 6th
- (d) 7th

Answer: (b) 5th

PYQ

[OPSC OCS 2006]

Q. Indian planning:

- (a) is totalitarian in nature
- (b) is democratic in nature
- (c) is fully centralized
- (d) none of the above

Correct Answer: (b)

Explanation:

Indian planning operates within a democratic framework. It involves the participation of various stakeholders like Union Ministries, State Governments, and experts. The Planning Commission (till 2014) and now NITI Aayog ensure planning is consultative and not autocratic or fully centralized.

[OPSC OCS 2011]

Q. By how many percentage points did the Tenth Five-Year Plan aim to reduce poverty by 2007?

- (a) 15 percentage points
- (b) 10 percentage points
- (c) 5 percentage points
- (d) 3 percentage points

Correct Answer: (c)

Explanation:

The Tenth Five-Year Plan (2002–2007) targeted a 5 percentage point reduction in poverty by the end of the Plan (2007), and a 15 percentage point reduction by 2012 (end of the Eleventh Plan).

[OPSC OCS 2021]

Q. Which Indian Plan first adopted the strategy of inclusive growth?

- (a) Eleventh Plan
- (b) Twelfth Plan
- (c) Tenth Plan

(d) None of these
Correct Answer: (a)

Explanation:

The concept of inclusive growth was first officially introduced in the Eleventh Five-Year Plan (2007–2012). It aimed at achieving fast and broad-based development that included marginalized sections.

4. Central Objective of the Eleventh Plan [OPSC OCS 2011]

Q. The central objective of the Eleventh Five-Year Plan was:

- (a) Growth with social justice
- (b) Rapid economic growth
- (c) To achieve balanced regional economic growth
- (d) Inclusive growth

Correct Answer: (d)

Explanation:

The Eleventh Plan focused on “Faster and More Inclusive Growth”, ensuring benefits of growth reach disadvantaged and marginalized groups.

[OPSC OCS 2020]

Q. The Governing Council of NITI Aayog comprises:

- (a) Prime Minister and all Chief Ministers
- (b) Chief Ministers and Experts and Specialists
- (c) All Chief Ministers and Lieutenant Governors
- (d) Chief Ministers and Union Finance Minister

Correct Answer: (a)

Explanation:

The Governing Council of NITI Aayog includes the Prime Minister, Chief Ministers of all States, and Lt. Governors of Union Territories. It fosters cooperative federalism and strategic coordination.

[OPSC OCS 2021]

Q. Which of the following statements are correct regarding NITI Aayog?

- (i) It serves as the Apex Public Policy Think Tank of Government of India.
- (ii) It's predecessor adopted Bottom Up approach.
- (iii) It's parent ministry is Ministry of Planning.
- (iv) It strives to promote cooperative federalism.

(a) (i), (ii) and (iii)

(b) (i), (ii) and (iv)

(c) (i), (iii) and (iv)

(d) All of these

Correct Answer: (b)

Explanation:

- (i) True: NITI Aayog is the premier policy think tank.
- (ii) False: Planning Commission (its predecessor) followed a Top-down approach, not bottom-up. NITI now uses bottom-up planning.
- (iii) False: NITI Aayog reports directly to the Prime Minister's Office, not the Ministry of Planning.
- (iv) True: NITI promotes cooperative federalism via dialogue between Centre and States.

[OPSC OCS 2006]

Q. Who finally approves the draft of the Five-Year Plan?

(a) Parliament of India

(b) President of India

(c) Parliament and State Legislatures

(d) National Development Council

Correct Answer: (d)

Explanation:

The National Development Council (NDC), comprising the Prime Minister, Union Ministers, Chief Ministers, and Lt. Governors, was the final approving authority of Five-Year Plans till its relevance.