UNIT – II

Planning, NITI and the development State

Why plan · Five-Year Plans · NITI · Inclusive growth

Explanatory Lecture Slides

Economic Development of India · Major-4 · Semester III

ECONOMIC DEVELOPMENT OF INDIA

LEARNING OBJECTIVES

Topics covered in this unit

01 **Why India planned**

02 **Sketch the plan era 1951–2017**

03 **Contrast Planning Commission and NITI Aayog**

04 **Define inclusive growth**

05 **Place industrial policy as a planning tool**

06 **Note federal planning**

UNIT II · SYLLABUS MAP

How this unit is organised

01	02	03	04	05	06
Why plan	Plan era	NITI Aayog	Inclusive growth	Industry as a tool	Federal planning

Why plan

Capital scarcity, low private initiative in heavy industry, a continental market that would not self-assemble infrastructure, a political promise of 1950.

- Bombay Plan (industrialists) and the 1950 Constitution pointed the same way for a decade: a State that invests.
- Failures: licence-raj, delays, public-sector inefficiency — the 1991 diagnosis.

Why plan

CASE FOR

- Infrastructure.
- Heavy industry.
- Equity.

CASE AGAINST

- Info problem.
- Capture.
- Delay.

The plan era

I (1951–56) agriculture/irrigation; II (Mahalanobis) heavy industry; III war-and-drought; IV–V poverty and self-reliance; VI–VII modernisation; VIII 1991 in flight; IX–XII inclusive growth, ending 2017.

- A 16-mark ‘evaluate planning in India’ is a table of aims, one success, one failure, then NITI.
- Do not memorise every outlay. Name II (Mahalanobis), VIII (reform), XI/XII (inclusive).

The plan era

REMEMBER

- II heavy industry.
- VIII reform.
- XII last plan.

SKIP

- Every outlay in crores.

NITI Aayog (2015)

A think-tank and coordinator, not a Planning Commission that allocated central plan funds. Governing Council of CMs; no Cabinet-rank Deputy Chairman of the old type.

- From financial allocation to competitive/cooperative federalism (Aspirational Districts, indices).
- A 10-mark: composition, functions, how it differs (no financial powers of the old PC).

NITI Aayog (2015)

IS	IS NOT
• Think-tank. • Index-and-nudge. • CM council.	• A fund-allocator. • A parallel Budget.

Inclusive growth

Growth whose benefits reach SC/ST, women, backward regions, the informal worker — not a trickle-hope.

- 11th/12th Plan phrase. Instruments: financial inclusion, skilling, MGNREGA, health insurance, targeted transfers.
- J.P. Gokhale-style 6-mark: meaning + two instruments + one limit (identification, leakages).

Inclusive growth

NEED

- Jobs.
- Human capital.
- Safety net.

LIMIT

- Leakage.
- Informality.
- State capacity.

Industrial policy as planning

1948, 1956 (commanding heights), 1991 (delicensing). The 1956 resolution is the plan-era constitution of industry; 1991 is its amendment.

- Public sector: natural monopoly, strategic, infant industry. Then: disinvestment, IBC 2016, Atmanirbhar as a new industrial-policy language.

Industrial policy as planning

1956	1991
• Schedules A/B/C. • Public lead.	• Delicense. • FDI window. • Market test.

Federal planning

Plans were concurrent politics. NITI’s Governing Council is the new table. Finance Commission is not NITI — do not merge them.

- Art. 282 (grants for public purpose) was the old plan-grant hook; it is not a blank cheque (Bhim Singh line on appropriation).

Federal planning

DO NOT CONFUSE

- NITI v Finance Commission v GST Council.

EACH DOES

- Ideas.
- Tax shares.
- Indirect-tax design.

Inclusive growth

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LANDMARK AUTHORITIES

Cases a KSLU answer should name

CASE

Excel Crop Care v CCI

(2017) 8 SCC 47

The post-plan State still polices markets — planning yielded to regulation, not to a vacuum.

CASE

BALCO Employees v Union of India

(2002) 2 SCC 333

Disinvestment is a policy choice of the executive — courts do not run industrial policy.

CASE

Minerva Mills

(1980) 3 SCC 625

A planned ‘socialist’ aim cannot erase Part III.

STATUTE / SECTION MAP

Provisions & materials to quote

Industrial Policy Reso	The two constitutions of Indian industry.
NITI Aayog Cabinet Res	Think-tank replacing the Planning Commission.
Art. 282	Union/State grants for public purpose.
IBC 2016	Market-exit as a development institution.
Art. 38	The planning aim in one article.

WRITE IT IN THE HALL

10 / 16-mark frames from this unit

Q1 Why did India adopt economic planning? Evaluate its achievements and failures.

Q2 Distinguish the Planning Commission and NITI Aayog.

Q3 What is inclusive growth? Suggest measures.

Q4 Write a note on the Industrial Policy of 1956 / 1991.

BEFORE YOU CLOSE THE FILE

Unit recap

1. Plan era: II Mahalanobis, VIII reform, XII last.
2. NITI thinks and nudges; it does not allocate the old plan funds.
3. Inclusive = growth + who receives it.
4. 1956 commanding heights; 1991 delicensing.
5. Never confuse NITI, Finance Commission, GST Council.