

Chapter 3 Politics of Planned Development

Q 1. Which of these statements about the Bombay Plan is incorrect?

1. It was a blueprint for India's economic future.
2. It supported state-ownership of industry.
3. It was made by some leading industrialists.
4. It supported strongly the idea of planning.

Ans. a. It was a blueprint for India's economic future.

Q 2. Which of the following ideas did not form part of the early phase of India's development policy?

1. Planning
2. Liberalisation
3. Cooperative farming
4. Self-sufficiency

Ans. b. Liberalisation.

Q 3. The idea of planning in India was drawn from

1. The Bombay plan
2. Experiences of the Soviet bloc countries
3. Gandhian vision of society
4. Demand by peasant organisations

- (i) b and d only
(ii) d and c only
(iii) a and b only
(iv) All the above

Ans. (iv) All of the above.

Q 4. Match the following:

(a) Charan Singh	(i) Industrialization
(b) PC Mahalanobis	(ii) Zoning

(c) Bihar Famine	(iii) Farmers
(d) Verghese Kurien	(iv) Milk Cooperatives

Ans.

1. Charan Singh -(iii) Farmers.
2. PC Mahalanobis -(i) Industrialization.
3. Bihar Famine -(ii) Zoning.
4. Verghese Kurien -(iv) Milk Cooperatives.

Q 5. What were the major differences in the approach towards development at the time of Independence? Has the debate been resolved?

Ans. At the time of Independence, development was about becoming more like the industrialised countries of the 'West', to be involved with break down of traditional social structure as well as the rise of capitalism and liberalism.

1. Modernisation referred to growth, material progress and scientific rationality. This kind of idea of development allowed everyone to talk about different countries as developed, developing or underdeveloped.
2. India had two models of modern development: the liberal-capitalist model like Europe and the US and the socialist model like the USSR.
3. There were many in India then who were deeply impressed by the Soviet model of development. These included not just the leaders of the Communist Party of India, but also those of the Socialist Party and leaders like Nehru within the Congress. There were very few supporters of the American style capitalist development.
4. This reflected a broad consensus that had developed during the national movement. The nationalist leaders were clear that the economic concerns of the government of free India would have to be different from the narrowly defined commercial functions of the colonial government.
5. It was clear, moreover, that the task of poverty alleviation and social and economic redistribution was being seen primarily as the responsibility of the government.
6. At the same time, these leaders differed and debated:
 - Industrialisation should be the preferred path or
 - Agricultural development should take place or
 - Rural poverty should be alleviated.

Q 6. What was the major thrust of the First Five Year Plan? In which ways did the Second Plan differ from the first one?

Ans. The First Five Year Plan that was commenced in 1951 to be drafted by young economist, K.N. Raj, with the emphasis on poverty alleviation. Its main thrusts were as follows:

1. It mainly addressed the agrarian sector including investment in dams and irrigation.
2. Huge allocations were made for large scale projects like the Bhakra Nangal Dam.
3. It focused on land reforms for development in rural areas.
4. One of the basic aims of the planners was to raise the level of national income.

The Second Five Year Plan, drafted by a team of economists and planners under the leadership of P. C. Mahalanobis was different from the First Five Year Plan in the following ways:

1. The Second FYP stressed on heavy industrialisation.
 2. Second Five Year Plan wanted to bring about quick structural transformation by making changes simultaneously in all possible directions.
 3. The government imposed substantial tariffs on imports in order to protect domestic industries. Such protected environment helped both public and private sector industries to grow.
 4. As savings and investment were growing in this period, a bulk of these industries like electricity, railways, steel, machinery and communication could be developed in the public sector.
 5. Indeed, such a push for industrialisation marked a turning point in India's development.
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Q 7. What was the Green Revolution? Mention two positive and two negative consequences of the Green Revolution.

Ans. Green revolution was introduced to bring revolutionary changes in the agriculture especially in foodgrains like wheat and rice to increase production through high yielding varieties of seeds, fertilisers and scientific irrigation-

- The government offered high-yielding variety seeds, fertilizers, pesticides and better irrigation at highly subsidised prices.
- The government also gave a guarantee to buy the produce of the farmers at a given price. This was the beginning of what was called the 'green revolution'.

Positive Consequences:

1. In many parts, the stark contrast between the poor peasantry and the landlords produced conditions favourable for leftwing organisations to organise the poor peasants.
2. Secondly, the green revolution also resulted in the rise of what is called the middle peasant sections. These were farmers with medium size holdings, who benefited from the changes and soon emerged politically influential in many parts of the country.

Negative Consequences:

1. Only the rich peasants and the large landholders were the major beneficiaries of the process.
 2. This created a stark contrast between the poor peasantry and the landlords.
 3. It delivered only a moderate agricultural growth i.e. a rise in rice and wheat production by raising the availability of foodgrains in the country. On the other hand, it increased polarisation between the classes and regions like northern states i.e. Punjab, Haryana and western Uttar Pradesh became agriculturally prosperous, while others remained backwards.
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Q 8. State the main arguments in the debate that ensued between industrialisation and agricultural development at the time of the Second Five Year Plan.

Ans. The strategy of development followed in the early years of the Second Five Year Plan raised several important questions. The following were the main arguments in the debate that ensued between industrialisation and agricultural development:

1. Second Five Year Plan emphasised on industry in place of agriculture and rural India.
2. Gandhian economists like J. C. Kumarappa proposed an alternative blueprint to emphasis on rural industrialisation.

3. Chaudhary Charan Singh, a Congress leader who later broke from the party to form Bharatiya Lok Dal, also commented that the planning was leading to the creation of prosperity in urban and industrial section at the expense of the farmers and rural population.

Others thought that without a drastic increase in industrial production, there could be no escape from the cycle of poverty.

1. They argued that Indian planning did have an agrarian strategy to boost the production of food- grains.
 2. It also proposed programmes of community development and spent large sums on irrigation projects and failure was not that of policy but its non-implementation, because the landowning classes had lot of social and political power.
 3. Besides, they also argue that even if the government had spent more money on agriculture it would not have solved the massive problem of rural poverty.
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Q 9. “Indian policymakers made a mistake by emphasising the role of the state in the economy. India could have developed much better if private sector was allowed a free play right from the beginning”. Give arguments for or against this proposition.

Ans. No, the above statement is not perfectly true because state’s intervention was mandatory to regulate the country’s economy after independence immediately.

1. Indian did not follow either the capitalist model of development or socialist completely. Instead, she adopted the model of the mixed economy to be criticised from the right and the left:
 2. Much of the agriculture, trade and industry were left in private hands. The state-controlled key heavy industries, provided industrial infrastructure, regulated trade and made some crucial interventions in agriculture.
 3. A mixed model like this was open to criticism from both the left and the right. Critics argued that the planners refused to provide the private sector with enough space and the stimulus to grow.
 4. The enlarged public sector produced powerful vested interests that created enough hurdles for private capital, especially by way of installing systems of licenses and permits for investment.
 5. Moreover, the state’s policy to restrict the import of goods that could be produced in the domestic market with little or no competition left the private sector with no incentive to improve their products and make them cheaper.
 6. The state-controlled more things that were necessary and this led to inefficiency and corruption.
 7. Then there were critics who thought that the state did not do enough. They pointed out that the state did not spend any significant amount on public education and healthcare.
 8. The state intervened only in those areas where the private sector was not prepared to go. Thus the state helped the private sector to make a profit.
 9. Also, instead of helping the poor, the state intervention ended up creating a new ‘middle class’ that enjoyed the privileges of high salaries without much accountability.
 10. Poverty did not decline substantially during this period; even when the proportion of the poor reduced, their numbers kept going up.
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Q10. Read the following passage:

“In the early years of Independence, two contradictory tendencies were already well advanced inside the Congress Party. On the one hand, the national party executive endorsed socialist principles of state ownership, regulation and control over key sectors of the economy in order to improve productivity and at the same time curb economic concentration. On the other hand, the national Congress government pursued liberal economic policies and incentives to private investment that was justified in terms of the sold criterion of achieving maximum increase in production”.—Francine Frankel

1. What is the contradiction that the author is talking about? What would be the political implications of a contradiction like this?
2. If the author is correct, why is it that the Congress was pursuing this policy? Was it related to the nature of the opposition parties?
3. Was there also a contradiction between the central leadership of the Congress party and its state-level leaders?

Ans.

1. The author is talking about contradiction regarding the adoption of development models either socialist or capitalist. Political implications of this contradiction may result in the differences among party members itself and government can issue licensing and permits in a more complicated manner.
2. Congress was pursuing this policy as a sole criterion of achieving maximum increased in production. Yes, it was related to the nature of opposition parties to be pursued liberal economic policies and incentives to private investment.
3. No, there was not a contradiction between the central leadership of the Congress Party and its state-level leaders because state emphasised on states' ownership, regulation and control over key sectors improve productivity whereas control leadership pursued liberal economic policies and incentives to private investment.