

PEOPLE'S PLAN II

Being the Report of the
Committee for Economic Planning
set up by the
Indian Renaissance Institute

Released for public discussion by the
Indian Renaissance Institute

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(A Plan For India's Economic Development)

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PREFACE

In the year 1943, under the inspiration of the late M.N. Roy, an all-India labour organisation called the Indian Federation of Labour set up a Committee for preparing a plan of economic development for the country. The Committee consisted of Prof. B.N. Banerjee, Prof. G.D. Parikh and myself (Convenor). In close consultation with M.N. Roy, and with the assistance of a number of economists, a plan was prepared by the Committee and was submitted to the Indian Federation of Labour on March 10, 1944. The plan came to be known as the People's Plan and evoked a great deal of interest and controversy.

The People's Plan was based on the principle that the solution of the problem of Indian poverty lies in an increase in the productivity of Indian labour. Since more than 70 per cent of Indian labour was engaged in agriculture, increase in agricultural production must be the first priority of planning in India. A rise in the purchasing power of the rural masses would create a stable basis for the development of consumer goods industries and capital goods industries. The investment priorities of Indian planning should accordingly be : agriculture, consumer goods, and capital goods, in that order. This pattern of economic development would, on the one hand, enable the economy to satisfy the primary needs of the people consisting of food, clothing, shelter, education and medicine, and on the other hand, generate adequate employment opportunities for the country's growing population. The People's Plan also visualised that planning in India should, after the initial investment,

be largely self-financed, the income from capital invested in the public sector being the source of increasing investment year by year.

After the attainment of national independence, the Government of India adopted economic planning as a national policy. The planning process commenced very hopefully with the first Five Year Plan in 1951. By the end of the Third Plan in 1966, Indian planning was clearly in the doldrums. Although much has been achieved by way of economic development, planning has not succeeded in removing poverty, reducing unemployment or increasing distributive justice. Some radical rethinking is therefore taking place. It is now being generally recognised that agricultural development and rural reconstruction must be the first priority of Indian planning -- a conclusion which was the starting point of the People's Plan.

In this situation, the Indian Renaissance Institute, a society founded by M.N. Roy, adopted in a general membership meeting on May 31, 1975 a proposal for the preparation of another People's Plan, to be called People's Plan II. The resolution stated that the proposed Plan "should not merely be a statistically updated version of the original People's Plan but a logical extension of the sound ideas, principles and directions contained in it, in the light of the developments which have taken place since 1943 particularly in respect of (a) experience gained in India and elsewhere in the field of promoting economic development, (b) updated and refined data

and (c) conceptual and theoretical advances. A Planning Commic was set up for this purpose consisting of Prof. Amlan Datta, Dr G.R. Dalvi, Prof. G.D. Parikh, Dr Amrutananda Das and myself (Convenor).

The Committee held several meetings, collected statistical material and prepared a draft plan by the beginning of December 1976. At that stage, however, the Committee had to face some serious reverses. On account of personal difficulties, Prof. Amlan Datta resigned from the Committee. A far greater tragedy was the sudden death of Prof. G.D. Parikh on December 7, 1976. Thus reduced in strength, the Committee decided nevertheless that since a major part of its work had already been done, it should proceed to finalise the Plan and present it to the public.

At all stages of its work, the Committee was fortunate to secure the active assistance and cooperation of two young colleagues, Shri V.K. Goel, a sociologist, and Shri N.K. Nair, an economist. They worked as if they were coopted members of the Committee. The Committee is grateful for their unstinting help.

The first draft of the Plan was sent to several eminent economists in the country for their comments and suggestions. The Committee is particularly grateful for the comments received from Shri Tarlok Singh, Prof. C.N. Vakil, Prof. M.L. Dantwala and Prof. Rakhal Dutta. Their suggestions were carefully considered in preparing the final draft.

People's Plan II has been prepared with the objectives of (a) supplying the primary needs of India's growing population; (b) generating adequate employment opportunities; (c) ensuring an increasing measure of distributive justice; and (d) eliminating the poverty of the weakest sections of society. The Plan gives primacy to agriculture, small industry and social services. It is based on a realistic estimate of available and expected resources. Care is taken to see that it would not generate inflationary pressures. Economic controls are sought to be minimised by recourse to indicative planning. An attempt is made to decentralise the planning process. It presents a twenty year perspective of economic development and a more concrete plan for a ten year period.

During the course of study and discussion, the Committee came across a number of outstanding issues which require further consideration. They have been identified in the concluding chapter.

The Committee has been well aware of its limitations. Non-official planners cannot possibly have the resources and the statistical materials which are available to the Planning Commission. The object of our Committee, however, was not to prepare the blueprint of a plan in substitution of any official plan. What the Committee has done is to present a concrete picture of an alternative pattern of economic development, based

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on principles the correctness of which is confirmed by the experience of Indian planning. It is hoped that People's Plan II would stimulate discussion and rethinking, and help in taking Indian planning out of the present impasse.

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V.M. Tarkunde

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