

Foundations of India's Development Strategy

HS30085 Indian Economy

Indian Planning: Basic Strategy and Analytics

- Structural break in fifties
- Analytical ideas underlying planning
- Market Vs plan

Nehru-Mahalanobis approach

- Genesis of the Nehru-Mahalanobis approach
 - Gandhian approach vs Nehru's modernist approach
 - Bombay Plan
 - Socialist framework

Nehru Mahalanobis approach

- Deficiency of capital
- Limitations of speed of accumulation of capital
- Structural limitations – savings – productive investments
- Low growth agriculture – Industrialization – absorption of surplus labour
- Low savings
- No question of Keynesian type of unemployment and assumption of nearly closed economy

Nehru Mahalanobis approach

- Dominant role to public investment.
 - Where this investment should go – debate
- Emphasis on heavy industries or capital goods industries Vs Textile first policy
- Variant of Soviet model or Lewis's model?
- Adoption of mixed economy and competition for scarce capital
- Trade as an engine of growth?

Nehru Mahalanobis approach

- Forging backward and forward linkages – industrial production was impressive during 1950-1965
- Relative de-emphasis on agriculture in second Five year Plan and later – large scale import of food grains
- Sharp increase in defence spending in post Indo-China war and failure of successive monsoons
- Annual plans
- Inflationary tendency

New agriculture Policy of D. R. Gadgil

- The question of land reforms
- Shift in emphasis from major to minor irrigation
- Adequate provision of credit
- An alteration in the input base of agriculture
- The development of fertilizer-sensitive varieties of grains

Nehru Mahalanobis approach

- Distributional aspects in the first three plans – growth with redistribution
- Emphasis on trickle down effect?