Chapter 3: Politics of Planned Development

Exercises — Exercises

Q1 Which of these statements about the Bombay Plan is incorrect?
(a) It was a blueprint for India's economic future.
(b) It supported state-ownership of industry.
(c) It was made by some leading industrialists.
(d) It supported strongly the idea of planning.

(b) is incorrect. The Bombay Plan (1944) was drafted by a group of big industrialists as a joint proposal for a planned economy. It wanted the state to take major initiatives in industrial and other investments, but it did not call for state-ownership of industry.

Q2 Which of the following ideas did not form part of the early phase of India's development policy?
(a) Planning (b) Liberalisation (c) Cooperative Farming (d) Self sufficiency

(b) Liberalisation. The early phase stressed planning, a strong public sector, protection of domestic industry through import tariffs and self-reliance; liberalisation came later.

Q3 The idea of planning in India was drawn from
(a) the Bombay plan
(b) experiences of the Soviet bloc countries
(c) Gandhian vision of society
(d) Demand by peasant organisations
i. b and d only ii. d and c only iii. a and b only iv. all the above

iii. a and b only. The chapter traces planning to the Bombay Plan of industrialists and to the Soviet Union's spectacular growth in the 1930s and 1940s, which impressed many Indian leaders.

Q4 Match the following.
(a) Charan Singh (b) P C Mahalanobis (c) Bihar Famine (d) Verghese Kurien
i. Industrialisation ii. Zoning iii. Farmers iv. Milk Cooperatives

(a) Charan Singh - iii. Farmers; (b) P. C. Mahalanobis - i. Industrialisation; (c) Bihar Famine - ii. Zoning; (d) Verghese Kurien - iv. Milk Cooperatives.

Q5 What were the major differences in the approach towards development at the time of Independence? Has the debate been resolved?

At Independence India had two models before it: the liberal-capitalist model of Europe and the US, and the socialist model of the USSR. Many leaders, including those of the Communist and Socialist parties and Nehru, admired the Soviet model; few backed American-style capitalism. Leaders also differed on priorities: some favoured industrialisation, others stressed agriculture and rural poverty. There were questions on whether a centralised body should plan for the whole country, whether government should run key industries, and how far justice should be weighed against growth. All agreed that development could not be left to private actors and needed a government plan. The debate has not been resolved: the meaning of development and the state's role remain contested, as the Orissa POSCO conflict between industry, tribal livelihoods and the environment shows. Contestation has continued ever since.

Q6 What was the major thrust of the First Five Year Plan? In which ways did the Second Plan differ from the first one?

The First Plan (1951-56) aimed to pull the economy out of the cycle of poverty and focused mainly on the agrarian sector, which Partition had hit hard. It made large allocations to dams and irrigation, such as Bhakra Nangal, and treated land distribution as the main obstacle to agricultural growth, so land reforms were central. K. N. Raj argued India should 'hasten slowly'. The Second Plan, drafted under P. C. Mahalanobis, stressed heavy industry and sought quick structural transformation by changing many things at once. It followed the Avadi resolution on a 'socialist pattern of society', imposed heavy import tariffs to protect domestic industry, and built industries such as electricity, railways, steel, machinery and communication in the public sector. Where the first plan preached patience, the second pushed rapid industrialisation, though this strained foreign exchange and left agriculture with less investment.

Q7 Read the passage by Francine Frankel and answer: "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 sole criterion of achieving maximum increase in production."
(a) What is the contradiction that the author is talking about? What would be the political implications of a contradiction like this?
(b) 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?
(c) Was there also a contradiction between the central leadership of the Congress party and its State level leaders?

(a) The contradiction: the party executive endorsed socialist principles of state ownership, regulation and control to raise productivity and curb concentration of wealth, while the Congress government offered liberal policies and incentives to private investment, justified only by the aim of maximum production. Politically, this lets the party hold together left and right opinion and keep wide support, but it blurs its ideology, invites criticism from both sides and can leave promises of justice unfulfilled.
(b) Congress pursued both because it was a broad coalition that had to satisfy socialists, industrialists and farmers alike, and growth and justice both mattered. The opposition was divided across Left and Right and was weak. Congress therefore occupied the centre and faced no single rival on either flank, which let it mix policies. This follows from the passage and the chapter's account of the Left and Right; the text does not state it directly.
(c) The passage and chapter text give no information on any contradiction between central and State-level leaders, so no firm answer can be grounded here. The contradiction described is between the party's declared socialist position and the government's liberal practice.