




Review Article

# Evolution of the Five-Year Plans in India: Historical Perspectives

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Abstract	Manuscript Information
<p>This study explores the evolution of economic planning in India, tracing its roots from global developments to indigenous efforts before and after independence. The concept of economic planning originated in Russia after the 1917 October Revolution, where socialist policies and Five-Year Plans enabled rapid industrial growth and became a model for other nations. India, under colonial rule, experienced severe economic decline due to exploitative British policies, destruction of native industries, and commercialization of agriculture. Thinkers like Dadabhai Naoroji and R.C. Dutt highlighted these issues, laying the foundation for economic nationalism. In the early 20th century, Indian leaders and intellectuals advocated for systematic economic planning. The Indian National Congress formed the National Planning Committee in 1938 under Jawaharlal Nehru, aiming to raise living standards and eradicate poverty through integrated industrial and agricultural development. Though delayed by World War II, this initiative marked a milestone in India's economic history. Post-1940s, various plans like the Bombay Plan (1944) by industrialists, Gandhi Plan (1944) emphasizing village industries, and People's Plan (1944) by M.N. Roy prioritized different sectors and ideologies. These debates shaped India's economic discourse before independence. After 1947, India faced poverty, unemployment, partition challenges, and industrial stagnation. Jawaharlal Nehru's government established the Planning Commission in 1950 to chart the nation's economic path, adopting a mixed economy model. The National Development Council (1952) was formed to ensure state participation in national development. This article highlights how pre- and post-independence economic plans reflected diverse visions, from industrialization to rural self-sufficiency. It underscores how India's economic planning tradition was shaped by colonial experiences, nationalist aspirations, and international influences, setting the foundation for Five-Year Plans aimed at achieving balanced, inclusive national development.</p>	<ul style="list-style-type: none"> <li>▪ <b>ISSN No:</b> 2583-7397</li> <li>▪ <b>Received:</b> 15-02-2025</li> <li>▪ <b>Accepted:</b> 16-03-2025</li> <li>▪ <b>Published:</b> 28-03-2025</li> <li>▪ <b>IJCRM:</b>4(2); 2025: 382-386</li> <li>▪ <b>©2025, All Rights Reserved</b></li> <li>▪ <b>Plagiarism Checked:</b> Yes</li> <li>▪ <b>Peer Review Process:</b> Yes</li> </ul> <p><b>How to Cite this Article</b></p> <p>Rajanna K. Evolution of the Five-Year Plans in India: Historical Perspectives. Int J Contemp Res Multidiscip. 2025;4(2):382-386.</p> <p><b>Access this Article Online</b></p>  <p><a href="http://www.multiarticlesjournal.com">www.multiarticlesjournal.com</a></p>

**KEYWORDS:** Five-year Plans, Gandhi Plan, Visveswaraya Plan, Bombay Plan, Sarvodaya Plan, Peoples Plan and Planning Commission.

## INTRODUCTION

A country's economic policies depend on the foresight of the power centers; their vision appears in the form of plans. All countries have adopted schemes suitable for their economy; India also tried to adopt the policies for its economic development. Finally, independent India adopted the five-year plan of the Russian model. Planning was a twentieth-century concept; during World War I, much thought went into debating economic planning, but economic planning was first started in Russia. In 1917, The October Revolution overthrew the capitalist system and implemented Socialism. After Lenin came to power, he laid the foundation for the development of Modern Russia by adopting a New Economic Policy. Joseph Stalin, who came to power later, implemented the first five-year plan in Russia in 1928. The financial crisis of the 1930s shook the whole world. It even impacted Russia, but with its economic plans, Russia withstood the great financial crisis; there were many revolutionary changes in economic sectors in Russia; by bringing modifications in industrial sectors, the country's natural resources were directed towards economic progress.<sup>i</sup>

This is how Russia became a model for other countries in achieving economic development. Scientific and industrial revolutions in Europe played their part in the background of Russia's economic progress, as a result, Russia emerged politically as an alternative political power to America. This period is known as the Cold War period in political terms. Thus, the economic plan that started in Russia has spread worldwide. Although other countries of the world differed on Russia's political ideology, they had not been hesitant in adopting Russia's economic policies, India is one such country.

### Background of India's Economic Planning

India came under British colonial rule during modern times; the policies of land revenue and revenue collection brought by the British during their rule destroyed India's agrarian system and the principle of rural self-reliance; this adversely affected agriculture, creating rural debt, famine, disease, and unemployment, also commercialized agriculture. They prioritized growing jute, wheat, sugarcane, indigo, and opium crops; as a result, there was a lot of failure in the crop of food grains, and the farmers were stuck in the trap of poverty.

On British economic policy, Karl Marx said, "The British invaders broke India's handlooms and spinning wheels and flooded the motherland of cotton and cotton cloth".<sup>ii</sup> As a result of the Industrial Revolution in England, instead of buying raw materials from India, Indian raw materials were shipped to England at low prices. They used to bring the finished goods there and sell them at higher prices in the Indian market.

In addition, domestic industries perished due to a lack of raw materials and unable to compete with British manufactured goods. Millions of Indians lost their jobs due to this. Colonial economic exploitation in India was interpreted by economic thinkers such as Dadabhai Naoroji, RC Dutt, and MG Ranade. Naoroji propounded the 'Theory of the Drain of Economic wealth'. He tried to inculcate national spirit in the people by informing them of the reasons for India's poverty. It is also

thought to be the beginning of the concept of economic nationalism.

In the 1920s, left-wing ideas emerged; this growth influenced the political leaders of India as well, India's intellectual sector realized that implementing projects is essential for economic development. Political leaders, industrialists, socialists, etc., advocated the necessity of economic planning. Changes brought about in the economic arena of India by this line of thinking led to a spate of social upheavals.<sup>iii</sup>

After 1929, the Indian National Congress started emphasizing the revolutionary changes in the economic sector; in its annual conferences held thereafter, it began passing resolutions for the socio-economic welfare of people, thereby giving social and economic dimensions to the National Movement.

Sardar Vallabhbhai Patel, the president of the 1931 Karachi Congress session, expressed the desire to adopt fundamental rights and economic policy as part of the country's social, economic, and political programs. After this, in August 1937, the Congress Working Committee decided to 'set up an Inter-Provincial Committee of Experts to examine the urgent and vital problems and solve them in any program of national reconstruction and planning, and It recommended that work should be undertaken to indicate how and in what order the issues should be dealt with'.<sup>iv</sup>

### National Planning Committee, 1938

Indian National Congress President Subhash Chandra Bose formed the 'National Planning Committee in 1938. Jawaharlal Nehru was appointed as the chairman of this committee. The members of this committee included Sir.M.Visveswaraiah, Sir. Purushottams, Dr.Meganatha Shah, Dr.Ghosh. The formation of this Planning Committee is a great milestone in the economic history of India. Its main aim was to raise the people's standard of living to a higher level and eradicate poverty. This laid a foundation for the development of the project.<sup>v</sup> The scheme allowed large-scale, medium-scale, and cottage industries to be developed. But it was hoped that agriculture, the main occupation of the people, should not be neglected in any project. He ushered in integrated development by forming a total of 29 sub-committees under the National Planning Committee. Appoint the chairperson and members of each subcommittee. Indian leaders are thus eager to implement the economic plan.<sup>vi</sup> However, with the outbreak of the Second World War in 1939, the British Government of India did not give any cooperation to this project. So this project is a priority, and it was cornered without matter.

After World War II, many countries developed plans for economic development. So many backward countries make economic plans. Focused their attention on implementing them. In India, discussions also started on economic planning. A number of projects came into being as a result of the debate on the need for economic planning to enable systematic utilization of the abundant wealth of the nation.

India is a multi-cultural nation. The villages will not develop in such a country if the cities develop. Urban development does not

indicate village development. Instead, if the decentralization model is given more importance, the country will also move forward in developing villages. Gandhi tried to frame the elements of Gramaswaraj and self-determination as aspirations of the freedom struggle.

All these elements are found in the framework of democratic political decentralization. Any project should have a specific goal. For that, the plan should always be pre-determined for decentralization. All communities can develop only when the resources available in the villages are utilized effectively. Small, cottage, and handicraft industries should be given more importance and developed. Also, these small industries are destroyed by the establishment of big industries. In large enterprises, there is a decline in human labor as one machine does the work of ten people. Therefore, Gandhi suggested that economic planning is vital in order to achieve development. He also asserts that economic decentralization is as important as political decentralization. But Dr BR Ambedkar criticized the Gandhian model economic scheme.<sup>vii</sup> Due to the rampant cases of the caste system in the rural areas, he gave importance to urbanization.

#### Visvesaraya's Vision

The State of Mysore is credited with having originated the concept of 'Economic Planning' in modern India. Diwanara Sir. M Visvesvaraya was the first to invent financial schemes. He implemented many schemes for the economic development of Mysore. "If the economic plans are systematically and wholeheartedly implemented, the wealth of our country will increase, and we can stand tall with the advanced countries of the world."<sup>viii</sup> Sir M. Visvesvaraya advised the Maharaja to establish an economic council for the development of industries and to discuss issues related to economic problems.<sup>ix</sup>

In 1911, Krishnaraja Wodeyar IV established the 'Economic Conference of Mysore'. Appointed Sir M. Visvesvaraya as the first President of the Mysore Economic Council Conference. Its purpose was to examine and find solutions to the problems of three main sectors: agriculture, industry, and education. Accordingly, he devised many development schemes necessary to improve the social and economic condition of the people and implemented them through the boards formed for that purpose.<sup>x</sup> Sir M. Visvesvaraya, who realized the importance of this type of planned development, proposed that the planning system for developing a nation is vital. Hence, he is called the 'Father of Economic Planning'.

In 1931, Sir M Visvesvaraya spoke about the need to move the country towards development through economic projects. In 1934, Sir M. Visvesvaraya published the book "Planned Economy for India" and recommended implementing plans in India. Accordingly, for the development of India, he suggested that a 10-year plan and a 5-year plan should be formulated for the development of the state.<sup>xi</sup> This kind of thinking of Sir.M.Visveswaraiiah, gave a definite shape to the project. As a result of the concept of the scheme, intellectual consciousness and awareness about economic development started all over India.

#### Bombay Plan 1944

Movements like Gandhi's Non-cooperation and Salt Satyagraha gave importance to the production of indigenous goods. This created a domestic capitalist class. An Indian-manufactured substitute system for British-manufactured goods was formed. Thus, the domestic capitalist class began to influence the economic policies of the post-1940s. In 1944, industrialists advocated an economic plan for the economic development of India.

A committee consisting of industrialists Purushottamadas, JRD Tata, Ghanshyam Das Birla, Ardeshir Dalal, Sriramsher, Kastoorbhai, Lallubai, Dr. Janmathai prepared the plan in Bombay. Hence it is also called the 'Bombay Plan,' 'Capitalists' Plan,' and 'Industrialists' Plan.'

The Bombay Plan allocated 10 crore rupees for a period of 15 years. It aimed to achieve economic development in sectors like agriculture, industry, health, transport, housing, etc. Along with development, the aim was to control population and increase per capita income and national income.

This project provides financial assistance to the farmers through cooperative societies and institutions to avoid severe exploitation by brokers and moneylenders. Providing modern machinery, good quality seeds, chemical fertilizers, and irrigation facilities necessary for agriculture. Developing industrial zones, creating basic and large-scale industries. The Bombay Plan gave special priority to the development of cottage industries besides taking care of the industries necessary for the economic development of the country in the public sector and the rest in the private sector. However, industrial zones were given more importance in this Bombay Plan, so it is also called the 'Industrial Plan'. Naturally, this plan was designed to protect the interests of neo-capitalists. However, this was not the model of development that Gandhi advocated.

#### Gandhi Plan 1944

Gandhi's follower and economist, SN Agrawal, formulated the 'Gandhi Yojana' that India is a country of villages, and unless the villages are developed, the country will not develop, and the development of cottage industries will keep the villages on the path of development. The Gandhi Yojana proposed an initial outlay of only Rs 3500 crore for a period of 10 years.<sup>xii</sup> It was a very idealistic and simple plan. Every person should get a job to work without giving preference to machines. Gandhi's wish was that the country's economic progress should be made by people becoming job-oriented; his work 'Hind Swaraj' strongly advocated this.

In this scheme, 34% of the total funds will be earmarked for agriculture. Self-sufficiency of villages. The aim was to ensure that every villager had access to balanced nutritious food, clothes to wear, medicine for diseases, and basic necessities. Villages were the main concern and priority in this project. Of course, the capitalists who favored massive industries did not agree to this. Many economists also disagreed with this as it only gave more importance to rural development.

### People Plan 1944

1944 the Union of Indian Workers formulated the 'Janata Plan'. This plan involved a huge outlay of Rs 15 thousand cores for India's developmental projects. The Janata plan was a 10-year plan in which agriculture was prioritized.<sup>xiii</sup> M. N. Roy, a left-wing thinker, advocated this project. That is why this scheme is also known as the 'Roy Scheme.' The JanataYojana had little interest in programs catering to all sections of the population. Hence, this project didn't get that much favor. However, it was a more visionary plan than the Bombay Plan as it had a principled commitment to the working class and directed money to be invested in projects that would yield quick results. Also, it was unsuccessful due to a lack of proper thinking about the source of funds required for the project.

### Post-war reconstruction plan

During the Second World War, the country's economic condition was severely affected; in 1944, under the chairmanship of Sir. R. Desir, the Department of Planning and Development, was established. Some short-term and long-term projects through this organization were started by the Planning Department under the supervision of the Viceroy's Executive Committee.<sup>xiv</sup> This plan was dropped as the interim government came to power.

In 1946, the Interim Government set up a 'Planning Advisory Board' under the chairmanship of KC Niyogi; the main objective of the board was to recommend measures to overcome various economic problems created by the World wars<sup>xv</sup>

When India gained independence, the industrial sector was stagnant. Millions of Indian peasants were left behind by the ancient farming system. On the one hand, India's economic system was weak due to increasing population pressure and the ill effects of World War II. Problems such as poverty, unemployment, partition, and shelter for seven million migrants, lack of resources, and more had to be faced. The Prime Minister of India, Jawaharlal Nehru, was tasked with making India a developing nation. The process of decolonization had to fill in the actual settlement. Thus, the foundation of economic planning is very important if several problems are to be perfectly overcome.

### India's Industrial Plan 1948

1948 the first National Employment Policy of the post-independence era was published. According to this scheme, industries were divided into four types, and rules were framed for regulation. The government will set up and run the industries. The government's industrial policy ushered in the establishment of a prosperous government sector. This plan provided the backdrop for Karnataka's subsequent policy.

### Sarvodaya Yojana 1950

Jayaprakash Narayan, a follower of Gandhi, prepared the 1950s 'SarvodayaYojana' at the rural level. With the courage to establish small industries and provide employment opportunities to the people, he gave more importance to Gandhi's charaka and gave priority to the manufacture of khadi cloth. This was the model of Gandhi's thinking.<sup>xvi</sup>

Thus, many plans were formulated and proposed by many leaders, economists, industrialists, and socialist thinkers in India before the five-year plans were implemented for the first time, which became the foundation for developing the five-year plans. In 1950, discussions on the project occurred at the Commonwealth Conference in Colombo. Backward countries, including India, were inclined to implement Five Year Plans. There were extensive discussions on the philosophy, scope, and development programs. In this background the Colombo conference became a significant event in the economic history of India. Balanced regional development became an important thrust as all parts of the country needed to prosper. This led to a decentralization process of development. With this in mind, although the national plan was formulated comprehensively, it was decided to formulate separate plans for the respective states. States were given ample opportunity to plan their own programs and decide the priorities, allowing them to effectively improve the economic situation by using local resources.

After independence, Jawaharlal Nehru said, "We got India at independence in a miserable condition, having been exploited by the British for nearly 200 years and deprived of the opportunity to participate in the modern industrial transformation process that was taking place in other parts of the world."<sup>xvii</sup> According to the principles, the state director decided to have social and economic development. As a result, the 'Planning Commission' was formed in 1949 under the chairmanship of Nehru. It was to observe the country's resources and prepare plans for their efficient use for its prosperity.

### National Planning Commission 1950

India adopted the spirit of socialism and a mixed economic system in economic development. India, on the other hand, favored private enterprises and the establishment of private industries. However, it formulated a policy to remove government control over them. It has its own set of rules for large enterprises and business activities. The Council of Members of this Commission met for the first time on March 8, 1950, and adopted its resolutions. To improve the standard of living of the people of India by actively utilizing available human resources and natural resources. To overcome the unemployment problem by increasing production. To provide social justice by ensuring representation to all sections of the society"<sup>xviii</sup>

As the Planning Commission said about India's need for planning, "When India got independence, we were backward in every aspect. The country's industrial sector was stagnant. The nation was suffering from the burden of farming in the old days. The Indian economic system was weak due to increasing population pressure and the ill effects of the Second World War. Poverty and shortages were rampant everywhere. Due to the partition of the country, millions of people were displaced, and their economic and social lives were disrupted. The local facilities were very minimal compared to the needs. We needed to rebuild our rural economy to lay the foundation for industrial and scientific progress and to expand education and other social services. We had to give meaning to civil rights by improving the people's standard of living and providing opportunities for more



people. Thus, several reasons necessitated a national scale plan covering all economic and social life aspects. These plans were needed to organize resources, determine priorities and goals for transition, and create a broad vision of progress. Thus rethinking the basis of economic and social life and using the energy potential of the people for national development works as much as possible

Planned Development became a way to achieve large-scale progress at a rapid pace. Observing these words, it can be said that the political leadership and economic policymakers of that time had a far-reaching vision.<sup>xix</sup>

The National Development Council (NDC) was established on August 6, 1952, by Nehru, the Planning Commission's Chairman. It is a decision-making body for the development of the country. The National Development Council comprises Prime Ministers, Union Cabinet-level Ministers, Chief Ministers of all States, and Heads of Union Territories. It works on the advice of the Planning Commission. It is also an organ that advises and instructs the Planning Commission. It was aimed at promoting economic projects for the country's development and using the resources available in the country. It is an organization created to achieve rapid and balanced national development. But there are no mandatory rules that the Planning Commission may or may not agree with the recommendations given by the National Development Board.

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- <sup>x</sup> Ibid.,

## CONCLUSION

The Nehru government that came to power after independence felt responsible for framing the decolonization agenda. Decolonization plays an important role in strengthening nationalism. Discussing the bird's eye view of the Five-Year Plans adopted in India to achieve balanced development of the nation, the present article has tried to understand the patterns of various economic plans in India and their background, size, ambitions, theoretical outlook, and growth. The article main aim is to understand their upward mobility in social and economic contexts. The resulting social and economic shifts are summarized.

<sup>xi</sup> Ibid., 145-146.

<sup>xii</sup> Sriman Narayan Agarwal, The Gandhian Plan of Economic Development India, Padma Publication Ltd, Bombay, 1944, PP.7-13.

<sup>xiii</sup> Ibid. 378.

<sup>xiv</sup> Ibid., 3789

<sup>xv</sup> Government of India, Historical Perspective of Planning in India, MHRD, p.5.

<sup>xvi</sup> Economic Weekly, May, 27, 1950

<sup>xvii</sup> C.B Kamati (Anu), Swathathrottara Bharatha, Navakarnataka Prakashana, Bangalore, 2019, p.372

<sup>xviii</sup> Government of India, Report of Five-Year Plan Committee, The Indian Institute of Public Administration, New

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