

Strategies in India since Independence: Planned Economy and Neo Liberalism

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Abstract – When India attained Independence in 1947, a changeover in the Indian economy was really long overdue to meet the difficulties of modernity. Right after increasing Independence the main challenges facing the Indian economy was modernisation and for that setting up of contemporary industries was experienced when the demand of the hour. India took to the road of economic planning for this after April one, 1951 influenced by the experience of the erstwhile Soviet economic planning like a number of other nations at that time of time. The report uses a number of vital commentary on India's neoliberalism conveyed in the type of the so-called New Economic Policy. It argues, New Economic Policy is actually a lot more when compared to a governmental policy. Neo-liberalism is actually applied through, as well as entails, the transformation of room, and hence creates overwhelming spatial unevenness. Neo-liberalism is as well a part of the imperialist task.

Keywords: Independence, Economy, Reform, Policy, Liberalism.

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I. INTRODUCTION

India Wins Freedom on 15 August 1947, Nehru had declared: "Long years ago we launched a trust with destiny, and today the time comes when we shall redeem the pledge of ours. The achievement we celebrate these days is actually though a phase, an opening of opportunity, to the fantastic triumph as well as achievements that await us." He reminded the nation that the responsibilities ahead included "the ending of ignorance and poverty & inequality and sickness of opportunity". These had been the fundamental foundations on which India embarked upon the path of its improvement since increasing independence in 1947. The goal of this paper is actually analysing just how much has India actually achieved within the last seventy years in fulfilling the aspirations on which it was founded.

The British handed over to free India, an economy filled with distortions as well as imbalances. reeling in the burden of stagnation, in consequence of the perpetuation of primarily pre-capitalist modes of generation both in farming and industry and also the colonial pattern of international trade. Impartial India, was, therefore confronted with issues that were formidable in nature and gigantic in magnitude. The land was practically in the grip of economic stagnation, poverty that is prevalent, unemployment and also the consequent human misery. The stagnating agricultural industry had to be converted to usher in an era of countryside prosperity. The backwards manufacturing industry had to reformed for creating a good and self-reliant economy. The

partition of the nation had even more aggravated the economic crisis. The economy was nearly a century behind the innovative manufacturing nations of the planet. So it started to be important that measures be taken to remedy the ills of the economy as well as work made to set it on the right' - road of sustained progress had to attain inside a really brief span of time, the amount of improvement which the then developed nations of the planet got a century or even much more to achieve below favorable factors. It had been within these powerful forces which India formulated a selection of policies for brief economic growth as well as economic development.

For many part of the original years after independence disruptions connected with partition, drafting a constitution as well as the establishment of a brand new government, etc. occupied the main interest of the Indian leaders. The very first main undertaking of the very first democratic government under Prime Minister Jawaharlal Nehru was formulating an improvement technique to change India's economy from a dismal status following the exploitative colonial rule to a self-contained economy, and thereby, initiate a process of rapid as well as healthy economic development. In order to purport its improvement, approach the Government of India set up the Planning Commission in 1950 underneath the chairmanship of the Prime Minister, and that is the main bureau to design, execute as well as keep track of the 5 Year Plans (FYP).

The goal of India's development strategy has been establishing a socialistic pattern of modern society through economic development with self-reliance, social justice as well as elimination of poverty. These goals had been to be accomplished to a democratic political framework making use of the mechanism of a diverse economy in which each private and public sectors co-exist. India initiated planning for national economic improvement with the establishment of the Planning Commission. The goal of the very first 5 Year Plan (1951-56) was raising domestic savings for development as well as in order to assist the economy resurrect itself from colonial rule. The actual rest with the past in planning arrived with the next 5 Year Plan (Nehru Mahalanobis Plan). The industrialization approach articulated by Professor Mahalanobis placed focus on the improvement of quite heavy industries and envisaged a dominant role for the public sector of the economy. The entrepreneurial job of the state was evoked to produce the manufacturing sector. Commanding heights of the economy had been entrusted to the public sector. The goals of manufacturing policy were: a higher growth rate, national self-reliance, reduction of international dominance, building up of indigenous capability, encouraging tiny scale sector, bringing about healthy regional growth, prevention of focus of economic power, reduction of earnings inequalities as well as command of economy by the State. The planners as well as policy makers recommended the demand for making use of a range of instruments as condition allocation of investment, licensing along with other regulatory controls to steer Indian manufacturing development on a closed economy foundation.

II. MAJOR OBJECTIVES OF THE INDIAN PLANNING PROCESS

Right after increasing Independence the main challenges facing the Indian economy was modernisation and for that setting up of contemporary industries was experienced when the demand of the hour. India took to the road of economic planning for this after April one, 1951 influenced by the experience of the erstwhile Soviet economic planning like a number of other nations at that time of time. Nevertheless, Indian planning was distinct from the Soviet one as India's was a signs planning activity even though the Soviet planning was essential in fashion provided the political framework of its from which India differed considerably.

The main goals of the Indian planning had been four fold - (a) growth, (b) modernisation, (c) self-reliance, and (d) social justice or perhaps equity. Of all these, modernisation as well as self-reliance received probably the most interest in the original days of planning with the perception that setting up of contemporary industries as well as infrastructure would instantly take proper care of social justice and economic growth as the advantages of

industrialisation and concomitant economic growth would trickle down to the marginal areas of the populations. The onus of industrialisation largely fell on the shoulder of the public sector which was imminent in the next Industrial Policy Resolution in 1956. The ideal of self-reliance was pursued in phrases of import substitution led industrialisation path along with a bit of pessimism for exports of the original days. The rules as well as regulations had been slowly set up appropriately to allow for some regime where state used to play the main role straight in phrases of productive activities as well as in terms of intervening in the performance of market. There seemed to be a debate of Indian means of economic development through state led industrialisation and import substitution. Probably the most important critique of India's planning for industrialisation was Jagdish Bhagwati that in 1970 experienced the road chosen by India was an incorrect one as it will obstruct the performance of market place that is free and would instil hence inefficiency in the device in the neoclassical feeling of the phrase.

The primary objective of planning, consequently, was to diversify India's output base as well as to quickly industrialise the nation; "to build up the country of ours industrially and bring about in fact that long deferred industrial revolution in this particular country." (Nehru, quoted in Nayyar 1972). The planners needed to envision India from as a "poor, fairly fixed, mainly agricultural as well as conventional economy" to as an economy which would be "richer, powerful, modern." and industrial

In a nutshell, the post Independent switch of India may best be characterised by one of remarkable economic development as compared to the colonial past of its as well as, amazing improvement of capital items sector as well as public sector dominated manufacturing sector and a nationalised as well as healthy economic industry coupled with quite unimpressive improvement in living standards of typical individuals as well as health and education public. Some (tribal and bad agricultural folks) had been displaced from their livelihood and land to generate "sacrifice" for economic growth along with a labour force divided between informal and formal setting of the economy.

III. CONCEPT OF NEO-LIBERALISM IN PLANNING STRATEGIES

Neoliberalism demands a smaller government with a tax system a lot as well as considerable generous for the corporate and rich on the one hand as well as smaller government expenditure. The latter means in fact decrease in interpersonal sector expenditure as well as subsidies in relative sense. Being a result, the Government had to carry out the Fiscal Responsibility as well as Budget Management Act to discipline the very own fiscal

practice of its that is currently put on quite possibly by the various State Governments. Thus, the strain on the Government is currently on to consist of fiscal deficit. On the other hand, the single goal of the Monetary Policy remains one of inflation targeting and so as to be sure that the actual price return doesn't fall under the threshold limit. This particular goal of monetary policy is actually little doubt associated with the motive of speculative finance which often would like to guarantee a threshold actual return on assets. On the one hand, the financial reforms are actually making rooms for speculative finance of the nation as may be noticed in phrases of raising derivative and commodity trading as well as booms in stock markets. On the other hand, the onus of trying to keep the investors' wellness unchanged has befallen today on monetary expert in phrases of inflation targeting which takes inflation as a clean monetary trend in a nation as India characterized by a lot of need and supply-side bottlenecks. And so, neoliberalism has produced the own tension of it's for the monetary and fiscal policy regime to accommodate the curiosity of capital and finance at the price of work. There's in fact redistribution of assets to capital owning category as well as the allies of its in the liberalised economic industry of the progression.

Neo-liberal economic liberalisation hence discovered changes in policy stance that is economic in each monetary and fiscal policy matters. With the government introducing self-control on fiscal deficit through Fiscal Responsibility and Budget Management Act to consist of fiscal deficit, the fiscal policy alternative of boosting government expenditure, flat when needed, is actually gone. At exactly the same time, this's a stage which witnessed overwhelming concessions or maybe financial assistance provided to the capital at the price of work to draw in private - especially foreign investment. The state laws as well as controls in sector had been transformed to facilitate the market led expansion of industries. The monetary policy on the additional hand became a lot more focused on inflation targeting. As compared to the earlier period of post Independent planning as well as state led transition, this particular stage of transition registered a lot more remarkable economic growth rates before remained very unthinkable. Gone are actually the days of what's widely known as Hindu Rate of Growth, the phrase coined by Raj Krishna to explain the reasonable growth documents of the planning days. The pose of economic planning even went by transformation with express led funding targeting no longer staying the process of planning. If the Eighth Plan began in 1992, the question was raised about the explanation for economic planning of a market-friendly liberalised economy. The Planning Commission came out naturally with the perception that planning will be henceforth for sticking to the interpersonal goals which hitherto stayed not a lot of target oriented in the Indian planning exercise. And so, on the one hand the market will stay in charge of cultivating funding as well as the state and capital

development would while facilitating the development of a market that is free stay concentrated on a number of distribution policies targeting the interpersonal sectors like education, health, poverty alleviation, employment generation for the disadvantaged and poor, minority and scheduled caste/scheduled females and tribe as well as kids etc. A brand new idea was fitted in the idea of planning in India viz. monitor able targets, in which particular ph levels of targets will be repaired for interpersonal indicators (say, infant mortality rate) to be accomplished to a certain time period. Resources will be appropriately allocated under various state sponsored programmes in the implementation part of which regional self-governments viz. citified municipalities as well as village Panchayats would perform better role.

IV. PLANNING OF ECONOMY AFTER INDEPENDENCE STRATEGIES

The Economic Policy is not simply a government policy, and it's neither completely new or just economic. Formally released in 1991, it essentially presents the needs of the capitalist class, and much more specifically, the demands of hegemonic fractions of the foreign-diasporic and domestic capitalist class at a specific phase in the improvement of Global and Indian capitalism. The Economic Policy seeks to produce conditions where foreign and domestic capital is able to spend cash to produce a great deal of cash, not simply by utilizing inexpensive natural materials as land, water, minerals and forests, but additionally by making use of speculation along with other non-productive means as well as by exploiting inexpensively skilled as well as unskilled labour. A crucial objective is additionally in order to entice foreign capital and reinforce the role of Indian businesses in the struggle for export markets as well as to get overseas technology and capital. The Economic Policy model pursues the aim of transforming India into a world power by making it an office, a laboratory (for biotech and pharmaceutical companies, for example), along with a factory for international capital, according to (relatively) affordable labour, both unskilled and skilled. In order to do this goal, the important company creates certain needs on the state, including: deregulation of private companies; privatisation of government companies; trade liberalisation; giving of authorization to overseas capital to personal companies in India; enactment of other incentives and tax cuts for businesses; reduction or maybe total withdrawal of government advantages for the poor; and finish freedom to employ as well as fire labour.

The Economic Policy isn't simply about economic issues. This's since it may ensure ideological and political conditions for several accumulation strategies. "Political conditions" in this instance means judicial coercion and express repression

(like the suppression of democratic rights; to be discussed later). "Ideological conditions" here refers to the promotion of market fetishism in all of spheres of daily life, including social consciousness. Connected with market fetishism are actually the strategies of getting high rapidly by any means and of the marketplace as the dominant technique of supporting the very poor (hence the acceptance of such items as micro-credit and self-help groups in the discourse of development, pleasantly encouraged by the state as well as civil society groups)

V. CONCLUSION

India's development encounter has attracted considerable interest in economic development. A lot of the literature focuses on the failure of India's first procedure of "State directed" improvement with a solid inward-looking bias in the development technique of its. It's been well demonstrated exactly how India's extended technique of import substitution was followed by a paradigm shift towards a far more liberalized open economy model of improvement of the 1990s. India's profitable emergence of the world economy has frequently been linked to this liberalized trade as well as manufacturing policy regime. Basically, the current literature on India's development encounter analyses the economic functionality of it's in an effort to associate it with the wide theoretical contours of outward versus inward-looking industrialization and development.

Neo-liberal economic liberalisation hence discovered changes in policy stance that is economic in each monetary and fiscal policy matters. With the government introducing self-control on fiscal deficit through Fiscal Responsibility and Budget Management Act to consist of fiscal deficit, the fiscal policy alternative of boosting government expenditure, flat when needed, is actually gone. At exactly the same time, this's a stage that witnessed overwhelming concessions or maybe financial assistance provided to the capital at the price of work to draw in private - especially foreign investment. The state laws as well as controls in sector had been transformed to facilitate the market-led expansion of industries. The monetary policy, on the additional hand, became a lot more focused on inflation targeting. As compared to the earlier period of post-Independent planning as well as state-led transition, this particular stage of transition registered a lot more remarkable economic growth rates which before remained very unthinkable. Gone are actually the days of what's widely known as Hindu Rate of Growth, the phrase coined by Raj Krishna to explain the reasonable growth documents of the planning days. The pose of economic planning even went by transformation with express led funding targeting no longer staying the process of planning.

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