

Criticisms of Planning Process:

1. Experts now realize that a minimum standard of living could have been ensured for all if resources had been thought of, not in money terms, but in terms of people. Economic development should not have been equated with increasing the supply of goods but with providing opportunity for work to the entire population and raising their productivity by better knowledge and better equipment.

2. In spite of enormous advance in industrialization there has been no change in the occupational pattern of the country's work force. In spite of an impressive development of the large-scale manufacturing and infrastructure sectors, the share of agriculture in the work force had not diminished at all. It was 72 per capita in 1911 in 2001 and still 60 percent of labour force is in primary sector.

In almost all countries economic development is associated with a significant decrease in the share of labour in the primary sector. In India, however, a fairly rapid growth in the non-agricultural sectors during the last 50 years of planned development has not made any noticeable impact on the industrial distribution of the work force.

Investment and output have grown at a high rate but the production-mix and the technology-mix have been so capital intensive that employment has not grown paripassu. Between 1961 and 1976, in modern factory sector, investment increased 139 per capita and output 161 per capita but employment increased only 71 per capita

Therefore, employment per unit of gross output decreased by 34 per capita and employment per unit of capital declined by 28 per capita. The higher output ratio also indicates that much employment has not been created in the industrial sector, as capital intensity was higher for different investments. In 1999-00 the employment in secondary sector was 15.8% of the working population. In the period of economic reform employment generation rate has been reduced.

3. So long emphasis was on financial rather than physical targets. There should be a change in the way in which targets are fixed by the Planning Commission.

In spite of the known ambiguities associated with financial targets, emphasis still continues to be laid on financial rather than physical targets. It is true that physical targets are mentioned quite prominently but there is no clear indication of the link between physical and financial targets.

4. After 50 years of planning, the conditions created and sustained by the Government policy have resulted in aggravating inequality in the distribution of wealth. Millions of people especially in rural areas continue to languish on the border line of abject poverty if not of actual starvation.

The planning has not touched even to the fate of large part of populating. Thus there is ample justification for the general feeling that the technique of planning in India does not deserve the price that has been paid for it.

5. So far as the conceptual or logical content of planning is concerned there is not much wrong; the wrong lies in its implementation, its lack of cohesion with social factors and the impediments imposed by political, social, administrative and cultural forces rather than strictly economic factors. What is needed is not an exclusively new approach to replace the old but a reorientation and modification of the old with some additions here and there.

6. One of the objectives of the planning is economic self-reliance; self-reliance means economy should be attaining various types of securities such as food security, energy security, environmental security, socio-political security.

Though in various fields we have made much progress, but we have not been able to bridge the resource gap and a large part of the resources come from foreign sources. The private sector as well as public sector has failed to generate adequate resources. We have also failed to create sophisticated equipment and materials.

7. The situation in respect of distributive justice has not been ensured in various sector of the economy. The tenancy reforms have not been complete and insecurity of tenure has been much more pronounced.

The nature of infrastructure has helped mostly to rich sections of peasantry. In the industrial sector also big became bigger. The planning has increased the inequalities only. Industrial licensing was neither efficient nor egalitarian.

8. The economy has faced an uninterrupted inflationary process. The inflation varied from 5 to 10% per annum. It has been eroded purchasing power of the people, increased project costs, and reduced the competitiveness of the economy. It has also affected rate of savings and real investment. Common people have become hard hit at such inflation.

9. The resources allocation pattern does not show any consistent trend. Sometimes it was on industry or sometimes it was on agriculture, after the first five year plan

agriculture got prime importance again relatively in 10th plan (as union budget 2004-05 and common minimum programmes reveals.) whereas with the exception of 4th plan, industry got relatively a largest chunk of resources (almost 25% of total allocation). Allocation on power and transport were satisfactory but various aspects of social sectors have been neglected. Social sector has got relative attention from 8th plan onwards.

10. The growth rate in the plan period in most cases has not been satisfactory. Excepting the years of 8th and 9th plan growth rates were not consistent. Moreover, growth rates have not helped to remove poverty and unemployment.

The product mix that has been generated has not helped poor people. Balance of payment situation has not been satisfactory. We had always a deficit in the BOP.

Another major area of setback is the inability to generate adequate revenue, which has given rise to resource gap and deficit financing. There was generation of black money and corruption and failure to tax black money income.

Some other drawbacks of the planning system are:

- (i) Role of planning and market could not be synergised.
- (ii) State intervention has not yielded people's confidence.
- (iii) Targets were unrealistic.
- (iv) Objectives and implementation of objective had little link.
- (v) Planning machinery was weak.
- (vi) Institutional support was inadequate.

In spite of many drawbacks and inadequacies Indian planning has also achieved a great deal. Even after 200 years of colonial exploitation with many negative traits, India has become one of the emerging economies in last 50 years with a 5 fold increase of output in agricultural sector, a diversified industrial structure and a vibrant trade/services sector. After economic liberalization Indian economy is becoming a modern economy along with other Asian economies.