

A critical review of planning commission for setting-up a new institution to pack hope of people for developed economy

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Abstract

Background: This paper discusses about the planning commission and its scrap. It attempts some facts, aspects of planning commission of India for that firstly, it discusses about the role, and its achievements; secondly, it identifies the challenges, and finally it identifies the relationships of planned and actual growth of economy.

Method: The study conducted through the secondary data of publications and reports of planning commission. Researcher compare planned growth rate with actual growth rate for reveals gaps. Chi-square test and Pearson correlation (2-tailed) has used for the data analysis.

Results: From the analysis, planning commission mustered failure in each plan to estimate growth rate of economy. Policymakers have failed to figure growth rate and control actual growth with their planned rate. Many factors and aspects influenced its functioning. The study also relates expected growth rate with the actual rate of GDP in five years plans.

Conclusion: Present planning commission and its functioning are not helpful in economic and structural development of nation. In this view, this paper spins hope of people with new commission, challenges ahead and suggests some remedies & ideas for setting-up a new institution for planning.

Key words: Planning Commission, Growth Rate, Political Parties, Prime Minister and Economy of India.

1. Introduction

15th August, 2014 was a revolutionary day for the Indian economy, Prime Minister of India Mr. Narendra Modi announced that 64 years old suggestive body, planning commission, is scrapped to modernize planning of India [1]. In his speech, he raises questions over the constitutional status of planning commission and he said that it is not meeting with the needs of present time of state. He wants to make a body that has public interest on place. He desires his intention by invited ideas of people. To invite ideas of people he appeals to give their thoughts through govt. portal mygov.nic.in to establish a new institution [2]. Planning commission of India intended for its important roles in growth of Indian economy by its advices and policies to grow agricultural, industrial and better infrastructural outputs in nation. It has always tried to give its best and growth of Indian economy is evidence of it. As a suggestive body and implantation of plans, it guides govt. to take right path to meet with needs of economy and people of India.

Planning commission of India is a non-constitutional body and it is not accountable to the parliament and nation. Amendments in constitutions of India cannot challenge its functions. It was working under the principles of state policy. At times, pressure from political parties affects its functioning and institution fail to implements its plans. However, its importance cannot be undermined due to creation of coordination between central and states in federal system of India.

2. Planning commission of India

Planning commission is an institution of Indian government, which formulated India's five-year plans, among the other its functions. It was establishes on 15 march, 1950, under article 39, which directed under principles of state policy. It is not a creation from the constitution of India, but it is an arm of the central and state govt. It has started its working from 1951. Objective behind the setting up of this institution was improving the living standard of public by investing available recourses at right place for public welfare. Prime minister of India is the chairperson of the planning commission. In its constitution it has, present ex officio members are chairperson, deputy chairperson (govt. nominee) and others are experts of different fields of economy, science, industry and administration.

It also helped state govt. to plan their policies for nationwide development of India [3]. It is working as a coordinated agency between state and central govt. as well as between different ministries in allocation of resources by its recommendations. Over the years, it has moved from centralized investment process to more directive and balance investments for all-round development of nation with its vision of balanced development of state. It is always works on principles of holistic development of nation with holistic development policy framework. Planning commission focus is on infrastructure development of nations for that it frames plans of public sector with coordination of private sector. In social, sector it focus on schemes like rural development, health plans, drinking water and sanitation availability in access of all people of India. Further, its efforts reduce the attempt and performing in duplication of work.

3. Achievements of planning commission of India

Planning commission (PC) has played imperative roles in the Growth of economy; which reassured on rate of GDP of national economy. Planning commission has outline policies for the development and growth of the Indian economy. The PC of India access the resources of state and availability of funds to utilize these resources and opportunities, to capture some opportunities it helps to achieve resources with adequate plans of states and recommends central govt. for financial assistance to the state for its plans to utilize resources [4]. These steps of PC leads state towards the development and creation of new jobs in the state. State plans get endorse of funds on recommendations of PC on that hand state govt. encase its plans into authenticity with financial asistance of central government. PC helps state to make smaller gaps of regional inequalities by provide them funds to acutalize their plans in time. Walia [5], Identify that PC of India have key revelation of reduce regional iniquity in Inidia with implementations the central and state schemes and projects which financial assisted by central govt. on recommendations of PC effectivily. PC of India have its objective to suggest the govt. for the implementation of right plans that can lead India towards the stable economy and superior infrastructure to grow econmy and increase the rate of GDP.

Five year plans of Inida have a foremost role on the Indian economy. Five year planning gives a direction to Indian economy for flourish and go with correct conduit. Five year planning is the structural design or a scratch for the govt. of India to expenses its funds on public welfare. Till the 8th five year planning it focuses on the public sector but after this it start to utilize private sector and plans affect working of prvate sector in India. Five planing have its importances in Indian economy viz. green revolution, higher education rate and industrilization in India. India becomes the independence in production of foodgrains due to its focus on the production of foodgrains to make india free from the import of foodgrains. It apraises the implemented plans on time to judge the accuracy of policy and better utilization of substance of nation. Five year planning of india have its roles in industrilization, efficient technology in India, better infrastructure, increase agricultural production, modernize economy and self reliance in some imports viz. foodgrains, machinaries, tools of industries.

PC can recommend without creating any liability for it and on other. However, mostly, expenditures of indian govt. in previous years was affected with the recommendations of planning commission. During 11th five-year plan, the PC of India to the centrally sponsored schemes (CSS) through 13 flagship program allocated around 79.4 percent of the total fund [6]. Program and schemes implemented by different ministries subjected to evaluate for the PC. The rural development ministry implemented NREGA; it is monitored by PC. It has multitasking vision and implemented with some plans of govt. 11th five year plans focuses on the betterment of transportations and infrastructure, about 70% of total govt. investment in duration of 11th five year plan was constituted in infrastructure [7]. Further, PC implemented plans for the skilled and healthy workforce in the nation, for this implement plans like NHRM etc. These plans increases the life expectancy rates of people and it becomes 62.3 for female and 63.9 for male in year 2001-2005 over 32 years in 1951 by providing good healthcare facilities [8]. PC and plans was make available a guidelines to policymakers to outline the policies for public wellbeing with a smaller amount endeavor and optimum possessions to attain targets of growth and growing economy.

4. Challenges to PC

PC is a non-constitutional body; its functioning depends on principles of state policy without any constitutional existence of it, it is not able to tie liable to take proceedings according to suggestions and advices. Its drawbacks affect working of commission by selection of non-professional and unskilled people selections by prime minister without any criteria on his personal knowledge. Prime minster is the chairperson of commission and it have a deputy chairperson which is not belongs to parliamentary oversight, accountability of commission is not created as a

constitutional body for its suggestions, it raises questions on it. Members of PC are appointed by prime minister by his own knowledge and wish that lead it to favor the government and included suggestions of govt. On mistakes and other omission, commission cannot interfere and take corrective measures. Working of commission is as a political favored commission of prime minister, which draft policies on wish of prime minister and give suggestions according his wish. Its working is affected with the government policies, which reflected in time of, revolutionize in the central govt. on change of ruling party present commission collapse and a new commission comes to us from the time of 1970.

PC of India faces many challenges as a non-constitutional body; it faces challenges to meet with its responsibilities and existence. PC of India becomes the puppet of politics from its establishment date by appointment. Chairperson is the prime minister and deputy is mostly, planning minister and other members are from the ruling party of central govt., they favor govt. without using their mind. According to Aiyar [9] former Prime Minister of India Rajiv Gandhi once called at Yojana Bhavan it "a bunch of jokers", but he was not take more interest in it to reconstruct it. Rajiv Gandhi intentions are openly, related with its working and existence in the constitution of India that does not bind it with its responsibilities and accuracy of policies. Further, in UPA regime its existence challenges in time of Dr. Manmohan Singh. UPA was establish a new commission as National Advisory Council (NCA), that headed by Sonia Gandhi [10]. It was equally equipped body as national PC, which reduces its roles as planner of development of Indian economy. It also questions over the working self-determination of PC.

PC is facing challenges in allocation of proper funding in the state. It is only an advisor to the central govt. to implement plan of any state of India, it is not responsible for the implementation and success of plans of state. Mostly, regional parties and opposite parties govt. in state blame commission to not providing them proper fund by central govt. without suggestions of PC. However, PC is not responsible at all but central govt. get a way to ignore them on predetermined decisions and suggestions of central govt. favored PC. Its freedom becomes a challenge for state of opposed parties govt. state and in reduce regional imbalance of India.

5. Objectives of the Study

1. To reveals the Expected and Actual Growth Rate of Five Year Plans.
2. To find out relationship between Expected and Actual Growth Rate of Five Year Plans.
3. To endow with a few suggestions to scrap PC of India.

Hypothesis:

Ho: There is no significant relationship with Expected and Actual Growth Rate of Five Year Plans.

6. Research methodology

This research is used secondary data for the research. These data collected from the well-known publication books and website of PC of India. Data arranged in that form which can help researcher to conclude research to match its objectives.

The analysis of data collected through questionnaire has been carried out by using percentage analysis and the hypotheses were tested using chi-square test and correlation as expected rate of growth is independent variable and actual rate of growth is a dependant variable.

7. Results and findings

I. Performance in Five-Year Plans: The first five year plan was keeping up in year 1951 which was completed in 1956, it achieves growth rate was 2.1% but it achieves 3.6% against 2.1% expected growth rate. Due to marvelous accomplishment of 1st five-year plan, they expect 4.5% for 2nd plan that is more than double of 1st five year plan and it was not achieve it and score only 4.1%. third plan is most failure and its gave widens as 2.8% on expected rate due to war effected economy and tenure of three prime minister period in time of this plan. Consequently, fourth plan get negative results after that fifth, sixth, seventh and eighth also got positive but ninth plan was fail to achieve its target due to instability of central govt. of India. Eighth plan was most success plan in history of PC. However, after eighth plan each plan meets with the negative results and cannot achieve its targets due to malpractices and lower efficiency in skills of commission.

II. The proposed hypothesis was tested with Chi-square test: Fascinating expected growth rate of plan does not depend on the expected growth rate of PC. For this, it is calculating on basis of expected and actual growth rate of five years plans of India.

Rule: If the table value of Chi Square test is less than the calculated Chi Square test, than reject the hypothesis, otherwise accept the hypothesis framed.

Table 2, is based on data of table – 1, expected and actual rates of growth, that calculated by help of SPSS software.

Table 1. Average Growth Performance in Five Year Plans

(Rates in %)				
Plan	Time Period	Expected	Actual	Difference
1	1951-1956	2.1	3.6	1.5
2	1956-1961	4.5	4.1	-.4
3	1961-1966	5.6	2.8	-2.8
4	1969-1974	5.7	3.3	-2.4
5	1974-1979	4.4	4.8	.4
6	1980-1985	5.2	5.7	.5
7	1985-1990	5.0	6.0	1.0
8	1992-1997	5.6	6.8	1.2
9	1997-2002	6.5	5.4	-1.1
10	2002-2007	7.9	7.7	-.2
11	2007-2012	8	7.6	-.4

Source: R.B.D. Publication & National PC Website

Findings:

Chi square (X^2) = $\sum (O-E)^2/E = .818$

The degrees of freedom = $(c-1) (r-1) = (2-1) (11-1) = 10$

The tabular value of X^2 (Chi-Square) (degrees of freedom = 1) is 18.307 and the value of X^2 that from calculation is .818. Hence, the tabulated value is more than the calculated value, it indicate that actual growth rate is not affect with the expected rate due to without constitutional power it fail to combine govt. with its plans and advisory suggestions. Therefore, the Ho (null hypothesis) is accepted. In addition, concluded that there is no relationship between expected growth rate and actual growth rate.

III. The proposed hypothesis was tested with Correlations test: Expected growth rate of plan is as an independent variable and actual growth rate of plan is dependant variable. To find out relation, it is calculating on basis of expected and actual growth rate of five years plans of India.

Rule: If coefficient of variable is positive than positive relationship otherwise it is negative. One (1) shows perfect relationship, .75 to .99 is high, .0.25 to 0.75 is moderate and 0 to 0.25 is low relationship of variables.

Table 3, is based on data of table – 1, expected and actual rates of growth, that calculated by help of SPSS software.

Table 2. Test Statistics

	Expected	Actual
Chi-Square	.818 ^a	.000 ^b
Df	9	10
Asymp. Sig.	1.000	1.000

Table 3. Correlations

		Expected	Actual
Expected	Pearson Correlation	1	.650*
	Sig. (2-tailed)		.030
	N	11	11
Actual	Pearson Correlation	.650*	1
	Sig. (2-tailed)	.030	
	N	11	11

Finding:

- By applying Pearson Correlation between Expected growth rate and Actual Growth rate, where Expected rate was a dependant variable and Actual growth rate was an independent variable, we get Pearson correlation equals to .650 that was greater than 0.5 and less than 1, that mean Expected growth rate and Actual Growth rate highly correlated. They showed high relationship.
- Moreover, since 0.650 is a positive value therefore it means there is a positive or direct relationship between Expected growth rate and Actual Growth rate, which means with increase (decrease) in Expected growth rate, there would be an increase (decrease) in Actual Growth rate

8. Challenges ahead and hope of community

Really, PC of India has become story of old days. We need a new institution to fill the gap of PC. Many experts of field suggest their best to establish a new institution in democratic state, to pack the hope of billions of people. Corruption, politics and malpractice becomes barriers to nation and PC to get its objectives. Its failure was seeing from end to end gaps between expected growth rates and actual output rate. Federal structure of India has not served in better way in conflicts of political parties. ANI [11] revealed that we need a new institution in our federal structure to work with private partnership of public sector in effective way, and it will lead us to a new direction, as new blood and with new thought, he added. People hope to get rid from the political interference in the federal structure to allocate funds for development of state. Somewhere some news reveals the name of new institution to replace the PC. Aiyar [12] reveals a latest new that there will be a new institution names as NDRF, the National Development and Reforms Commission. Further, PC was not able to reduce the imports of nation and fail to produce import substitute within the country. The new ideology of PM Mr. Modi will lead us to reduce our import of electric and other goods by producing import substitute in our factories [13].

Transparency is the most demanding aspect in present time of technology era. People want their funds, collected through direct and indirect taxes by govt., uses in public welfare and development of state to empower the economy. Empowering nation, economy, people and policymaker is become the sole objective of new institution. Industrialization and agricultural development need full with the new enormous institution. Federal structure of India will serving in better way to strengthen the inner sights of nation. Elimination of poverty, healthcare and education for livelihood will be a manifesto of new institution to compete global economy and back the experts and professionals to India from abroad to serve billions people of nation. Overall, people are hoping a robust institution that leads India towards world largest economy with largest young people of world.

9. Remedies and suggestion

PC of India was not a constitutional body; we need a body that will be part of our constitutional system to serve our federal system of state with lower interferences of political parties. It is free in policymaking and has authority in implementation of the drafted plans. Ruling party and prime minister of India play their role to make it more practical and friendly with ground but cannot interfere with political issues and have lower role in funding of those states, which have other than ruling party’s govt. in the states of India. To make it free from unsightly political environment put together appointments of professionals of Indian Administrative peoples and experts of fields with their accountabilities to it. Accountability of related people through their appointments as authorized consultant or full time employees of commission should created. As a govt. institution, it is requiring its legal existence and lucidity in its functioning. Its working system is totally as needs of requirements of state without any specified or political interested exertions. Political leaders and other people representative of public suggestions will be welcomed in time of framing policies.

Presently, Indian economy and people require a new institution that has modern operation not an altered or modified old politically dominated commission. Therefore, there is no need of *old wine in new bottle with a modern label*. It needed a proper policy in allocation of funds between the states of India; there will be criteria based on many parameters viz. population, poverty, availability of material, skills of peoples, infrastructure and heritage of states. New commission should be accountable for its functioning; in case of failure of plan all members including chairperson acquire responsibility and can be sued for this. To implement of plans in states it should require a proper vision on the functioning of state govt. and can directly interfere in malfunctioning. After all, new commission should have its own vision to lead economy coordinating with the govt. to maximize the welfare in state and to Seal the holes in the economic development.

10. Conclusions

PC has been providing directions to policymakers of India for the last 64 years to touch new heights of economic development. Its working motives on principles of state and its functioning strengthens our federal system of nation, craft coordination between central and states govt. in India. Time to time PC showed its interest in the development of economy by paying superfluous attentions on the nearly everyone favorable sectors of economy. Its vision of better tomorrow leads us towards development of nation. However, its functioning was affected being non-constitutional that compose possessions of politicians. As technology and other aspects of economy fronts, its need and importance were reduced with old equipments and outdated plans. Five years Plans of commission were not able to achieve its targets and mostly, plans affected with power change of political party in our federal system. Sick politics of India misused its powers and suggestions. As an advisory, its function becomes ineffective by paying fewer attentions on old outdated plans.

Hence, we can say that present status of PC is not beneficial to grow on its plans. Therefore, we need a new institution on place of present PC to curbs its limitations and can meet with the expectations of people for development of India. To achieve the objective of minimum governance and maximum social welfare of community our government must focus on setting-up a new institution to fulfill the hopes of people. Further, the new commission for planning should work with hopes of people and carry zero governance of politics in its plans.

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The Publication fee is defrayed by Indian Society for Education and Environment (www.iseeadyar.org)

Cite this article as:

Ram Prakash and Arti Sharma [2014] A critical review of planning commission for setting-up a new institution to pack hope of people for developed economy. *Indian Journal of Economics and Development*. Vol. 2 (4), pp. 57-62.