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## Analysis of 'A plan of economic development of India'

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### Abstract

A Plan of Economic Development of India popularly known as a Bombay Plan or Capitalist Plan of India formulated in 1944 by eight leading Indian industrialists, proposed state intervention in the economic development of the nation. This plan was have foremost organized character of economic planning. However it is the issue of intense debate that it was considered as a capitalist plan. Some popular economic historian show the plan as an instrument of capitalists, which were developed to counter social propaganda. Nevertheless, some other's conclusion is related to who have complete structure regarding economic planning. They argued the plan have enough social and national elements. Due to this contradiction of thoughts it is very important to take a fresh analysis of original document. In this, try to evaluate the all prose and cones of the Bombay Plan. In this also find out the gravity of plan to effect of Indian five year planning model.

**Keywords:** Bombay plan, capitalist, committee, development, economic, income, national, socialist

### Introduction

The plan published in two parts first published in January 1944, the signatories of the Plan were Jehangir Ratanji Dadabhoy Tata, Ghanshyam Das Birla, Ardeshir Dalal, Sri Ram, Kasturbhai Lalbhai, Ardeshir Darabshaw Shroff, Sir Purshottamdas Thakurdas and John Mathai. Second part of report published in January 1945, the signatories of this except Sir Ardeshir Dalal all of them fist part signatories. First part of plan divided in five parts they have 99 sections. In the introductory part eight sections those mainly deals with, purpose of formulation of plan. In introductory they present brief outline of a plan, in this they give the main purpose of this plan is given the alternative and more better plan comparisons to People's India plan by M.N. Roy and Plan formulated by National Planning Committee. In political assumption section they describe that 'the assumption of scheme that on the termination of war or shortly thereafter, a national government will come to existence', that show the confidence of planer, they very well aware about the present conditions of world and India, within three years publish of complete plan a national government come into existence. Moreover, other they explain the political structure of state that is also like there assumptions they planed 'the future government of India will be constituted on a federal basis and that the jurisdiction of the central government in economic matters will extend over the whole of India' they nearly true expect partition of Pakistan.

Objective of plan is to bring about a doubling of the present per capita income within a period of fifteen years from the time that the plan comes into effect. In this plan important part regarding to the industrial development in this they describe the difficulties anticipated, 'We are well aware of the difficulties, which may stand, in the way of our objective being attained within so short a period. The execution of the plan will run counter to many deep-seated prejudices and traditions. In the initial stages, it will call for a very large measure of personal discomfort and sacrifice. Political differences may make it difficult to set up the necessary constitutional machinery. The international situation after the war may be such as not to permit of the orderly continuance of constructive activities on this scale'. If we can see the planning of independent India we can easily measure effectiveness of these different anticipate. In second part of plan take a new turn those mainly deals with the social important subjects with title Requirements of a Minimum Standard in this plan propose to a period of 15 years and has the modest aim of securing a general standard of living which would leave a reasonable margin over the minimum requirements of human life.

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Minimum requirements of human life, under existing conditions in India, these include, besides the physiological necessities of life like food, clothing and shelter, some provision for medical relief and education.

In this, they provide a particular scale i.e. the energy value of this diet is 2,600 calories, making allowance for some wastage in the kitchen and at the table, the *per capita* requirements of a balanced diet in India would amount to about 2,800 calories per day. Diet measure in such form is very intellectual work because lot of work and expenditure in India did not able to correct measure nutrient diet or cost of diet sufficient for an adult. However, in medical form 2600 calories is sufficient for an adult. They also estimated cost of balanced nutritive diet they approximately Rs.65 (£4 17s. 6d.) per annum for a growing adult and very little less for a growing child. At this rate an annual expenditure of Rs.2, 100 crore (£1,575 millions) would be required to keep existing population, 389 millions, well nourished. They also evaluate the cost of clothing. In this, most interesting and high standard set regarding to housing in they describe 'Adequate shelter against sun and rain and against the inclemencies of weather is yet another of the essential primary needs of human life. On the basis that a person should have about 3,000 cubic feet of fresh air per hour, the accommodation required would be about 100 square feet of house room per person.' The quality of houses required, however, depends largely on social traditions far more than on physical needs. Such type of standards did not available in present India after 66 year, if have that is percent less than one percent of total population. It may be only assumption but they give fairly cost of implementation of plan they describe, 'If we are to provide 100 square feet of house room per person, which has been mentioned above as the minimum needed, the average house should have an area of at least 500 square feet so that it can accommodate 5 persons. In rural areas, the cost of building such a house is assumed to be in the neighborhood of Rs.400 (£30) and in urban areas twice as much. In order that housing may come up to the standard, we have laid down, a large proportion of the existing houses both in rural and urban areas rebuilt and substantial provision be made for new houses. On a rough estimate, the total expenditure required for this would be about Rs. 1, 400 crore (£1,050 millions). At 71 per cent of the total capital expenditure, including the value of existing housing, the yearly cost of maintenance would be Rs.258 Crore (£1931 millions)'.

Plan also give the structural planning for the public health, inadequate preventive measures, medical facilities in this include of minimum requirement of doctors, maximum ratio between the population and Doctors or Nurses. They also provide the present statues of these facilities with comparison between England and other countries. They calculate all cost related to sanitation, water supply, village dispensaries, general hospitals, maternity hospitals etc.

Planning related to the minimum educational needs for that every person above the age of 10 should be able to read and write and to take an intelligent interest in private and social life is yet another of the constituents of a minimum standard of living, which we should like, bring within the reach of every individual in the country. For this, they allocate the primary education capital cost Rs 20 Crore, with the structural form construction of suitable buildings with equipment for this purpose. They also have the provisions of Adult literacy.

In 3<sup>rd</sup> part, they explain Economic Plan Explained in this they starting of planning with increase of low national income, increase in per capita income. for this they suggest the economy formation based on U.S.S.R., model with balanced Economy, They proposed threefold increase in India's total national dividend will be brought about in such a way that the present overwhelming predominance of agriculture would be reduced and a more balanced economy established. In industrial classification, they classified the industry in the basic industries, production of power, consumption of goods industries; with classification, they provide the information of basic needs for industries and consumer choices.

In development of mixed economy, they provide the planning related to the agriculture development in this they proposed reforms, with concept of co- operative farming that concept new for India but they strongly have the sign of social economic development. They provide the solution of rural indebtedness, soil erosion, way of increasing output, irrigation. Throughout this section plan cost amount, Rs 10,000 Crore distributed to different sectors.

In fourth section they planned the, source of finance in this, first divided the source of finance in two ways External and Internal source. In external source of finance they included, the hoarded wealth of the country, mainly gold, our short-term loans to the U.K., sterling securities held by the Reserve Bank of India, our favourable balance of trade and foreign borrowing. In internal finance, they suggest only limited ways in this saving of people and new money created against ad hoc securities, i.e. on the inherent credit of the government. In this they expected gated money for all external sources is 2600 Crore and internal sources is 10,000 Crore.

In last section they tells about the stages of development in this first confirmed about the Adequacy of resources part of the plan to make a thorough survey of soils, water-power resources, geological wealth, etc. they give the Russia and Poland model for Human resources. In this, two most important view first is implementation of plan in this, they formulate the plan outlined the plan should be subdivided into three plans, each covering a period of five years. The expenditure to be incurred during each of these plan, for this they have expenditure for first plan is 1400 Cr. for second plan, 2900 Cr. Third plan is 5700 Crore. In last they give the balanced view they states, While fixing targets for the development of agriculture, communications, education, health and housing, we have attempted, as far as possible, to strike a balance between the requirements of each stage of development and the resources and personnel available during that stage.

First part of planning having the balanced between expenditure and source of income, not balanced but may be they useful to plan getting more capital, if we saw expenditure during first and second plan is 4300 Crore and capital from all sources are 3600 Crore they have slightly short for ten years expenditure. When we practically evaluate the process if plan implemented they secured some revenue within 10 years those are surpluses for third plan and other social securities. Practically on paper plan, cover all aspects of economic and social development.

In second part of 'A Plan of Economic Development for India', describe the structural form of social and economic structure of country in this first they introduced the approaches related to the existing economic policies,

weaknesses of the present system, and foundation of economic structure. Firstly they described the distribution of the national income, in this explain production and distribution, disparities' of income in this they analysis the *per capita* average itself varies from Rs.51 (£3: 16: 6) to Rs.166 (£12: 9s.) in rural and urban areas respectively. In 1931-32 one-half of the total urban income was in, the hands of less than 10 per cent of urban workers. "even among the comparatively well-to-do class, whose annual incomes exceed Rs.2000 (£150) a year, 38 per cent of their number, could claim only 17 per cent of their total income, while a little more than 1 per cent were in possession of as much, As 10 per cent of their total income". They also describe the Ownership of the means of production that is the main cause of disparities of income for solution of this problem the process of decentralization, encouraging the wide the wide spread distribution of shares in joint stock companies, by regional distribution of industries and through the development of cooperative enterprises. Control by the State, accompanied in appropriate cases by State ownership or management of public utilities, basic industries, etc.

However, they also accept the total abolition of inequalities undesirable because this will provide the necessary incentive for improvement in efficiency, which is an important factor in the progress of planned economy. They provide the plan related to the income level for reform in the land system, provision of full employment, improvement in urban and rural wages, securities of agricultural prices and development of multipurpose cooperative societies. They also have the provision of temporary unemployment. In the last section they describe the 'the state and economic organisation' in this they plan the economic organisation which secure an equitable distribution of the national income. Moreover, they describe the role of state 'the State should exercise in the interests of the community a considerable measure of intervention and control'. In this, controls operate mainly in the production, distribution, consumption, investment, foreign trade and exchange, and wages and working conditions.

### Conclusion

The Bombay Plan's targets were devastatingly more ambitious than anything the Planning Commission of the government of India ever attempted. It envisaged the doubling of per capita income over 15 years and proposed appropriate sources of finance for this ambitious target. The Planning Commission never addressed why a target close to the Bombay Plan's was not, aimed by it. Most people and politician ignored the plan because that was framed by the capitalist or businessmen due to this was a Capitalist Plan but after the study of plan that is the mix-up of socialist and capitalist plan in this Planning Commission of the government of India was very near to the formulating the mixed economy. The plan acquire more its tools and technique from socialist countries mainly Russia, through the plan we can assume the plan attitude social than capitalist. Plan also did not trust in blind following of some capital and social theories'. But the main drawbacks in planning is that it is not, deals with national securities issue maintain of National Army that have the large share of economic consumption during these days, and always make the reason of failure of planning.

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