

## First Decades of Centralised Planning in India (1950-60)

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The independent India that came into existence on 15<sup>th</sup> August 1947 was a large, diverse and poor country that inherited many economic problems from its colonial past. The most decisive break with the past that was achieved in economic matters by independent India was in the government policy and state agencies in the running and directing of the economy. Since the announcement of the First Five Year Plan in 1951 the Indian economy has been subjected to a regime of strict controls and close economic management and this policy continues till second plan.

In Centralised planning the formulation and execution of the plan is done at the national level with minimum participation by the lower administrative and other micro-economic units in the decision making process.

"In the case of centralised planning, one central planning authority takes all the important and vital decisions regarding the amount of resources to be mobilised, pattern of investment in the economy, location of industries, rate of growth of the economy, pattern of income distribution and so on."<sup>1</sup>

### Origins of planning commission in India :-

At the end of 1949, Prime Minister Pt. Nehru revived the question of establishing a planning commission fortified by a recommendation from an American advisor, On January 25, 1950; the working committee agreed the creation of planning commission.

The first planning commission was established in 1950 with Nehru (Prime Minister) as its chairman, other members are V.T. Krishnamchari, Guljarilal Nanda, Sardar Patel, Mehta, Singh Deshmukh, and Others. The Committee have adopted the Russian model of five year plan.