

**DR. SYED ZAHID PERWAIZ**

Faculty of Commerce

Karim City College, Jsr.

Class: B.Com Sem - III

Subject: Planning and Economic Development.(PED)

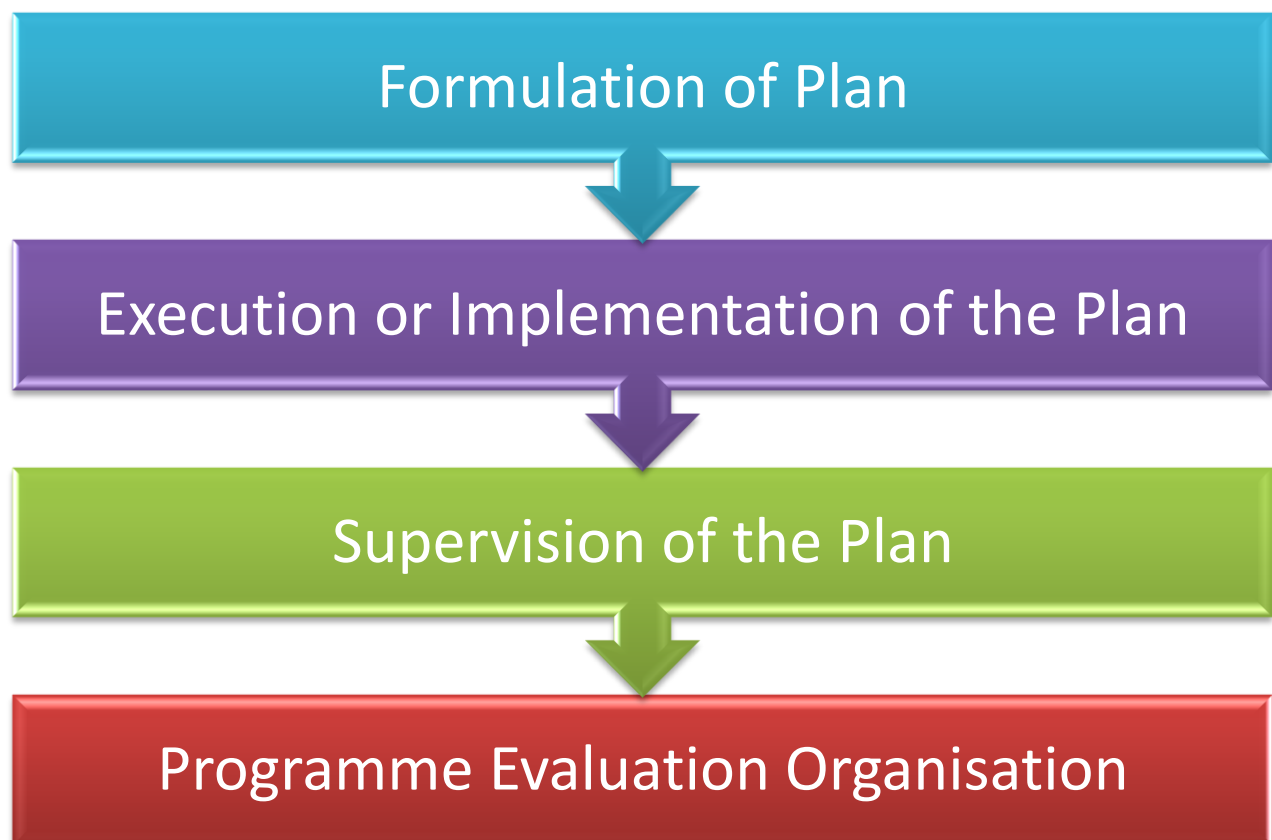
Topic: Economic Planning Process.

---

### **Economic Planning Process in India: 4 Main Stages**

The following points highlight the four main stages in the economic planning process in India. They are:

1. Formulation of Plan
2. Execution or Implementation of the Plan
3. Supervision of the Plan
4. Programme Evaluation Organisation (PEO).



**Stage # 1. Formulation of Plan:**

The formulation of the development plan is the first stage of the economic planning. At the top, the Planning Commission formulates a draft plan in consultation with the various ministries or economic councils. Similarly, at the bottom, individual perspective plan on the basis of past experience and future requirements is prepared. The Planning Commission assesses the balances of technical possibilities, recommendations, suggestions and requirements in the light of reports given by two agencies—one from the top and the other from the bottom. The final draft is comprehensive, coherent and well knit document.

First of all, Planning Commission lays down tentatively certain general goals for the long time, i.e., for fifteen or twenty years, after making a careful analysis of technical possibilities, the basic and non-basic needs of the economy and various methods of development.

In the second stage, the Commission formulates a short memorandum which is placed before the cabinet and the National Development Council. In the third stage, a draft outline of the Five Year Plan is prepared keeping in view observations made by the National Development Council and is published several months before the plan is to come into force.

This is presented before the Parliament for discussion and later on sent to different Central Ministries, State bodies and State Governments. In short, these proposals are discussed widely in the press, universities and other institutions. Then, final report is

prepared and presented before the cabinet, National Development Council and finally before the Parliament for approval.

The Planning Commission, even after its final approval, examines the various aspects from time to time and modifies the plan as and when required. The Five Year Plan then is broken into annual plans. During the months of November or December of each year, there is series of consultations between the Commission and the Central and State Ministries for reviewing the progress and making further reassessment of resources and technical possibilities of adjustment and readjustment of targets and requirements of the annual plan for the next year.

### **Stage # 2. Execution or Implementation of the Plan:**

In most of the planned economies, the Central Planning Commission is merely an advisory body and the execution of the plan is entrusted to the central administration which involves the various agencies and departments of the government. In the initial stages, there is greater possibility of centralisation but in the later stage, decentralisation brings effective control and administration. Even the most planned countries like Soviet Union and East-European countries are tending to establish democratic decentralisation. This tendency is also being followed in India as well. Proper execution is really a difficult task and unfortunately this has happened in the case of Indian planning. In the words of Prof. Lewis, ***“Indians are better planners than doers.”***

### **Stage # 3. Supervision of the Plan:**

The supervision of the plan is one of the essentials of successful planning. Supervision must be separated from their execution and done by some special body. Therefore, execution of plans necessitates constant supervision as it helps to detect failures and shortcomings from time to time.

Constant supervision improves the conditions of successful implementation of the plan. In India, supervision is done by the planning agency or a special agency. The programme evaluation organisation which is an impartial body, supervises the plans.

### **Stage # 4. Programme Evaluation Organisation (PEO):**

Evaluation is also another pre-requisite of the successful planning. Every programme should always be assessed in a systematic way. With the assistance from the Ford Foundation, Programme Evaluation Organization was set up in 1952.

The organisation is independent organisation working under the guidance and direction of the Planning Commission. Now, there are seven Regional Evaluation offices at Mumbai, – Kolkata, Chennai, Lucknow, Chandigarh, Jaipur and Hyderabad, working at different places.