

12th Political Science Lesson 8 Notes in English

8] Planning and Development Politics

Planning: Meaning, Evolution and Objectives

Planning before Independence

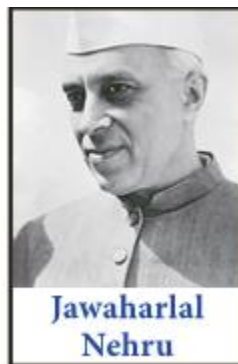
- Planning exists in all **economies** and **political systems**. A planned system aims at the systematic utilization of the available resources of the state for a long term progress.
- It is a process where the state aims to **increase its output**, national dividend, employment and also enhance the social welfare of the people.
- In such a system, all **productive units** in a country use their resources according to the directives of the government which is the **central authority for development**.
- It also includes laying down targets for public and private enterprises by the state.
- The state regulates and controls the functioning of both **the private and public enterprises**.
- All economic activities of the State are regulated by the government for the progress of the nation and the welfare of the people.
- **The modern state** assumes welfare functions.
- Unlike the olden days, when states were "**police states**" concerned only with the security of the population and law and order, the welfare states have a wider role to play.
- They not only give good governance but also ensure socio-economic justice to the people.
- **The democratic form of government** gives opportunities and scope to realise the welfare state objectives of the modern state.
- The state recommends and implements socio economic reforms so that nations can shed their backwardness and move towards development.
- In India, **the Planning Commission** was set up with the objective of having a systematic process of planning in the nation so that the right strategy could be used for the appropriate utilization of resources of the country, for the needs of the present and the development of the future.

Ten year plan for India.

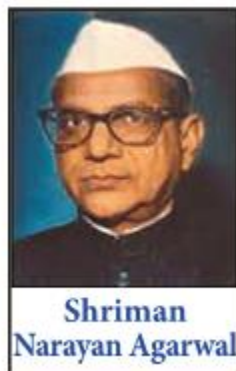
- The need for economic planning was realized in India even before independence.
- In 1936, **M.Visvesvarayya** published a book entitled '**Planned Economy for India**' in which he proposed a **ten year plan for India**.



- He is considered a **pioneer of economic planning in India**.
- In 1938, the **National Planning Committee** was initiated within the All India Congress Committee by **Netaji Subhash Chandra Bose**.



- It had the task of preparing an economic plan for India so that many of the economic problems of the nation could be addressed.
- The committee could not complete its task due to the outbreak of **the World War II** and the imprisonment of some of the national leaders.
- In 1944, **the Bombay Plan** was prepared for economic development by Indian industrialists.
- **M.N.Roy** proposed a plan which was called People's plan which gave more importance to agriculture and small scale industries.



- Later, the **Gandhian Plan** was put forward by **Shriman Narayan Agarwal** in 1944 and in 1950 **Jayaprakash Narayan** drafted the **Sarvodaya plan**.
- All these plans aimed at improving the economic conditions of the nation.

Planning after Independence

- After Independence, **the Directive Principles of State Policy** were enshrined in **Part IV of the Indian constitution** to ensure socio-economic justice for the people.
- The constitution makers understood the importance of economic development along with guaranteeing social justice.
- Thus planning was considered essential for the long term development.
- Accordingly, **the Government of India** adopted planning as a means of fostering economic development.
- **The Planning Commission** was set up with the objective of increasing production so that higher levels of national and per capita income could be achieved.
- It aimed at guaranteeing employment and narrowing the gap between the rich and the poor.
- It also aimed at establishing an egalitarian society by giving a wider role to the state so that **the goal of socio-economic justice** could be guaranteed and economic development could be realised.

Planning Commission of India

- **The Planning Commission of India** was set up in March 1950 by a resolution of the **Government of India** under the chairmanship of **Pandit Jawaharlal Nehru** - the first Prime Minister of India, to prepare a plan for the **"most effective and balanced utilization of the country's resources"**.
- The Planning Commission played an advisory role with regard to the formulation of the plans.
- It was the **duty of the Central government and state governments** to implement the planning programmes.

Functions of Planning Commission

- The Planning Commission had the function of **assessing the resources of the nation** so that they could be developed for the future needs of the country.
- These included material, capital and human resources.
- It was the primary duty of the Commission to **prepare the plans** so that these resources could be used in an effective and balanced manner.
- The resources had to be **allocated among various sectors** as per priorities and the **stages of progress**; and **completion of programmes** was to be laid down to the Commission.
- The Commission had to **identify the conditions and issues** that would be a hindrance for development.
- It had to examine the ways by which the plan could be effectively implemented in the prevailing conditions of the nation.

- It also determined the stage by stage execution of the plan.
- The planning process had to be **assessed periodically** so that right strategies could be used to **implement the plans**.
- In the process, the Planning Commission had the function of advising the central and state governments with regard to the appropriate strategies of planning.
- The Commission also had to **analyse particular issues** and **advise** on it to the **government**.
- It was the role of the Commission to **determine the rate of growth of the economy** specifying the targets of the plan period for every sector.

Composition and Organization

- The Planning Commission consisted of **the Prime Minister** and **four full time members** and a **few part time members** who were of **cabinet rank**.
- The full time members were persons who have excelled in the **technical field, economy and administration**.
- The Prime Minister is the chairman of the Planning Commission enabling the **coordination of the functions** of the Commission.
- As per the recommendations of the **Administrative Reforms Commission** changes were made in the composition of the Commission.
- It included the Prime Minister as the Chairman who presides over the meetings of the Commission, a deputy chairman who is the **de-facto executive head** and who has the responsibility of formulating the drafts of the plan to the central cabinet, a secretary, four full time members and some cabinet ministers as part- time members.
- The Finance Minister and Planning Minister are **ex-officio members** of the Commission and a member secretary who is usually a **senior IAS officer** are also part of the Commission.
- The functioning of the administration was coordinated by **the additional secretary**.
- Senior officers in the **ranks of deputy secretaries** and under secretaries had to **monitor the progress** of the programmes.
- There were **no representatives** from the **state government** and it was a central body.
- The Planning Commission of India worked on the principle of collective responsibility.
- It had three organs namely the **General Division, Subject Division** and the **Administrative Division**.
- The General Division relates to the entire economy and Subject Divisions concerns with specific areas of development like food and agriculture, power and irrigation, transportation etc.
- The Commission also includes **the General administration branch** and Evaluation Divisions.
- Along with these, various other bodies also worked with the Planning Commission for the formulation and execution of plans. They are;-

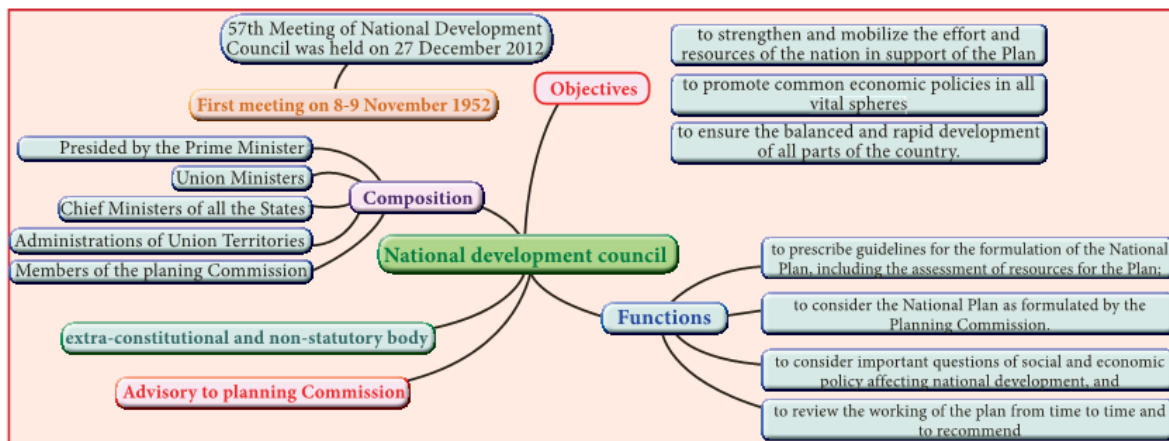
i) National Planning Council

- The National Planning Council was constituted during the **Fourth Plan in 1965**.

- It consisted of experts in science, engineering and economics and worked on areas that include agriculture, land reforms, irrigation, education, employment, industry, trade, management, family planning, social welfare, natural resources, transport and international trade.
- It was the responsibility of each of these groups to study in detail the needs of each of the areas and give the data to the Planning Commission which helps the Commission to formulate the plan.

ii) National Development Council (NDC)

- The National Development Council included all the **Chief Ministers** of the States along with the **Prime Minister as its chairman**.
- The inclusion of the states enables the implementation of the plans in the respective states.
- Some **cabinet ministers** of the central government could also be present during the deliberations of the NDC.



- The NDC had the **role of reviewing the implementation of the plans** periodically and discusses various issues relating to the development of the state.
- It makes recommendations for the effective implementation of plans and also ensures involvement and support of the people in plan implementation.
- It works for effective administrative services and aims at developing resources that are essential for future development.

Efforts Towards Poverty Eradication

- One of the major problems of **India was poverty**.
- The Planning Commission aimed not only at **increasing the per capita income** but also **improving the quality of life** of the people.
- **Growth of the economy** necessitated the inclusion of all sectors.
- It was also understood that the quality of life of the common man was interrelated to his economic conditions.

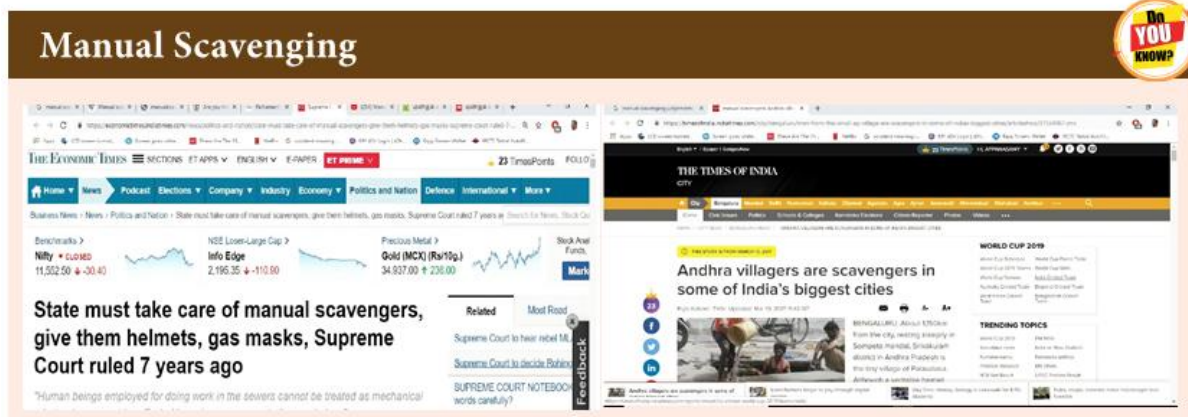
- So, it was realised by the state that it was important to guarantee people a decent standard of living along with **proper access to education and health care** which are next to food, clothing and shelter.
- But the challenge was that economic growth and reduction of poverty are not always related.
- From the **fourth five year plan**, the government focussed on this issue and concentrated on '**garibi hatao**' during the **early 1970's**.
- Employment generation was considered to be one of the measures for reduction of poverty.
- There were many problems due to **unemployment** and **underemployment**.
- In all the five year plans emphasis was given to employment.

Ensuring Social Justice

- **Article 38(2)** states "The State shall, in particular, strive to minimize the inequalities in income, and endeavour to eliminate inequalities in status, facilities and opportunities, not only amongst individuals but also amongst groups of people residing in different areas or engaged in different vocations".
- This was kept in mind by the planners in formulating each of the plans.
- **Ensuring social justice** has gone hand in hand with **economic planning**.
- Along with measures for development, it is also important to give equal opportunities to all with regard to **education and employment**.
- The establishment of a socialistic pattern of society ensured that there will be no concentration of wealth in the hands of a few so that exploitation and oppression could be ended.
- Historically, the Indian society has fostered exploitation and suppression of one section by another.
- It was a challenge to the constitution makers to tackle all these traditional forces and social evils so that social and economic justice could be realized.
- **The justiciable rights under Part III of the constitution** dealing with Fundamental rights enables the citizens to get protection for all the rights required to live a complete life.
- The non-justiciable rights under **Part IV on Directive Principles of State Policy** ensures that the system functions in such a way that the inequalities of income among people is reduced and an egalitarian society is established.
- The rural urban divide was another important area where the Planning Commission had to concentrate.
- In the process of **economic development, industrialization** and **urbanization increased** and this had its impact on the Indian society and economy.
- Disparity in the **development of the rural and urban population** would foster inequality which is against the principle enshrined in the constitution.
- The Planning Commission recommended many programmes for the development of the rural economy so that the development of both the rural and urban population could be ensured.

Manual Scavenging

- **State instrumentalities** and **contractors** engaged by them are under a constitutional obligation to ensure the safety of persons who are asked to undertake hazardous jobs such as manual scavenging, the Supreme Court said in a landmark judgment seven years ago.
- But, India continues **human beings** as **manual scavenger** in many cities.



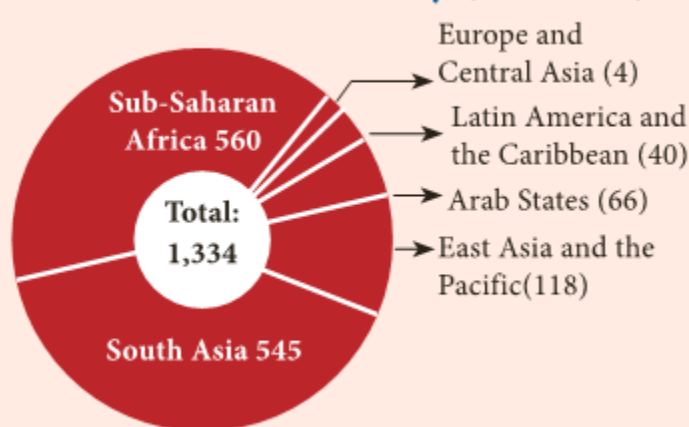
The 2018 Global Multidimensional Poverty Index (MPI)

- The **2030 Agenda for Sustainable Development** reaffirmed the importance of multi-dimensional approaches to poverty eradication that go beyond economic deprivation.
- The **2018 MPI** answers the call to better measure progress against **Sustainable Development Goal 1 – to end poverty** in all its forms; and opens a new window into how poverty - in all its dimensions – is changing.
- With the 2018 estimates, the MPI measures acute multidimensional deprivations in 105 countries covering 77 percent of the global population.

2018 MPI: dimensions, indicators, deprivation cutoffs, and weights

- The MPI looks beyond income to understand how people experience poverty in multiple and simultaneous ways.
- It identifies how people are being left behind across three key dimensions: **health, education and standard of living**, comprising 10 indicators.
- People who experience deprivation in at least one third of these weighted indicators fall into the category of multi dimensionally poor.

2018 MPI estimates, by (millions)



2018 MPI: dimensions, indicators, deprivation cutoffs, and weights

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Dimensions of Poverty	Indicator	Deprived if living in the household where...	Weight
Health	Nutrition	An adult under 70 years of age or a child is undernourished.	1/6
	Child mortality	Any child has died in the family in the five-year period preceding the survey.	1/6
Education	Years of schooling	No household member aged 10 years or older has completed six years of schooling.	1/6
	School attendance	Any school-aged child is not attending school up to the age at which he/she would complete class 8.	1/6
Standard of living	Cooking Fuel	The household cooks with dung, wood, charcoal or coal.	1/18
	Sanitation	The household's sanitation facility is not improved (according to SDG guidelines) or it is improved but shared with other households.	1/18
	Drinking Water	The household does not have access to improved drinking water (according to SDG guidelines) or safe drinking water is at least a 30-minute walk from home, round trip.	1/18
	Electricity	The household has no electricity.	1/18
	Housing	Housing materials for at least one of roof, walls and floor are inadequate: the floor is of natural materials and/or the roof and/or walls are of natural or rudimentary materials.	1/18
	Assets	The household does not own more than one of these assets: radio, TV, telephone, computer, animal cart, bicycle, motorbike or refrigerator, and does not own a car or truck.	1/18

Democratic Socialism

- When India got independence, there were many problems that the nation had to handle.
- One among these problems was which would be the best strategy for long term development.
- **Jawaharlal Nehru** was the **architect of planning in India**.
- He was inspired by **the soviet model of planning** and was also inspired by the liberal principles of capitalism.
- He wanted to bring the two ideas together in India which was termed as **democratic socialism**.
- For **Nehru**, **democracy** and **planning** had to go together.

- Planning was an integrated way to look at the needs of the society.
- It had to interlink production, consumption, employment, transport, education, health, social service etc.
- Such a society enables the complete development of the personality of the individual.
- It is the responsibility of the state to direct its policy to secure a better distribution of ownership and control of the material resources of the community.
- To **protect the weaker sections**, the state is also expected to control the distribution of essential commodities.

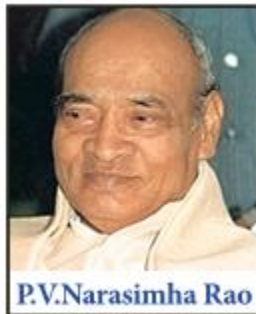
Mixed Economy

- The idea of a mixed economy was thus adopted which included the **liberal policy of encouraging private enterprises** and also promoting the public sector for the good of the society by socializing the means of production and giving powers to the state to have control over the economy.
- India is an inspiration to many nations for the idea of a mixed economy.
- **Article 38** of the Indian constitution says 'The State shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice, social, economic and political, shall inform all the institutions of the national life'.
- The system of a mixed economy works for the realization of this ideal of the constitution.
- **The Industrial Policy Resolution of 1956** was adopted by the Indian Parliament in April 1956.
- It was a guideline for the economic policy of the country.
- **The five year plans** were made on the basis of this resolution.
- It emphasised on more powers to the governmental machinery so that a socialistic pattern of society could be realized.
- The **industries** were divided into **three categories**.
- Firstly, there were industries which were entirely **state owned**.
- Secondly the category of industries which were **state owned but the public enterprises** could also be **included** and thirdly industries which were with **the private sector**.
- The state had control over all the industries and the third category of industries could not function only for self interest or profit motives but were regulated for the interest of the entire society.

Introduction of Economic Reforms in 1991

- **The welfare of the community** was the top priority.
- Planning was considered to be a prerequisite for a mixed economy.
- As the benefits of the **public sector and the private sectors** were to be integrated for the welfare of the community, the **Five Years Plans** were formulated in such a manner that the objectives of **economic growth** and **social justice** could be achieved.

- It also made the governments to formulate appropriate plans and adopt right strategies to bring about development in the right manner.
- After the introduction of **economic reforms in 1991** by the Congress government led by **Prime Minister P. V. Narasimha Rao**, a new industrial policy was announced in July 1991 which aimed at taking steps to **reduce bureaucratic control** over the Indian industrial economy and liberalization so that the Indian economy could be integrated with the world economy.



- **Restrictions on direct foreign investment** was removed.
- **The reforms in the industrial policy** was reflected in areas such as industrial licensing, foreign investment, foreign technology policy and public sector policy.
- **The seventh Five year plan** got completed in 1990.
- Due to the economic condition of the country, the eighth five year plan could not be introduced in 1990.
- In the years 1990-91 and 1991-92 annual plans were formulated. **The eighth five year plan** was implemented in 1992.

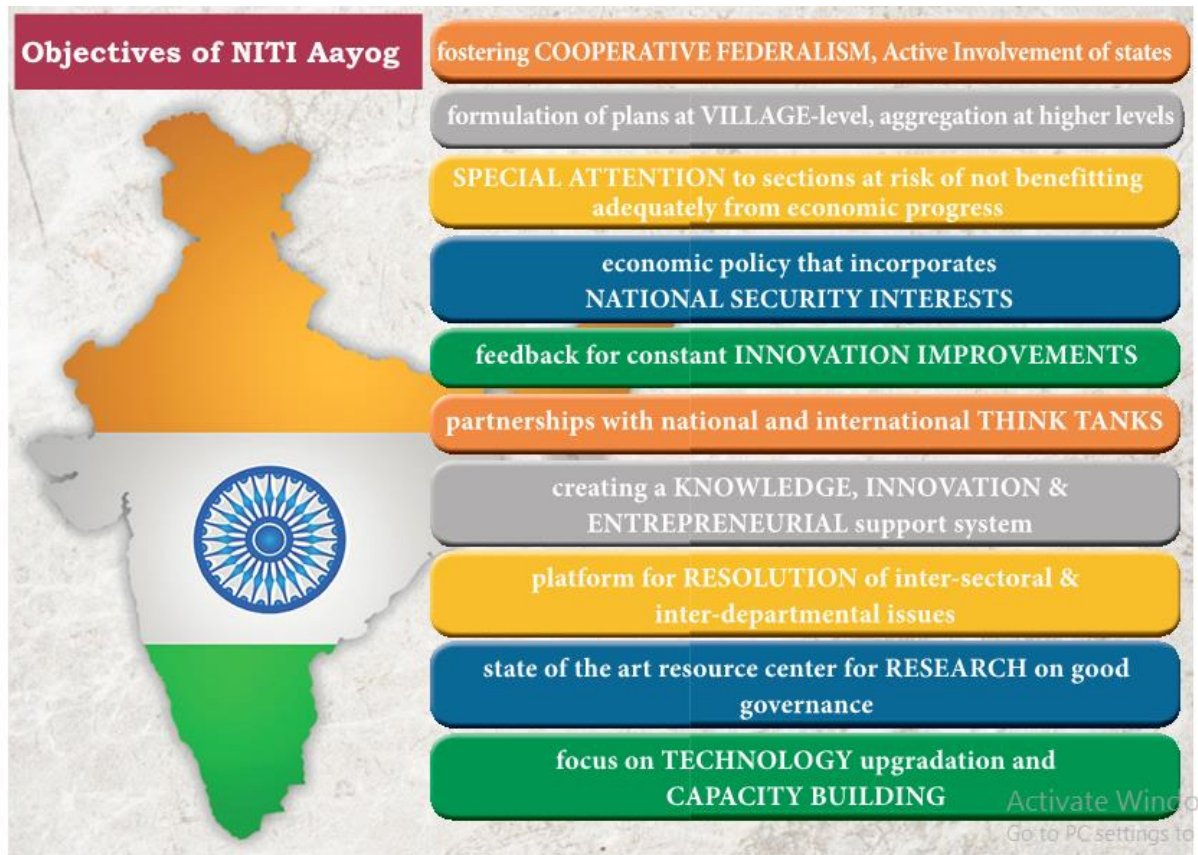
NITI AAYOG

- In 2015, the **Government of India** made a shift in its approach towards planning.
- It introduced a **new Commission** called the **NITI Aayog** (National Institution for Transforming India) which **replaced the Planning Commission**.



**The National Institution
for Transforming India**

- It was formed with the idea of making the entire planning process more decentralized.



- In such a system the states could be involved in the **formulation and implementation of developmental plans** in a better manner.
- It aims at **cooperative federalism** where the states can play a wider role.
- It also focuses on need specific plans making the entire process inclusive so that all sections of the population could be a part of the developmental process.
- **The NITI Aayog functions** as a think tank of the government.
- It has the function of providing the central government and the state governments with relevant and strategic technical advice relating to policy making.
- It advises on all issues of national and international importance and analyses on the best practices from our own country and from other nations of the world.
- The Government issued a resolution of **the Union Cabinet** on **1st January, 2015** by which the **Planning Commission** was replaced by the **NITI Aayog**.

Why NITI Aayog Replaced Planning Commission: Reasons

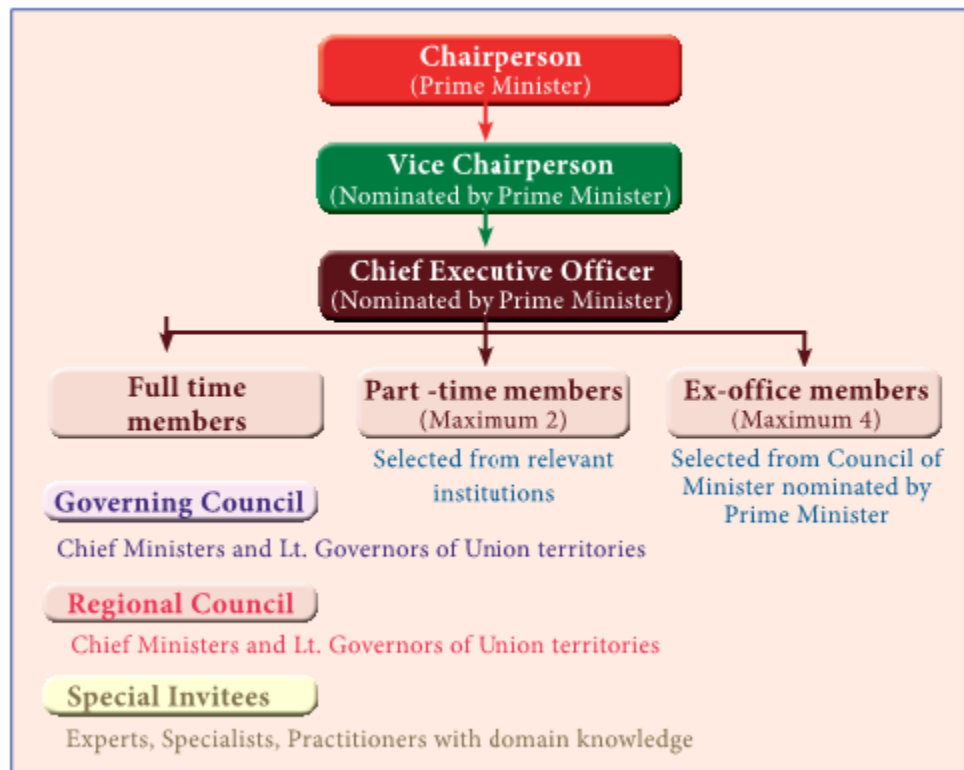
1. The new **National Institution for Transforming India (NITI)** will act more like a think tank or a forum, in contrast with the Commission which imposed five-year-plans and allocated resources to meet set economic targets.
2. NITI will include leaders of **India's 28 states** and **9 union territories**. Its full-time staff - a Deputy Chairman, Chief Executive Officer and experts - will answer directly to the Prime

Minister, who will be the Chairman. It is different from Planning Commission, which used to report to the National Development Council.

3. The major difference in approach to planning between NITI Aayog and Planning Commission is that the former will invite **greater involvement of the states**, while the latter took a top-down approach with a one-size-fits-all plan.
4. The Planning Commission's role was formulation of broad policy and its capacity was more advisory. NITI Aayog shall have powers for **resource allocation to states**, based on their **respective needs**.
5. The states had little direct say in policy planning, which was the purview of the Planning Commission. Involvement of the states was indirect through the National Development Council; which is not the case in the NITI Aayog.

Structure

- The Prime Minister is the Chairman of the NITI Aayog.
- He appoints a **Vice- Chairman**.
- There are **5 full time** and **2 part time members**.
- It has a **Governing Council** which consists of the Chief Ministers of all the states and Lt. Governors of Union Territories.
- **The Regional Councils** are formed to address specific issues relating to the states or a region.
- It functions for a specific period of time. The Prime Minister has the power to invite experts, specialists and practitioners on particular domains as special invitees.
- The part time members are from leading universities and research organizations.
- Four members of the Union Council of Ministers are also nominated as ex-officio members.
- It also comprises of a **Chief Executive officer(CEO)**. The plurality and diversity of the Indian state was recognized by the government.
- The nature of each of the States and Union Territories is different.
- The needs of the people are different, **the geographical condition** of each of the regions vary and the economic conditions are different.
- Some states are more developed than other states.
- So, the government realized that a **uniform plan of development** for the entire nation is not a right approach and will not give desired results.
- Thus, the NITI Aayog was formed so that the needs of each of the regions could be addressed in the right manner.
- The resolution of **the Union Cabinet** declared that the nation has transformed from an underdeveloped economy to an emergent global nation.



Elimination of poverty is still the biggest challenge to the nation.

- So, it was felt necessary to **formulate policies** in such a manner that the poorest of the poor get benefited.
- Every citizen living in the state was to enjoy the benefits of development. People should live a life of dignity and self respect.
- It was felt important to integrate the **villages into the development** process.
- At the same time, it was also recognized that the **industry and service sectors** have contributed to the development of the nation.
- The Government had to enable a better functioning of these sectors. It had to focus on legislation, policy making and regulation of these sectors.
- **Small businesses had to be supported** as they create job opportunities for the uneducated and unskilled.
- **Skill and knowledge development** and access to financial capital were considered to be important for these industries.
- **The contribution** of the **people** by their **active participation** in all the spheres was also recognized.
- **The changing role** of the **public sector** and **private sector** gives more scope for participatory citizenry as more and more people are included in the development process.
- The potential of the entire population was to be made use of in any kind of development.
- The strength of the people was determined much by education, skills, gender equality and employment.

- **The youth** were to be **encouraged to work** so that the poorest of the poor get the benefits of development.
- **Women** have to be **given every opportunity** to contribute towards nation building.
- **The weaker sections** of the population including the scheduled castes, scheduled tribes should also be given all opportunities to contribute to the well being of the state.
- This would lead to a real inclusive governance.

Sustainable Development

- Added to these are the environmental and ecological issues.
- The duty of the **citizens to safeguard and protect the environment** had to be emphasised so that there would be sustainable development and the resources of the future generations do not get exhausted.
- The **profit oriented privatization**, very often leads to **indiscriminate exploitation** of **natural resources**, and displacement of people (mostly of hilly, forest and coastal regions) from their natural habitat.
- The over-exploitation of natural resources would have serious adverse impact in future.
- The government and people have to be vigilant. It was felt important to uphold the quality of life of the present and future generations.
- Addressing all the above issues the government reiterated that effective governance in India is the need of the hour.
- Such an effective governance would include a **pro-people agenda** so that the aspirations of the individuals and the society are fulfilled.
- It was also stressed that the government will be pro-active in anticipating and responding to the needs of the people.
- Participation of people would be encouraged and all sections of the population would be included so that people enjoy **equality of opportunity** and **women** are also **empowered**.
- Transparency is considered to be another important prerequisite for effective governance and the information technology could enable this in an effective manner.
- The NITI Aayog is considered to be an institution that would enable the government to realise the above ideals.

Objectives of NITI Aayog

- **The objectives of the NITI Aayog are:** To include the States in the planning process so that the Central government along with the State governments could identify developmental priorities and strategies.
- This would **foster cooperative federalism** as the states would be a part of the planning process.
- To formulate credible plans at the village level and aggregate it progressively.

- To ensure that the **interests of national security** are incorporated in economic strategy and necessary checks on indiscriminate tampering with ecology and environment policy and to check whether all sections of the population are benefitted from economic progress.
- Long term policy and programme frameworks to be designed and their progress would be monitored by the **Aayog** and innovative improvements would be made.
- Partnership between key stakeholders, like-minded think tanks, educational and policy research institutions to be encouraged and knowledge, innovation and entrepreneurial support system to be created through a community of national and international experts, practitioners and other partners.

Difference in composition		
	NITI Aayog	Planning Commission
Chair Person	Prime Minister	Prime Minister
Vice-Chair Person	Appointed by PM	Deputy Chariman (nominated = Cabinet rank)
Governing council	CM's and L-G's	National Development council
Member secretary	To be known as the CEO and to be appointed by the Prime Minister	Secretaries or member secretaries were appointment through the usual process
Part-time members	To have a number of part-time members, depending on the need from time to time	Full Planning Commission had no provision for part-time members
Full-time members	the number of full-time members could be fewer than Planning Commission	The Last Commission had eight full-time members

- The Commission also offers platform for resolution of **inter-sectoral** and **inter-departmental** issues so that the **developmental programmes** can be accelerated.
- It maintains a state-of art resource centre which will work for research on good governance and best practices in sustainable and equitable development.
- It will monitor and evaluate the **implementation of the programmes** so that needed resources could be identified.

Difference in composition

- NITI Aayog Planning Commission Chair Person Prime Minister Prime Minister Vice-Chair Person Appointed by PM Deputy Chariman (nominated = Cabinet rank)
- Governing council CM's and L-G's **National Development** council Member secretary

- To be known as the **CEO** and to be appointed by the **Prime Minister Secretaries** or member secretaries were appointment through the usual process Part-time members
- To have a number of part- time members, depending on the need from time to time
- **Full Planning Commission** had no provision for part-time members
- **Full-time members** the number of full-time members could be fewer than Planning Commission
- The Last Commission had **eight full-time members**
- The NITI Aayog also emphasises on technology upgradation and capacity building for implementation of programmes and initiatives.
- To undertake other activities that are necessary to further the execution of the national development agenda.
- Some of the initiatives of the NITI Aayog include "15 year road map", 7 year vision,
- **Atal Mission for Rejuvenation and Urban Transformation (AMRUT)**, Digital India, Atal Innovation Mission etc.
- The NITI Aayog signed the **Sustainable Development Framework** for 2018-2022.
- The commitment of the government in attaining the sustainable development goals is reflected by this.
- The areas that are focussed are poverty and urbanization, health, water and sanitation, education, job creation, gender equality, youth development.

Land Reforms in India

- Introduction **Land** has been always considered as the most important **element of Wealth**.



- It is also used to not only to produce wealth in the **form of Agricultural Products** such as rice, wheat, etc., but also used as an instrument to control the tenants and labour.
- Despite efforts taken by **the British Government** during **the Colonial Era** such as **Permanent Settlement Act, Land Regulation Acts**, the friction between the land lords, tenants and labourers continued even after Independence.
- As it became very **complicated after India's Independence**, a series of measures have been taken to settle and prevent the problems between land lords and tenants, tillers and labourers.
- At the time of independence, ownership of land was concentrated in the hands of a few.

- This led to the exploitation of the landless farmers and labourers and socio-economic inequality in the rural life.
- In the eve of independence, **peasant riots broke out** in many parts (Telengana, Travancore and Tanjore Districts in Tamil Nadu) of **India**.
- It was on this occasion, **Vinobha Bhave** launched **Boodhan Movement** in which the landlords were to voluntarily transfer their surplus lands, and the government would help with necessary legislations.
- **The distribution of lands** were made among the **landless poor**.
- **The Sarvodaya Movement**, attempted to launch and strength co-operative societies to assist the poor farmers.
- In **Tamil Nadu**, **Jagannathan** and **Krishnammal** strived hard to make the Boodhan and Sarvodaya Movement popular among the rural people.



- **Equal distribution of land** was therefore an area of focus of Independent India's government.
- **Laws for land ceiling** were enacted in various states during the 1950s & 1960s and also from initiatives taken by **the Federal Government**.
- The Policy Makers in the Post- Independence Era had to strike a balance between economic development through intensive agricultural production to achieve self-sustenance, economic equality and anti-poverty measures etc.

State had Powers to Enact and Implement Land reforms

- Under the **1950 Indian constitution**, states were granted the powers to enact and implement land reforms.
- Moreover, the **Directive Principles of State Policy** also paved way for guiding the State Policy to establish socio-economic equality, to bring parity between rich and poor and to address the issues related to agrarian poverty.

- Moreover, the **Preamble of the Constitution** has been amended to incorporate Socialist mode of governance in 1976.
- However, in real practice there has been significant variations across states in types of land reforms that have been enacted at different times.
- For the purpose of understanding the reform measures, it can be classified into four main categories:
 - The first category was the **enactment of laws** related to **tenancy reforms**.
 - These include attempts to regulate tenancy contracts both via registration and stipulation of contractual terms, such as share in tenancy contracts, as well as attempts to abolish tenancy and transfer ownership to tenants.
 - The second category of **land reform acts attempts to abolish intermediaries**.
 - These intermediaries who worked under **feudal lords** (Zamindari) to collect rent for the British were reputed to allow a larger share of the surplus from the land to be extracted from tenants.
 - Most **states had passed legislation** to abolish **intermediaries prior to 1958**.
 - The third category of land reform acts concerned **efforts to implement ceilings** on land holdings, with a view to redistributing surplus land to the landless.
 - Finally, the reform acts which attempted to allow consolidation of disparate land- holdings.
 - Though these reforms and in particular the latter were justified partly in terms of **achieving efficiency in agriculture**, it is clear from the acts themselves and from the political manifestos supporting the acts that the main impetus driving the first three reforms was **poverty reduction**.

Land Reforms since Independence

- The **peculiarities of Indian agriculture**, combined with the declared desire to bring about economic development as well as social justice led the govt., in the post-Independence period, to under- take a comprehensive programme of land reforms.
- In short these reforms aimed at
 - ❖ **Abolition of Zamindars and intermediaries (middle men)**
 - ❖ **Bringing land ceiling**
 - ❖ **Protection of tenants, tillers and labourers**
 - ❖ **Cooperation among farming community**

(a) Abolition of Intermediaries

- One of the first aims of the **agrarian reforms** was to eliminate the middlemen such as the **Zamindars** and **Jagirdars** so as to bring the cultivator into direct relationship with the govt.
- The work of **Zamindari abolition** was comparatively easy in the temporarily settled areas such as **Uttar Pradesh** and **Madhya Pradesh** where adequate records and administrative machinery existed.

(b) Land ceiling

- In order to achieve **equality in possession and utilization of land**, legislations were passed in all states imposing ceiling on existing land holdings as well as on future acquisition of land.
- However, provisions relating to level, transfers, and exemptions differed considerably from state to state.
- In Assam, Jammu and Kashmir, West Bengal and Manipur, there was one **uniform ceiling limit irrespective** of the class of land, ceiling being fixed at 50 acres, 22 $\frac{3}{4}$ acres and 25 acres respectively.
- But due to differences in uniformity among states, land ceiling became a political issue and was not properly implemented.

(c) Tenant Regulation

- Third attempt was to bring uniformity and **regulation of agrarian labour and tenancy**.
- Consequently, governments in the Centre and States have **formulated agrarian policy** aimed at **reducing disparities** in wealth and income, eliminating exploitation, providing security for the tenant and worker, and opportunity to different sections of the rural population.
- With these guidelines provided by the Planning Commission, the State govt adopted certain measures, viz., **regulation of rents, security of tenure and conferment of ownership on tenants**.

(d) Co-operative Farming

- The fourth attempt was **Co-operative farming** where farmers take the land for lease and pool the resources to make a collective attempt to farm and the profit will be equally divided after settling the rent and expenses.
- Until late **1960's**, a total of 7294 **cooperative farming societies** having a membership of 1.88 lakhs had been formed and these covered an area of 3.93 lakh hectares.
- However, many of these societies were defunct and some existed only on paper for the sake of obtaining state grants though their land was cultivated in the old way.
- In these, there was neither the pooling of resources nor joint operation of land.
- A number of these were formed with a desire to evade land reforms measures in various states.

Tanjore Pannaiyaal Protection Act- 1952

- At the time of independence, the **feudal Serfdom system** was followed in then undivided Tanjore area.
- Small tenant peasants and agri-worker severely suffered by this **brutal system**.
- To **safeguard small tenants** and agri - workers, the **Pannaiyaal Paathukaappu Sattam** (Tanjore Pannaiyaal Protection Act 1952) was implemented.
- In due course under needs of circumstances this act was expanded all over the state.
- As this act implements, all tenant peasants got their appropriate share in cultivation.
- Lands from the un-obedient landowners were grabbed and distributed to landless tenants on land to the tiller basis.

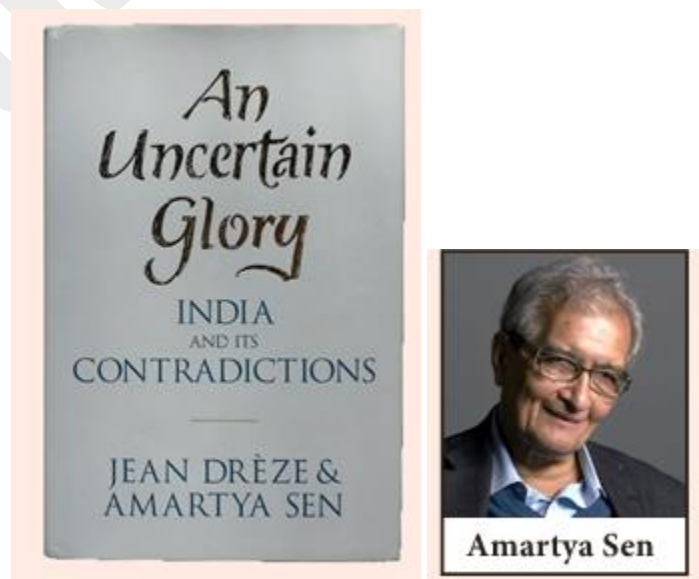
- **The minimum wages** were fixed for agri – workers and updated subsequently for the needs of time.
- Furthermore, **Land Ceiling Act, 1961** was also enacted and updated subsequently for the needs of time.
- By this act, **the surplus lands** were taken from **the landlords** who possessed the land more than permissible level.
- These lands were distributed to **landless peasants** and **agri – workers**.

Indian Union Co-operative Act- 1904

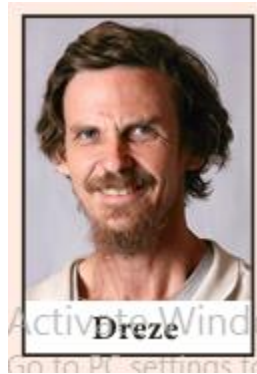
- **Indian Union Co-operative Act- 1904** On the basis of Indian Union Co -operative Act, 1904, the Madras State Co-operative Act, was enacted.
- This act was further **strengthened after independence**.
- **The Co-operative organizations** functions in three ways such as Co-operative Banks, Land Development Banks, Co-operative Societies.
- Co-operative organizations functioning in Tamil Nadu, apart from Agriculture, includes various hand craft industries like Cotton weaving, silk weaving and pottery.
- Tamil Nadu currently has more than 10, 000 **Co-operative Societies**.

Tamil Nadu's Development Experience

- “While **India has increased its per capita income** in recent years through fairly sustained high growth rates in income, its human development indicators still trail those of some countries with similar incomes.
- An **oft-cited** example is Bangladesh which, despite lower per capita incomes, fares better than India in various human development parameters.
- It is in this regard that states like Tamil Nadu within the country have been hailed as a model in recent years for combining **relatively high growth** with **high levels of human development**.



- In fact, **Tamil Nadu along with Kerala**, is likely to rank at the **top among South Asian countries**, with regard to attainments in **health and education**.
- **Dreze and Sen (2013)**, in their book, **India: An Uncertain Glory**, clearly highlight the progress that the State has made in various aspects of human development such as education, health and poverty reduction.



- The factors that drive this process and the continuing challenge to improve further therefore warrant attention.
- The experience of a relatively advanced state like Tamil Nadu also offers lessons for other less developed ones in the country.
- Importantly, it also offers a window to observe some of the inadequacies in the path traversed this far and hopefully help such states avoid similar pitfalls.
- While the possible discordance between growth and development is now well recognised, there is a growing realisation of the importance of institutions that govern growth and distribution.
- In the context of India, **Dreze and Sen (2013) cite literature** to show how the institution of caste has inhibited growth.
- As **Ambedkar** has pointed out, caste is not a division of labour, but a division of labourers that poses barriers to mobility and access to resources.
- The process of rendering institutions more inclusive is therefore critical to ensure growth and more importantly to ensure that the fruits of growth are shared in a broad-based manner.
- This is particularly important in a context where investments in human capital are seen to be critical to sustain a virtuous cycle of growth and development.
- **Tamil Nadu has been a State** that is witness to a long history of social and political mobilisation against caste-determined hierarchies; and it has been pointed out that its relatively better performance in terms of growth, poverty reduction and human development can be attributed to such collective action (**Kalaiyarasam, 2014**).
- Tamil Nadu is a State that continued to have poverty levels higher than the national average even until the 1980s.
- It is only since the early 1990s that we witness rapid reduction in poverty and improvement in per capita incomes.

- As Dreze and Sen (2013) point out, the State's investments in social infrastructure, such as the **free Mid-day Meal Scheme (MDMS)** for school children, driven by the emergence of concerted public action with its roots in social movements that sought to question and delegitimise social hierarchies and democratise public spheres have been critical to this shift.
- Further, the case of **Tamil Nadu clearly demonstrates** that **investments** made in **social welfare** need not undermine the growth imperative as it was believed that such investments dried up resources for **productive growth-enhancing investments**.
- In fact, it would appear that investments in social sectors driven by democratising collective action have led to translation of such inputs into growth increases. Importantly, the improvements in growth have allowed the State to mobilise resources that could be channelled back into social sectors."
- Source: Tamil Nadu Human Development Report, State Planning Commission, 2017.

Changes in land relations in Tamil Nadu

- DESPITE Tamil Nadu having emerged as a model state in recent years, it has often been criticized for its poor implementation of land reforms.
- One might, therefore, naturally presume that landlordism would have survived in its earlier form with high levels of tenancy and exorbitant rents, particularly in areas like **the Cauvery delta region** which is noted for its high incidence of tenancy.
- However, landlordism has declined in the delta region in general and tenancy conditions have enormously eased.
- The power relations between the landlord and tenant have been completely reversed with the tenant enjoying certain powers to negotiate compensation for giving up the right to cultivate.
- Mobilizations by both **the Communists and the Dravidian movement** have been critical to the creation of a culture of collective action and resistance to landlord power.
- Further, the coming to power of **the Dravidian parties in 1967** created appropriate conditions for consolidating the power of lower caste tenants who benefited both from a set of state initiatives launched by the Dravidian ideology soon after its coming to power and a culture of collective action against dominant landlords.
- The Cauvery delta had evolved elaborate **agrarian relations** over a long period of time as it is **one of the world's oldest deltas**.
- **Land tenure systems** involved both fixed **rent** (kuthagai) and **sharecropping** (varam) arrangements.
- **Kathleen Gough** found in 1952 that the tenant could get only 7-10% of the produce as his net share after meeting all expenses in a village in the western delta.
- In response to such unequal distribution and exploitative land relations, the **Communist Party of India, in 1943**, formed an **Agricultural Association** in the district.
- A less recognized aspect of mobilization in the region was one undertaken by the **Dravidar Kazhagam**.

The Dravidar Kazhagam formed the Dravidar Vivasaya Thozilalar Sangam (DVTs):

- **The Agricultural Workers Union formed in 1952**, was stronger in the eastern delta.
- The ascendance of **Dravidian ideology** to power decisively tilted the struggle in favour of tenants, both through a series of legislations and a further consolidation of political power among the lower castes.
- Though several legislations had been passed during the **Congress period** as well, but the real protection for the tenant came when the Dravidian ideology passed the **Tamil Nadu Cultivating Tenants (Special Provisions) Act, 1968**, that allowed for payment of rental arrears in easy instalments and thus eased the process of paying rent.
- The earlier tenancy protection acts were not as effective since there was no registration of tenants.
- The Dravidian government introduced a **law to rectify this lacuna** in the existing **tenancy protection laws**.
- **The Tamil Nadu Agricultural Lands (Record of Tenancy Rights) Act, 1969**, provided for the registration of tenants with ease.
- Nearly five lakh tenants and about seven lakh acres of land were registered against their name in **Thanjavur district** under this law.
- Amendments to the Tenancy Act in 1979 further reduced rents by 25% and protected the tenants against eviction even if they failed to pay rent during natural calamities.
- Another important move that gave an enormous foothold to the tenants and agricultural labourers was the **Conferment of Ownership of Homestead Act, 1971**.
- This legislation freed the landless from the control of the landlords. In the following year, in 1972, the government of Tamil Nadu passed another legislation that waived off all the rental arrears of tenants.
- Thus, the ascendancy of the **Dravidian ideology** to power led to refinements and innovations in laws which empowered tenants and agricultural labourers in important ways.
- Registration of tenancy, remission of rent, an increase in the number of revenue courts, and provisions to buy leased land and conferment of ownership title over the homestead increased the negotiating position of the tenants manifold.
- The political power enjoyed by the backward castes and the new assertion by **the Dalits** have all combined to improve the de facto rights of the tenants.
- As a result, the rent has fallen steeply over time and compensation for giving up tenancy right was institutionalised.
- Thus a combination of historical, political and social factors has led to the decline of landlordism in the delta and tenancy has become a non-issue. - **J. Jeyaranjan**.

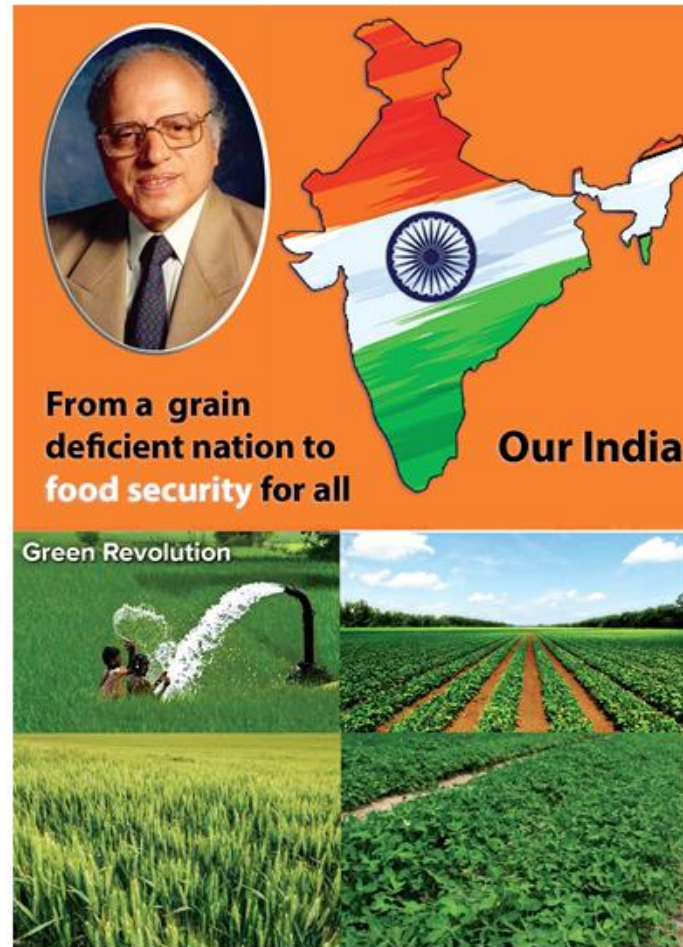
Land Bill: Six facts you need to know

- (1) The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Amendment) Bill, 2015 seeks to **Amend the Act of 2013 (LARR Act, 2013)**.

- (2) The Bill creates five special categories of land use:
- **defence,**
 - **rural infrastructure,**
 - **affordable housing,**
 - **industrial corridors, and**
 - **infrastructure projects including Public Private Partnership (PPP) projects where the central government owns the land.**
- (3) The Bill exempts the five categories from provisions of the LARR Act, 2013 which requires the consent of 80 per cent of land owners to be obtained for private projects and that of 70 per cent of land owners for PPP projects.
- (4) The Bill allows exemption for projects in these five categories from requiring Social Impact Assessment be done to identify those affected and from the restrictions on the acquisition of irrigated multi-cropped land imposed by **LARR Act 2013**.
- (5) The Bill brings provisions for compensation, rehabilitation, and resettlement under other related Acts such as the **National Highways Act** and the **Railways Act** in consonance with the LARR Act.
- (6) The Bill changes acquisition of land for private companies mentioned in LARR Act, 2013 to acquisition for '**private entities**'. A private entity could include companies, corporations and nonprofit organisations.

Green Revolution and White Revolution

Green Revolution in India



Green Revolution

Introduction

- **Agriculture** has been the most intensive form of economic activity leading to 12-15% of its **contribution to GDP**.
- Agriculture is not only for sustaining the food grains and vegetation to cater to the requirements of the growing population but has its contribution in creating largest employment sector, fostering one large section of the **Indian industry** called **Agrarian Industry** and has been contributing and earning foreign exchange to our nation.
- **Agriculture** is not just grains alone, but it spreads to various **Agricultural Tertiary sectors** such as Coconut Farming, Orchids and cash crops such as Cashew Nuts, Coffee, Tea, Pepper and Vegetables.
- The primary need to sustain Indian agriculture to cater the growing requirements of the population was felt immediately after Independence.
- However the nature of importance that was given to Agriculture varied from the **First Five Year plan to 12th Five Year Plan**.

- Because in the initial years after independence, the importance was given to setting of **industry and industrial system in India**.
- In the **first 10 years after Independence**, with the continuous adoption of primitive technology of farming the agricultural outcome was able to meet the basic needs of the population that was growing around 2.5% annually.
- It was during the 1960's when India began to face the shortfall in meeting the population needs.
- Because, **the Food Grain production did not increase** to cater to the needs of the population.
- This led to the Green Revolution.

Green Revolution in India

- As we all know that India is basically an agricultural country with the growing population dependent on agriculture.
- With the experience of India's first two five-year plans, it was realised that agriculture in India had serious shortfalls namely,
 - a. It was **not able to produce required grains** to suit the growing population.
 - b. **Insufficiency in production** due to the traditional agricultural practice which was primitive in use of technology.
 - c. **The pattern of agriculture** was not only **very primitive** but farmers relied on long term crop patterns which took long time to see the results.
 - d. Since India is a monsoon dependent state the agricultural output was dependent on the nature of rainfall, insufficient rain fall resulted in drought which affected the grain production in India leading to famine, starvation and deaths.
- During 1960's a new Agriculture Policy was formulated on the basis of suggestions given by **the Ford Foundation**.
- In its report '**India's Crisis of Food and Steps to Meet it**' the Ford Foundation's agricultural experts suggested ways and means to improve the agricultural process namely the usage of **High Yield Crop Seeds** and mechanization of agricultural activity leading to intensive methods of production, optimal usage of fertilizers, agrarian marketing and storage of grains to avoid wastage etc.,
- **Mexico** adopted the suggestions and witnessed tremendous growth in agriculture. **Philippines** also adopted the suggestions to bring about self-sufficiency in its agricultural production.
- It was in 1959-60 the Government of India adopted the suggestions given by the Ford Foundation and introduced **the reforms in agriculture**.
- These reforms were adopted as a collective programme in order to bring existing and new **irrigation facilities**, application of **fertilizers, hybrid seeds** that can bring high yield, pesticides, insecticides etc..
- This new way was gradually adopted in Indian agriculture. This was called **GREEN REVOLUTION**.

- The plan for Green Revolution was formulated by the **notable agriculture scientist Dr. M.S. Swaminathan** who was later known as **Father of India's Green Revolution**.
- In simple terms, the increased use of fertilizers and irrigation are known collectively as the **Indian Green Revolution**.
- The Green Revolution took place between **1967-78** which resulted in **50% increase in agricultural production**.

Intensive Area Development Programme (IADP).

- In 1960, seven districts in seven states were selected by the Indian Government for a **pilot project** known as **Intensive Area Development Programme (IADP)**.
- As the results were far more satisfactory, the reform programme was extended to other States.
- Hence, this **programme was extended** to remaining states and one district from each state was selected for intensive development.
- Subsequently it was extended to **144 districts in 1965**.
- In the initial stage, this programme was implemented around 2 million hectares of area.
- Gradually the coverage of the programme was enlarged and total area covered by this **Green Revolution programme** was estimated as 70 million hectares which accounted to 40% of the agricultural cover.
- Consequently, farming activities began to take throughout the year, that is, from **single cropping pattern** to **multiples of cropping** and **mixed cropping**, which meant not just the cultivation of wheat or rice alone as in the traditional farming pattern.
- Due to the **geo-climate variations** in different parts of India, farmers in India adopted **different types of cropping pattern**.
- **Northern States of India** like Punjab, Haryana and Uttar Pradesh quickly found better results with regard to wheat, while **Southern states** like Karnataka, Tamil Nadu etc found lesser rate of success in regard to cultivation of rice.
- However, the overall **result in the long run was more impressive** to alleviate food shortage.

Major impacts of Green Revolution

Substantial Increase in Agricultural Production

- Volume of agricultural outcome increased by two to three fold compared to the period in 1950's.
- The increased production of rice, wheat, cereals and vegetables had erased the humiliation that India had to import grains from the **United States** during the **PL-140 programme in 1950's**.
- Moreover the **agricultural goods were freely available** to the people in the open market.

Increased Opportunity in Agricultural Employment

- Due to intensive cropping throughout the year, the **demand for agricultural employment increased**.

- The demand was felt in two groups namely, unskilled agrarian labour to work in the farm and qualified agricultural engineers and experts to help and facilitate the knowledge regarding scientific farming.

Agriculture, Industry and Market

- The Green Revolution in India not only brought a change in agricultural activity, but also brought a **healthy relationship** between **market and industry**.
- As the **scientific farming** was more dependent on agricultural engineering such as farm equipments, tractors etc., industries began to show interest to produce farm equipments to suit the increasing demand at low cost.
- At the same time the market also began to play effective role in processing and supplying the products to the consumers.

Inter State Exchange and Market Mechanism

- One of the major problems faced by the states in India was that the Green Revolution was beneficial only to those states where **the soil was fertile**.
- Hence, states that produced in excess distributed their output to other states which were climatically dry such as **Vidarbha** and **Telangana**.
- Hence, **inter-state agrarian market** began to grow to cater the needs of the consumption.
- Consequently, the **import burden** came down drastically.

Disparity between small farmers and big farmers

- One of the **major impact of the Green Revolution** was the marginalization of small scale farmers.
- Farmers holding very small pieces of land had to compete with the large land holders with regard to finance, infrastructure and agrarian market forces.
- This led to **marginalization of farmers** and they were **disinterested towards new techniques in farming**.
- Hence, there was variations among farmers and also variation in various regions across India.

Mass Movement

- One of the important features of the Green Revolution was it brought **majority of farming community in India** together both for their personal and national socio- economic welfare.
- This led to **substantial increase in income status** of the **farming community** as the **high yield of food grain led high income**.
- **Agricultural market** also played crucial role in creating competitive pricing which helped the farming community to sell their goods in the open market.
- Hence, the whole farming community in India took part in the Green Revolution.
- Unlike **industrialization**, agriculture showed very short term profit and growth.

- Hence, it articulated the revolutionary feeling among the agrarian community to actively participate in the Green Revolution.

Major Shortfalls of the Green Revolution

- The following factors have been the shortfalls due to **Geo-Climatic factors** in India.
 1. Regional, crop and farming **variations**.
 2. **Widened the gap** between rich and poor agriculturist.
 3. **Lack of finance** among small scale farmers to put up with initial investment
 4. It **forced the farmers** to use harmful fertilizers and pesticides to increase the crop output.
 5. **Lack of socialization** and preparedness with regard to adopting new technology.
 6. It has become a never ending process due lack of adequate check on **population overgrowth**.

Achievements of Green Revolution

1. It brought down the **scarcity of food grains**. Hence, it brought down agricultural imports.
2. It **encouraged the farmers** to test new varieties of high yield seeds and varieties of crops.
3. It stimulated to bring **radical changes** in fishing, poultry and dairy industries namely **Blue, Yellow and White Revolution**.
4. **Cash and spice crops** were also given equal importance which led India to export cash crops to various countries resulting in high export earnings. However, other necessary crops like sugarcane, oilseeds and cereals were not shown adequate interest by the farmers. Their importance was felt only during 1970's and early 1980's.

White Revolution

- In 1950's, India was not just struggling to achieve self-sustenance in agriculture production, but also in **producing milk products** such as dairy milk, butter and infant feeds.
- **India** has been **importing** butter, milk power and infant milk feeds.
- Very similar to **revolution in agriculture** the need was felt in **animal husbandry** to produce milk products.

Major Reasons for the White Revolution

- Rearing cows and buffaloes was considered **secondary to agriculture**.
- It was non-profit mode of small scale industry because of its primitiveness and poor maintenance of farms and animal sheds.
- **The milk producing animals** such as cows and buffaloes were native Indian origin which did not produce enough milk to supply bigger population.
- **Farming in India** was a rural industry which was suffering from necessary supporting systems like transportation, preservation and distribution of milk and other dairy products.
- Hence it **suffered from lack of networking**.

- **Farming** also suffered from the usage of age old primitive technology and **inadequate of veterinary specialists**.
- **Mortality** rate of cows and buffaloes was very high due to communicable diseases which forced the milk vendors to show a very poor interest to continue the business in a large scale.
- A **rural development programme** was started by India's **National Dairy Development Board (NDDB)** in 1970.
- This national grid aimed to augment the milk production and distribute across all parts of the nation so as to prevent shortage of milk products.



- **The Government of India** adopted the method and process followed by **Gujarat's AMUL (Anand Milk Union Limited)** founded by **Verghese Kurien**.
- **AMUL** had a humble beginning in **1950's** in Gujarat with less than 200 farms.
- Milk was collected from these farms and it was supplied to the consumers in **Mumbai** (then called Bombay).
- As it was found very profitable among the farming community it was extended to more numbers in Gujarat.
- In 1960's AMUL became a very well established dairy society in India.
- In 1966, **Prime Minister Lalbahadar Sastri** inaugurated Operation Flood with NDDB headed by **Mr. Verghese Kurien**.
- Verghese Kurien became the architect of the programme and gave professional help in bringing this **White Revolution in 1970's**.
- "In 1955 our butter imports were 500 tons per year; today our cooperatives alone produce more than 12,000 tons of butter.
- Similarly, we imported 3000 tons of baby food in 1955; today our cooperatives alone produce 38,000 tons of baby food.
- By 1975 all imports of milk and milk products stopped.
- The import permitted was that of food aid under Operation Flood." -**Verghese Kurien**.

Major Objectives of the Operation Flood:

1. To increase milk production ("a flood of milk")
2. To increase rural incomes of dairy sheds.
3. To provide fair prices for consumers
4. To reduce the import burden on the national exchequer.
5. To establish a National Milk Grid.

6. To meet nutrients needs.

- **The White Revolution or Operation Flood programme** was implemented in three phases.
- In the **first phase (1970-79)**, 18 of the country's main milk sheds were connected to the consumers of the **four major cities** namely Mumbai, Delhi, Calcutta and Madras.
- The total cost of this phase was Rs.116 crores.
- In the **second phase (1981-85)**, the milk sheds were increased from 18 to 136 and the **city market points increased** to 290 for urban distribution of milk.
- By the end of 1985, more than 43,000 self sustaining village cooperatives with 42.5 lakh milk producers were covered.
- Domestic milk powder production increased from 22,000 tons in the pre-project year to 140,000 tons by 1989.
- In the third phase (1985-96), the dairy cooperatives were **enabled to expand and strengthen** the required facilities to procure and market increasing volumes of milk.
- **Veterinary medical care, cattle nutrition and artificial insemination services** for cooperative members were expanded along with intensified dairy farm education.
- It went with adding 30,000 new dairy cooperatives to the 42,000 existing societies organized during Phase II.
- Milk sheds peaked to 173 in **1988-89** with the **numbers of women members and Women's Dairy Cooperative Societies increasing** significantly.

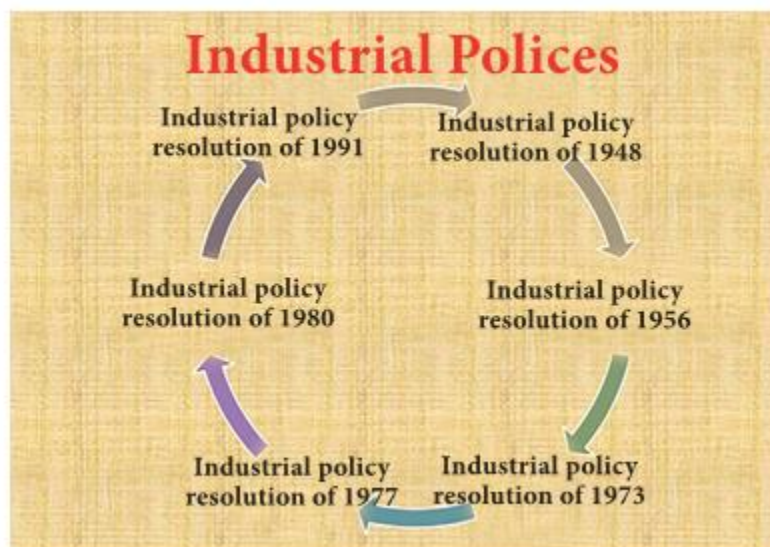
Major Achievements of the White Revolution.

- The phenomenal **growth of milk production in India** – from 20 million metric tons to 100 million MT within a span of 40 years was made possible only because of the dairy cooperative movement.
- This has propelled India to emerge as the largest milk producing country in the World today.
- It not only achieved self sufficiency but also increased the production infant milk powder very considerably.
- The dairy cooperative movement facilitated **the Indian dairy farmers** to take interest in cows and buffaloes which has resulted in the **500 million cattle population** in the country which is the **largest in the world**.
- The dairy cooperative movement has spread across the length and breadth of the country, covering more than 125,000 villages of 180 districts in 22 states.
- **The movement has been successful** because of a well-developed network of procurement and distribution system with the support of National, State and Village governance.

Industrialization



- Industrialization has been one of the **most significant processes** in the **Indian economic development** since independence.
- After independence, the leaders understood the **importance of industrialization** for our country.
- They initiated the **process of industrialization** under the **Industrial Policy Resolution 1956** and in all the five year plans industrialization was given due importance by our policy makers.
- The initiatives of the governments led to a considerable increase in industrial production making India the **sixth most industrial country in the world**.
- The development in industries spread across both small scale and large scale and included consumers, intermediate and capital goods.
- Due to the progress in industrialization a **change in foreign trade of India** could be seen.
- India increased the **export of engineering goods**.
- Correspondingly, there was development of technological and managerial skills as the industries had to be operated and also planning and designing of the industries had to be done in an efficient manner.



- Heavy industries were developed and high technical capability also had to be developed in terms of improved infrastructure, advanced technology and appropriate production equipments.
- **The engineering industry** was the key to the industrial development of India.
- It had to be developed as per the strategy of the planners to accelerate industrialisation in India.
- During the planning process, there was development of basic and capital goods industries.
- The productive capital of these industries increased from 50 percent in 1959 to 79 percent in 1990-91.
- This showed an **increase in employment** and an **improvement** in value added products.
- The number of workers in **factories and mines** increased tremendously.
- Industrialization improved **the iron and steel, fertilizers, chemicals, cement and non-ferrous metals industries**.

New Capital Goods Industries

- New capital goods industries were **started and developed**.
- During this period, the per capita consumption of power for industries and mines increased manifold.
- There was a **huge expansion of infrastructural facilities** in the country.
- The **petrochemical industries** developed with efficient refineries, pipelines, storage and distribution systems.
- These were **drastic changes in the economy** with improved irrigation system, storage works and canals, hydro and thermal power generation, improved railway system and well laid national and state highways.
- Better **transportation** and developed **telecommunication system** were instrumental in connecting India to the rest of the world.
- With the **introduction of economic reforms in India**, there were changes in the industrial pattern of India.
- There was **faster growth of capital goods and consumer goods** and there was a slowdown in the **rate of growth of basic industries**.
- The growth in banking, insurance and commerce and also the expansion and modernization of ports, shipping and both domestic and international air services have all been due to these economic changes which led to enlargement in industries.
- The major beneficiaries of these developments were the wealthier class both in the rural and urban areas.
- Tremendous changes happened in the field of science and technology as well.
- The contribution of Indian scientists to different fields including agriculture, industry, technology, communication etc. have been tremendous.

- Many people were trained in the technical field which included cement factories, chemical fertiliser units, oil refineries, power houses, steel plants, locomotive factories, engineering industries etc.

Industrial policy

- An **effective industrial policy** is essential for any **industrialised nation**.
- It enables the state to have proper policies, rules and regulations so that the **industries** can be **regulated** and the **process of industrialization benefits** the economy and the society.
- It deals with the **norms and regulations** relating to the industries.

Industrial Policy Resolution 1948

- As the Indian system incorporated the concept of a mixed economy, **the Industrial Policy Resolution** adopted in 1948 emphasised that both the public sector and private sectors would function in their respective spheres.
- All the **key industries** were to be under the control of the central government.
- The **public sector** had control over arms and ammunitions, the production and control of atomic energy, railways etc. which were to be the exclusive monopoly of the central government.
- The state also had control over coal, iron and steel, aircraft manufacturing, ship building etc.. **Private enterprises** and **the cooperatives** managed the remaining industries.

Industrial Policy Resolution 1956

- **Significant developments** took place after the adoption of the **1948 Industrial Policy Resolution**.
- **The first Five Year Plan** got completed and efforts were taken towards the attainment of a socialistic pattern of society.
- **A new industrial policy** was formulated and was adopted in **April 1956**.
- As per this policy, three categories of industries were specified.
- There were **industries** which were totally **controlled by the state**, industries which were owned by the state and the private enterprises which could supplement in the management of such industries and the third category of industries were those which were exclusively managed by the private enterprises.
- The industries of the private sector were to be encouraged by the state by improved systems of transport, power sector and other services.
- The small scale industries and cottage industries were also to be encouraged by the state.
- There had to be a uniform development in all the regions so that the benefits of development could reach all sections of the population.
- In December 1977, **the Janata government** announced a new industrial policy.
- The main elements of the policy were development of small scale sector which were categorised into cottage and household industries, tiny sectors and small scale industries.

- Such small scale industries were to generate employment and were also to reduce the concentration of wealth and power in the hands of big industrialists.
- However, the large scale industries had to depend on their existing resources for their new projects.
- But this policy could not come to force because of the fall of the **Janata government**.

Industrial Policy, 1980

- An industrial policy was announced by the congress government in July 1980.
- It stressed on a pragmatic approach towards development acknowledging the **Industrial Policy Resolution of 1956**.
- It **stressed on strengthening the public sector** undertakings. It emphasised on an integrated industrial development with setting up of nucleus plants in industrially backward regions.
- **Small scale units and cottage industries** were to be started which could function more effectively using improved technology.
- It aimed at promoting a concept of economic federalism.
- **The industrial policy of 1980** made considerable changes by bringing about a liberalised licensing policy by which the large undertakings were much benefitted as they were made free from the **MRTTP Act** and **FERA**.
- The government **delicensed industries** which were located in the areas that were declared as backward.
- The concept of broad banding was introduced. This gave flexibility to the manufacturers in production as the products could be designed as per the demands of the market.
- Within the **licensing limits**, any number of products could be produced which enabled the manufacturers to adopt newer strategies of marketing and in turn increasing their business.
- The **threshold asset limit of companies** under MRTTP Act was 20 crores which was increased to Rs.100 crores.
- Earlier 56 companies were under compulsory licensing and this was reduced to 26 under this Act.

Industrial Policy 1991

- **A new industrial policy** was introduced by the **P.V.Narasimha Rao** government in July 1991.
- This was a **landmark in the economic history** of the nation because the government had introduced its policy of liberalization.
- The highlighting features of the Act were to unfold the Indian economy from **centralized bureaucratic control**.
- The conditions of public enterprises was reexamined as they showed very less rate of growth.
- So, entrepreneurs were freed from **restriction of MRTTP Act** and **restrictions on direct foreign investment** was removed.

- The Indian economy was integrated with the world economy through this policy of liberalization.
- **Major reforms were introduced** in the areas of industrial licensing, foreign investment, foreign technology, public sector policy and MRTP Act.
- Changes were made with regard to **industrial licensing** which was abolished for many industries.
- As per the **new Act, 18 industries** were included for **compulsory licensing**.
- Some of the industries in this category were coal and lignite, petroleum, sugar, industrial explosives, hazardous chemicals, electronic aerospace and defence material, drugs and pharmaceuticals etc..
- It comprised of industries which were related to security concerns, health, environment etc.
- In 1993, three more industries were removed from the list of 18 industries under the compulsory licensing.
- They were motor cars, white goods (which include refrigerators, washing machines, air conditioners etc.) and raw hides and skins and patent leather.
- By **dereservation** of these industries from public sector, there was possibility of more inflow of investment in these industries.
- With respect to foreign direct investment, upto 51 percent foreign equity were permitted to those industries which required large investments and advanced technology.
- **Foreign companies were encouraged** so that they could assist Indian industries to export their products in the world market.
- The performance of public sector enterprises was analysed so that technology and infrastructure could be improved with regard to their functioning which could enable them to give enhanced results.
- **Rehabilitation schemes** were introduced with the help of the **Board for Industrial and Financial Reconstruction (BIFR)** so that the public enterprises whose performance was poor could be improved.
- During such a rehabilitation process, the interest of the workers of such industries was to be protected.

Competition Act, 2002

- **The Monopolies and Restrictive Trade Practices Act (MRTP), 1969** was repealed by the **Ministry of Corporate Affairs** and this was replaced by the Competition Act, 2002 which was later amended in 2007 and 2009.
- The MRTP Act had the objective of preventing the concentration of money and checking unfair practices in trade so that monopolistic practices could be stopped.
- But, **the new Act encouraged freedom of trade** so that there was healthy competition and the consumer could get the best products.
- Emphasis was given to **regulating the activities of the companies**.

- The companies did not have to get the prior approval of the government in making changes in their establishments.
- In spite of many efforts towards industrialization, there are also few **inadequacies**.
- India still has the **problem of unemployment and underemployment**.
- Uniform development in all regions is a challenge to the policy makers and the larger society.
- Even after long years of independence and industrialization, governments have to still design programmes for poverty eradication.
- The industrialization process leads to the development of large sectors but the small and medium sectors still have a long way to go.
- More and more industries are concentrated in cities.
- In terms of development there is a vast difference between the urban areas and the rural areas.
- Issues relating to **urbanization and migration** are bigger challenges to the state.

MORE TO KNOW:

- **The Planning Commission** was set up by a resolution of the Government of India in 15th March 1950.
- It has been replaced by the National Institution for Transforming India, also called **NITI Aayog**.
- It was formed via a resolution of **the Union Cabinet** on January 1, 2015. The Prime Minister of India serves as the **Chairperson of NITI Aayog**.

Tamil Nadu Co-operative Milk Producers' Federation (TCMPF)

- The **Tamil Nadu Dairy Development Corporation Limited** was formed in 1972 to manage the activities such as milk procurement, processing and marketing of the milk and milk products.
- Based on **Dr.Kurien pattern**, Tamil Nadu Co- operative Milk Producers' Federation (TCMPF) was formed in 1981.
- The per capita availability of milk in Tamil Nadu has increased from 169 gm/day in 1993-94 to 268 gm/day in 2017-18.
- "Operation Flood started the White Revolution in India and made our country self-sufficient in milk and this was achieved entirely through the cooperative structure." - **Varghese Kurien**.
 - **Sir Viswesvarayya** who is considered to be a pioneer in economic planning in India was a chief civil engineer, scholar, statesman, politician and the 19th Diwan of Mysore, who served from 1912 to 1919.
 - He received India's highest honour, **the Bharat Ratna**, in 1955.
 - **While the World Milk Day** is celebrated on June 1 each year, **National Milk Day** is celebrated on November 26th.
- This day marks the birth anniversary of Verghese Kurien, **the Father of White Revolution in India**.

New Economic Policy

- New Economic Policy was introduced in India on July 24, 1991 under Prime Ministership of P.V. Narasimha Rao, Dr. Manmohan Singh the Finance Minister is regarded as the Father of New Economic Policy of India.