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STUDY ON ECONOMICS POLICY AND ECONOMIC PLANS OF INDEPENDENT INDIA

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ABSTRACT

Before India attained its independence on August 15, 1947, the country had been governed by the British for over two centuries, during which time it was under British dominion. During the roughly 200 years that the British ruled India as a colonial power, the old Indian economy, which was based on agriculture and included cottage industries and handicrafts, was eradicated in favour of machine products created in Britain. In point of fact, all economic operations that were taking place during the time of British rule were dominated by British capital or a tiny segment of Indian monopolies to serve the interests of the British. This was the case for all of the economic endeavours that were going place. Along with the commercialization of agriculture came the zamindari system. this was implemented in the agricultural sector. As a direct consequence of this, ownership of land began to be concentrated in a few number of hands, forcing a significant portion of farmers either into the position of share croppers or into that of landless labourers. As a result, a backward economy was passed down to the newly independent India. This economy was characterised by a lack of progress in agriculture, acute poverty and hardship, uneven and weak industrial sectors, a lack of capital resources, and regional imbalances. In order to solve these issues, India has implemented a form of economy known as a mixed economy, which emphasises maintaining a healthy equilibrium between society purposes and private ambitions. It suggests that the public and private sectors are organised in cooperation with one another or in harmony with one another. It is necessary to reorganise the various sectors in such a way that they become mutually supportive of one another rather than competitive with one another. In a similar manner, two mechanisms, namely the market arrangement and the planning arrangement, are coordinated in such a way that each is utilised to meet the social goals and individual goals to which it is most suited, and it is ensured that the two mechanisms do not become mutually contradictory with one another. In addition, a social democratic mixed economy suggests a dedication to freedom, equality, and material growth in equal measures.

Keywords: *economic reform, policy, structural adjustment*

INTRODUCTION

It is a truth universally acknowledged that the expansion of a nation's financial infrastructure is directly proportional to the rate of economic growth. Along with the growth of the economy came the requirement for the establishment of new financial institutions and the invention of new financial instruments. In turn, the expansion of the financial infrastructure itself served as a factor that facilitated the economic transformation of the economy. This was due to the fact that the economy was more globally integrated. One sees a significant degree of correlation between the expansion of economic development and the creation of financial infrastructure not just in the case of the Soviet Union but also in the case of other East European economies that were centrally planned. In economies whose development was driven by central planning, the state was responsible for every aspect of the investment and production processes, as well as the entirety of the nation's monetary and financial infrastructure.

The financial infrastructure of such economies was constructed by the state along lines that were suitable for the sort of growth philosophy that was practised in those economies. In contrast to both of these models, India's situation is unique. The economic structure of this nation may be described as mixed, which means that it has both public and private sectors. On the other hand, in order to provide the necessary impetus for the economy, a somewhat more preeminent role has been delegated to the public sector. It is imperative that the public sector play the role of the primary driving force, and as a result, it must take it upon itself to shoulder the burden of responsibility for investment and output in particular foundational sectors and key developing domains. The process of industrialization did not go as anticipated. For example, the growth rate of industrial production dropped from 8% per year between 1950 and 1965 to 4% per year between 1965 and 1980, when the economy of India was strictly regulated. This was in comparison to the growth rate of industrial production of 8% per year between 1950 and 1965. It has been hypothesised that the gradual expansion of the industrial sector is due to the existence of laws that were created to control the private sector.

There was a widespread decline in profitability across the public sector. For instance, during the fiscal year 1980–1981, the government spent a total of 18,207 crore in the central public sector firms; but, rather than producing a return from this investment, the enterprises racked up losses of 203 crore. The necessity for a change in the policy was spurred not only by the negative elements, but also by a number of other challenges, such as rising prices, a scarcity of suitable capital, poor economic development, and technical backwardness, which all contributed to it. The government's expenditures were far higher than its revenues. By 1991, the amount that we had borrowed from other countries had reached such a high level that we had trouble paying even the interest on the debt, let alone the principal, and we were unable to pay for any imports. We had reached a critical juncture in terms of our financial situation.

The Indian government was compelled to borrow money from the International Monetary Fund as a result of the ongoing financial crisis. All of these factors contributed to the formulation of the New Policy, often referred to as the New Economic Policy. The study examines the progression of the Indian economy both before and after the country's independence and covers the numerous plans that were conceived by a variety of governments in an effort to rouse the nation's economy from its sleep. This article is broken up into four distinct sections. In the first part of this section, we will examine the progression of India's economy both before and after it gained its independence from British domination. The article is divided into five sections: the second part discusses the economic system and the Planning Commission; the third section discusses the New Economic Policy; the fourth section discusses the NITI Aayog; and the fifth section summarises the findings of the study.

OBJECTIVE OF THE STUDY

1. To transform India into a sprawling market for the finished goods of British industries;
2. To reduce India to the status of a mere exporter of raw materials for upcoming modern industries in the Britain; and

RESEARCH METHODOLOGY

The current structure of the Indian economy has its roots deeply ingrained in the colonial period that was governed by the East India Company and the rule of the British Government in India (i.e., during the middle of the eighteenth century). This period of rule lasted for almost two centuries before India attained its independence. Under the rule of the colonial authority, India's economy was mostly based on agriculture because 85 percent of the country's inhabitants derived their income, either directly or indirectly, from this sector. For example, there were a great number of significant crops that had been cultivated for a very significant portion of human history. In his paper titled "Improvement of the Indian Agriculture" (1889), Dr. Voeleker discusses the fact that Indians farmed wheat centuries before the English. In a similar fashion, cotton was one of the first crops to be planted in this nation. Other key crops were also harvested.

The methods that were employed for irrigation were far more developed than before. There were quite a few innovative machines that were used to increase the water level. Sir Charles Trevelyan, who was serving as India's finance minister at the time, was quite effusive in his admiration of the historic irrigation projects located in Southern India (1863-65). The French explorer Bernier said the following about the agricultural practises that existed in Bengal prior to the arrival of the British: "The information I have learned of Bengal in two visits inclines me to believe that it is richer than Egypt." Cottons and silks, rice, sugar, and butter are only few of the products that are exported in large quantities. Wheat, vegetables, grains, poultry, ducks, and geese are among the products that are produced in large quantities for the nation's own use.

It is home to enormous flocks of sheep and goats, in addition to vast herds of pigs. Fish of every sort may be found in abundant numbers there. An interminable number of canals, carved in bygone times from the Ganges by enormous labour for the purposes of transportation and agriculture, extend all the way from Rajmahal to the sea. During the time that the British were in control of India, they implemented a number of different land settlement systems, such as zamindari, rayatwari, and mahalwari. These systems caused the growth and prosperity of Indian agriculture to stall out and even begin to decline. Because of the provisions of the revenue settlement, a significant contributor to the problem was the fact that zamindars risked losing their right to the land if they were unable to pay the required amount of tax within the allotted amount of time.

The predicament of the farmers was made worse by a lack of irrigation systems, inadequate technology, and fertilisers, all of which contributed to the pitiful level of agricultural production. However, the agriculture sector had witnessed some development, but that growth was owing to an increase in the total amount of land that was cultivated as well as the commercialization of agriculture. Because of this form of expansion in agriculture, farmers moved away from producing food crops and towards producing cash crops, therefore there was no improvement in the economic situation of farmers as a result of this type of growth in agriculture. The production of cash crops was eventually beneficial to the industries that were located in Britain. When the country gained its independence, a significant chunk of the highly irrigated and productive territory that had previously belonged to the undivided country was given to Pakistan. This caused the agriculture industry to suffer yet another setback. The jute sector in India was hit the most because a significant portion of the jute-producing land in undivided India was transferred to East Pakistan (now Bangladesh). The nation had a strong reputation in the global manufacturing industry. In this respect, illustrious historians such as Weber, Lecky, Romesh Dutt, Wilson, and Ranade, amongst others, have offered numerous accolades and honours. Mummies that date back to 2000 BC and were discovered in Egyptian tombs were found to be wrapped in Indian muslin1 of the highest quality. Because of both its high quality and low price, Indian textiles posed a significant competitive risk to the woollen and silk industries in England. To combat the threat posed by this rival nation, England turned to the political tool of legislation between the years 1700 and 1721 in order to outlaw the use of Indian-made printed or coloured calicos and any product that used cotton in any capacity. India was unable to establish a solid industrial basis while it was under colonial administration.

DATA ANALYSIS

Demographic Condition

During the 19th century, a population growth that was greater than three times the rate of the previous century. Therefore, as compared to the populations of these other nations during the course of the time under consideration, India's population grew at a far slower rate [2]. Development in Japan, England, and Wales in terms of per capita income had grown at a rate that was higher than the growth in population that had occurred in these nations. On the other hand, growth in India's per capita income increased relatively gradually, at a rate of around 0.5 percent each year. This leads one to the conclusion that the increase in population that occurred in the past did not contribute to the standstill. There must be some other factor that is responsible for the slower-than-expected rise in India's national GDP. The numerous markers of social progress were not promising in any way. There were less than 16 percent of people who could read and write. The percentage of females who could read or write was as low as 7%. The death rate was quite high, and within that, the newborn mortality rate was particularly concerning at 218 per thousand. There was as little as a 32-year gap between generations.

Occupational Structure and Contribution of Different Sectors

During the time of colonial rule, the share of the workforce employed in the manufacturing sector accounted for 10%, and the share of the workforce employed in the service sector accounted for 15%; however, the share of the workforce employed in the agriculture sector accounted for the largest share, and it typically remained at a high of 70%–75%. On the eve of independence, the Table below details the contributions made by several sectors to the national revenue as well as the occupational distribution at that table 1.

Table 1: Distribution of Occupations by Sector's Contribution to the National Income

Sectors	Percentage Contribution to National Income (1947 (at 1938-39	Percentage of the Population Engaged in different

	prices)φ	sectors (1951)ψ
Primary Sector	58.7	72.7
Secondary Sector	14.3	10.1
Tertiary Sector	27	17.2
-	-	100

Infrastructure

In the first part of the 19th century, India did not have a position that was adequate in terms of transit and communication. The bullock-drawn cart was by far the most significant vehicle that was in use. There were only two river systems that were navigable, and those were the Indus and the Ganges. Obviously, shipping had reached an incredibly impressive level of excellence. When writing in 1901, the Governor-General, Lord Wellesley, had attested to the superiority of Indian-built ships, which, together with British-built ships, had gone to Thames (London). The financial system had reached a fairly advanced stage. They were referred to by a variety of monikers in various sections of the country due to their widespread popularity. The names Jagat Seth, Nagar Seth, Mahajan, and Shroff, amongst others, were among the more notable ones [2]. The establishment of railways in India in 1850 was perhaps the most significant contribution made by the United Kingdom. The development of railways had two distinct effects on the organisational framework of the economy of India. To begin, technology has helped individuals overcome geographical and cultural boundaries by making it possible for them to travel over longer distances. Second, it encouraged the commercialization of agriculture in India, which had a negative impact on the relative self-sufficiency of the economy of India's rural villages. Despite the fact that essential infrastructure like mails and telegraphs, ports, railways, and water transport were constructed during the colonial era, the primary goal of such construction was to advance the British economy rather than the Indian economy.

Economic Policies of British Colonial Government

The centralization of India's government, the establishment of a new judicial administration, and the establishment of a law and order agency were all gifts from the British government, which paved the way for the rapid expansion of India's economy. However, these governmental apparatus were really utilised for the expansion of the British economy, which was done at the expense of the development of the Indian economy. In a similar manner, they had created roads, railways, and ports, but these were utilised for the import of raw materials from India for the purpose of British industry and the export of completed goods manufactured from these raw materials to India. Even the construction of railways was accomplished with foreign machinery, which significantly hampered the development of India's iron and steel sector. It was decided not to provide the Indian manufacturers with the facilities necessary to start their enterprises. Their economic policies were formulated in such a way that they provided advantages to British companies while providing disadvantages to Indian industry.

Economic System And Planning Commission

On the eve of our independence, we were bequeathed with an antiquated and unproductive economy. The leaders of independent India needed to make a decision on the kind of economic system that would prioritise the well-being of the majority of its citizens over that of a select few in order to set the economy on the course of growth and development. Before Jawaharlal Nehru became the first Prime Minister of an independent India, there were several distinct economic models on the table. There were three different economic systems: communism, socialism, and capitalism. The productive resources in a capitalist economy are owned and controlled by private persons, and there is minimal involvement by the government in either the resource or commodity markets. It is generally accepted that a society may be characterised as capitalism if it combines private resource ownership with a significant degree of public control exercised by a government that is freely elected.

Communism is a socio-economic formation that replaces capitalism and which is based on the public ownership of the means of production. Communism is the second higher phase of development in the communist formation as compared to socialism. A plethora of material and spiritual qualities will be accessible as a result of communism's theoretical and practical foundations; the planned character of production and the level of labour productivity will reach their maximum. Distribution based on work will be phased out in favour of distribution based on the requirements of each individual.

The idea that "from everyone according to his abilities, to each according to his needs" lies at the heart of communism's guiding concept. There will be no longer be any social classes, and everyone will be on an equal social footing. Most economies are mixed economies. A mixed economy indicates that there is a reasonable balance between individual aspirations and the aims of the community. It suggests that the public and private sectors are organised in cooperation with one another or in harmony with one another. It is necessary to reorganise the various sectors in such a way that they become mutually supportive of one another rather than competitive with one another. In a similar manner, the planning arrangement and the market arrangement are modified in such a way that each is employed for the social purposes to which it is most suited, while at the same time, it is not permitted for the two processes to become mutually contradictory.

They proposed that the First Five Year Plan, which was developed by the Planning Commission and began on April 1, 1951 and continued until March 31, 1956, should be implemented. Since that time, we have finished twelve five-year plans and six yearly plans with flying colours. The aims of many five-year plans are condensed and compared in the following: Table 2.

The public sector's own feeling of responsibility and initiative has suffered as a direct result of this. Nehru's economic model, which was geared towards Licence Raj, quota, red tape, and bureaucracy leading to wide scale corruption, had resulted in a 2-3 percent yearly growth rate (which analysts termed this growth as "Hindu rate of growth"). ...and the following defence of such a model by Indira Gandhi had plunged the economy into darkness and brought a stop to the economic system. In the end, the support of this model by the leader of the country at the time, Prime Minister Indira Gandhi, brought the economy to a halt and plunged it into darkness. As a consequence of this, the government decided to implement economic reform in order to eliminate the issues that were being caused by the public sector firms and to set the economy on the route to progress. Because to the implementation of economic reforms in a number of different areas of the economy, the overall performance of the Indian economy has improved, as demonstrated by the Table 2.

Table 2: Analysis of the Economic and Labor Market Impact of Various Industries

Sectors	Share in GDP at current prices in percentage (2014-15)ψ	Share in Employment inpercentage (2011-12)@
Primary Sector	17.01	48.9
Secondary Sector	30.02	24.3
Tertiary Sector	52.97	26.8
Financial, Real, and Professional Services	20.54	---
Community, Social, and Personal Services	13.34	---

National Institution For Transforming India (Niti) Aayog

The Planning commission, which is 65 years old, is unable to turn the Indian economy into a competitive economy since it was relevant for the command economic system. In this age of intense competition, the organisation is now completely obsolete. In place of the Planning Commission, Prime Minister Narendra Modi founded NITI Aayog on January 1, 2015, with the goals of making India's economy more competitive and encouraging greater involvement and participation from the nation's many states in the process of formulating economic policy. In contrast to the Planning Commission's long-standing practise of "top-down" decision making, this think tank for public policy advocates using a "bottom-up" approach to urban planning.

CONCLUSION

The growth of the Indian economy in general was not something that the British rulers had any interest in at all. The economic transformation, which included the commercialization of agriculture, development of railways, roads, and ports, expansion of education, and creation of revenue settlement systems, etc., was all initiated by the British with the sole purpose of developing the British economy by draining resources from the Indian economy. This transformation included commercialization of agriculture, development of railways, roads, and ports; creation of revenue settlement systems; etc. The economic policies of the British ultimately resulted in the transformation of India's once-independent economy into a colonial economy. Following India's independence in 1947, the government implemented a series of economic reforms that have helped the country's economy not only attain a high growth rate but also become competitive and inclusive.

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