Q6(c)

The legacy of the Planning Commission still has a bearing on India's development policies. Discuss.

UPSC Civil Services Mains 2024 · PSIR GS 1 · 15 marks · Planning and Economic Development

Planning and Economic Development: Nehruvian and Gandhian perspectives; role of planning and public sector; Green Revolution, land reforms and agrarian relations; liberalization and economic reforms.

Core demand of the question

- State what the Planning Commission was (15 marks)
- Show Nehruvian development and the plan as a political institution
- **Discuss what legacy remains after NITI Aayog:** federal bargaining, welfare targeting, and the idea of a national development strategy
- Do not write only an obituary

Revision summary

The Planning Commission was a 1950 extra-constitutional body that wrote Five-Year Plans and used plan assistance to steer states.

It embodied Nehru's mixed-economy development state, with public-sector industry and later poverty programmes as plan objects.

Gandhian village reconstruction remained secondary to this national industrial and fiscal centre.

After 2014, NITI Aayog lost grant power, but Union schemes, indices, and industrial and welfare missions continue the coordinating habit.

The legacy is a national development project under political direction, now in a more market-open form, still bounded by constitutional rights.

Introduction

The Planning Commission was created by a Cabinet resolution in 1950, with the Prime Minister as chair. It allocated plan funds, wrote Five-Year Plans, and stood at the centre of **Nehru**'s development state. It was abolished in 2014 and replaced by NITI Aayog. The claim that its legacy still bears on India's development policies is true if legacy means habits of thought, centre-state fiscal politics, and the belief that the Union must steer structural change.

Body

The institution

The Commission was extra-constitutional. It used the Union's superior revenues and the mechanism of plan assistance to shape state priorities. The National Development Council brought chief ministers into a formal conversation that was often a conversation under central leadership. Mixed economy, public-sector heavy industry, and later poverty programmes were plan categories. Critics on the right charged licence-permit control. Critics on the left charged that plans did not transform agrarian class structure. **Ambedkar** had already warned that political democracy needs economic democracy; the plans were one official answer.

Gandhi's Gram Swaraj was never the Commission's operating diagram. Village industries sat at the margin of a capital-goods strategy. That tension still appears whenever local government meets a centrally designed scheme.

Legacy after 2014

NITI Aayog was presented as a think tank of cooperative federalism without the power to give plan grants. The Finance Commission and Union schemes now do more of the fiscal work. Yet the legacy remains. Centrally sponsored schemes, NITI indices, digital targeting of welfare, and a continuing Union claim to set a national development narrative are planning by other means. States still bargain for resources. Public capital formation, industrial policy, and social-sector missions still assume that markets alone will not meet the Preamble's justice.

The Planning Commission's method - documents, targets, sectoral chapters, and a techno-political elite around the Prime Minister - trained a class of development administrators. That class did not vanish. What changed is the instrument: from Five-Year Plan allocations to missions, regulatory reform, and competitive federalism scores.

A discussion should therefore agree with the statement, with a specification. The legacy is not the old permit raj as such. It is the idea that development is a national political project requiring Union coordination, data, and schemes, now pursued in a more market-open and more scheme-fragmented form. **Minerva Mills** still sets a constitutional limit: development policy cannot treat rights as optional. That, too, is part of how the planning state's successor must operate.

Flow diagram

Planning Commission 1950-2014 -> Nehru mixed economy

Planning Commission 1950-2014 -> Plan funds and NDC

Legacy -> Centrally sponsored schemes

Legacy -> NITI think tank

Legacy -> National development narrative

Conclusion

The Planning Commission institutionalised Nehruvian national development as central plans and plan funds. Its abolition did not abolish the Union's steering role, scheme architecture, or the belief that socio-economic justice needs public strategy. That is the legacy that still bears on policy, now through NITI Aayog, Finance Commission transfers, and missions rather than through Five-Year Plan grants.

Facts & figures

1950 resolution

The Planning Commission was created by executive resolution, not by a constitutional article, with the Prime Minister as chair.

NITI Aayog, 2015
The successor is a policy think tank for cooperative and competitive federalism without the old plan-grant lever.

National Development Council
Chief ministers sat with the Centre on plan approval, a federal form that mixed consultation with central agenda-setting.