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Q8(b)

With reference to Peruvian experience of planning and economic development, examine how the early phase of economic planning in India has laid the foundation for future development

UPSC Civil Services Mains 2025 · PSIR GS 1 · 15 marks · Political Theory

Political Theory: meaning and approaches.

Core demand of the question

- Refer to Peru's experience of planning and economic development
- Examine how India's early planning laid foundations for later development
- **Compare:** ISI, land and industry, democracy versus military developmentalism, and institutional continuity
- Do not write only Indian Five-Year Plans with a token Peru sentence

Revision summary

Peru's mid-century development mixed export oligarchy with a radical military-planning interlude under Velasco, then crisis and neoliberal reversal.

Indian early planning under the **Planning Commission** and the Mahalanobis strategy built public industry, technical education, and a durable idea of state-led structural change.

India's process was parliamentary and federally argued; Peru's surge was corporatist and more easily dismantled.

Critiques of the Hindu rate of growth and of controls do not cancel the foundational industrial and administrative capacity.

The comparison shows that planning founds future development when institutions outlast a single regime, which India did more than Peru.

Introduction

Peru and India both tried, in the mid-twentieth century, to use the state to break a primary-export trap and to industrialise. Peru's path ran through an oligarchic export economy, a burst of military developmentalism under **Juan Velasco Alvarado**, and then a crisis that opened onto **Fujimori's** neoliberal shock. India's early planning under **Nehru**, **Mahalanobis**, and the **Planning Commission** was more durable, more democratic, and more foundational for the mixed economy that followed - including the later turn to markets.

Body**The Peruvian experience**

Peru's classic political economy was coastal export (guano, then sugar, cotton, minerals) and an Andean hinterland of incomplete agrarian citizenship. Civilian governments flirted with import-substitution and with a National Planning Institute. The decisive developmental surge

was the Revolutionary Government of the Armed Forces (1968-75). Velasco nationalised oil and parts of mining, legislated agrarian reform against the coastal latifundia, and built state enterprises. Planning was nationalist and corporatist, closer to a military project of **CEPAL**-style structuralism than to a parliamentary five-year debate.

- **The limits were severe:** top-down reform, later debt, and 1990s dismantling. Peruvian planning is a **discontinuous** developmental state - interrupted ISI without a lasting democratic coalition.

Early Indian planning as foundation

India's Planning Commission (1950) and the Second Plan's **Mahalanobis** heavy-industry strategy built steel, machines, IITs, and a public-sector elite. Critics of controls and the Hindu rate of growth do not erase that industrial and food-policy base. Unlike Velasco's Peru, Indian plans were debated in Parliament and the NDC. 1991 liberalised from a mixed economy, not from an export oligarchy alone.

The comparative lesson

Planning without democratic depth can be reversed in a decade. India's early phase laid physical and institutional rails that later markets and welfare still use. The foundation was a sovereign developmental state that survived leadership change - Peru's mirror of discontinuity.

Flow diagram

Peru -> Velasco ISI and land
 Velasco ISI and land -> Break / neoliberal shock
 India -> Planning Commission
 Planning Commission -> Mahalanobis industry
 Mahalanobis industry -> Foundation for 1991 and after

Conclusion

Peru planned sharply under a military developmental regime and then unplanned under crisis and neoliberal shock. India planned early, imperfectly, and continuously enough to found an industrial and administrative base. The early Indian phase matters because later development, including the market turn, still stands on that base - a foundation Peru's interrupted ISI did not equally leave.

Facts & figures

Velasco, 1968-75

Peru's military government nationalised key resources, legislated agrarian reform, and expanded state enterprises in a CEPAL-influenced ISI mould.

Planning Commission, 1950

India's institutional core of democratic planning, later replaced in form by **NITI Aayog** but not in the habit of national developmental targeting.

Second Five-Year Plan

The Mahalanobis heavy-industry strategy that aimed to build machines to make machines, the classic early-planning foundation.

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