

ECONOMIC PLANNING

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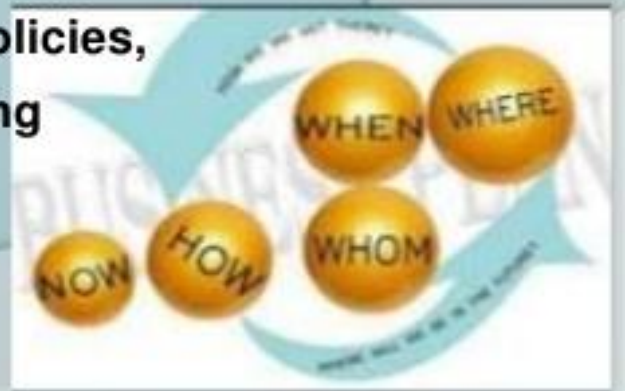
Economic PLANNING

- ❖ **Economic Planning is to make decision with respect to the use of resources.**

Economic Planning is term used to describe the long term plans of Government to co-ordinate and develop the economy.

“ PLANNING ”

- Planning is deciding in advance what is to be done, when , where, how and by whom it is to be done.
- Planning bridges the gap from where we are to where we want to go.
- It includes the selection of objectives, policies, procedures and programmes from among alternatives.



OBJECTIVES OF ECONOMIC PLANNING

- ✓ **Economic Growth**
- ✓ **Reduction of Economic In-equalities**
- ✓ **Balanced Regional Development**
- ✓ **Modernization**
- ✓ **Reduction of Unemployment**

ADVANTAGES

- ✓ **Prices are kept under control and thus everybody can afford to consume goods and services.**
- ✓ **There is less inequality of wealth.**
- ✓ **There is no duplication as the allocation of resources is centrally planned.**
- ✓ **Low level of unemployment as the government aims to provide employment to everybody.**

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- ✓ **Elimination of waste resulting from competition between firms.**
- ✓ **Since government has control over all factors of production the chances of monopoly happening are next to nil under planned economy.**
- ✓ **It may help in reducing the gap between poor and rich because all government policies are designed to bring social equality which may sometimes lead to dictatorship sort of environment.**

Limitations of PLANNING



Costly process

- **Planning involves too much expenditure. Money and effort both are required in planning.**
- **Planning includes collecting information, data forecasting and evaluation of alternatives. It requires salary and allowances to the experts in the process of providing services.**
- **So, planning has been accepted as costly process by small and medium size organization.**



TIME CONUSUMING

- **Planning is the time consuming process. It delays the business activity to come in action.**
- **In the process of planning following the procedures of planning takes a lot of time which may create problem to the organization where immediate action has to be made. So in such situation planning is not suitable.**



FALSE SENSE OF SECURITY

- **Planning encourages false sense of security against future risk and uncertainty.**

**As future is uncertain, it is unpredictable.
Therefore, planning cannot give accurate and reliable results.**

CONCLUSION

- ❖ Economic Planning help in mobilizing and allocating the resources in desired manner.
- ❖ Objective of economic planning is to reduce inequality, economic growth, balanced regional growth, modernization.
- ❖ Each five year plan aims at achieving certain target. Five year plan constitute the steps toward the fulfillment of objectives of economic planning.