

Types of Economic Planning



DR. GHAZALA SHAHEEN
GUEST FACULTY
VANIJYA MAHAVIDYALAYA



Economic Planniong

Economic planning is a process under which attempts are made to achieve given targets of economic development within a specified period of time

Welcome!!

Major types of Economic Planning

Physical Planning

Physical planning is an attempt to workout the implications of the development efforts in terms of factor allocations and product yields so as to maximize incomes and employment

Oscar Lange

It refers to the allocation of resources in terms of men, materials and machinery



Real Planning



Capital Output Ratio

It aims to increase the physical output



Physical planning

Physical planning and real development go side by side

Financial Planning

It refers the planning is meant the allocation of resources in terms of money. Rate of growth of national income is decided under this kind of planning.

It refers to the technique of planning in which resources are allocated in terms of money



*anti-cyclical action
than the development*



Foreing Exchange

There is ultimate balancing between the financial and physical targets



Developing Country

Financial planning is definitely inferier to the physical planning in a developing country

Short-term Planning

It refers the planning is meant for the short period of time, 4 ,5 or 6 years

It is also called **prospective planning**



Short –term planning



Need
to run the
economy



Growth

does not ensure
long term
economic growth
and stability

Long-term Planning

Which sets long range targets in advance for a period 15, 20, 25 years

It is also called **perspective planning**



Long term planning



Planning commission

It is a blue print of developments to be undertaken over a long period



Russia

Upto 1958- five year plan

In 1959 it embarked upon the 20 year plan.

Structural Planning

It refers to planning causes goods deal of changes in the social economic frame work of the country.

It is also called **Revolutionary planning**



preconditioning



New system.
shift from
capitalist to
socialist
economy



Developing Country

Planning adopted in under developed countries is mostly structural in character.

Functional Planning

"Functional planning will only repair, not build a new, it will improve the wave of the existing order, but not supersede it. It is a conservative, or rather evolutionary type of planning which will not over turn the existing structure and moves only within its narrow border

Zweig



benevolent despotism



Evolutionary planning

It is also called as **Evolutionary planning**



Meaning

It refers to that planning which seeks to remove economic difficulties by directing all the planning activities within the existing economic and social structure.

Socialist Planning

refers to the government ownership of the means of production, planning by the government and income distribution”

Samuelson

The economic planning is controlled and regulated by the government so as to ensure welfare and equal opportunity to the people in a society.



Production for use



Social Ownership

production is carried out directly for use



Socialism

Socialism refers to the government ownership of the means of production, planning by the government and income distribution”.

Capitalist Planning

An economic planning is directed, controlled and regulated by the private ownership of the means of production and their operation for profit, usually competitive market



Competitive market



Private property

Wealth is made and maintained by the private individual or corporates



Market economy

The production of goods and services is based on supply and demand in the general market

Planning under Mixed economy

"Mixed economy is that economy in which both government and private individuals exercise economic control."

Murad.

"Mixed economy is that economy in which both public and private sectors cooperate"

Samuelson



Mixed = Public+Private



Capitalistic Mixed Economy

ownership of various factors of production remains under private control



Socialistic Mixed Economy

means of production are in the hands of state

Centralized Planning

plan is formulated, directed and controlled by a center planning authority.

Based on the basis of policies and targets, planning are determined by the central planning authority.

It is also called planning for above.



undemocratic character



Central planning authority
Control every aspect of the economy

No economic freedom

All economic activities are directed from above. Shortages and mistakes arising during the course of planning are not likely to be rectified.

Decentralized Planning

It refers to such plans as are framed by local, regional and individual organizations.

It is also called planning for below.



grass root level



Strategy

Prices of goods and services are determined by markets, despite, controlled and regulated by the government



Economic freedom

There is a freedom of consumption, production, and enterprise

Democratic Planning

It refers to that which is prepared by the consent of the people's representatives. Such a planning enjoys full support and co-operation of the people.

The planning process in India is democratic



Planning from below



Healthy competition

price mechanism is allowed to play its due role.



Private property rights

Democratic planning respects the institution of private property.

Features

Features of democratic planning



As a consequence of democratic planning



Central planning Authority in the national interest through fiscal and monetary measures.



People enjoy economic social and religious freedom



People 's co-operation is sought in the preparation of the plan.



One of the aims of planning is to co-ordinate the activities of Public and private sectors.



Totalitarian Planning

It refers in communist planning all economic activities are conducted by the government. Main means of production are controlled by the state

It is also called ***authoritarian planning***



Single plan



Central plan

there is central control and direction of all economic activities.



State-centric

Consumption production, exchange and distribution are all controlled by the state

Features

Features of totalitarian planning



Public sector alone functions in this type of planning, Government has full and direct control.



Central Planning Authority formulates a comprehensive plan for the entire economy.



There is no economic freedom and all economic decisions are taken by the government.



People's welfare can be sacrificed at the altar of rapid economic development of the country.



Permanent Planning

Permanent planning is the long term planning. its goals are wider and ambitious. therefore, planning is permanent in a sense that it is not to be abandoned after some time.



Emergency Planning

It is purely accidental in character. It is thus, adopted by force of circumstances.



Regional Planning

It deals with the efficient placement of land-use activities, infrastructure, and settlement growth across a larger area of land than an individual city or town.

Regional plan is relevant only when regional differentiation exists.



Interdisciplinary



Agro climatic zonal planning

regional planning drawn for the development of agriculture and allied activities in India.



Regional Plan

Decentralised planning, district level planning, block level planning and panchyat level planning are all called as regional planning

National Planning

It refers to macroeconomic policies and financial planning conducted by governments to stabilize the market or promote economic growth in market based economies

It is called as state development planning



all things to all men



Target centred

Monetary policy
Fiscal policy
Industrial policy
Population policy
etc.,



Market

It does not replace the market mechanism and not eliminate the use of money

International Planning

International planning is meant for a state of affairs in which the resources of more than one country are the property of the country as a whole.



Universal



Economic Pooling

pooling the total resources of different national unit



World Resources

promotes the interests by improving their terms of trade, increasing development assistance, developed-country tariff reductions, and other means

Micro Level Planning

the micro level planning is a kind of planning at the grass-root level or planning from below. Planning process in a country is having various tiers, viz., centre, state district, sub-division, block and village

from the top to bottom type to a system of bottom-to-top type



Decentralized plan



1984

District Planning submitted its proposal under micro level planning



7th Five Year Plan

Planning commission of India Introduced MLP in during the 7th Five year plan.

Rolling Planning

refers that every year the performance of the plan will be assessed and a new plan will be made next year based upon this assessment.

Myrdal was the first economists to advocate a rolling plan for developing countries.



Yearly Reviews



Rolling plan

Review of a plan becomes a continuous exercise



Rolling plan

there is no fixation of dates in respect of commencement and end of the plan

Rolling plan

Three kinds of rolling plan



Firstly

the plan for the current year which comprises the annual budget

Secondly

a plan for a fixed number of years, which may be 3, 4 or 5 years

Thirdly

a perspective plan which is for 10, 15 or 20 years