The Bombay Plan: A Forgotten Document

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Abstract: 'Bombay Plan', produced by a group of Indian industrialists and technocrats in 1944, was proposed as a fifteen year investment plan for India. While it was not officially adopted, the strategy of the government's five year plans after independence was very similar to the Bombay Plan's. First three five year plans had almost the same sectoral outlay pattern and appear to be a scaled down version of the fifteen year Bombay Plan. Bombay Plan was at the centre of news for more than a full year. But thereafter it was as completely forgotten as it was of interest previously. Official plans of the government do not refer to it, and books on Indian economy do not give it any serious attention beyond mention as a historical curiosity. This paper discusses the background and making of the plan, compares it with the official plans and discusses the possible reasons of its exile into oblivion.

Keywords: Bombay Plan, India's five year plans, Indian business, Indian left parties; Indian National Congress.

The Bombay Plan: A Forgotten Document

The Bombay Plan (I will write 'the Plan' when there is no scope for confusion) is a fifteen year investment plan for India proposed in 1944 by a group of prominent Indian industrialists and technocrats. It stirred up a large amount of public interest and remained in the centre of news for more than a full year. But thereafter it disappeared from public attention as completely as it had occupied centre stage previously, and was soon almost completely wiped off from public memory. Books on Indian planning mention the Plan as an item of historical curiosity without providing any more information. Students of Indian plans are generally aware of its mythical[1] existence but very few have seen it and fewer read it.

The Plan is an important document for at least three distinct reasons. The first is that it raises the politically interesting question why private business at all recommended a plan with serious government involvement and control. This question interested India's left political parties and intellectuals. They attributed the Plan to the capitalists' 'class interests' of the time, with differently nuanced arguments from different strands of left thinking. The second reason for the Plan's importance is that independent India's five year plans were launched just a few years after and their strategic structure was very similar. While targets and outlays of the official plans differed from the Bombay Plan, their sector-wise allocations and temporal profile are surprisingly similar. Hence it is useful to discuss the Bombay Plan as a plan document– separately from its political motives. Political analysis of the time, having agreed on the motives of the Indian business, dismissed the Plan as if it was therefore unworthy of any economic analysis. We therefore find very little discussion of the Plan as a plan document. Whether its sectoral plans were feasible, internally consistent and consistent with targets have never been scrutinised. Similarly, how do the early official plans compare with the Bombay Plan; do the differences reflect a difference in vision or a difference in circumstances– such questions have been entirely ignored. India's present Prime Minister Manmohan Singh, an economist, said in 2004, "As a student of economics in 1950s and later as a practitioner in government, I was greatly impressed by the 'Bombay Plan' of 1944. In many ways, it encapsulated what all subsequent plans have tried to achieve …"[2] But we do

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[1] Chibber (2003) writes, "It is no exaggeration to say that the Bombay Plan has come to occupy something of a mythic position in Indian historiography. There is scarcely a study of postwar Indian economic history that does not point to it as an indicator of the developmental and nationalistic aspiration of the domestic capitalist class."

[2] Mr. Manmohan Singh stated this at the inauguration of the centenary celebrations of J R D Tata. It was reported in all major Indian newspapers on August 24, 2004. The quote in the text is taken from http://www.rediff.com/money/2004/aug/24plan.htm.

not find any analysis of these comparative questions in the literature. The third question around the Plan is the puzzle of its complete disappearance from public memory. This question, too, has not been addressed.

This paper is an attempt to bring the Plan back into discussion. The discussion is organised as follows. In section 2, I present the circumstances that led to the memorandum containing the Plan. In section 3, I describe the reception it got from various sections; this includes the British government, Indian political parties, the academia and the public. Section 4 then presents the features of the Plan. This includes the Plan's assumptions and strategy; overall and sector-wise targets, and the proposed means of financing. In section 5, I compare Bombay Plan with the first three five year plans and explore why the five year plans, very similar in assumptions and preoccupation, were nevertheless so much different in ambition and outlay. In section 6, I speculate why the Plan fell into oblivion so completely. Section 7 is a short conclusion.

2. Background and Making of the Plan

To provide a perspective, I would begin by presenting the economic and political backdrop. Economic issues were acquiring importance in the Indian National Congress and the freedom movement since the 1930s. An economic programme was adopted in 1931 and an agrarian programme in 1936. The need for a certain amount of economic planning was debated in the Wardha session of Congress in 1937 and the session closed with a resolution in favour of planning. Haripura session of 1938 resolved to appoint a National Planning Committee. Following this the Committee was appointed with Jawaharlal Nehru as Chairman and K.T. Shah as secretary. This committee would be succeeded by the Advisory Planning Board to be set up by the Interim Government in 1946[3]. Soon after inception in 1938 the National Planning committee started research and data collection to develop an adequate basis for economic planning. The efforts were however soon slowed down by the Second War. During the war, the Committee was not able to publish either the research or its thinking on a possible national plan, which came out only in 1948[4].

Bombay Plan was published in January 1944 when the thoughts of the National Planning Committee were not yet available. So it was not an alternative or a reaction to any published document but an original proposal. However the authors of the Bombay Plan acknowledged

[3] For a history of the evolution of the Planning Commission of the government of India from the National Planning Committee in the Congress party, see the Government of India (1997).

[4] The report, Shah (1948), was reviewed by Vera Anstey in *Pacific Review*, see Anstey (1950).

the National Planning Committee as the pioneer for thinking about economic planning in India and introduced the document as meant for only initiating a discussion.

Two domestic developments appear to have been important in shaping the thinking of the authors. The first is their interaction with the National Planning Committee. This had made it clear that the Congress would move towards some form of planned industrialisation after independence. The second was the Quit India movement of 1942, which led to an apprehension of a worst case scenario where the Congress might lose control of mass movements, which might then turn against private property at large. This apprehension is documented in the exchanges among the signatories of the Plan and their communications with the government[5]. Lala Shri Ram wrote to P. Thakurdas– both were coauthors of the Plan– "I am afraid that this sabotage[6] may any day start of private property also. Once the Goondas know this trick, any Government … will find it difficult to control it. Today Mahatma Gandhi may be able to stop it, but later on it may go out of their hands too." (*P.T. Papers*, 31.08. 1942)[7].

Private sector business did not enjoy a favourable public opinion in India and its esteem particularly plummeted during the War. It has been documented widely that educated and urban Indians generally had a robber baron image of private business[8]. In view of the events of 1942, business might have felt it must change its image to survive in the fast changing political situation.[9] As the agitations of 1942 calmed down, J R D Tata and G. D. Birla took the initiative of producing a document addressing long run growth with a fairer income distribution. They set up a secretariat at the end of that year to work on the document. Tata was to provide half of the expenses and the rest shared by others in the secretariat. John Mathai, a technocrat and director of a Tata company was assigned to do the drafting[10]. The purpose of the Plan as the planners saw it was this. If independent India's government was confronted with strong and violent demands for income redistribution, it might be hurried into adopting populist policies not suited to the country's long run interest. Hence it was important to develop a document on the prospects of long run development and income distribution and keep the government and the public aware of long run prospects.[11]

[5] Chibber (2003) documents a number of these exchanges and communications.
[6] He was referring to events in his mills.
[7] Shri Ram to Thakurdas, *P. T. Papers*, file 239, part 4, Nehru Memorial Museum and Library.
[8] See Kochanek (1974), chapter IX, and the references in that chapter.
[9] See Chibber (2003), p. 95.
[10] Proceedings of the First Meeting of the Committee on Post-War Economic Development, 11.12. 1942, *P. T. Papers*, File 291, part 1, Nehru Memorial Museum and Library.
[11] See General Note, J. Mathai to Thakurdas, 8.12.1942, in *PT Papers*, File 291, part 1, Nehru Memorial Museum and Library.

In spite of the War and political movements in the country, the Congress and the business were probably quite optimistic about the future. The targets of the Plan reflect this optimism. The end of the War was in view in 1944 and there was wide anticipation of a free India some time soon. Confidence and optimism were boosted by the ongoing growth and diversification of Indian industry and business. The cotton mill sector had grown by more than 50% during the First War[12] and continued its upward movement after it, while Tata Iron and Steel Co. established in 1907 made significant strides starting from the First War. A range of light engineering and consumer goods industries developed during the Second War. Also some business communities, e.g. Gujaratis and Chettiars had established business interest in commodities and commodity financing in other British colonies[13].

By the time the war started, India had two Nobel Laureates in physics and literature; and a large number of scientists and scholars had returned to India completing overseas education. They had started teaching in Indian universities and some established research institutes. During the course of the war, substantial amount of sterling reserves accumulated in London to India's credit. The Plan assessed the reserves as approximately 750 million pounds or \$3,000 million at the time[14]. Indian business established significant contacts with US business, which had by then surpassed British business. All these had infused in Indian business, the Congress and the middle classes a certain sense of confidence.

On the other side, the War had exposed the inadequacy of almost everything from food and agricultural output to important services of all kind. The wartime industrial expansion made clear the colossal amount of infrastructural investment required for any orderly industrialisation. The country had just seen the devastating Bengal famine of 1943 in which an estimated 3 million people had perished[15]. So the urgency of economic development was accepted by everybody at that point though few had a clear idea of the path.

Initially the Plan document was released for private circulation signed by the following eight personalities:

- JRD Tata, son of a cousin of Jamsedji Tata, one of India's pioneer industrialists. At the time of the Bombay Plan JRD Tata had business interests in iron and steel and

[12] see Bagchi (1972), Table 7.1, page 226-227.
[13] Markovits (1985), page 10.
[14] The Plan, page 45 and 48.
[15] See Gordon (1983). The number of victims was placed at 1.5 million by the official commission of enquiry and was placed at more than 5 million by Indian statisticians e.g. P.C. Mahalanobis. The number 3 million appears to be a sort of consensus.

aviation industry. He would later develop one of the largest industrial conglomerates and be regarded as an industrial leader of modern India.

- G. D. Birla, the leader of the Birla group of industries. At the time he had business interests in textiles, jute and insurance. At least three large business groups originated from the businesses established by G.D. Birla.
- Sir Ardeshir Dalal an able administrator and technocrat, had experience of working in government administration in various capacities and was the first Indian appointed as Municipal Commissioner of Bombay in 1928. He joined Tata Iron and Steel Company Ltd. as resident director in 1931 and initiated reforms like profit sharing bonus for workers which was a first at the time. In 1944, the Viceroy of India invited him to join the Executive Council as Member-in-Charge of Planning and Development.
- Lala Shriram, a prominent north Indian industrialist who turned the Delhi Cloth Mills (DCM) into an industrial conglomerate, later known as the DCM Shriram Industrial Group. Lala is reputed for early managerial and workplace reforms like profit sharing with employees and workers' participation in management. He established or was a major influence in a number of institutions: Shriram College of Commerce, Lady Shriram College for Women, Indraprastha College for Women, and the Shriram Institute for Industrial Research.
- Kasturbhai Lalbhai had wide ranging interests in textiles business and shipping. He served as a director of the Reserve Bank of India from 1937 to 1949. Active in the education sector, he was a member of the group that started the Ahmedabad Education Society which grew into the Gujarat University. He was also an important influence in establishing and developing the Indian Institute of Management Ahmedabad.
- D. Shroff was director of a number of prominent industries including a few of the Tata group. He was an unofficial[16] delegate to the Bretton Woods Conference. He later became the founder-director of the Investment Corporation of India and the chairman of the Bank of India and the New India Assurance Company Limited.
- John Mathai was a professor of economics at Madras University and a political personality. He served as the Director-General, Commercial Intelligence and Statistics during 1935-40. He was India's first railway minister and then served as finance minister for two years. He also worked as director of Tata Sons Ltd.

[16] Unofficial because India was still not independent.

- Purushottamdas Thakurdas was a Mumbai based businessman and business leader. He, with G.D. Birla, was involved in building business associations like ICC, IICC and FICCI. He was an advisor for the Indo-British Trade Agreement and acted as member in a wide range of public committees and negotiations.

In view of the interest generated, the Bombay Plan memorandum was soon published as a pamphlet from Commercial Printing Press, Bombay with the title: *The 'Bombay Plan' for India's Economic Development*. The pamphlet was reprinted several times in the next few months and was translated in a number of languages. Later the document was edited by P. Thakurdas in two parts with the title *A Brief Memorandum Outlining a Plan of Economic Development for India*[17]. It was published by Penguin, London in 1945 as *A Plan of Economic Development for India.*

3. Praise and Dismissal

As mentioned in the introduction, the Plan caught the attention of all concerned and aroused serious interest immediately after publication. It elicited praise as well as derision but was not ignored by any major group. A contemporary author wrote, "The reception accorded to the plan was unique. Within a few days of its publication the demand for copies was so great that it had to be reprinted for several successive months. … The plan has been translated in other languages than English for publication both in India and abroad and has been read by millions of people." (Lokanathan, 1945, p. 680)

Lord Wavell, the Viceroy of India initially mentioned it as a useful and novel approach to the country's economic problems[18]. Sir Jeremy Raisman, the Finance Member of the Executive Council welcomed it in a similar way though debating some of its financial assumptions[19]. These early reactions[20] went through change after the British industry reacted to the Plan unfavourably. Finance department correspondence shows the changes in Lord Wavell and Sir Raisman's stance in the course of pulls and pressures of British industry in the next few months[21]. British industry and conservative administrators did not view the Plan favourably.

[17] The second part was not signed by Sir Ardeshir Dalal, because at the time of its publication he was appointed Member for Planning and Development in the Government of India.
[18] See Lokanathan (1945), p 680
[19] *ibid.*
[20] These reactions were seen by the Radical Democratic Party of India as the British pandering to Indian capitalists: "The policy of appeasement of the Indian vested interests continued as before… it terminated in the appointment to the new Department of Post-War Planning of another of the Bombay Plan, which embodied the program of Indian fascism and which was condemned by progressive elements both in India and England." Report submitted by the secretariat of the party to its 1945 conference. See Ralhan (1997), page 888.
[21] Correspondences in File 13(2)-p 45, Finance Department (1905-1947), National Archives of India.

Its stance of minimising foreign investment was a serious issue as far as they were concerned. Lord Wavell later proposed a portfolio of ideas for 'reconstruction' which L. S. Amery, an influential conservative British politician described to be "as bold and ….methods more practical than those of the Birla scheme."[22] British industry proposed cooperation between British and Indian business using the framework of wartime cooperation as a model. To wean Indian business away from the stance of the Bombay Plan, the president of the Board of Trade, Hugh Dalton encouraged a delegation to London, of Indian businessmen which prominently included some of the authors of the Plan[23].

The Plan became the focus of the Indian press[24] and the intelligentsia immediately after publication. There was a lot of discussion in Birla's paper the *Eastern Economist*. Also *Indian Journal of Economics*, an academic and professional journal, carried a number of comments and discussions during 1944 to 1946. Reviews and commentaries also appeared in international journals and in the publications of political parties.

Two academic reviews are worth mentioning separately because of their detailed scrutiny of the Plan's assumptions, strategies and the proposed quantities. One was by P. S. Lokanathan in *Foreign Affairs* of 1945 and the other in the same year by Vera Anstey in *International Affairs*. Interestingly, neither these nor most other reviews raised any question about the implementation machinery for plans, which in retrospect proved to be a weak link of India's official planning. An exception was an article by P. S. N. Prasad (1945) in the *Indian Journal of Economics*, which raised the issues of plan implementation and related institutions.

As mentioned in the introduction, there are not many references to the Plan in later years. But the few that came from academic economists appear to appreciate the assumptions of the Plan. Two basic assumptions of the Plan were (i) that the private sector was not capable of the scale of investment required and the government had to step in; and (ii) that new foreign investment should not be allowed or should be kept to a minimum. Bombay Plan avoided explicitly talking about foreign investment but made its position clear by its financing proposal, which had no mention of any foreign investment. Government of India documents were explicit. The Advisory Planning Board of the interim government of 1946-47 wrote, "Foreign capital should not be allowed to enter or where it already existed, to expand– even in non-basic industries such as consumer goods. If necessary the country should rely on imports. In due course of time it will be possible to restrict or discontinue foreign imports; but foreign vested

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[22] 'Birla scheme' meant the Bombay Plan. See Wainright (1994), page 39 and footnote 28 on that page.
[23] Wainright (1994), page 39.
[24] See the clippings collected in *PT papers*, Files 291 and 260.

interests once created would be difficult to dislodge."[25] This position was carried over into the government of India's early five year plans.

Academic economists have sometimes justified India's official development strategies by pointing out that the Bombay Plan had similar strategies. This obviously shows their agreement with the Bombay Plan strategies. For example, while discussing official plans, Chaudhuri (1993) writes, "*As the authors of the Bombay Plan realised early on*, the scale of investment, the long gestation periods, the degree of risk involved all precluded private sector investment in heavy industries at that time' (p 466; italics mine). Similarly Chandra (1993)[26] and Byres (1993)[27] refer to the Bombay Plan's positions in support of government of India's policy of excluding foreign investment and the exercise of central economic planning.

Some of the prominent technocrats of the time also believed the assumptions and strategies of the Plan were sound. Further, some thought the Plan played a useful role by preparing public opinion to accept government intervention and planning. Tarlok Singh, a member of the Indian Civil Service who co-ordinated the work of the Planning Commission for the first few five year plans, wrote that the Bombay Plan contributed to the acceptability of planning in India (Singh, 1963, pp 1176-80).

The Plan however drew dismissive criticism from the Indian left. Left criticism was directed to the question of income, wealth, and land distribution. The first volume of the Plan did not address the question of income distribution. The Communist Party of India (CPI) claimed that because it had not addressed the issue, the exercise had no relevance to the poor people. To quote B. T. Ranadive, a central committee member of CPI at the time, "Without an equitable distribution of wealth through minimum living wages, social security, etc, an all-round increase in the standard of living is not possible. … a plan which defers distribution or ignores it … can not be called a 'plan' for economic development…."[28] Overall assessment of CPI was that the Plan was a blueprint for ushering in capitalism in India with the aid of the state.

A closely-related feature with which the leftists took issue is that the Plan was silent on the need for land reform. The attention given to agriculture in the Plan (see below) was dismissed as a prerequisite for developing capitalism in an agrarian country rather than for the benefit of farmers. To quote from an article written much later by a Marxist scholar, "The leading sections of the Indian bourgeoisie, who were responsible for drawing up the Bombay Plan, were not interested in developing agriculture *per se*, their interest in agricultural development

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[25] Quoted in Chaudhury (1984), page 9.
[26] Chandra (1993), p 478
[27] Byers (1993), page 10, footnote.
[28] Ranadive (1944) p 11.

derived from their overall objective which was the promotion of capitalism, notably industrial capitalism in India" (Patnaik, 1993, p 121).

Left criticism appears to be driven by the belief that a proposal coming from large business houses must be for their own benefit only. Perhaps it is because of this that they did not revise their opinion after the second volume of the Plan was published. In the second volume the question of income distribution was discussed sensibly. It also discussed the Indian land tenure systems (page 14, volume 2). The Plan explained the merits of the *ryotwari* system of land settlement and made reasoned suggestions for replacing *zamindari* settlements with *ryotwari* (page 16, volume 2). But the left parties did not respond to these discussions either by accepting them or rejecting them with reason. Probably because of the same belief about the motives of the big business, the left did not consider it worthwhile to discuss the details of the outlay and financing options presented in the Plan. Nor was there any attempt to propose a better version with reforms and institutions appended to it.

CPI never changed this assessment. It would soon distinguish between the Bombay Plan and the National Planning Committee's proposals, by suggesting that the former was a blueprint for capitalism, while the latter promised a 'non-capitalist' path of development[29]. In a pamphlet published on behalf of CPI, the position was later summarised in these words: "… basic difference between the approach of the national bourgeoisie and the left democratic movement regarding the public sector thus: while the latter wanted gradual curtailment of the role of big private capital and socialisation of major means of production in order to take to the path of non-capitalist development, the former wanted the state to enable it to develop the economy by taking to an independent capitalist path." (Mishra, 1975, p 6).

Though all leftist criticism was dismissive of the Plan, arguments forwarded were not homogeneous. Some left groups claimed that large Indian business represented a 'comprador' class and they were therefore anti-national[30]. Whether they wanted to develop an independent capitalist system, or were a comprador class trying to subjugate the Indian economy to its imperialist overlords, remained a matter of debate among factions of the Indian left[31]. After

[29] See Mukherjee (1978) for a detailed discussion of the position of the Indian left on the question of Indian capitalists' intentions.

[30] As evidence they presented the contacts that Indian business set up with their American counterpart during the Second War. That was taken to show that the Indian bourgeoisie was seeking to collaborate with the rising economic power overseas rather than charting out an independent and nationalist path for Indian capitalism.

[31] The question of patriotism of Indian business has troubled Indian academic writings also. Some economic historians have held that prominent Indian business persons had a vision of developing the economy which went beyond business and profit considerations, e.g. Chandra (1975); Ray (1979). Opinion of many other scholars seems to be quite the opposite, e.g. Bagchi (1972).

the split of CPI in 1964, the new-born Communist Party of India (Marxist) held the position that capitalism being in terminal crisis, it was not possible for capitalists to develop a new capitalist economy either in India or anywhere else. So they would remain dependent on overseas capital and to feudal powers at home[32]. Therefore it had no reason to change its view on the Plan and continued to dismiss all subsequent national-level suggestions of Indian big business. A clear statement of this assessment of CPI (M) was provided in a 1974 book by E.M.S. Namboodiripad, who was then a politburo member of the party[33].

Trotskyites claimed that the Indian bourgeoisie was scared by peoples' revolutionary struggles and wanted to ensure government protection of industry. A typical analysis from the *Workers' International News* gives the flavour of their assessment: "Having been frightened out of their wits by the revolutionary energy of the masses in 1942, now the Indian bourgeoisie attempt to by-pass political power through an economic weapon. This is the background of the famous "Bombay Plan" put forward by the Indian industrialists." (Naidu, 1944).

Radical Democratic Party which had emerged in the forties claiming to be an alternative to Stalinism and Trotskyism, claimed that the Plan would strengthen capitalism and increase inequality: "Independent expert opinion is that the plan sponsored by eight leading industrialists would make the rich richer and the poor poorer. The authors and supporters of the Bombay Plan have protested against this critical opinion. But they have not been able to prove that it is wrong." (from the presidential address at the Calcutta conference of the party)[34].

Trade unions in India have been organised as the mass front of political parties rather than independent workers' unions. So their positions were similar to the parties that organised them. Perhaps the only trade union formally independent of any of the political parties of the time was the Indian Federation of Labour led by M. N. Roy. It raised the question of income distribution and the lack of any appropriate mechanism for plan implementation as critical weak points.[35]

The response of people not committed to any political party was also fairly dismissive. At the time, the general public attitude towards business was not charitable as mentioned earlier. The

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[32] CPI(M) characterised the Indian state as a bourgeois-landlord rule and has not revised its position. See Party Programme of CPI(M), section 5.1.

[33] Namboodiripad (1974).

[34] p. 899, Ralhan(1997).

[35] See V.B. Karnik's comments in the July 1944 meeting of the association published in *The Asiatic Review* (1944).

Plan failed to impress the public who generally believed that business had its own axe to grind[36]. They held that it was an exercise in image management. Industrialists were trying to be part of the constructive efforts of the Congress in order to claim its gratitude after the impending freedom.

It is difficult to infer the position of the political right. The party that can be taken as in the political right in 1944, the Akhil Bharatiya Hindu Mahasabha, had a different set of preoccupations in 1944-45 and I cannot find it commenting on the Bombay Plan. Some of the personalities who later established or joined the Bharatiya Jana Sangh (est. 1951), the Forum of Free Enterprise (est. 1956) and the Swatantra Party (est. 1959) were in the Hindu Mahasabha and the Congress when the Plan was published. Many of them wrote or took public positions on India's economic plans during their career in Jana Sangh or the Swatantra Party. Swatantra Party enunciated twenty one 'fundamental principles' in its 1962 election manifesto, which were unambiguously against centralism, planning and large government. They opposed 'the policy of Statism', called for 'individual initiative, enterprise, and energy', and announced, 'the business of the State is not business but Government'[37]. It is tempting to use these and the mass of similar observations to characterise the Indian right's view of the Plan. But extrapolation of views against the Nehru era planning into that against the Bombay Plan may not be right and might lead to error of interpretation. In many cases the views were directed not against planning *per se*, but against the increasing dominance of the public sector, large scale nationalisation, increasing centralism and bureaucracy during the Nehru era. For example, the Forum of Free Enterprise was founded by A. D. Shroff, himself a signatory of the Bombay Plan. The Forum was against the growing marginalisation of private business during the first five year plan and the proposed nationalisation measures looming at the time.

There are also puzzles that do not fit into the expectation that the stance towards planning itself would be determined by political affiliation. A puzzling fact, for example, is that when the Industrial Policy Resolution, which adapted the "socialist pattern of society as the objective of the social and economic policies" was adopted in 1948 by the Constituent Assembly, the Union Minister of Industry and Supply was Shyama Prasad Mukhopadhyay who was a founder of Bharatiya Jana Sangh. Later on Mr. Mukhopadhyay left Nehru's

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[36] Though there is no formal statistical evidence for that time, public opinion can be sampled from editorials, letters to editors and general literature. One of the earliest surveys in 1956 by the *Indian Institute of Public Opinion* shows that about half of those interviewed considered private business as interested in profit by any means and that their profits were sort of unearned booties.

[37] From the Swatantra manifesto, *To Prosperity Through Freedom*.

government in protest against certain policies of the government but not against its industrial policy.

Contrary to the widely held view that Bombay Plan spoke for Indian business, the view within the business classes was mixed. The endorsement of the Plan by the Federation of Indian Chambers of Commerce (FICCI) in its annual meeting of March 1944 came only after a forceful briefing and appeal by G. D. Birla[38]. Even after FICCI endorsed the Plan it did not lobby for it in any quarters. Further, some business personalities had strategic apprehension about the Plan. Sir Padampat Singhania feared that if India did not get freedom soon after the War, then the template of the Bombay Plan could be used by the British to control the Indian economy by socialising its heavy industries. He wrote to the authors of the Plan about his fears.[39]

The position of small and medium sized business (outside the fold of FICCI) is difficult to construct because we can not find suitable documentation, though there is plenty of research on their position on the broader questions of planning, centralisation and nationalisation. There are interesting evidences of variation in attitude by size, line of business, and by the province where the business hailed from. Many were wary about central planning, though they were not necessarily willing to support non-Congress parties. The variation in attitude as parameters varied and the dilemma of those who were worried about the growing role of the government have been documented in Kochanek (1974). These observations can be taken possibly as indicative though not as evidence on the attitude towards the Bombay Plan.

4. The Plan: Outline and Features

4.1: ***Plan Outlay*** The first volume of the Plan has five chapters discussing targets, sectoral outlay and a financial plan to support the outlay. The second volume, which came out a brief period after the first, discusses the issues of income distribution and the organisation of planning. The first chapter explains the assumptions and states the aim. Principal assumptions were (i) a national government with federal structure would be formed after the war; (ii) the unity of the country would be preserved; and (iii) the central government would acquire necessary power and establish a mechanism for plan implementation at the centre and states.

The aim of the Plan was to attain in fifteen years time, '*a general standard of living which would leave a reasonable margin over the minimum requirements of human life.*'(p.7). The

[38] G.D. Birla, *The Plan Explained*, (pamphlet), speech at FICCI. See also the role of Birla generally in this endeavour as recollected by Tata and reported in Lala (1988).
[39] See Mukherjee (1978), p1517.

minimum requirement included food, clothing, shelter, healthcare and basic education[40]. It was calculated that annual expenditure of Rs 74 per year per person at pre-war prices was necessary to attain it. The document explained its assumptions about costs, prices and quality. Comparing Rs 74 with per capita income of the time[41] and using reasonable assumptions, the Plan calculated that per capita income would have to be doubled to attain the consumption target.[42] But given the population increase of 5 million persons a year[43], income had to be trebled in fifteen years to attain the proposed doubling.

The Plan then calculated a set of sectoral output targets that would deliver the required growth. It envisaged 130% increase in agricultural output, 500% in industry and 200% in the services. According to its calculation the contribution of agriculture, industry and services to GDP would change from 53, 17 and 22 per cent[44] respectively at the time, to 40, 35 and 20 per cent at the end of the Plan[45]. Chapter III explains the logic of the output targets for agriculture and industry. Targets for transport and communication were then calculated from the needs of agriculture and industry. The Plan also developed targets for education, health and housing. Physical output targets were then used to draw up a plan of expenditure outlay.

Table 1 shows the outlay proposal by sectors[46]. The rupee column is from the Plan itself and the dollar column is taken from Lokanathan (1945). Total proposed outlay was $ 30 billion over 15 years[47].

Table 1: Proposed Sector-wise Investment Outlay.

Investment	Rupees Crore	Dollars Million
Industry	4,480	13,500
Agriculture	1,240	2,500
Transport and Communications	940	2,700

[40] The authors considered 2800 calories of well-balanced food per day per person, 30 yards of clothing and 100 square feet of housing as the minimum need for any person.
[41] V. K. R. V. Rao's estimate in *The National Income of British India 1931-32* was extrapolated.
[42] Though the phrase 'real per capita income' was not used, the Plan targeted real income and used the average price level of 1931-39 for calculating all rupee amounts.
[43] The Plan used population figures from the latest Census.
[44] The Plan notes that in fact the proportion agriculture was higher. The figures available to them were based on 1931-32 prices, when agricultural prices were abnormally low due to the Great Depression.
[45] Some small and unclassified incomes were not included in these figures.
[46] The Plan separately estimated capital cost and recurring cost to make the estimates transparent. It then combined them to produce total expenditure for different sectors as shown in the rupee column of Table 1.
[47] Lokanathan reports only capital expenditure items in dollars. To this the provision of recurring expenditure needs to be added to get the total expenditure as proposed in rupees. I have done this adjustment in the table.

Education	490	800
Health	450	900
Housing	2,200	6,600
Miscellaneous	200	600
Recurring expenses	--	2400
Total	10,000	30,000

The Plan discussed the rationale of the expenses and accounted for them in detail. I want to highlight the following features.

1. Within industry, the emphasis was on core sectors. There was separate discussion of power, mining and metallurgy, engineering goods, chemical, armaments, transport and cement. Power headed the list in importance[48]. At the same time the Plan stressed adequate provision of consumer goods in the early years to avoid consumer good inflation. The suggestion was that in later years consumption goods supply would increase via market forces while the Plan had to make appropriate provision for the early years [49]. Principal consumer good industries discussed are textiles (cotton, wool and silk), glass, leather goods, paper, tobacco and edible oil[50]. The Plan proposed to utilise cottage and small scale industries for employment generation and to save on capital and machinery.

2. It was noted that raising agricultural output was significantly more difficult than industrial output which had large unexploited potential, and that the planned increase of 130% of agriculture would require special efforts. The Plan emphasised irrigation, mechanised farm implements, model farms, co-operatives and bringing new land under cultivation. It did not propose change of land tenure, which as mentioned, was a source of criticism from the left[51].

3. Transport was discussed in some detail. The Plan proposed to double the length of roadways from the existing 300,000 miles and railway mileage by 50% from the existing

[48] To highlight its importance the authors referred to the role of Soviet GOELRO in the planned economic development of USSR.
[49] A common criticism of India's Second Five Year Plan is that it emphasised investment in capital goods, without anticipating consumption goods bottlenecks. This led to inflation which eroded the real value of the investments. Bombay Plan shows that its authors were aware of this possibility.
[50] It was noted that though initially these industries were in focus, the course of consumption goods industry would evolve with consumer choice and market demand.
[51] The Plan got to this issue in the second volume. Obviously the authors did not think that land tenure change would result in any immediate change in output. They saw it as a redistributive measure.

41,000 miles. It also wanted to develop coastal shipping and provided for adequate investment for harbours.

4. Serious attention was paid to social services. The systematic attention to education and health contrasted with the general apathy of the colonial government to these services. The Plan discussed a comprehensive program of primary, secondary, university education and scientific research, and estimated provisions for each component. It also made provisions for vocational training and adult education. Its treatment of health and housing were also meticulous.

4.2 *Financing the Plan*: In chapter IV the Plan provided a proposal for raising the required resources which is shown in Table 2.

Table 2
Financing the Plan
Million Dollars

Foreign Currency	Sterling balances	3,000
	Balance of trade	1,800
	Hoarded gold	1,000
	External loan (mostly from US)	2,000
Rupee resources	Saving	12,000
	Borrowing from the central bank	10,000

It made a distinction between foreign currency resources and rupee resources. The former would be required to import capital equipments and other inputs. For this, the Plan elaborated on three sources. The first was the sterling balance accumulated to India's credit in England. The amount was approximately 750 million pounds or $3,000 million. The second was the positive balance of trade, mainly with UK, of around 30 million pounds or $120 million annually. It was expected to continue and over the fifteen years would provide $1,800 million. Third, it was claimed that India had a significant amount of hoarded gold that could be drawn out by appropriate monetary policy[52]. This was to be used to buy foreign currency. The amount that could be de-hoarded over the plan period was estimated at $ 1,000 million. The

[52] Hoarded gold had been drawn out with monetary incentives since 1931.

Plan also proposed to borrow up to $2,000 million, mostly from the US for purchases from that country.

These provisions together provided for $ 7800 million. The rest of the resources, the bulk, was to be raised internally. The Plan expected to raise rupee resources equivalent to $ 12,000 million from domestic saving and proposed to borrow $ 10,000 million from the central bank.

The financing proposal attracted more criticism than the outlay but the Plan's arguments look reasonable from the view point of public finance. Foreign borrowing was easily defensible because it was for capital formation and the envisaged growth rate was much higher than the borrowing rate of interest. Borrowing from the central bank was more problematic. But it was pointed out that it was not for consumption but for investment with returns expected to be greater than the interest rate. G. D. Birla later clarified that in the context of a development plan borrowing from the central bank should be seen as forced saving (Lokanathan, 1945, p 684). In fact the saving of $ 12,000 and borrowing of $10,000 should be together looked upon as saving of 16% from the national income. Though the Plan separated it into saving and borrowing in a particular proportion, the total could be raised through any feasible combination of taxes, borrowing, curbs of consumption and so on. The Plan was quite clear about it: "Our object in this section has been to indicate the sources from which the capital expenditure required for the plan may be met. The precise form in which the capital may be raised, whether by the state in the shape of taxation or government borrowing or by private voluntary investment, is a question which can only be considered, when the plan is ready for execution, in the light of conditions then prevailing." (p 48-49).

Given the deficit financing, there was a fear of inflation in the interim as borrowed money would get into circulation before the supply of goods increased. This would upset the Plan's calculations based on constant prices. The Plan tried to eliminate this possibility by providing for consumption goods supply in the early years. But more importantly, it insisted that the forced saving must be realised in real terms. It was explicit that curb on consumption was necessary in the short run, and that it should be looked upon as sacrifice involved in development. To quote the Plan "…in order to prevent the inequitable distribution of the burden between different classes which this method of financing will involve, practically every aspect of economic life will have to be so rigorously controlled by government that individual liberty and freedom of enterprise will suffer a temporary eclipse." (p 48).

4.3 ***Time Sequence*** Investments proposed for the various sectors were not intended to occur uniformly over the fifteen years. The final chapter of volume 1 broke the fifteen years into three five year periods and prepared a time profile of sector-wise investment. The first five year period gave significant emphasis on agriculture and consumption goods even though investment in basic industries would be started off, and a relatively modest beginning would be made for communications and services. The second five year raised the allocation for heavy and core industries by lowering that for consumption goods. The assumption was that the development of income in the first five years would spur private initiative in consumption goods production to ease its supply. In the final five years, services and communications came in for special attention while the emphasis on core industries was to be continued.

5. Bombay Plan and the First Three Five Year Plans

It is instructive to compare the Bombay Plan and India's first three five year plans (1951 to 1966). I will first consider the similarities. Strategic assumptions that accompanied the Bombay Plan and the three five year plans are very similar if not identical. Both assumed central role of the government in industrial investment and infrastructure. Both denied any role to foreign direct investment. Neither looked for any change in agrarian relations but sought increase of agricultural output through irrigation, modern inputs and bringing more land under cultivation. These three features define the economic environment for both the Plan and official plans. They also show a similarity of political vision. Because of these similarities, relative emphasis on sectors and the time sequence of investment turn out to be remarkably alike. Bombay Plan broke down the fifteen year horizon into three periods and worked out a sector-wise evolution strategy as discussed above. The Indian government's first three five year plans chalked out a temporal path very similar, if not identical, to the temporal strategy of the Bombay Plan. Like the Bombay Plan, the government's five year plans stressed agriculture in the first plan, and then heavily invested in basic industry and transport from the second plan onwards.

Table 3 shows the shares of outlay for agriculture, industry and social services for the three five year plans and the Bombay Plan. Comparison of rupee amounts is not useful because of large price change and relative price movements. So I have documented the proportions.

Table 3

The Bombay Plan and the Three Five Year Plans

Sector-wise Outlay (%)

<table>
<tr><th></th><th>First Plan</th><th>Second Plan</th><th>Third Plan</th><th>Bombay Plan</th></tr>
<tr><td>Agriculture and Community Development</td><td>15.1</td><td>11.0</td><td>14.0</td><td>8.3</td></tr>
<tr><td>Irrigation, and multipurpose irrigation and power</td><td>28.0</td><td>19.0</td><td>22.0</td><td rowspan="2">45.0</td></tr>
<tr><td>Industry, including small industries</td><td>7.6</td><td>24.0</td><td>24.0</td></tr>
<tr><td>Social Services</td><td>22.6</td><td>18.0</td><td>17.0</td><td>27.6</td></tr>
<tr><td>Miscellaneous</td><td>3.0</td><td>-</td><td>3.0</td><td>10.0</td></tr>
</table>

(1) The difference in agricultural spending (row 2) between five year plans and the Bombay Plan is mostly because of dissimilar classification. The amount in the Bombay Plan is only direct spending on agriculture, while for the five year plans it includes spending on community development. Bombay Plan also had provision for items of community development but most of that is put in the miscellaneous category (the last row). After making allowances for these, percentage outlay on agriculture is virtually the same in the three plans together and the Bombay Plan.

(2) ‘Irrigation, and multipurpose irrigation and power’ (row 3) and ‘Industry, including small industries’ (row 4) were clubbed together in the Bombay Plan’s presentation. Together they form very similar percentage of overall outlay in the Bombay Plan and the three five year plans together.

(3) The only significant difference is in Social Services (row 5). It contrasts the well-thought out spending on housing, education and health in the Bombay Plan with smaller allocation in the five year plans and the lack of much vision there. It is fair to conclude that the overall strategy and allocation ratios for production sectors were not significantly different between the government’s early plans and the Bombay Plan.

But there is a significant difference between the scale and ambition of the Bombay Plan and the five year plans. Bombay Plan had a target of trebling the real GDP in fifteen years– which translates into the annual growth rate of 7.6 per cent[53]. Five year plans were substantially less ambitious, target growth rates being 2.1%, 4.5% and 5.4% per year in the first, second and the third plan respectively[54]. This is reflected in the plan outlay as a ratio of GDP. Average annual outlay of the first three five year plans was Rs. 945 crore[55], which was 10.3 per cent of the national income at the starting year of the plans in 1951-52[56]. A comparable ratio for the Bombay Plan is more than 25%[57]. Given the similarities noted earlier and the difference of size, it is difficult to escape the suggestion that the early five year plans constituted a structurally similar but scaled down version of the Bombay plan. It seems therefore reasonable to describe the first three official five year plans as the intellectual progeny of the Bombay Plan.

Lower scale of the five year plans is to be attributed to the inability of the government to mobilise resources of the size suggested by the Bombay Plan. Bombay Plan's proposed finances were not unrealistic as discussed earlier; but some of its crucial assumptions did not hold by the time free India's five year plans were launched. Three of them need mention because they seriously upset the resource mobilisation of the new government.

First, Bombay Plan had assumed that India would remain as one country. The partition changed many of the parameters that the Plan worked with. Tracts that grew cotton and jute, the two most important commercial crops, mostly fell to Pakistan. This led to a problem in the related manufacturing industries and jeopardised the export related assumptions. Similarly, the fertile rice growing areas of erstwhile Bengal Province fell into East Pakistan and significant parts of wheat and rice tracts of Punjab went to West Pakistan. This affected India's food supply seriously. Together these changes meant potential increase of import bill and fall in export revenue. Further the partition introduced a colossal expenditure on resettlement of displaced population and repair of infrastructure, which reduced the government's ability to draw budgetary resources into planning.

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[53] Some authors suggested that the target was too high. "In particular the growth rate recommended seems too high in view of the fact that there is no detailed policy outline for agriculture." Markovits (1985, page 27, footnote 70).

54 Source, Five Year Plans, Government of India.

[55] Planned outlays for the three five year plans were respectively Rs. 2069 crore, Rs. 4600 crore and Rs. 7500 cr. Source, Five Year Plans, Government of India.

[56] Rs. 9,110 cr in 1951-52 at 1952-53 prices.

[57] Bombay Plan estimated India's per capita income as $22 in 1944-45. Taking the population to be 340 mn (interpolation using Indian Census data), GDP would be $7.48 billion in that year. With the Plan's average annual outlay of $2 bn, the ratio of the first year's income to annual outlay was more than 25%.

Secondly, the Plan had assumed the favourable war-time trade balance to continue. After the end of the war India did experience a sharp improvement in terms of trade between 1948-49 and 1950-51 on account of external factors, but it was quickly reversed as sharply. Indian planners had to assume that the terms may deteriorate even further by about 10%.[58] Apart from unfavourable terms, India's exports suffered as war-time demand ceased and exports reverted back to traditional commodity exports. Overall, the trade surplus that Bombay Plan had expected did not materialise; on the contrary, the new government faced trade deficit from which there was no way out in the medium run. This naturally reduced the foreign currency resource that planners could mobilise.

Third, the Plan had proposed large internal resource mobilisation– 16% of the national income. This was ruled out in the political situation that emerged after independence. Bombay Plan had estimated the saving rate of 6 % as an upward limit for voluntary saving (The Plan, volume 1, page 47) and proposed to raise about 10 % of national income through a mix of various forms of forced saving. But the rate of net domestic saving in 1951 turned out to be a meagre 3.6%[59]. So internal resource mobilisation was substantially more difficult than the Bombay Plan had expected. Further, the government had a very small income tax base[60]. It did not want to engage the very rich into a political battle over new taxes, nor impose an agricultural income tax, which the Bombay Plan had proposed. Therefore forced saving could be raised either through inflation or direct curb on consumption. Wartime inflation was fresh in public memory and understandably the government wanted to avoid it. The remaining course was to introduce controls on consumption of higher income groups as the Bombay Plan had hinted. The government did not want to risk these measures either. Hence the resources that the government could mobilise both internally and externally were significantly less than that proposed by the Bombay Plan.

The scope of this paper does not allow a discussion of whether the government could have or should have acted differently. We conclude this section by noting that the Plan had provided a strategy which the government used later on; but the size of the government's plans had to be curtailed because its resources fell far short of that calculated by the Plan.

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[58] First Five Year Plan, section 46, chapter 3.
[59] Reserve Bank of India, Handbook of Statistics
[60] India's total tax revenue in 1950-51 (Central and State Governments) amounted to about 7 per cent of national income, one of the lowest in the world. See Chapter 3, section 10, First Five Year Plan.

6. Why was the Plan forgotten so completely?

The similarity between the Bombay Plan and India's early plans has been commented upon by some other scholars recently, e.g. Krishna (2005) writes, without qualifications or caveats, that the Nehru era implemented the Bombay Plan (Krishna, 2005, page 59)[61]. Given the substantial similarity it is expected that there would be substantive references to the Plan in the official plan literature and academic discussions. But references are rare as mentioned earlier. This disappearance from public discussion and memory requires some explanation. We can explore separately why the left parties, the government, and the Indian business itself did not show any keenness to refer to the Plan after independence.

We may first consider the Communist Party of India. CPI became a supporter of Nehruvian economic planning in the fifties. Its criticism of economic policy was based on the lapses and opportunistic implementation rather than the economics or the philosophy of planning. It believed that the Industrial Policy Resolution[62], central planning, and import substitution constituted a preferable alternative to capitalism until socialism could be established. The similarity of the Bombay Plan and the Nehru era plans however would make it clear to any observer that central plans need not be anti-capitalist in intention. As long as the Bombay Plan remained in public memory, it would continue to raise doubts about the socialist credentials attributed to the five year plans. We may speculate that the Communist party as well as left intellectuals tried to circumvent this embarrassing reality by avoiding reference to the Bombay Plan. Passing references to the Plan by the left and left-leaning economists that we mentioned above came much later, in the eighties. By then planning in India was already discredited and some parts of the left had started theorising that Indian planning was an institution to advance the interest of business and land owners.

Indian National Congress was possibly in a very similar position. During the 1950s the party projected itself as the champion of an alternative path of development and a socialist pattern of society. This idea spilled over into its foreign policy of forming a brotherhood of import-substituting countries– the non-alignment movement, and its relations with China and the USSR. Its socialist claims would be endangered if the five year plans were seen as following from or even similar to the Bombay Plan. In 1944-45 Congress was known to be close to the

[61] Krishna writes, "the Nehruvian era witnessed the implementation of the Bombay Plan; a substantially interventionist state and an economy with a sizeable public sector."
[62] Industrial Policy Resolution proclaimed in 1948 made it clear that the government would have significant role in the economy.

Bombay Plan authors as seen in this interesting clipping: "Any possible doubt about the attitude of the older parties towards the Bombay Plan, which frankly postulates a dictatorship of big business, has been dispelled by what happened in the autumn session of the central assembly. One Muslim League member had tabled a resolution calling upon the Government not to entertain the capitalist plan…… During the debate the Leader of the Congress Party did not have one word to say against the Big Business Plan. On the contrary he went out of his way to shower eulogies on the Member in charge of the Department of Planning and Development of the Government, who is one of the authors of the Bombay Plan. If that is not supporting the Big Business Plan, then human behaviour has no logic, and words have no meaning." (from the Presidential address at the Conference of the Radical Democratic Party, 1945.)[63]

The similarity of the assumptions and strategies of the Plan and the government's five year plans was all the more reason to be distant from it. Unlike communists, it was difficult for the Congress to cry down Bombay Plan as an opportunistic document of a frightened bourgeoisie, because the National Planning Committee had abundantly interacted and exchanged notes with the Plan authors and vice versa. Some authors of the Plan were nominated by the Congress for important positions[64]. Congress as a party therefore preferred to go silent on the Plan.

An interesting question is why the authors of the Plan themselves did not dwell on it subsequently. The Plan was based on competent economic calculations, reasoning and foresight, and it is expected that authors would retain intellectual interest in it. The secretariat members were quite active in propagating the plan for some time after it was published. Some members e.g. Mr. Birla went to various forums to explain and defend it. But after a period of activism, the members seem to have stopped campaigning for or even referring to the Plan. There was no attempt to resurrect the document by the authors at later dates or even to publish reprints. The probability that this happened by default is small given the involvement of a serious-minded group of actors. We will have to assume that the authors decided to let the document fade from public memory.

We can speculate on a number of possible reasons. The foremost is that Indian business in general was not too happy with the document. Though FICCI had endorsed it, the

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[63] p. 899, Ralhan (1997).

[64] For example Sir Ardeshir Dalal was appointed as Member for Planning and Development of the government of India in August 1944. J.D. Shroff served as a India's delegate to the Bretton Woods Conference on post-war monetary and financial systems.

endorsement came after serious efforts from Mr. Birla and others. FICCI never showed any interest for the Plan even after endorsement. Dislike for the Plan was even more pronounced among businesses outside the organised part that FICCI represented[65]. Authors of the Plan were keen that the post-independence government takes an active role in developing infrastructure and core industries. Given the general antipathy of business towards the Plan, they were probably happy to de-emphasise the Plan when it was clear that the government would be moving in that direction of its own. This would have helped stopping the alienation of grass root level business from the bigger houses. Secondly, the leaders might have also understood that if the government's planning efforts were equated with the suggestions of big business, it would lose a significant block of support, not only from the communists but also from within the Congress party. A third reason could be that business leaders were themselves surprised by the extent of government control that the plan mechanism put in place. It had started to put real curbs on private business. This is evidenced by the statements of business leaders in the sixties. They made it clear that business was getting affected by the uncertainty about the place and role of the private sector. In the sixties as the nationalisation of banks, insurance and some other industries occurred, Mr. Tata stated quite clearly that the rapid change in the rules of the game was hurting business, private investment and the economy.

It is likely that industry leaders like JRD Tata and G. D. Birla perceived the nascent culture of control as early as in 1948 when Congress published the report of the Economic Programme Committee. Nationalisation and other measures proposed in that document had jolted Indian business. Kudaisya (2003) cites a letter to Birla by Homi Mody, which shows the concern quite clearly[66]. Birla himself was very disturbed and wrote with Mody a strong criticism of the Committee's proposals on behalf of FICCI. Birla wrote to G. B. Pant these interesting lines , "The British have gone and the princes and the *zamindars* are in the background. The Congress accustomed to a target for its hatred, is now finding only one target, that is the capitalist."[67] Bombay Plan authors probably realised that they did not anticipate the political development that would attend centralised planning, almost as soon as Congress started the warm up for the five year plans. If true, this would be a strong reason for the Plan authors to move away from making any reference to the Plan.

7. Conclusion I want to conclude this essay by pointing out an observation made by V. K. R. V. Rao while reviewing the first five year plan. He noted that the Bombay Plan and the first

[65] See the discussion in Kochanek (1974).
[66] Homi Mody to Birla, 28 January, 1948, in *Birla Papers*, Series I, File No. M-19, Mody, Sir Homi and Russi.
[67] Birla to G. B. Pant, 15 October, 1948, in *Birla Papers*, Series 1, File No. P-10, Pant G. B.

five year plan both provided for significant government control, but did not propose that the government should take over the economy like the Soviet plans (Rao, 1952). In this sense Indian planning was a novel institution, not an emulation of anything of the past. It would appear from what we discussed that the idea of an economy with substantial private and public production was the most important contribution of the Bombay Plan and not, as is generally presented, an innovation of the government of India.

Bombay Plan was forgotten not because it was worthless or faulty or lacked vision. It was dropped out of memory for strategic reasons. Not mentioning it was the best strategy in the fifties for all the important players. I would suggest that it is worthwhile to bring it back into academic discussions and class rooms. It will help understanding the beginning of planning in India as also a part of the economic and political history of the 1940s.

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