

# INDIA'S PLANNED POVERTY

*The Foreword*

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*Published by*

**Bharatiya Kisan Sangh**

**Vinayak Bhawan**

**A.P. Sen Road**

**Lucknow**

# FOREWORD

Leonardo da Vinci was once asked by a vain duchess "How many weeks you have taken to accomplish this work?"

"Sixty-one years, Madam," replied the artist.

Daya Krishna has taken sixty-four years to complete this Thesis.

The main contention of this Thesis is that our poverty is, not in spite of, but due to planning — the nature of planning.

Thus, this Thesis deals with the problem of poverty.

But, are there any firm definitions of 'Poverty' and 'Poverty-line' under Indian conditions ?

In spite of the laudable efforts by Dandekar and Rath, B.S. Minhas, P.K. Bardhan, P.D. Jha, E.P.W. Da costa, members of the Seventh Finance Commission and the Planning Commission and some other scholars, it has not been possible so far to evolve any firm and dependable definition of 'Poverty' and 'Poverty-line'. The current criterion of expenditure on the minimum calorie-intake specified by nutritional standards does not take into account the minimum necessary quality of housing, education, public-health, drinking water, drainage-system, or transport facilities. However, the fact remains that India has a share of 15.4 % in World population, but a little more than 1 % of the world Gross National Product.

The suitable methodology to assess the magnitude of involuntary unemployment, disguised unemployment or under-employment, and unemployment of different kinds, such as seasonal, frictional, structural, cyclical, and technological, is not yet available. Official quantitative estimates on this subject are not dependable. The Committee of Experts on unemployment Estimates observed that "The estimates of labour force, additional employment generated, and unemployment at the beginning or at the end of a plan period, presented in one-dimensional magnitude, are neither meaningful nor useful as indicators of the economic situation", and that "The method adopted by the Planning Commission so far might be given up". The situation has not changed appreciably since then.

Even four decades after independence, 'The Right to work' has not been included in the Fundamental Rights guaranteed by the constitution.

The talk of 'unemployment dole' would appear to be fantastic under the present situation.

The Planning Commission has admitted that hundreds of thousands of crores have been spent on poverty removal and still about 300 million people subsist in abysmal poverty. The poverty line was set unrealistically at a monthly income of Rs. 88/- in cities and Rs. 76/- in villages, at 1979-80 prices.

It is interesting as well as instructive to note that Brazil, with whom India has been bracketed by the U.S. recently in a different context, has a per capita income six times that of India, while it does not face the kind of demographic pressure on resources that India faces.

This indicates that in India poverty and planning process are advancing simultaneously, that 'there is something rotten in the State of Denmark'.

That the misgivings about our planning policies are not of recent origin is obvious from 'The Two Plans' by Pandit Deendayal Upadhyaya. Developments in subsequent years have proved that Panditji's approach was realistic and scientific.

On August 15, 1947, India was granted freedom under the Indian Independence Act of the British Parliament. Subsequent years progressively disillusioned those who believed that the magic of Swaraj will make the nation proud, confident, joyous, lively, dynamic, imaginative and creative. They are now remembering the wise, though then unpopular observation of Rajaji : "We all ought to know that Swaraj will not at once, or I think, even for a long time to come, be a better government or greater happiness for the people. Elections and their corruptions, injustice and the power and tyranny of wealth will make a hell of life as soon as freedom is given to us. Hope lies only in universal education by which right conduct, fear of God and Love will be developed among the citizens from childhood".

This was written 70 years ago (Jail life). And to-day, after 42 years of independence, the number of completely illiterate persons is about 440 millions and out of the rest 120 millions are half-literate.

Reasons for this deterioration are not far to seek. Instead of addressing themselves earnestly to the task of national reconstruction, our leaders got interested in enjoying the fruits of freedom. Idealism which dominated the national scene in pre-independence period got progressively evaporated. The talk of ideology did, however, persist. But, it created more problems than it sought to solve.

Think of a group-mind torn between Nehruvian socialism and Gandhian Sarvodaya; between "small is beautiful" of Buddhist economics and 'big is beneficial' of Russian temperament; between the craze for indiscriminate westernisation under the pretext of modernisation and the need to pay lip-service to and glorify everything indigenous. Even Michel Angelo or Raja Ravi Verma could not have drawn a picture resembling both Nehru and Vinoba, managing to forget all the while that even gullibility of a common man has some limits.

### **The National Will**

Successful implementation of any plan depends more upon the availability of appropriate psychological environment rather than upon mere physical factors. The National will is of utmost importance. The level of national consciousness and integration is a condition precedent. It alone can generate the social climate of harmony and homogeneity. To cite a few examples, take the case of the weaker sections of our rural economy. The only guarantee of social justice to these sections lies in the revival of the spirit of village common-wealth, comprising peasants, artisans and agricultural workers. Every party of this common-wealth should be convinced that its Sectional prosperity is linked inevitably with that of the other two partners. Unless the advisability or the inevitability of willing inter-dependence is brought home to every mind in the rural area, it is impossible to ensure justice and equitability, merely on the strength of Legislation.

The importance of psychological environment rather than of mere physical factors becomes obvious if we compare the present state of Brazil with that of the United States. Both have large land mass and ample natural resources. Both are inhabited by immigrants from Europe.

In the Industrial field, the employees, as well as the employers are accustomed and addicted to the psychology of 'Collective Bargaining'. Both forget the fact that society is the third and the more important party to industrial relations and that any industrial agreement should virtually mean a 'National Commitment', i.e., a commitment of both, the employers and the employees to the Nation. A reputed economist had said that workers and employers, if they so choose, can conspire to hold the entire Society to ransom.

Our leaders presumed that under the present Constitutional set-up anything and everything could be achieved through legal measures or administrative machinery, that awakening of the national consciousness was not a condition precedent for it, and that the National will could be conveniently replaced by administrative will. But the people understood

the disadvantages of red-tapism. That is why, for example, they demanded that a public distribution system for foodgrains or other essential commodities, such as cloth, edible oil, sugar, fish, kerosene, fuel etc. should be placed under the supervision of the people's committees, so as to ensure steady supply of these commodities with proper quality and at cheaper rates. They experienced that the various controls were neither judiciously planned nor efficiently administered.

The Planning Commission has totally neglected the psychological considerations relevant in this context. But, these are important. For example, though the work may be the same, the change in the attitude and outlook of a worker makes a lot of difference in the quantity and quality of his out-put. This holds good about participants in all economic processes also. There is a famous story about three stone-cutters. All are doing the same job. But, the first one is doing it just to earn his livelihood. The second one is cutting the stones so that they can be used in the construction of a magnificent museum building. The third one proudly declares that his job, howsoever insignificant it may appear, is an integral part of the process of national reconstruction. Motives differ. There is so much talk about simplicity, austerity, swadeshi and patterns of consumption, but the sermonising leaders themselves indulge in vulgar and ostentatious expenditure. Those engaged in export can establish their credibility in foreign countries or bring their mother-country into disrepute. It all depends upon whether they are inspired by personal profit-motive or by a strong sense of patriotism. Equality is the watch-word of this era. But have the adherents of materialist philosophy succeeded anywhere in the world in building up an egalitarian social order with the help of legislation and administrative measures? Naked materialism inevitably culminates in self-centred hedonism. Legislative and executive actions cannot bring about egalitarian order, unless they are preceded by appropriate psychological transformation of the Society. In India, we had once evolved a co-ordinated system of income-differentials and status-differentials which ensured reconciliation of equality with incentive. We had generated the psychological environment in which there was invariably an inverse ratio between social status and personal wealth. Higher the social status, narrower the sphere of enjoyment; larger the sphere of enjoyment, lower the social status — that was the order. If values of life are purely economic or materialistic, equitable distribution of wealth would remain incompatible with incentive for highest individual development. Though the problems of production, distribution, exchange or consumption are economic in character, the basis for their solution lies outside the legitimate jurisdiction of economics.

As David Macord Wright observes in his 'Open Secret of Economic Growth', "the fundamental factors making for economic growth are non-economic and non-materialistic in character. It is the spirit itself that builds the body." A remark by W. S. Woytinsky is thought-provoking. He says, "If it were possible to transplant overnight all the factories of Michigan, Ohio and Pennsylvania to India without changing the attitudes of the people, two decades later, the country would be as poor as it is now."

### **Integrated Thinking**

Our westernised planners are addicted to compartmentalised thinking : integrated thinking on various relevant factors like education, economics, ethics, ecology, seems to be beyond their capacity. They do not take into consideration interactions between materialistic and non-materialistic factors, between economic and non-economic environments, or between market and non-market environments. These factors and environments affect and get affected by each other. Non-economic welfare is that part of total welfare which is not amenable to money-measurement. The main non-economic materialistic factors are the geographical position of the country, its climate, rivers, mountains, natural harbours, peace and security, cold war, global war or any event in other countries having international impact. The main non-economic, non-materialistic factors are "general rectitude of character of the inhabitants" (Malthus), Sociocultural and religious institutions, dominant ideology, spiritual values and moral virtues. There is always and invariably an interaction between the sociological, cultural, politico-legal, historical and physical environment of a country and its economic environment-data, data-environment as well as the system-environment. The importance of integrated thinking, so much emphasised by Pandit Deendayal Upadhyaya, should be obvious to every intellectual after the recent statement of Dr. Leszek Ceremuzynski, Chief of the Cardiology department at Grochowski Hospital, Warsaw, which points out inter-relationship between public health and socio-economic conditions. "The Polish heart is the most ill in the World" — observes the learned scholar, "This is the result of the social and economic situation and the impact of stress".

We are planning for a society some sections of which are devoid of even ordinary civic sense. Like civilised westerners, some tribes in M.P. do not use water after completing the nature's call. Some tribals excel the westerners in the modern fashion of nudity. General cleanliness and clean habits, public hygiene and sanitation do not receive the public attention they deserve. Marshy lands and other breeding grounds of mosquitoes and a variety of bacteria are left intact. Many urbanites spit or



throw waste material in public places, do not observe traffic rules voluntarily, do not refrain from damaging public property or throwing the domestic waste in side lanes, and do not switch off lights and fans while alighting from trains or leaving the public places. We must realistically know the starting point of our Herculean effort for national reconstruction.

### **More Social than Economic**

To be sure, some problems confronting our society are more social than economic in character. For example, the problems of deviants, vagabonds, perverts, hedonists, neurotics, psychotics etc. Juvenile delinquency, Juvenile vagrancy, and truancy are also generally caused more by social, rather than economic factors.

We have not yet assessed the magnitude of the problems of nervous and mental disorders and derangements and individual disorganisation or the disintegration of personality, mental disequilibrium, the extreme form of which is suicide. The rate of growth of suicides is now practically double the rate of growth of population. The number of psychiatric and mental hospitals at our disposal is not at all adequate to meet our requirements in this respect. This psychological factor contributes substantially to the growth of crime which is fast out-stripping the increase in population.

### **National Social Policy**

We have not yet formulated National Social Policy. The data, the statistics required are also not available. We are not in possession of all relevant information about the incidence of dreadful diseases like leprosy, or venereal diseases. No national socio-economic survey has so far been conducted about the number of the blind, the deaf, the dumb, the crippled, the handicapped, the disabled, the delinquents, the pneumatics, the destitutes, the criminals and the beggars. We have not yet adopted any scientific approach regarding the extent of desertions and divorces and children of divorced persons. No systematic thinking has been conducted about the problems of alcoholism, drug-addiction and white-collar criminality. Adequate attention has not been paid to special category-wise problems of bonded-labour, de-notified ex-criminal tribes and other nomadic and semi-nomadic tribes, the prostitutes, the eunuchs, beggars, child labour and children kidnapped, maimed and used by professional goondas for begging. Certain economic classes are also being neglected. For example, retired persons, ex-servicemen, women workers, working housewives, part-time workers, legally unprotected labour, the displaced, unrehabilitated persons, criminal prisoners etc.

Refugees from neighbouring countries constitute a class by themselves, and no agency has yet undertaken the study of their social and psychological problems. All these categories have their special problems which defy solution through any general treatment.



## Development—An Integrated Process

Shri S.K. Dey observed :

“My experience, across India and the World at large confirms that development by definition is an integrated process, and rural development is but part of rural-urban continuum. Development cannot be achieved except through a categorical co-ordination between all nation-building agencies on the one hand and the people in their multifarious organisations and institutions on the other.

Coordination of official agencies as a secure measure is a myth except when it is achieved through control by democratically elected representatives of the people. The logic has to be followed through with scrupulous care. If these be not done, programmes of development will tend to concentrate on a few, who, together with their counterparts in the administration as well as in the political system, will ride roughshod on the hunchback of the people”.

In his “From the poor to the rich” essays, Sir. Galbraith observes : “There is in all national development a sequence in which, with much overlapping, political, cultural and economic factors are successively important”. Again, “There is no country with a uniformly literate population that does not have a relatively high and progressive living standard, there is no country with a generally illiterate population that does. Economic development is what education allows.” And again “It (i.e. capital investment) gained emphasis only as political stability and honesty, popular political participation, and general educational competence were achieved after these came to be known more or less for granted”.

There is a case for complete reorientation of the system of Education with a view to fulfill total developmental and employment needs of the country in the near future and to facilitate simultaneously complete unfoldment of potential talents, faculties and aptitudes of every individual.

Shri. M. Srinivasan, dwelling on the subject of national integration, says : “Integration connotes the conscious fusion of the variegated elements constituting the body politics. It may refer to multitudes of fusion — political, economic, administrative, social, cultural and emotional”.

Economic development can be a force for integration; and integration a force for economic development.

The lack of such an integrated approach is one of the factors responsible for the failure of our planning.

Some basic thinking is overdue to envisage an institutional framework suited to the present conditions of Indian Economy. For example, we have various bodies for financing the industries; undertaking research and surveys for evaluating or dealing with marketing of investments; undertaking and carrying on techno-economic studies in connection with the development of industries; providing technical and administrative assistance to industry or any person, for promotion, management and expansion of industries; conducting surveys of industrial possibilities and search for promising entrepreneurs; setting up Technical Consultancy Service Centres at different places; rehabilitating the 'sick' and closed units; encouraging, facilitating and promoting export trade; supplying imported machines etc. to small-scale industries on hire-purchase basis; arranging subscription to share capital of companies, loans on mortgage of property, and underwriting of new issues; and mobilising the savings of both small and big investors with a view to channelling them into industrial field by subscribing to the shares and debentures of industrial enterprises and also by underwriting such issues. But the past record of these bodies is disappointing. It is noticed that they spent more than necessary time, energy and money on their own internal institutional administration, and less than necessary on the functions assigned to them. Nothing effective has been done to stream-line their functioning. The newly created bodies also suffer from the same defects of officialdom, red-tapism, and topheavy management whose performance is expenditure-oriented and not result-oriented.

### **Institutional Framework**

Not only successful implementation, but even realistic formulation of planning depends considerably on suitable institutional framework, all the more so under Indian conditions. Our country has in fact multiplicity of sectors : private, public, joint, co-operative, workers, and 'tiny' sector, and in different contexts different sets of other sectors, such as big sector, small sector, heavy sector, light sector, licensed sector, delicensed sector, national sector, core sector, reserved sector, etc. Different mechanisms are at work : perspective plans, five year plans, annual plans during plan holidays, economic reforms and reconstruction programmes like 20-point programme, concept of rolling plans. There are comprehensive schemes of controls and regulatory measures: a system of dual prices; ceiling prices; floor prices; subsidised prices; statutory prices; retention prices; procurement prices; levy prices; free market prices. We have contractionary monetary policies; expansionary fiscal policies; multiplicity of social objectives often conflicting in nature; different instruments to attain different target variables—fiscal policies for growth with justice, monetary policies for price stability with growth, price and output controls for price stability with justice; economic policies, fiscal-cum-budgetary policies, money and

credit policies, exchange rate policies, physical policies of controls and regulations ; exchange control, price control, trade control, different legislations and enactments; short period fluctuations and long-term trends in micro-economic variables like income-money supply, prices, production, employment, balance of trade and payments, foreign exchange earnings etc. This maze of multiplicity baffles — or often is beyond the comprehension of a common man. He is, therefore, unaware of the lacuna from which the current institutional frame-work suffers. Politicians have no time to think about such petty matters, because they have to be always busy with politicking, though as Randolph Hearst says, "A politician will do anything to keep his job, even become a patriot." Ultimately it is only the bureaucracy that can devote some time, attention and energy to the process of planning, and bureaucrats have their own personal plans.

### **Style of Planning**

Most important of all, the very style of planning needs to be changed. At the formulation stage itself, the various socio-economic organisations should be associated with planning and different interest groups should be involved in the process. The successful implementation of any plan depends considerably upon the willing co-operation of the people, their self-discipline and voluntary modification in attitudes and behaviours in economic field. When men participate in the process of the formulation of a plan, they feel they are a part of it, there is no need then to convince them of the desirability of self-discipline. As wide a participation by the interest groups as possible would tend to minimise the areas of socio-economic conflict and offer greater opportunity for evolving a consensus on the overall aims. Participation at the initial stage would enhance the status of the participants and develop in them a positive attitude towards development, much beyond the personal monetary gains.

### **Organised Interest Groups**

Of course, this would necessitate proper organisation of various socio-economic entities at every level. The associations of interest-groups that are already organised should be accorded their pride of place in the scheme, and efforts should be made to organise expeditiously the interest groups that are unorganised so far. Industrial workers, employers, commercial communities, professionals etc. constitute the first category. The latter comprises peasants, agricultural workers, traditional artisans, etc. All these bodies should be imbued with the spirit of patriotism, and equipped intellectually to play their part in the formulation and implementation of a plan. To ensure efficiency of this process, as well as for other practical purposes, every State should be divided into different janapadas, each one of them comprising areas with common local characteristics, and under the supervision of a Janpada Committee consisting of the representatives of the general public and also those of industries —

vocations, professions, trades and other functions therein. The primary, the lowest level units of these functional groups should be required to prepare micro-plans of their own and submit the same to their Janpada Committees on the one hand and their functional bodies at the national level on the other. The Janpada Committees should take into consideration all such functional micro-plans within their jurisdiction while drafting their regional plans. The same process should be followed by functional bodies at the national level while formulating their functionwise national plans. It should be the duty of the Planning Commission to integrate all such region-wise and function-wise plans into a national macro-plan. The planning should be evolved from below and not imposed from above. The experience of Tito's Yugoslavia will be extremely helpful in this respect.

### **Mass Education**

For the successful implementation of this process it is imperative that all these organisms and individuals should be well acquainted with the country's socio-economic scene. This would minimise the possibilities of their thinking remaining static, self-centred, and lop-sided. This would also minimise the evil of regional imbalances. But, the first pre-requisite for this is constant, continual, persistent national effort for mass education. In its absence, various interest groups would pull in different directions and in opposition to the direction demanded by the national development plan. The healthy democratic evolution of a national plan is inconceivable so long as we do not bring the pressure of our cultural heritage to bear upon the problem and achieve national integration. Special efforts will have to be made to bring the so far backward areas and sections of population at par with the rest of the country, so that they may be able to function as equal partners in the process of the formulation and execution of the national plans.

Such a programme of mass education would require leaders of the Government to constantly keep contact with the various interest group organisations, and through them with the people at large, to keep them informed of the Socio-economic developments, problems involved, actions proposed, and the kind of active support sought for. With a strong and perfect system of two way communication it would be possible to develop from the grass root levels the healthy, positive attitudes, with integrated view of total national interest. It has been our experience that with the proper education the much-maligned industrial workers also can be taught the art of striking proper balance between the demand for higher wages in the present and the need for greater investments for the future. It has also been experienced that the patriotic industrial workers are prepared to forego their financial claims if it can be shown that the resultant savings will be used to provide employment to the less fortunate ones, and

not placed at the disposal of rich capitalists, idle politicians or corrupt bureaucrats. Even P.R. Brahmananda, known for his pro-establishment leanings, observed, "The Indian experience, however, offers an important lesson that if policies are in the interest of the people and if the relation between the measures and the public well-being can be easily foreseen, and if the public have credibility about the leaders, considerable sacrifices are cheerfully borne by the public."

Thus equipped, the primary units of all socio-economic organisations would effectively contribute to the process of plan-evolution.

### **Round Table Conference**

The growth of national consciousness coupled with a change in the style of planning would convert the entire people into a Standing Planning Commission. As a first step in this direction, the Government should have convened a round-table Conference of all economic interests with a view to evolve an integrated national economic policy on investment, employment productivity, prices and income/wages.

Purely doctrinaire, as opposed to practical approach, also created difficulties.

### **Influencing Factors**

When the planning process was initiated in India, the west was generally under the influence of socialist thought which was to continue its hold on the western mind for the next two decades. The USSR had emerged as one of the two super powers and the wave of cold war affected all thinking in the world. With China brought under communist regime, the red flag was ruling one third of the globe. Stalin, the sole ideologue of the Uni-central communist world was alive, and the process of de-Stalinisation or de-Maoisation was then inconceivable. That in every communist-ruled country nationalism will defeat internationalism and there will be general disillusionment about the efficacy and the ultimately inevitable triumph of that out-dated theory could not even be imagined during those days. The word 'Euro-communism' had not yet been invented. Pandit Nehru, who had no deep psychological roots in the traditions of the soil, was already under the influence of USSR, and the great leaders like Gandhiji and Sardar Patel who could have counterbalanced the romantic 'radicalism' of Nehru had quit the scene. Sri Jai Prakash Narayan had reportedly said that "The seven authors of Pandit Nehru's second five year plan are all men from behind the Iron Curtain". The ruling circles had not realised the truth that was much later expressed in unequivocal terms by the Albanian representative, while addressing the Sixth Special Session of the United Nations General Assembly on 16th April, 1974.

“The Soviet social-imperialists likewise pursue, vis-a-vis the developing countries, a fundamentally imperialist policy. The credit they extend to those countries have the same aims as those of the United States imperialists. The developing countries know the true nature of the Soviet Credits. By now every one knows that the economic and technical assistance, the loans or the experts that the Soviet Union offers to certain countries of Asia, Africa and Latin America are extended on terms which enable that country to interfere in the economies of the recipients, to secure political privileges and to get advantages and military bases.”

No doubt, the ‘Perestroika’ of Gorbachev is a direct anti-thesis of this social imperialism, and even earlier, that is after 1953, there was a growing realisation on the part of many communist leaders and groups on national and international level that this social imperialism was no less reprehensible; but, in the early part of the fifties, there was unalloyed appreciation for everything Russian. That is why the Mahalanobis model was accepted unquestioningly by the ruling party, though the capital-intensive, import-oriented, ‘basic-and-heavy-industries-first’ approach of the Second Five year Plan was not suited to Indian conditions, under which employment generation and foreign exchange earnings deserved higher, immediate priority. In the last phase of his life even Pandit Nehru came to doubt the soundness of this approach. Speaking in Parliament on 11th December 1963, he said :

“I begin to think more and more of Mahatma Gandhi’s approach. I am entirely an admirer of the modern machine and I want the best machinery and the best technique, but taking things as they are in India, however rapidly we advance in modern age, the fact remains that a large number of our people will not be touched by it for a considerable time. Some other method has to be evolved so that they become partners in production even though the production apparatus may not be efficient as compared to modern technique.”

Pandit Nehru had no time left to pursue this line of thinking, and his successors had no time to think because of other more important pre-occupations.

### **Doctrinaire Approach**

This doctrinaire approach also landed us into difficulties.

Doctrinaire approach about industrial ownership patterns in the early stages created some avoidable problems. Nationalisation was then considered to be a panacea for all industrial evils. It was presumed that the only alternative to private enterprise is nationalisation. (Now the pendulum has moved to the other extreme in the name of “liberalisation”).

In fact, there are various other patterns of ownership — municipalisation, Co-operativisation, democratisation, joint-ownership, self-employment etc. It was advisable to constitute a National Commission on the pattern of industrial ownership to recommend suitable patterns for different industries, taking simultaneously into consideration the peculiar characteristics of each industry and the total requirements of the national economy. Measures should have been introduced to balance the autonomy of public undertakings with their accountability, to curb the bureaucratic authoritarianism and change their capital output ratios. Our stand in this respect ought to have been more pragmatic and innovative, considering the fact that even before Gorbachev came to power, the much-maligned 'labourisation' had found some place in the Russian restructuring, and the Soviet Union had conceived of many types of autonomus enterprises, ranging from the "Individual Enterprise" under which term family enterprises were legally allowed to function. Our Planning Commission has not given recognition to co-operation as a 'sector' for the purpose of specifying financial outlay, though Indian Co-operative Movement in terms of membership and business operations, has progressed so much and its diversification over the years has been satisfactory. No wonder, then, that a demand for recognising 'Vishwakarma Sector' of self-employed persons for the purposes of planning should find its place in the waste-paper-basket. The term 'workers sector' introduced before a decade with all fanfare, is already under oblivion.

True, in the post-Nehru period, purely ideological considerations have lost a great deal of their appeal ; but, then, they are being replaced by something still worse.

### **Criminal Omission**

The Planning Commission has been particularly guilty of criminal omission when it ignored its own priorities fixed under the pressure of the Report on the World Employment programme in which International Labour Organisation urged for the integration of employment creation to economic development through the maximum possible productive use of available labour to accelerate economic growth, and more particularly, to substitute labour for scarce capital where this is economically feasible. The I.L.O. suggested that this could be attained through a strategy of development involving comprehensive programmes of rural development, labour-intensive public works programmes and fuller utilisation of industrial capacity, promotion of labour-intensive industrial products for domestic and foreign market, and application of economically sound labour intensive techniques in industrial production. Periods of gestation also must be taken cognisance of.



Taking cognisance of the Report, the plan document did state that there will be need for more investment (at least of certain kinds) in "human as compared with physical capital"; that a greater volume of investment would have to be directed to rural development rather than to urban development; that investment plan would have to give some preference to small scale over the large scale projects; that a shift in investment towards economically sound labour intensive industries rather than capital intensive industries would have to be necessary, and that as a corollary, it would also be necessary to adopt the choice of techniques and product-mix to this approach. The plan professed to lay great emphasis in its investment programmes on labour intensive programmes through development of agriculture, rural infrastructure including communication and transport links, rural electrification, minor irrigation, water management, rural industries, decentralisation and dispersal of Industrial investments and rural and urban housing. But, the allocations in the Fourth Plan indicated beyond all doubt that the Planning Commission learnt nothing and unlearnt nothing even after the sad experience of so many decades. It seems that no long-range vision dominates the thinking of the Planning Commission. There is a tendency at the official level to come to sudden policy decisions and undertake shortcuts to wriggle out of immediate situations, without caring to integrate such shortcuts with long-term planning and development policies. About the measures prompted by populism, less said the better.

### **Valid Objection**

Right from the inception of the planning process, the **patriotic critics** have been expressing their growing dissatisfaction about it. It was not as if these critics were merely doubting Thomases, devoid of any positive thinking. From time to time, they put forth constructive suggestions.

They said that a plan document should not be presented as an election manifesto of the ruling party, thus converting it into a party-plan, and not 'people's plan'. (The device of pre-budget hikes was not in vogue during the early period). They criticised the supercilious manner in which democratic conventions were followed with regard to the plan. The parliament is presented with a *fait-accomplis* and the members of Parliament can do no more than vex their eloquence on the various aspects of the plan. There is no Constitutional sanction behind the plan. The Planning Commission has no executive functions and is responsible to none. Plans have no legislative sanctions behind them, though the budgets are presented in the name of the plan, lopsided legislation enacted some times to support it, and occasional superficial debates held in the Houses of Parliament. There is no public debates on the merit and demerit of the Plan before it is launched.

### **Means—Not an End**

No doubt, with a view to putting our national resources to maximum use in the minimum period of time, planning is necessary. But plan is a means and not an end. It has to be formulated within the frame-work of nation's value system and culture. Planning should be considered as not simply balancing physical and financial resources and outlays, but, essentially, as an ordering of priorities. The focal point of interest for any plan should be man. The plan must be idealistic in order to inspire the people to work for its execution. With that purpose in view, the plan should be formulated in the light of our traditions of the past, requirements of the present and aspirations of the future. The planners should follow our ancient style of integrated thinking on education, economics, ecology and ethics which was then supposed to regulate all the various aspects of our national life. National requirements, and not political expediency, should be the point of reference for this purpose, and authorities themselves must be free from linguism, provincialism, regionalism, casteism, communalism, sectarianism, opportunism as well as modern political casteism. There should be proper cohesion between development administration and regulatory administration.

### **The Size**

The system of determining the size of a plan without taking into consideration our own available resources should be given up. There should be a comprehensive national survey of all our resources and evolution of a new methodology, new yardsticks, suited to Indian conditions for measuring unemployment and under-employment in rural and urban areas, without presenting these relevant estimates in one-dimensional magnitude. We must have in our possession a complete and up-to-date list of existing industrial units — big, small and cottage, with location particulars and description of activity. Relevant information about power, water, soils, plant-nutrition, soil-water-plant-relationship, total irrigated areas, etc. should be made up-to-date and the practice of different Ministries furnishing different figures on the same item should no longer be tolerated. The habit of passing the buck must be put an end to. The authorities should refrain from putting forth alibis of floods, droughts, vagaries of monsoon, wars, influx of refugees, the world phenomenon of inflation and corruption, global oil crisis, population, and so-called "shortages" and "recessions".

### **Not Product of the Soil**

Indian plan should be the outcome of Indian genius. The Colombo Plan was incorporated in our first plan and, therefore, fixed the priorities and lines of our developmental efforts. Though India had partly contributed to the formulation of a six-year Colombo Plan it was in fact meant to

counter the threat of political disruption in the Commonwealth countries of the South and South-East Asia. During the later period our plan formulation has come growingly under the influence of foreign advisors. We have no macro-economic policies of our own. In keeping with the changing fashions of thought in the west, our pendulum also must move from one extreme (say, of "Demand-side Economics") to the other (say, of "Supply-Side Economics"). We have not evolved macro-frames of our own. The foreign influence is discernible in those portions of all Plans that deal with the subject of planning in general and the techniques adopted for the particular plan as also in development programmes and order of priorities fixed and the proposed outlay and estimates of financial resources. With a little exaggeration it can be said that only the portions that are meant to serve the purpose of Election Manifesto and are, therefore, more in the nature of "Obiter Dicta" are the product of our Indian genius.

### Order of Priorities

These intellectuals further demanded that the objectives of planning should be restated. Their order of priorities was roughly as follows :

1. Defence;
2. Full employment (Fullest employment of all the faculties of all citizens);
3. Price regulation;
4. Maximum growth-rate through maximum production;
5. Equitable distribution — maximum possible decentralisation of all economic authority;
6. Guarantee of minimum standard of living for every family — leading to 'Antyodaya';
7. Balanced and co-ordinated development of all regions and sections of the people;
8. National self-reliance; and
9. Altering immediately the plan-priorities in the light of these objectives.

Particularly, they were of the view that apart from defence and space science, top priority should be given to the solution of the problems of the paucity of drinking water and an increase in agricultural production.

At least more than 50 per cent of our villages are suffering from the paucity of safe drinking water.

By the end of this decade, pure drinking water should be available to all, according to the World Health Organisation's ambitious programme for the International Drinking Water Supply and Sanitation Decade (April 1981 to March 1991).

### **Constructive Suggestions**

For an increase in agricultural production and rural development they suggested :

Stress on irrigation, particularly minor irrigation projects, realising the fact that return on investment in minor irrigation is comparatively higher relating to both crop-yield as well as financial returns; remunerative prices for agricultural produce; intensive farming; peasant proprietorship; implementation of land-reforms and redistribution of all surplus lands among the landless labourers; provision of initial finance and implements to assist these new land-holders in cultivating and managing their lands and in forming service co-operatives to minimise the evil consequences of fragmentation; exemption of uneconomic holdings from land revenue or agricultural income tax; development of waste lands; extension of the Minimum Wages Act to all workers in unorganised sector; similar legal protection to construction workers and casual labour in all industries; evolution of correct strategy and methodology for the identification, release and rehabilitation of the bonded labour; extension of all legal protection and facilities offered by the constitution to Scheduled Tribes, to all the nomadic and semi-nomadic ex-criminal tribes, (termed otherwise as 'denotified tribes'); a fair trial to Integrated Wage-Goods Model (like Food-for-work-programme); extension and implementation of debt-relief measures; construction of ware-houses in rural areas to improve the holding capacity of small and marginal farmers, particularly of perishable produce; organisation of service co-operatives of small producers for marketing, transportation, and supply of improved tools, bullocks, seeds, fertilisers, credit etc; linking of credit to the purchase of particular inputs and proper linkage of credit, productivity and marketing; correction of mismatch of inputs at the micro-level; launching a scheme for cattle insurance and also a comprehensive crop insurance scheme taking into consideration the views of the Dandekar Committee on this subject; establishing wherever possible, a direct contact between the producers' co-operatives and the consumers' co-operatives.

Launching of massive public works programmes, labour intensive projects and labour intensive industries to produce essential consumer goods; expansion of the sector of self employment in rural areas through

poultry, bee-keeping, fisheries, agricultural engineering, cattle-breeding, dairy, spinning, weaving and different handicrafts; organisation of artisans' co-operatives of production type, service type and labour disposal type for weavers, khadi workers, carpenters, black-smiths, metal workers, brick workers, potters, leather workers, toy workers, engineering workers, etc.; introduction for the benefit of village artisans of reasonably adaptable changes in their traditional techniques of production, without incurring the risk of (1) increase in unemployment, (2) Wastage of the available managerial and technical skills, and (3) complete de-capitalisation of their existing means of production; making industrial raw materials agriculture-based rather than synthetic-based; organisation of various rural industries bringing traditional village and cottage industries into the category of small scale mechanised industry through the use of power and small machines; consequent to such measures, reduction of burden on land; crash-programmes of rural housing with the help of local material; resource mobilisation in the rural sector through the system of micro planning with the help of the agency of mass-banking.

Expansion of forest based industries — treating forests and forest-dwellers as part and parcel of the same eco-system; preservation and restoration of their traditional rights in forest areas ; priority to them in forest services i.e. those of forest guards, watchman etc.; protection of their co-operatives from the conspiracies of contractors and conservators, and taking general precautionary measures to ensure that their exposure to the modern competitive economy does not make them susceptible to self-alienation and the worst form of exploitation; wide-scale campaigns of afforestation; placing the private forest areas at par with Government forest areas for purposes of concessions; simplification of co-operative laws, rules and regulations; and immediate rehabilitation of those displaced in the name of 'development'; and acceleration of programmes of welfare of women and children and nutrition programmes for pregnant women, nursing mothers, and children specially in tribal, hill and backward areas.

These concrete suggestions from different quarters were either callously ignored or shabbily implemented by the Planning Commission. And the Commission engaged itself in congratulating itself for some petty, illusory achievements.

### **The Lapses**

In the rural sector, it is now well known that the much publicised Green Revolution had no impact in major portion of the country and on major part of the peasantry. On the contrary, it created regional and sectional imbalance since it benefited only the rich farmers of Haryana, Punjab and West U. P. Only the rural rich can benefit from the technological innovations which, in turn, make the rich richer. The Planning

Commission does not issue informal guidelines from season to season about the total area and specific locations of commercial crops — particularly those like sugarcane, known for their disproportionate water consumption. The benefits of higher production in agriculture have been drained out through controls and manipulation of prices. The Government imports millions of tonnes of foodgrains even during a period in which there is no shortage, creating additional irrigation potential when already created potential remains unutilised even when there is a drought. The increase in intensity of cultivation has not been commensurate with the irrigation potential and the yield per hectare. Irrigation projects, it is often complained, do not take into account the quantum of water-requirement for the crops during different months as well as the cropping pattern of the farmers. (The Commission did not find time to consider the pros and cons of the Dastur Plan; it did not insist upon central planning for management of all waters in the country.)

Apart from minor irrigation projects, the farmers in many areas need storage facilities for water with precaution against seepage and evaporation. There is a need for independent development of power supply for rural areas from the localised sources, instead of treating rural power supply as only an extension of the urban power supply schemes; learning a lesson from the past experience of major obstructions on account of power shortages and power failure in rural developmental activities. Better utilisation of existing power resources, such as, human and animal power, as well as water and air power should not be impracticable.

### **Social Forestry**

Our social forestry schemes have failed to fulfil their objectives. These are expected to supply firewood, fodder, small timber and minor forest produce to rural populations and meet their basic biomass needs. A recent study by the programme evaluation organisation of the Planning Commission reveals that farm-forestry, which is an important component of these schemes, has tended to benefit bigger farmers. Nearly half of the total beneficiaries happened to be located in just two States. Each received between 500 and a thousand seedlings, which alone underlines the substantial size of their holdings. Earlier, it was reported that in Haryana and Gujrat, six out of every ten beneficiaries owned more than two hectares of land. (Only in West Bengal farm forestry benefited the poor.) The rich beneficiaries tend to go in for fast-growing trees like eucalyptus which primarily meet the demands for raw materials from the rayon and similar other industries. Again the social forestry schemes do not necessarily choose the right kind of species. For instance, they harp on fuel and ignore fodder, though the recent droughts in Gujrat, Rajsthan etc. have shown that the shortage of fodder is very acute since large tracts are turning into waste-lands.

### **Exaggerated claims**

On the eve of the general elections it is but natural for the ruling party to make exaggerated claims about its achievements on the economic front through various poverty-alleviation programmes. But such tall claims cannot stand the scrutiny by any impartial observer. For example, regarding the integrated Rural Development Programme launched during the Sixth Plan period, a study by Dr. G. Morley Mohan Lal, associate professor, Institute of Management in Government, Trivandrum, states in "Poverty Alleviation, the Indian Experience," that wrong identification of beneficiaries, incorrect investment pattern and lack of critical assessment about the nature of beneficiaries have been the factors responsible for the failure of this programme.

Drawing liberally from evaluation studies including those by the programme valuation organisation (PEO) of the Planning Commission, Reserve Bank of India and Institute of Financial Management and Research, Dr. Lal reaches the conclusion that going by liberal estimates only 40% of the beneficiaries had crossed the poverty line and that the IRDP, the centre-piece of the anti-poverty package had failed and there was "an urgent need to make it more effective".

Dr. Lal says that while the R.B.I. study identified only 17% as having crossed the poverty line, the P.E.O. study identified 49.4%. However, if inflation was allowed for, the corresponding figure in the P.E.O. study dropped to 20%. "It is also relevant to point out that most of those uplifted by IRDP are those who were pre-IRDP close to the line, very few have been the poorest". In the PEO sample, over 80% of those who crossed the line were in the top 30% income range of the target group, while only 3.5% in the bottom 40% range were uplifted.

Even without the help of such scholarly studies, laymen in rural areas were aware that the Panchayati Raj, the Co-operative institutions, the Community Development Programmes, the Green Revolution, the irrigation facilities, the input assistance, the credit facilities, and the crop management advice, all these were more beneficial to the rural rich, the small and marginal farmers being left generally in the cold.

### **Divide and Rule**

It is a matter of deep regret that the Government of Independent India should pursue the divide and rule policy of the British Government which was evolved to suit their imperialistic designs. This has resulted in conflict between urban consumers and rural peasants on the one hand, and peasants and agricultural workers on the other. In fact, there is no inherent contradiction between the demand of the peasants for remunerative prices and that of the consumers for holding the price-line of essential commodities. The conflict arises on account of the deliberately mischievous policies of Government. Had the Government fulfilled the obligations



arising out of its own commitment to the concept of the Welfare State and built up the infrastructure for rural development, the problem would not have become so acute.

### Remunerative Prices

The term 'remunerative prices' implies prices remunerative with reference to cost of production and cost of living. They cannot be determined without reference to the cost of production.

It would be impossible to regulate prices or maintain proper correspondence between the prices of agricultural produce and of manufactured goods, unless and until publication of the cost of production data is not made obligatory. Dr. M.G. Bokare, who was the first to voice the demand of the peasants for remunerative prices — as early as in 1966, has now initiated a new demand, that is, for the publication of Cost-Audit-Reports of all industries. This demand is based upon the following formula by Shukra :

“येन व्ययेन संसिद्धस्तद् व्ययं तस्य मूल्यकम् ।”

The real price of any commodity is equivalent to its cost of production. Stating this about the floor price, Shukra further says :

“सुलभासुलभत्वाच्च—ग्रगुणत्व—गुणसंश्रयैः  
यथाकामान् पदार्थानाम्—अर्घं हीनाधिकम् भवेत् ॥”

Abundance or scarcity on the one hand and the degree of utility on the other determine rise or fall in market prices of commodities.

In Industrial Sector, industrialists are naturally hostile to this stand and the Government is baffled on this problem, though it has nominally converted the Agricultural Prices Commission into the Commission for Agricultural Costs and Prices. In its characteristically vague and ambiguous style, the Union Ministry of Agriculture stated : “The CACP takes into account not only a comprehensive overview of the entire structure of the economy of that particular commodity (the price of which is being fixed) but also a number of important factors such as cost of production; changes in input prices; input-output price parity; trends in market prices; demand and supply; inter-crop price parity; effect on industrial cost structure; effect on general price level; effect on cost of living; the international market price situation; and parity between prices paid and prices received”.

Beautifully vague. But in none of its reports the CACP explains its methodology, its specific principle or formula to determine the price, and the weightage, if any, given to the different factors, and for inquisitive

minds, the Government asserts, "The methodology is too intricate for laymen to understand".

On an average, agricultural prices have ruled 10% lower than prices of industrial goods since 1970-71. Between 1975-76 and 1982-83, agriculture suffered a loss of Rs. 63615 crores due to adverse terms of trade over the period. In 12 states, for which data was available, Agricultural sector suffered an aggregate cumulative loss of Rs. 12480 crores at constant 1970-71 prices in the ten years period ending 1979-80. For the country as a whole, the loss of agriculture in the period covered by the enquiry was estimated at Rs. 18720 crores which is equal to the total agricultural income (at constant 1970-71 prices) of Rs. 18774 crores in 1979-80. During the seventies, the farm sector was thus losing a more than 10% of its annual income to other sectors. Adequate capital formation and consequent productivity growth in agriculture became impossible on account of this continuous drain of revenues from the agricultural sector. There is the paradoxical situation of low agricultural incomes in the midst of growing agricultural production. While the index of farm production went up from 111.5 in 1970-71 (base triennium ending 1969-70) to 156.4 in 1983-84, the per capita income of farm workers at constant 1970-71 prices fell from Rs. 450.5 to Rs. 365 during the same period. Thus, against a 40% increase in farm production, there was a 19% decline in per capita income in the agricultural sector.

One important fact often goes unnoticed. In industrial sector, all production is for sale; in agricultural sector, a part of the production, i.e., foodgrains etc. is meant for self consumption as well as for payment in kind. But the holding capacity of a small industrialist is much more than that of a small farmer.

### **Subsidies**

The problem of subsidies is no less complicated. The subsidies that are being paid to marginal and small farmers under the rural development programmes and other financial aid given to the scheduled castes and the scheduled tribes are like social security payment to the destitutes in other countries; and in their case the term 'subsidy' is a misnomer. The major portion of 'subsidy' is paid to suppliers of farm inputs such as fertilisers, power, irrigation etc. and not to farmers. This 'subsidy' is in a way to make good the losses caused by the inefficient management of the input manufacturers. Thus major portion of these subsidies is in fact a subsidy to Industry and Government establishments, and not to farmers. Nowhere in the World the term 'subsidy to the farm sector' is used in the sense in which it is being used in India. In the outside world, 'subsidy' in the context of the farm sector is the amount of the money received by the farmers in excess of what they would get if they were exposed to free

internal and external trade conditions. In India, on the contrary, the farmers of wheat and rice are getting prices much lower than what they could if free export of these commodities was allowed. This is a case of "reverse subsidy" and its amount is huge.

### **Step-motherly**

The step motherly attitude of the Government towards agriculture can be well guessed from the fact that the Government investment on agriculture and irrigation had been cut from 18.3% of the sixth Plan outlay to 15.2 % of the Seventh plan outlay. And, recently, it has further been brought down to about 13% of the total.

### **The Way out**

The *Jehad* by the Government against poor peasants is uncalled for. If the Government accords agriculture its due place in plan-priorities, ensures that the sums allocated for rural areas reach those for whom they are meant and not swallowed by the unholy alliance of the unscrupulous officers and the rural rich; does away with all Food Corporation of India costs and States' retailing costs; withdraw all Central and State taxes on farm inputs; maintains parity between the prices of agricultural produce and of manufactured goods, that is between prices of what they are required to purchase and of those of what they sell; and subsidises heavily at the source all agricultural inputs like water, electricity, fertilisers, seeds, diesel, insecticides, pesticides, agricultural implements etc., the cost of production of peasants will be substantially reduced and, in that case, it will not be difficult to give remunerative prices to peasants for their produce, without increasing substantially the burden on the urban consumers. This burden will be progressively reduced every year. For the last four decades, the Government has been providing heavy financial assistance and other facilities to the Big Capital. If the same is extended to agriculturists for a period of six years, it can be said with certainty that by the end of this brief period, the artificial conflict between the interests of peasants and consumers will completely vanish. And once the peasants received remunerative prices, they would willingly pay fair wages to their labourers, because the present cause of rural unrest is the financial inability, and not the psychological unwillingness of the peasants to do the needful, though in every community, as a matter of exception, a small number of self-centred, anti-social elements is generally found. But, it is an exception; generally, the traditional ties of the village common-wealth have still their hold on the minds of the artisans, labourers and peasants, in spite of the manipulations of the power-hungry politicians. These ties can be again strengthened. Thus, what is lacking is not the way to the solution of the problem, but the will of the Government. Rather, it can be said that the partisan interest of the ruling party is served better by the aggravation of all such conflicts.

It would be unrealistic to expect that the present Government will ever be in a position to keep in check the prices of the commodities which the farmers have to purchase.

While the Government imposes all kinds of Central and State taxes on Farm inputs, we are insisting upon heavy subsidy to them at the source.

The importance and the degree of effectivity of our suggestion can be well guessed from the following admission of the Government about the growing disparity in the prices of farm inputs and output in "Research Highlight 1986".

"Between 1968 and 1980, the average index of agricultural inputs increased by 317 per cent, whereas the corresponding increase in the price index of agricultural commodities was only 135 per cent".

Research Highlight 1986-87 published by the Agriculture Ministry says, that since 1970-71 "prices of farm inputs have increased 2.35 times faster than those of farm outputs".

### **Ecology**

Rural areas are discriminated against even in the matters of ecological precautions.

It is generally acknowledged that modernisation has polluted all natural resources—land, water, air and environment, and raped the nature instead of milking it. Though the United States passed its first Legislation taking cognisance of this problem in 1899, this initial awareness was soon swept off by the rising tide of materialistic consumerism. Natural resources are limited; human desires unlimited. Apart from the pollution of land, water and air, there has been ever increasing pollution of environment because of various irritant sounds, radiation, insecticides, pesticides, acid rains etc.

Being followers of the west our planners readily recognised the extent of environmental pollution in big cities like Kanpur, Bombay, Calcutta, Delhi and Madras, and paid some attention, though inadequate, to its causes and the preventive as well as the remedial measures — including legislation — for this purpose. Incidents like Bhopal or Chernobyl focussed once again the attention of the general public on this usually uncared-for subject. (Recently, the Vienna-based International Atomic Energy Agency's annual overview and outlook of nuclear safety for the year 1988 has observed that despite more than 5000 reactor years of nuclear power experience and fairly satisfactory public safety record, wide-spread public concern that nuclear power is too risky still persists.

Among the major public concerns regarding an apprehended nuclear disaster, the review listed irregularities in radio-active waste management and transport, air-craft crashes, earthquakes in the vicinity of nuclear plants, concern about nuclear accident risks and pollution at military nuclear facilities.

But even this revived interest is confined to urban areas and industrial sector. The impact of pollution on rural as well as forest or hilly areas has not yet been appreciated properly. The indiscriminate deforestation has resulted in land erosion, erratic monsoon and depleting underground water-sources. The daily house-hold needs of the rural poor are met through biomass or biomass-related products. Apart from food, fuel, i.e., firewood, cowdung, crop wastes, fodder, fertiliser, i. e., organic manure, forest litter, leaf mulch; building materials, i. e., poles thatch, and other basic materials are all bio-mass products. Over 50 per cent of the fuel consumption in India is for cooking, and over 90 per cent of our cooking fuel is bio-mass, that is, firewood, cowdung, and crop wastes. (Delhi alone uses about Rs. 15 million worth of fire wood on the retail market). The ecological imbalance affects adversely the traditional handicrafts, housing, transport and life styles of rural areas. India has 2.45 per cent of the world's landmass, but it has to support 15 per cent of its cattle, 52 per cent of its buffaloes, and 15 per cent of its goats.

The search of industrialisation for cheap biomass-based raw materials and for cheap opportunities for waste disposal, coupled with the politicians' readiness to callously encourage all sorts of pollution for even petty financial gains, had made mockery of relevant laws which are themselves too inadequate. The original nature is being destroyed, and commercially beneficial new nature is being created. (The pine forests in place of the old oak forests, the teak forests in place of the Sal forests, eucalyptus plantation in place of natural forests, or oil palm in place of the tropical forests.) Social costs of the destruction or transformation of ecological space are too heavy. How will the destruction of the grazing lands affect the nearly 200 tribes engaged in pastoral nomadism? Their number runs in millions, Our rivers, (and also seas) which have now become the dump-yards for industrial waste, have, apart from increasing water pollution, deprived thousands of fishermen of their means of livelihood. Our planners and rulers are guilty of deliberately neglecting ecological considerations to favour the financiers.

It is wrong to presume that being only a developing country India can afford to postpone to a distant future the long awaited introduction of a comprehensive environmental planning, and that a periodical patch-work of tentative measures based upon ad-hocism would enable us to

deal with this problem effectively — (though even the recent UNEP document sharply criticises any such slipshod manner of dealing with the subject.)

However, a recent incident in Rajasthan gives rise to valid doubts about the sincerity of the Government in this matter. The Government does not have the dedicated man-power to afforest even a part of the lands in its own possession. Public initiative or participation is a must and yet, instead of encouraging public initiative in this respect, the district administration of Alwar, imposed a fine of Rs. 4950/- on Tarun Bharat Singh, for assisting in planting the trees !

### **Deserted Villages**

The wrong policies of the Government are forcing large numbers of villagers to leave their homes and hearths.

Every patriot is alarmed at the sight of deserted villages. We may like to discourage over urbanisation, but the fact remains that we have not been able so far to check exodus from the rural to the urban areas. The urban areas have to-day a population of little more than 200 million and the urban population was growing at about 4% per annum. They contribute more than 50 per cent of country's gross national product. By 2001 one in three Indians would be living in Urban India ; at least three cities will have crossed ten million mark and approximately 45 cities will have population in excess of one million. To-day, over 28 per cent of the urban population lives below poverty line, and because of the lack of comprehensive programmes for the removal of urban poverty, this percentage will grow fast in the near future. The conclusions of the latest Operations Research Group study apart, the Planning Commission has estimated that the population by 2000 would be higher by 36 million over the 1985 estimates. The ORG study concludes that from 156 millions in 1981, Urban population is estimated to rise to between 330 to 350 millions by 2001 and 430 millions by 2021. Provision of basic services and other facilities like water supply, sanitation, drainage, ambulance, fire-brigades, street-lighting, sewage purification and disposal, public latrines and urinals, cremation and burial grounds, parks, playgrounds, transport, night-shelters, choultries, hospitals, schools, maternity homes, roads, bridges, electricity, housing, homes for the destitutes and the handicapped, slum improvement, slum clearance and tenements for slum dwellers, are going to be a very urgent and gigantic problems. In 1981, the total number of slum dwellers in the country was about 4 crores. Low cost techniques for this purpose have not been adequately evolved. According to a survey by the Calcutta Metropolitan Development Authority, about 2,00,000 persons lived on the pavements during 1975, and about 56 per cent of these pavement dwellers had an income of less than Rs. 80 per month, The Planning

Commission has not taken sufficient cognisance of the problems that are bound to arise with the urban growth. The Zopad-Patti in Dharavi in Bombay, which is the biggest one in the whole of Asia, clearly illustrates this point. Public Health programmes, such as pest-control, inoculations and other preventive measures, anti-adulteration measures, pre-natal and post-natal care, general public hygiene, nutritional food, etc., are becoming unmanageable problems even now. The Commission has not inspired, directed and assisted the local self government bodies to equip themselves for tackling the issue of basic services and other amenities, and in the coming decades, cities would out-grow the administrative capacity of local governments. The record of the urban development authorities, who have in many cases been assigned various functions of local bodies, is no better. The Planning Commission is not even now earnest about the measures to avert this impending disaster, and any election-oriented legislative measure modelled on the Panchyati Raj and consequent, "free flow of funds" from the Centre is not going to help in solving the problem.

The Planning Commission has not taken serious cognisance of the evils flowing from over-urbanisation. Disintegration of family Organism and village commonwealth under the pressure of over-urbanisation; absence of sound community life in industrial areas ; bad and inadequate housing; large slums ; industrial accidents ; self-alienation of individuals shifted from the rural to the urban areas ; imbalance in sex-ratio ; lack of social moral values on the part of villagers psychologically uprooted from and torn off their natural social environment ; high individualisation of industrial life ; lack of balance between the material and non-material advance ; inability to adjust to the strains of new life-style ; and the impact of western civilization causing loss of traditional, cultural values without generating simultaneously new compensating values—all these factors are quite new and they constitute a challenge to our national genius. The impact of these factors is further deepened on account of decay in religious and educational institutions, maladjustments in existing social institutions, superstitions — both traditional and modern, caste and communal prejudices, and low variety of corruption. Consequently, it can now be said that the larger the city the greater the per capita crime rate.

### **Industrial Sickness**

To the fire of over-urbanisation is now added the fuel of industrial sickness. Industrial workers had forewarned the Government that production loss due to industrial unrest is generally marginal, and that main factors responsible for the loss were (1) non-availability and poor quality of raw materials; (2) inadequacy of demand; (3) lack of balancing equipment; (4) power shortages and failures; (5) breakdown of machinery; (6) deficiencies



in the managerial structure; (7) rivalries between different factions of management and between different employers; and (8) improper marketing and export policies. The Government did not pay attention to this aspect.

The Planning Commission cannot absolve itself completely of the responsibility for growing industrial sickness. The calamity could have been considerably averted, if these industries had been subjected to the discipline of continual efficiency appraisals and early warning system. A study of the Reserve Bank of India covering 378 units furnishes the following causewise analysis of industrial sickness :

<i>Cause of sickness</i>	<i>Number</i>	<i>Percentage</i>
1. Mismanagement/deficient management	197	52%
2. Faulty Planning and Technical Drawbacks.	52	14%
3. Labour trouble	9	2%
4. Market Recession	86	23%
5. Other reasons, such as power cut, shortages of raw material, etc.	34	9%
	378	100%

The policy of pampering the capitalists is the biggest single factor responsible for this phenomenon of industrial sickness which, according to the Sixth Plan "not only tends to aggravate the problem of unemployment but also renders infrastructure capital investment idle, and generally creates an adverse climate for further industrial growth". The most obvious evidence of this policy is the reluctance of the Government to ratify ILO Convention 87 on "Freedom of Association and Protection of the Right to Organise", and ILO Convention 98 on "Right to Organise and Collective Bargaining". The Sixth Plan concludes, "However, perhaps the most important of all causes is the incompetence or the incapacity of management. Declaring an extremely high rate of dividend out of proportion of net profits, excessive commission paid to selling agents, appointment of subsidiary company as sole selling agents wholly owned by the main share holders, are some of the ways to drain out the industrial unit". Nationalisation has become a means of indemnifying the entrepreneur against the consequences of his misdeeds, instead of punishing

him". The subsequent plan did not take cognisance of this observation. Hence the present disaster.

The explosive nature of the problem becomes clearer if to the number of the recently retrenched workers we add the number of domestic servants, workers of the informal sector, such as tiffin box carriers, shoeshines, large number of children torn away from their parents and victims of heavy workload, longer working hours and inhuman treatment, pensioners and ex-servicemen, low-paid employees of numerous voluntary organisations, and scattered, unprotected workers in different commodity markets, railway yards, goods sheds, godowns, docks etc.

### **Domestic Savings**

Another vexing problem is that of domestic savings.

There has been a decline in the rate of domestic savings which, as a proportion of GDP (New series), declined from 21.6 per cent in 1986-87 to 20.2 per cent in 1987-88. (The rate of gross capital formation fell from 23.4 per cent in 1986-87 to 22.1 per cent in 1987-88)

In fact, throughout this period we have failed to press into service the traditional rural saving habits, and to provide incentives for small savings and their channelisation into industrial investments with the help of appropriate fiscal measures and credit and commercial policies, taking into account the 'saving-investment' mechanism of our country where household saving accounts for about 75% of the total savings and direct investment of this saving is the prevalent practice, the investors being also in overwhelming numbers the savers — which is not a condition prevailing in western economy. The performance of private sector in this respect has been poor; that of public sector, poorer. We have not utilised our traditional cultural values of austerity and simplicity for the purpose of capital formation.

And now we are told that the Eighth Plan proposes to raise total domestic savings to 24.1 per cent on an average from the present 21.4 per cent of GDP, and total investment from 23.2 per cent to 25.9 per cent of GDP.

### **Three Factors**

It is now well established that the three major factors responsible for inflation are deficit financing, black money, and unrestrained profits, dividends and interest rates. For all the three factors the Government is mainly to be blamed.

### **Parallel Economy**

Even before we commenced our national journey the emergence of parallel economy could be foreseen because of the system of licences,

permits, quotas, price-fixation decisions, priorities, subsidies, remissions and rebates, loopholes in tax-laws, wide prevalence of accounts and transactions in multiple names, numerous and parallel Government agencies functioning in the economy, etc. Though the veracity of these estimates by Wanchoo Committee (1961-69), independent agencies (1978-79), and the National Institute of Public Finance and Policy (1983-84), may be doubtful, the fact remains that black money has grown over this entire period, both in absolute amount and as a proportion of the National income. The device of demonetisation of currency, tried first in 1946 and then again in 1978, failed to yield the desired results. The special bearer bonds attracted unofficial premiums and, thus, encouraged the growth of black money. The culprits were given the facility to earn black money for any length of time and then make declarations without the fear of being penalised for their incomes under the voluntary disclosure scheme.

### **Tax Structure**

According to an IMF study, the two main factors responsible for this evil are taxes and controls. (Shortages, real or artificial, promote the process). Reduction in tax rates so as to give an incentive to tax payers against concealment of income was bound to fail here, as it would in any other country similarly placed, though revision in and rationalisation of the entire taxation-structure in the light of our national objectives is necessary, ensuring particularly that essentials of life should be free from any sort of tax and that no direct tax should be levied on those with income below the national minimum. Incidentally, the direct tax collection in the country was poor. (Like the device of ceiling on urban and rural property, the taxation can also help the process of establishing some reasonable ratio between the minimum and the maximum expendable income in the land.)

### **Controls**

While controls can be helpful under certain conditions, administrative discretionary controls as opposed to automatically enforceable non-discretionary controls are taken as blessings by politicians, bureaucrats and businessmen. Industrialist escapes the rigours of the law with impunity. Recently, there have been instances of ante-dating of Letters of credit by an industrialist, CBI inquiries and administrative inquiries being ordered and withdrawn, premature leakage of information about impending change in import policy, evasion of customs duty, and successful attempts to subvert the bureaucracy to control the economic ministries. The list of the recalcitrant tax-dodgers includes, for example, a prominent Delhi based property builder who owes the department an outstanding amount of Rs. 2.86 crores. The case of Dr. Dharma Teja is well known. A few of the defaulters are public sector corporations. That politics is being financed out of black money is no longer a secret.

The suppression or under-statement of output figures by manufacturing firms generates black money, since it helps evasion of excise, sales tax and income tax. Black money becomes an alternative source of finance for the hoarders; it effectively blunts the objectives of the monetary policy. It generates unaccounted super-profits for speculators. After engaging itself for quite some time in the acquisition of real estates or gold or illegally imported foreign goods, black money has now secured a legitimate outlet in the form of imported goods or their counterparts which are domestically assembled. This paralled economy facilitates the anti-social activities like smuggling, corruption and luxury consumption. Ultimately, it destroys the moral fabric and the cultural values of society.

### **Corruption**

In this matter, the responsibility of the administration which has always been soft to these anti-national elements needs no elaboration. Have strict measures been taken so far against tax evaders, black marketeers, profiteers, hoarders, smugglers, speculators, adulterators, economic offenders and other corrupt and anti-social elements, who were to be debarred from contesting elections for six years from the date of conviction? How many tax-dodgers have been sent to jail under section 73, part (V) of the Second Schedule of the Income-Tax Act? (Actually it is generally realised that the punishment under that section is not sufficiently deterrent). Who is not aware of increasing nexus between black money and the bureaucracy and politicians? This all leads to corruption, crime, vice and violence.

Everyone is aware that corruption is rampant. In its widest connotation, corruption is supposed to include improper exercise of power and influence attached to a public office or to a special position one occupies in public life. As defined by Robert C. Brooks, "Political corruption is a wilful failure to perform a specified duty in order to receive some personal gain; such corruption involves as unlawful act performed for some tangible or intangible quid pro quo". And again as Mr. Elliot and F.E. Merrill have said, "Corrupt business practice, corruption in politics and organised crime constitute a formidable interlocking directorate of Community Disorganisation. All are interested in the same goal-reward without effort". The Committee on Prevention of Corruption observed that corruption increased during the Second World War and more after Independence. There has been extension of governmental jurisdiction with many regulations, controls, licences, permits scarcities, shortages, discretionary powers, the spoil system of democratic Government, unholy alliance between politicians and big business on the one hand and politicians and criminals on the other. Of late there is larger growth of economic offences, such as tax evasion, sharepushing, malpractices in the share market and the administration of companies, sub-standard

performance of contracts on construction and supply. Because of political pressures organised crimes go unpunished. For example, racketeering i.e. illegal prostitution in hotels, supply of liquor in prohibited areas, counterfeiting etc., dacoities, robberies, house-breaking, gambling, bootlegging, kidnapping, abduction, political and other murders.

And then there is the unrestrained menace of middlemen in every economic activity. The magnitude of this menace everywhere in the world can be properly appreciated from the following remark of Dumsier and Hefle Bower in their "Economics with Application to Agriculture": — "If the farmer gave his wheat for nothing, if the miller milled his flour for nothing, if the railroad hauled the flour for nothing, bread would still cost 4.2 cents per pound of loaf". This phenomenon is further tightening its grip on our national economy.

### **'Liberalisation'**

In spite of these facts, the capitalist press is misleading the general public about the nature and merit of the so-called 'new economic policy' comprising 'the liberalisation process' of the national economy which embraces almost all areas of economic policy including monetary and banking. Major changes are proposed or have been introduced in the Companies Act, in the Industrial Relations Bill, in the structure of capital market, and in the planning strategy. The role assigned to private sector is being enlarged. For the first time, the Seventh Plan envisaged 53 per cent of the investment coming from the private sector. It never exceeded 50 per cent before. Several preserves of the public sector have been opened to the private sector. The strict compartmentalisation of industries reserved for the public sector, the small scale sector, the delicensed sector, the non-MRTP or the non-FERA sector is no longer favoured. Import duties are being preferred to import quotas or import restrictions. The policies regarding estate duty, TV/radio licence fees and octroi are being revised. All such new directions are intended and expected to make the rich richer and the poor poorer, notwithstanding the false propaganda by the vested interests.

A close scrutiny of the general economic scene of the country is enough to expose the hollowness of their claims.

### **Revenue Deficit**

Restoration of balance between Government revenues and expenditures is essential not only for general economic growth but also for price stability.

We have been noticing sharp increase in dissavings on Government account and a tendency for the growth of current Government expenditures to outstrip current revenues. This leads to rising rates of dissavings

and growing reliance on borrowed funds for financing Government expenditure. The Chakravarty Committee Report on the monetary system has pointed out that much of the growth in money supply can be explained in terms of budgetary deficits run by the Central Government. A reduction in the underlying average rate of inflation in the medium term is likely to require a reduction in the average rate of growth of money supply which, in turn, will entail moderation in the scale of Central Government budget deficits. This calls for measures, such as strong curbs on the current Government expenditure, elimination of all wasteful and low priority expenditures, increased surplus generation by public sector enterprises, steps to enhance the buoyancy of tax revenues, better targetting of beneficiaries of Government subsidies, etc. Restoration of better balance between Government revenues and expenditure can bring about the improvement in public sector savings performance and also help the efforts for price stability. Drastic curtailment in non-plan administrative expenditure is called for.

However, in the light of the past experience, the hope of the Ninth Finance Commission to bring down the revenue deficit to zero by March 31, 1995, seems, to say the least, to be fantastic.

### Structural Changes

This problem of balance between revenues and expenditures cannot be considered in isolation. It leads us to some more basic factors.

In fact, many eminent thinkers had suggested earlier that the Westminster model would not suit India. The model outlined by Gandhiji in his 'Hind Swaraj; Government of Interests' suggested by Shri Aurobindo; 'Partyless Democracy' of Loknayak Jayprakash Narain and Acharya Vinoba Bhave; 'Functional Representation' of Shri Guruji; 'Integrated Form of Government' envisaged by Pt. Deendayal Upadhyaya; the prerequisites suggested by Shri M.N. Roy; all these should have been taken up for National Debate, before rushing for successive Amendments to the Constitution. Nevertheless, it must be conceded that such basic suggestions were outside the jurisdiction or competence of the Planning Commission which is the creature or creation of the Constitution.

But a few drastic suggestions within the framework of the present system and competence of the Planning Commission were also not taken into serious consideration. To cite a few examples, the following suggestion was forwarded to the executive authorities through the President of India in November, 1969 :—

“Retaining in the departmental structure only the strictly Governmental functions for which direct ministerial responsibility to Parliament is essential, to convert all other functions whether routine payments, technical or specialist services, trading and economic services, judicial and equity administration or regionalised and localised services into non-Governmental public agencies under Commissions, Tribunals or Boards to be managed by the Public Administrators and subject to supervision at the highest level by the Parliament through specially constituted Ministry of Public Agencies; thus relieving the cabinet and bureaucracy of certain departmental functions”. In the same Memorandum, there was a bold suggestion, for setting up an Autonomous Monetary Authority in full charge of currency and credit, to be entrusted with the twin responsibilities for price-stability through currency control and full employment through credit control.

The same Memorandum also pleaded for “Standing provisions of funds for prompt relief to, and rehabilitation of “persons” affected by natural calamities, such as, floods, fires, droughts, earthquakes, epidemics, etc., or by extraneous factors, such as, wars, riots, accidents, violence, sabotage, etc.,” and “Standing provision of funds for financial aid to the families of military personnel or members of police and other forces killed in course of their duties.”

No serious thought was given by the Planning Commission to such basic suggestions about structural reforms.

Little wonder then that the task of integrating social and constructive work by different social workers and voluntary organisations should be deemed to be beyond its legitimate jurisdiction.

### **Tentacles of Imperialism**

Like every other enlightened Indian patriot, Pt. Nehru had realised even before 1947 that a new variety of imperialism had already emerged and that it was aspiring for global domination. “This ingenious method” Pt. Nehru wrote in 1934 is called ‘Economic Imperialism’. The map does not show it. A country may appear to be free and independent if you consult geography or an atlas. But, if you look behind the veil you will find that it is in the grip of another country or rather of its bankers and big businessmen. It is this invisible empire that the United States of America possess.”

But, unfortunately, he was not equally clear about the *modus operandi* of this new type of imperialism. Foreign technology leading



inevitably to an invitation to foreign capital was the main tool of this imperialism. In any undeveloped country, domestic savings are not sufficient to meet the financial requirements of capital-intensive, import-based technology. He did not realise that the so-called 'advance' through-modern technology consists not in increasing production per unit of land or capital investment but per worker employed or per entrepreneur, leading to wide disparities in incomes, growing unemployment and concentration of economic power. The West, which evolved the technology, was confronted with the problem of shortage of labour and plenty of markets at home and abroad. Every undeveloped country faces the problem of abundant labour and restricted markets.

Elaborating this point Pt. Deendayal Upadhyaya observed : — “The tractor and the bull are, in a sense, two different levels of technology. The tractor, when used, will replace the bull as an economic factor; both cannot be used together. Common sense suggests that we should use that level of technology which combines well with other factors of production that are in good supply. The nature of supply of men, motive power, money, management, materials and market in the country should all govern the choice of technology.”

Gandhian economists like Shri J.D. Sethi had issued similar warning against indiscriminate use of foreign technology.

Subsequently, Dr. Schumacher of “Small is Beautiful” fame arrived at the same conclusion independently. “If we are interested in economics as if people mattered”, the learned Doctor said”, we must work for technologies “as if people mattered” or you might say “technologies with a human face”. But because of Pt. Nehru’s over-enthusiasm for wholesale transplantation of western technology, such warnings proved to be only the cries in wilderness. The Government changed its policy towards foreign capital within one year of passing the resolution on this subject.

On April 6, 1949, Pt. Nehru told the Parliament : — “The policy as regards participation of foreign capital has already been announced in broad terms in Government’s resolution of the 6th April, 1948. The stress on the need to regulate in the national interest, the scope and manner of foreign capital arose from past association of foreign capital and control with foreign domination of the economy of the country. *But circumstances today are quite different.* The object of our Regulation should, therefore, be the utilisation of foreign capital in a manner most advantageous to the country. Indian capital needs to be supplemented by foreign capital not only because our national savings will not be enough for the rapid development of the country on the scale we wish, but also because in

many cases scientific, technical and industrial knowledge and capital equipment can best be secured along with foreign capital”.

With this historic speech of Pt. Nehru commenced India's national journey towards economic slavery.

On 29th August, 1975, it was proudly declared that “no other country in the world permitted foreign firms to have an equity share of as much as 74 per cent.”

### **Galbraith on Foreign Technology**

Galbraith observes in his “From the Poor to the Rich” Essays : —

“In economic matters, since the end of the second world war, there has been one point of major agreement between the industrial countries, non-socialist and socialist alike, and particularly between the United States and the Soviet Union. It is that economic designs reflecting an advanced stage of development can be transferred without appreciable adaptation to the new States of Asia and Africa and, if less specifically, to those of Central and South America. The broad design so transferable and so to be transferred is the one that exists in the originating country...And there is another point of agreement. It is believed that economic development—the elaboration of agricultural and industrial plant and equipment is the sine-qua-non of national progress. It comes first; all else follows”.

“Both the United States and the Soviet Union have thus united to misunderstand the nature of national development and to ignore the notion of historical process that is implicit in the world development itself. And they have ignored their own experience.

“.....The economic design appropriate to the later stages of development cannot, without waste and damage, be transferred to the early stages.....

The whole question was originally made simple, so that it could be accommodated to the ideology and ideologists of capitalism and socialism. Also, perhaps, so that it could be brought within the mental reach of some of those expounding the preferred view of such development.

The error here examined is, to repeat, common to both the advanced capitalist and socialist countries. Both have taken what is appropriate to their own late stage of Development and applied it, automatically, to the new nations, which are in the early stage.”

“...American technicians, abetted by Indian pride, repeatedly urged the most sophisticated as opposed to the most appropriate agricultural and industrial designs. This was true of agriculture in particular. Were something being done in Kansas, it should be done in Gujarat. Simple and needed guidance in soil and water management, grain hybrids and fertilizer gave way to complex engineering and social advice, and much effort was wasted in consequence.”

### **Technology : Indian Experience**

For rural sector it is advisable to develop indigenous technology with the help of locally available inputs and skills. India must have its own technological and R & D base. Today, we have a number of science and technology centres of international standard intended to promote multi-disciplinary scientific and technological research, disseminate its knowledge, and meet the increasing demands of students and the public for acquainting themselves with the latest developments in the field. ('From lab to land' process, however, is not progressing satisfactorily). There is a case for unification of research work that is being conducted by research cells under the Planning Commission and the various ministries, so as to eliminate duplication of work and promote efficiency.

For example, while it is true that the requirements of defence and other heavy industries can be met with only by steel factories with the help of a particular quality of iron, the requirements of the rural industries can be fulfilled by rural iron workshops, and simple appliances like plough-spare, cart-wheels, etc. do not require that higher quality of iron.

Only gullibles will believe that any innovation or technology can be equally useful under all conditions, irrespective of the stages of developments, the levels of available infrastructure and the nature of existing economic and social structures and their requirements. Sudden application of a new technology useful in one set of socio-economic conditions to different economy in which these conditions are absent may considerably upset the socio-economic life and relations prevalent under the latter. No technology can be usefully introduced in a new area without simultaneous introduction therein of its other attendant factors.

It is generally experienced that in a developing country high-tech industries create their own economic zones. Foreign technologies which depend upon imported inputs and services from the same level of technological zone do not promote the growth of local subsidiary industries in the surrounding undeveloped economic zone that is functioning at a lower

economic level — with low purchasing power (inadequate to purchase the products of the high-tech industries). The high-tech economic power thus developed, gets linked with higher technological zones in foreign countries and remains isolated from the low technology economic zones in their own country. Such islands of high technology zones surrounded by the vast ocean of low-technology economy create crises because of the linkage of the former with advanced foreign economies and their isolation from the other levels of national economy. Experience indicates that such technological linkages culminate in the inauguration of foreign economic imperialism.

For developed countries, technological obsolescence is a permanent phenomenon, and where else is the dumping ground for their obsolescent technologies and production processes, if not in the economies of undeveloped or developing countries? Consequently, the technological linkage is generally between the higher developed zone of the developing country and an obsolescent economic zone of a developed country.

While we are under the influence of the modern superstition that India cannot greet the 21st century with confidence unless it borrows the entire western technology, thus becoming itself a carbon copy of the West, it is interesting to note that some of the more cultured scientists and technologists from the West are themselves sceptic about the desirability of their unrestrained progress. They are urging for clear distinction between the 'technical know-how', and the 'technical know-what', and suggesting constitution of a 'Technological ambudsman' comprising eminent scholars with cultural values to guide and direct the further advance of the 'technical know-what.'

In view of all these facts, it was necessary to conduct research in the modern as well as the traditional indigenous technology with a view to :—

(i) evolve a National Technological Policy to determine what portions of Western technology are to be adopted, what others to be adapted or rejected, and the areas in which evolution of Bharatiya technology is imperative;

(ii) Scrutinise the traditional technology to ascertain what portions of it are adaptable to modern conditions;

(iii) Develop our own indigenous technology in consonance with our socio-cultural pattern with the precaution that it should lead to decentralisation of process of production with the help of power and atomic energy; and

(iv) Introduce for the benefit of our village artisans and craftsmen, reasonably adaptable changes in their traditional techniques of production.

In the mean-while it was the responsibility of the Planning Commission to ensure fullest utilisation of the existing installed capacity in Industry and also of loans for high cost items and scarce capital resources in Agriculture.

It was also necessary to demarcate the spheres of small-scale and large-scale industries, generally consumer-goods being assigned to the former and producer and basic goods to the latter.

The Planning Commission should have taken more seriously the demand for appointment of the Experts Committee on the location, the size and the local technology of various industries, with a view to redraft the industrial map of the country, removing regional imbalances, ensuring maximum possible decentralisation of the processes of production, dispersal of economic power and economic benefits, and maximum dispersal of employment opportunities which would — by creating new job opportunities nearer to the places of normal habitation — eliminate social costs of over-urbanisation and economic costs of transportation and urban housing. It should have arranged for adequate State assistance to the educated unemployed for starting small scale industries, and development of ancillary industries in the vicinity of big industries — particularly defence production units.

One leading economist has observed that a lopsided development of powerful socio-economic institutions catering to strong group-interests has already vitiated the process of economic development, leading to flow of disproportionate economic benefits to a few powerful interest groups.

It is surprising that the Planning Commission has taken no cognisance of the then much-debated Note of a Pakistani economist who had warned in unmistakable words that the patterns of production have in them an in-built mechanism that resists the introduction of the patterns of distribution incompatible with them (i. e. the production patterns). Hence the need to ban the production of luxury goods, encourage the consumer goods industries, impose expenditure tax on all wasteful, vulgar, conspicuous and ostentatious expenditure, revive the spirit of Swadeshi, bring about appropriate changes in the patterns of consumption, and organise consumers' forums, consumers' resistance and wherever necessary, consumers' strikes.

In an era of quick turn-over, frequent changes in models through fancy alterations in the products, leading to continuous and rising demand for goods like automobiles, and various electronically operated gadgets; huge wastage in the west through discarded production processes and discarded resources; and a strong probability of their converting the developing countries into profit-earning markets for such discarded products and production processes, it was criminal on the part of the Planning Commission to neglect this important aspect.

Yet another modern superstition dominating the minds of our leaders is that the same management systems can be applied to all cultures. In fact, the introduction of the western management systems in toto in our cultural value system can be neither smooth nor complete. Changes are already afoot in America itself which may eventually reshape business education and management science in that country, the changes being accelerated after the October 1987 stock-market crash, and the drastic man-power cutbacks that followed. There already exists in our country some amount of disenchantment with the practice of wholesale transplantation of American management systems. There is growing awareness in the country of the need to design management methods relevant to our social conditions and bring about continual adaptation to a constantly changing environment.

But the Planning Commission has failed to give appropriate lead in this respect. It is, however, a sad commentary on our sense of patriotism that any attempt to establish a correlation in managerial remuneration at comparable levels of responsibility in different sectors becomes difficult because of the apprehension of 'brain drain' of managerial talent to other countries like the Middle East or inter industry/firm, sector (Private-Public) movement within the country.

It was essential to evolve our own characteristic development patterns which may not be measureable by current Western yard-sticks, such as 'Rate of Growth,' 'Gross National Product,' 'per capita Income,' 'National Income,' etc.

In the economic life of our country there are too many intangibles which are beyond these measuring rods. We have failed to evolve our own measuring rods suited to our national realities.

### **Trade Deficit**

With a view to reduce deficits in balance of payments and put a halt to decline in foreign exchange reserves, it was necessary to boost up

import substitution programme, resort to protectionist trade policy in appropriate areas; eliminate all non-essential imports; utilise imports for producing producer goods only; progressively minimise maintenance import or imports of raw materials and components required for stepping up the growth rate — such as, fertilisers, pesticides, crude oil, chemicals, non-ferrous metals, special varieties of steel and components and spare parts of machineries; strengthen domestic production with a view to meet substantially, the capital goods requirements for industrial expansion; progressively increase substitution of the more sophisticated western machinery with that designed and produced indigenously; and explore the possibilities of mutual co-operation between third world countries and find out markets therein for our exports.

The Government has failed to take affective action to tackle the linked problems of the balance of payments deficit and budgetary imbalances. On the resources front, the Government could not meet the challenge of adequately financing plan expenditure in a non-inflationary manner, while at the same time accommodating the increases in major items of non-plan expenditure such as interest payments, subsidies and defence expenditure.

The Trade deficit during 1988-89 has increased to Rs. 7412 crores. A deteriorating balance of payments position is indicated by the decline in our foreign exchange reserves. There has been increasing temptation to resort to commercial loans. Most of the measures recommended by the Abid Hussain Committee on export promotion policies have been implemented. The Budget for 1988-89 granted 100 per cent exemption from income tax on earnings from exports and waived the minimum tax on export profits. The benefits have been extended to manufacturers exporting through export-houses. But the total picture is not encouraging — whether export earnings are viewed as a percentage of our Gross National Product or of World Exports, or measured in terms of the currencies in which India has to make payments. On the contrary, a large portion of the gains obtained through fraudulent means, taking advantage of official concessions and incentives, is not credited to the country's foreign exchange earnings, but devoted to building up secret funds abroad. For public consumption, the Government has been declaring its stress on acceleration of export growth, efficient import substitution, and product allocation of scarce foreign exchange. During 1988-89, though exports recorded a large increase, imports remained much larger than the exports. And, the Government had to admit that throughout the Seventh Plan period the balance of payments has remained difficult on account of several factors such as deceleration in the growth of domestic oil production, protectionist tendencies abroad, volatility of major international currencies, bunching of

repayment obligations to the IMF and other sources and an unfavourable international climate for concessional assistance. Obviously, a stable foreign exchange support for the Eighth Plan is lacking.

According to the Reserve Bank of India's Report for 1987-88 on currency and finance, the foreign trade deficit amounted to an alarming sum of Rs. 46,109 crores during the period from 1980-81 to 1987-88.

### **Foreign Investment**

The role of Indian agents of foreign economic imperialism is reprehensible. They equate national self-reliance with isolationism and economic colonialism with global interdependence. They declare that any protective trade law is nothing but a hindrance to the promotion of technological-upgradation. It has been noticed that each time a foreign company gets a licence to manufacture or sell in the country, some part of our national interest is bartered away. Many countries have entered into foreign collaboration agreements on their own terms—without accepting any restrictive clauses. Unless there are adequate checks on foreign investment, India is bound to become a banana republic. But our internationalists resent the fact that any American company seeking to do business in India is subject to the regime of industrial licences, import permits, export obligations, financial controls and reporting requirements—though all this is a mere farce to mislead the general public. They ridicule the recent outcry over super 301. Why should it be obligatory upon any foreign bank desiring to open a branch in the country to obtain a licence in terms of Banking Regulations Act, 1949, from the RBI? Why should any foreign bank be required to obtain its permission for opening a representative office? Why compel them to adhere to the RBI guidelines? It should be left to the discretion of those banks whether they should engage themselves in social banking or in financing international trade and big corporations. Can we forget, they say, that foreign investment does play an important role in generating income, employment and output; it helps the transfer of technology and managerial skill; it exposes the economy to “external economic effects” as well as domestic ‘multiplier effects’ (both primary and secondary)? Therefore, they argue, the policy of strict selectivity towards private foreign investment and foreign collaboration is wrong. About a decade back it was said that the womb of our mother-country should be opened to foreign capital. This is so-called global interdependence.

The United States has bracketed India with Japan and Brazil for indulging in the “unfair trade practices” under section ‘301’ of the U.S.



Trade Acts. Under "Special 301" of the Act, India has been bracketed with Brazil, South Korea, Mexico, China, Saudi Arabia, Taiwan and Thailand. This time the U.S. has come out openly, instead of, as usual, playing its game through World Bank and IMF. These strong arm-tactics should naturally give rise to some fundamental questions.

Has any super power which has itself been indulging in unfair trade practices, any moral right to dictate to India, or for that matter, any other country, that there should be an unconstrained inflow of foreign equity, and that it should not be accompanied by export obligations and restrictions to use local inputs? What right has the U.S. to convey that India's policy of linking imports to its export obligations is not conducive to its interests? India is perfectly within its right in taking measures to maximise export earnings and restrict imports to a minimum when it has been facing a balance of payments crunch with a heavy debt-servicing burden. Like U.S., India has also a right to decide its own foreign trade policy conducive to its own national interests. Not to recognise this fact is to shamelessly expose its own imperialistic attitude. In fact, such encroachment on our economic sovereignty has been going on for the last more than four decades with the connivance and often cooperation of the rulers; but, this time the U.S. has overdone it, partly because of the internal compulsions of its economy and partly with a view to threaten all southern countries.

It is ridiculous and unpatriotic to allow our laws to be used to give preference to foreign enterprises. The foreign patentees (of both product or process) should not be allowed to so command the situation that our industries are under our own law started in the interest of the foreigners. Is it tolerable that any foreign patentee should come to our country and get a patent and use it, not for the purpose of encouraging our indigenous industries but to prevent our people from doing whatever is conducive to the growth of our national economy? Why should we be deprived of the right to import patented products from competitive sources? Why should we be forced to depend on the patentee's source for the patented product? The misuse of the legal provisions by foreign companies, specially multi-nationals, to ensure protected market for themselves is already proved. They prevent the production of the patented products by Indians and, by not producing them in this country they make the country's dependence on imports a permanent feature. They want that Indian scientists and technologists should not be permitted to conduct research and develop processes and products suitable to Indian conditions, and they want to curb inventions by Indians in their specific fields.

In spite of these considerations, our monopoly capitalists can derive

some benefits for themselves out of this arm-twisting, because they may be subsequently offered greater liberation.

It is not as if we do not understand the significance of global interdependence. The spirit of internationalism and universalism is a part of our heritage. But global interdependence must be distinguished from foreign imperialism. It is practicable to welcome foreign capital and foreign technical know-how without in any way bartering away our economic sovereignty. There is foreign investment even in America, Great Britain, France or Germany. Even in U.S.S.R. there is capital investment from other countries. Advanced countries like Germany, Japan, France, etc. depend partly on foreign capital and technical know-how in certain sectors. But, all of them have accepted the foreign elements with full precaution and in a manner consistent with their national self-respect and national interest. Their foreign collaboration agreements are on the terms of the host countries. Therefore, these agreements cannot become the Trojan Horses of foreign powers with imperialistic designs. Our present economic slavery is the result of the slavish mentality of our rulers, no use blaming others for their economic expansionism. Among other things, the failure of the Foreign Exchange Regulations Act. (FERA) to control (a) the activities of multi-nationals; (b) the flow of foreign capital, technology and managerial enterprise; and (c) foreign collaboration and joint ventures — thus to regulate the stock and flow of foreign investment in India, is the unmistakable proof of the fact that our rulers are neither willing nor able to preserve the economic independence of our country.

According to the IMF, net direct foreign investment in developing countries was around \$ 12.5 billion in 1987. In spite of the harsh economic climate, these developing countries liberalised their economies, withdrew anti-investment regulations, and provided an array of tax holidays and subsidies for the benefit of transnational companies. But foreign investment thus facilitated has become a drain on the resources of the host countries, because profits and dividends on past investment now exceed the amounts of new money coming in (But still the foreign investors are demanding more pounds of flesh, threatening the southern countries with ever increasing strong-arm measures). The rise of U.S.A., once the world's largest foreign investor, as major recipient of investment is the most significant recent trend in the foreign direct investment. The new major providers of investment are Britain and Japan. The advantages the Third world countries once had as exporters of raw materials have been eroding. Western technology is not suited to the requirements of labour-intensive production. "The Third world is the destination for between 20 and 30 per cent of all direct foreign investment flows each year, and accounts for about a quarter of the total stock of worldwide investment."

There is total confusion in the highest echelons of the Government about the exact nature of the country's policy on direct foreign investment, and, different economic Ministries, as also the Planning Commission, have been sending conflicting signals to the foreign investors.

Direct foreign investment in India more than doubled from Rs. 107 crores in 1987 to Rs. 238 Crores in 1988. The approvals for the foreign collaborations for the U.S., Japan and West Germany, which during 1987 amounted to Rs. 45.8 crores, increased to Rs. 142.9 Crores in 1988.

Up to-date information about the total foreign investments, particularly those of the Italian investors, is not available. (Probably, in that country of Julian and Antony it is the bridegroom that has to pay the dowry.)

However, according to official sources, the amount of foreign investment rose to Rs. 6149 Crores in March 1987.

### **The Eighth Plan**

In the light of the past experience, nobody in the country is genuinely optimistic about the outcome of the 8th Plan. Nobody believes that the resources for the public sector will be raised in a non-inflationary manner, that inflation will be contained at 4 to 5 per cent, that the debt service ratio will come down to around 20 to 21 per cent from around 28 per cent now, and that the export growth will be kept up. "The agro-climatic regional approach" to agricultural development leading to more scientific utilisation of resources to enhance agricultural growth throughout the country and integration of the national agro-climatic plan with similar state level plans, is taken as a mere rhetoric. Can it ensure optimum utilisation of all our resources — men, material, money, and manufacturing assets, keeping in view all the dimensions of productivity, such as time, cost, quality, delivery, distribution, environment, information, etc? Competition between different sectors for larger and larger share of the resources, coupled with conflicting priorities, programmes, plans and push and pull with various interest groups for whom their sectional interest, and not over-all national interest, is supreme, would make it impossible to formulate a plan suited to our national requirements.

From the Approach Paper it becomes difficult to believe that the Eighth Plan will be realistic in approach. To cite a few stray examples, there appears to be a danger that in some areas capacities may be set up which are heavily dependent upon imported inputs and components and

where there is very little domestic value added if inputs and outputs are appropriately priced. Overall deficiencies in power supply together with interruptions in availability continue to pose a severe constraint which could become extremely acute during the Eighth Plan period. There is a need for further development of price and non-price measures for conservation of energy in industry, commerce and transport. Expansion of the production and use of non-petroleum energy resources is also a Must. It is doubtful whether during the Plan period the gap between irrigation potential and its actual utilisation will be closed, productivity and efficiency of major infra-structure sector will be improved, and the recommendation of the Ninth Finance Commission about at least six per cent rate of return on the outstanding investment made in the public sector enterprises, will be implemented. For rural infrastructure, will the plan ensure construction of all access roads and proximity/access of villages to rail-heads, national or state high-ways, water supply and tele communication facilities ?

Aim of the fiscal management of 1988-89 was to revitalise the drought-hit economy, accelerate the tempo of production especially in agriculture, maintain the priority for export growth, and restore the overall momentum of economic development, while keeping inflationary pressures in check. How far it has been achieved is anybody's guess. For the Eighth Plan period "there is an urgent need for a renewed and concerted effort to speed up research on energy saving devices in petrol-using vehicles and expanding the public transport system, particularly the metro and urban transport systems". "There is potential as well as urgent need for energy conservation through better house-keeping, introduction of more fuel-efficient engines, retrofitting of existing boilers with fuel-efficient ones and replacement of oil with coal and other fuels, wherever possible. There is considerable scope for development of alternative fuels like soft coke, biogas, solar energy, etc. Energy audit and motivating energy saving by appropriate incentives are two areas where efforts so far made have been only marginal". "There is considerable potential for harnessing energy from micro hydel systems, ocean and urban and agricultural wastes". Will the politicised planners take these observations of 'Economic Survey 1988-89' seriously? Non-Commercial energy, i.e. fire-wood, animal dung, etc. is losing its dominant position in the total energy consumption. Will proper balance be established in the consumption of commercial and non commercial energy? Regarding infrastructure industries, any long range strategy is not yet evolved. For example, during 1988-89, there has been no significant improvement in the refinery through-put and in the production of petroleum products. Total availability of POL has been maintained by higher imports to meet the increasing consumption demand. The same device is used in case of other

consumption demands also. Will key infrastructure industries like steel, cement, fertilisers, coal, power, lignite, refinery through-put, petroleum and petroleum products, natural gas. etc. receive a better deal during the Eighth Plan period ?

In 'Panchayati Raj — Malady and Remedy' (Yojana Special 26. 1. 1989) Adishesiah, an authority on the subject, observed "In this situation to hold panchayati raj elections will be to benefit the well-to-do farmers". Nevertheless, ignoring the stress of Dr. Ambedkar on individual, and not village, as the basic unit, the Panchayati raj Scheme is being launched. (Is the proposed crash programme to fill about 40000 posts by appointing Scheduled Castes/Scheduled Tribes candidates through a special recruitment drive a compensating device to console Dr. Ambedkar's soul ?)

However one does not know whether with the announcement of 'Panchayati Raj' and 'Jawahar Rozgar Yojna' the more sensational part of the Eighth Plan is not already out. The approach paper of the plan has not attempted any outline of the pattern of financing the plan, a tax strategy has also not been outlined. The seventh Plan had to be financed to a greater extent by borrowings and deficit financing. In regard to both these items the Paper is not clear. The Approach Paper lists as plan objectives growth and modernisation, poverty alleviation and equity, minimum needs and decentralisation, encouragement to the poor to organise and participate in decision making at various levels. The Paper is full of pious platitudes, but most of its assumptions are more unrealistic than those of the Seventh Plan. The immediate political expediency is the obvious cause of the faulty estimates of different factors, such as the extent of direct foreign investment, the volume of exports and imports, profitability of public enterprises, capacities of private enterprise, the extent of deficit financing, the growth rates, increase in domestic savings, the aggregate investment, total public outlay etc.

Unfortunately, our politicised policy-makers are convinced that a long range perspective of national reconstruction through national planning can be dispensed with and substituted by a populist approach so helpful in election politics, and that there is, therefore, nothing *sacro-sanct* about the unintermittent continuity as well as consistency of the planning process or about the dispassionate advice of non-partisan economic experts like Dr. D. R. Gadgil.

Again, they measure every other civilisation by the degree to which it approximates the western civilisation.

They are convinced that the Western paradigm is the universal model of progress of development, while it is not yet certain whether

their paradigm can be beneficial for them also in the long run for though the prediction of Dr. Ravi Batra regarding great depression between 1990 and 1996 may be taken with a pinch of salt, the fact, that the U.S. has become a debtor country in 1985 cannot be ignored.

The U.S. has become dependent on investors in Tokyo to finance its 120 billion dollars fiscal deficit.

The wall Street Journal, on the occasion of its centenary, asked: "will America's children be better off in 2005 than their parents are now?" and answers, "Not long ago, just to ask that question would have been heresy. Faith in the promise of the future is as fundamental to the American character as the bill of rights is to its democracy. But now that faith is being tested. "(That is why this perplexed and frightened superpower is desperately making frantic efforts to further tighten its imperialistic stranglehold on the developing countries.)

The Planning Commission seems to be blissfully oblivious of these changes in the international economic scene.

It is equally indifferent to the following "five global epidemics" specified by the American experts as "a potentially greater long-term threat to US Security than Soviet military power": the economic stagnation of the developing countries; their environmental damage; the threat to their democracy from the military power; weapons proliferation; and drug trafficking.

### **External Debts**

Excluding outstanding repayment obligations under the extended fund facility of the International Monetary Fund, our outstanding external debt rose to around Rs. 55000 crores at the end of 1987-88 from Rs. 24000 crores in 1983-84, Rs. 13479 crores in 1980-81 and Rs. 10385 crores in 1975-76. The Government now declares that India's aggregate external debt outstanding as on end March 1989 was Rs. 68831 crores. The outstanding obligations from the I.M.F. under the scheme stood at Rs. 4732 crores at the end of 1987-88, as against Rs. 268 crores in 1980-81. Debt-servicing ratio has gone upto around 24 per cent in 1987-88, which is alarming. Today, India tops the list of borrowing countries in Asia. The Institute of International Finance (IIF) has disputed the figures released by the Government of India and estimated India's outstanding external debt at about Rs. 96,320 crores at the end of March, 1989. According to IIF's estimate, more than one-fourth of our gross domestic product has to be kept aside for repayment of external debt.

The approach of the IIF seems to be more accurate. There is no justification for excluding NRI deposits, short-term debts, and revaluation of loans. Outstanding NRI deposits are estimated at a 10.9 billion dollars by the end of 1989-90, and this figure does not include interest on these deposits. According to an official report the Non-Resident Indians (NRI) deposits have gone up from Rs. 1386 crores in 1983 to Rs. 13,971 crores in March 1989. According to the IIF, India will have to pay no less than 474 million dollars in 1989-90 as interest on our short-term loans, and outstanding loans of this type will touch 6.7 billion dollars by the end of the financial year. Revaluation accounts for a difference of 3.3 billion dollars between the estimates of the Government and the IIF. And then, there are secret military loans which are not included in the figures of the IIF or the Government. According to one estimate, these loans may be to the tune of Rs. 15,000 crores, excluding their servicing. This military debt erodes our reserves without showing up in figures.

At the time of India's independence, Britain had left behind Gold, Coin and Bullion worth Rs. 1,810 crores in the Reserve Bank plus Rs. 1,733 crores of Sterling balances, Rs. 425 crores of Repatriation pre-war debt, and Rs. 115 crores in the Empire Dollar Pool, a sum of Rs. 3,452 crores in all. By 1950-51 all the money left to our credit by British had been squandered and we came to owe a debt of Rs. 32 crores to foreign countries. But today, although the volume of exports has gone up to some extent, total external debt at the end of March, 1989 stood at Rs. 96,320 crores. In other words, every Indian owes to the rest of the world an amount of not less than Rs. 1240.

The depreciation in the external value of Indian Rupee as against the major currencies of the World has been responsible for the increase in the burden of our import payments and debt servicing.

India is approaching 24 (Twenty four) countries including Belgium, Austria, Ireland, Norway and Denmark, with a begging bowl. In the Industrial Sector, external component of our plan expenditure has been moving up sharply. Now India is the third largest debtor country in the world after Brazil and Mexico.

According to Shri, J.D. Sethi : "The day Indian debt reached the figure of 100 billion dollars with per capita income remaining around 300 dollars, economic dependency would become complete". (vide Patriot June 23, 1989).

### **Debt-Trap or Death-Trap ?**

To be sure, India is already in a debt-trap. For the Third World countries, such a debt-trap is nothing short of death-trap. In this context,

Pt. Deendayal Upadhyaya had forewarned the Government in his statement after devaluation. Similar warning was issued by Revered Shri Guruji during Indo-Pak war in 1965. Sri. Guruji observed, "As days go by, the urgent need for self-reliance is becoming more and more painfully clear to us. The decision of the Government to continue to release liberal supplies of canal-water to Pakistan, when crops on our side are withering, for want of water and also to continue payment of crores of rupees at a time when every pie is to be conserved for our defence, is a striking instance in point. It is obvious that we have succumbed to the pressure of World Bank on whose obligation we depend for monetary aid. The saying, 'Beggars are not choosers' and so are debtors, has come true to a letter in our case. this is the price we are paying for not having taken care to make our economy self-reliant all these years"

Though such a firm stand might have entitled immediate hardship to us, it would have steeled the nation with a new resolve to make our economy self-sustaining hereafter."

The same reaction was expressed by the twenty three economists in their statement issued in August, 1981 and in the document of Dr. Ashoka Mitra based on that statement. Nobody accepted the validity of the arguments forwarded by Sir Joseph Gold in his pamphlet "Conditionality."

But for obvious reasons the leaders of our Government have not been as courageous and forthright as Michael Manely, the then Prime Minister of Jamaica or President Julius Nyrere of Tanzania.

Consequently, India is already in a death-trap, and our policy-makers are not remorseful about this.

### **The Crux**

The crux of the problem lies in the level of national consciousness of a common man. If this level is raised, the Government will have to follow the policies and programme conducive to the process of national reconstruction. In the absence of this consciousness, no programme, policy or plan can succeed.

Thus, the most important and basic infrastructure of the nation-building is the level of such national consciousness. So far, we have put the cart before the horse. We have started with commissions, committees, panels, formal planning, programmes, projects, schemes, institutions, symposia, seminars, papers, discussions etc. But we have not cared to do the first thing first, that is, to build a builder. As revered Shri Guruji put



it: "Our real national regeneration should, therefore, start with the moulding of *man*". This is precisely that has been ignored all these decades.

This was so because we wrongly believed that every thing can be achieved through the instrumentality of the Government.

The Government has certainly a rôle to play, a duty to fulfill.

In "The Principles of Economic Planning", Shri. W. Arthur Lewis observes :

"Planning in backward countries imposes much bigger tasks on government than does planning in advanced countries. The government has to do many things which can, in advanced countries, be left to entrepreneurs. It has to create industrial centres, to put through an agricultural revolution, to control the foreign exchange most strictly, and in addition, to make a great leeway of public services and of ordinary economic legislation. And all this has to be done through a civil service that is usually much inferior to that of an advanced country."

Posing a question "What it is that can enable then a backward country to carry through inspite of so much error and incompetence?" The learned author says :

"If the people are on their side nationalistic, conscious of their backwardness and anxious to progress, they willingly bear great hardships and tolerate many mistakes and they throw themselves with enthusiasm into the job of regenerating their country. Popular enthusiasm is both the lubricating oil of planning and the petrol of economic development, a force that almost makes all things possible. Even the most backward country will progress rapidly if its government knows how to tap this dynamic force." This dynamic force, or the will-power of a properly motivated organised people cannot be evaluated by any computer. It has its own law of progression. The Patriotic people of that tiny but valiant Bifra have demonstrated this.

Unfortunately, our political leaders have managed to exhaust almost completely this "lubricating oil of planning and the petrol of economic development."

In Pre-Independence days, people had great faith in political leaders who were also the nation-builders. That faith is now being progressively eroded. Politics is now presumed to be a gentle art of getting votes from the poor and campaign funds from the rich by promising to protect each from the other. Before 1947, even those who did not believe with Robert La Follette that politics was just "Economics in action", did, however, presume that it was at its worst "the wise employment of

individual meanness for the public good" (Lincoln). They could never conceive that it could at any time be identified with sheer opportunism, or anythingarianism which was the same as nothingarianism. After the experience of a number of general elections, people have come to believe that a politician is one "who is held upright by equal pressure from all directions" (Eric Johnston), and that his "greatest asset is his lie — ability". This general disillusionment has created a void in public mind. This is the worst aspect of the present scene.

This skepticism does not allow the people to offer willing cooperation to any plan, project or programme. To them the Panchayati Raj of the Prime Minister is not the same as was envisaged by his grandfather who wanted to furnish democracy a broader base. On the contrary, they believe that it will further aggravate various tensions in the rural areas. This curious piece, they know, is "hastily thought through, badly drafted," and politically motivated, and not based on the recommendations of the Commissions chaired by Balwant Rai Mehta, Ashok Mehta or Sarkaria. The motivation behind 'Jawahar Rozgar Yojana' becomes questionable in view of a general ban on recruitment, move for ever-expanding privatisation and the proclaimed policy of indiscreet computerisation. Will the assurance for rural industrialisation end with small-scale industries bringing big capital surreptitiously in rural areas, under the cover of 'benami' transactions? Plan priority to agriculture may benefit only the rural rich. Will the Government agree to set up price-review committee with appropriate powers, as suggested by the ILO team to the Kenyan Government? Will the Planning Commission prescribe financial discipline — covering Centre-State relations — for the Central Government? Will the Government eliminate 'high-income-islands' of the monopoly capitalists before directing its attack on the less fortunate 'high-wage - islands' of wage/salary/earners? Will the Government even at this stage earnestly implement the recommendations of The Report on the World Employment Programme of the I.L.O. and initiate the cycle of raising the purchasing capacity of the lowliest economic unit, boosting up thereby a demand for consumer goods, which, in turn, would boost up consumer goods industries that can provide greater employment and increased earnings to the sub-subsistence level poor people, and help reduce the income disparities?

Naturally, questions posed above are illustrative, and not exhaustive. But, a common man is now convinced that answers to all such inconvenient questions would invariably be in the negative. He has a hunch that the nature of Planning all these years is responsible for aggravating conditions of poverty. What he feels intuitively, has been very ably substantiated, rationalised and intellectualised in this thesis by Shri Daya Krishna.

—D.B. Thengdi