

From New Delhi by Susan Maitra

India's confused planners

The promised "revolution" in economic planning is trapped in rhetoric when infrastructure-based development is needed.

One of the first things the new government of Prime Minister V.P. Singh did was fire all the planners and put their own people in charge at Yojana Bhavan, home of India's Planning Commission. Headed by former Karnataka state chief minister Ramakrishna Hegde, and bristling with sociologists, human rights activists, and assorted populist economists, the new planning commission promised a "revolution" in economic planning and development policy that would redress the bias against agriculture and eliminate poverty.

But, so far, all that has been produced is confusion—prompting one of the new planners' own leading lights, activist Rajni Kothara, to charge the government with failure.

Outsiders watching the spectacle question the competence of the newly constituted body, and wonder whether the new government isn't simply carrying out a diabolical policy to eliminate the dubious institution of central planning by making it a public joke.

The re-drafted approach paper for the Eighth Plan (1990-94) made its appearance only recently, and the proposed plan is not expected before the end of the year. In the meantime, it is hard to find a single thread of rigorous economic thinking around Yojani Bhavan.

Take, for instance, the concept of *area development*, earlier the focus for Eighth Plan discussions. The idea was to decentralize the planning process to the village level. Poverty alle-

viation, employment generation, and health and education were to be provided to clusters of villages. But, long before anyone suggested how this difficult process of identifying, selecting, and funding clusters of villages could start, it became apparent that the planners were whistling in the dark.

Ela Bhatt, a sociologist and herself one of the new planners, told the *Economic Times* recently that the planners didn't have an inkling about the number of employed or unemployed in the rural sector. It would be impossible, she admitted, to prioritize poverty eradication through employment and income generation programs, without first building up sound data for planning in this area.

Similarly, obstacles are plaguing the new government's vaunted commitment to agriculture. Planner L.C. Jain, a self-proclaimed "Gandhian economist," is a champion of the view that an industry bias in planning has caused "serious imbalances" in the economy. But while few would deny that agriculture is the key to the nation's well-being or that it still operates far below full potential, neither Jain nor his colleagues have yet offered a single concrete proposal as to how to correct this.

The government's populist write-off of \$2 billion in farmers' debts will not touch the problem. And the new planners' preferred panacea—*decentralization*—is just as irrelevant. Deputy Prime Minister Devi Lal was constrained to point out as much. He as-

sembled the planners one day to tell them point-blank that the agricultural sector suffers from two major problems: lack of irrigation and lack of power. Only the central government can remedy this, he said.

Ironically, for all the new planners' professed commitment to "rural development," the concept remains foggy. It is not news that the Indian economy shows respectable growth in industry and agriculture, at the same time that 48% of the population is stuck below the poverty line, 60% is illiterate, and employment has actually dropped sharply. Nor is it news to have people in power vow an end to poverty. The question remains, what concretely is to be done in the name of rural development that will help eradicate poverty?

As Bombay-based economist Freddy Mehta points out, many programs have been carried out during the last decade under the banner of "rural development." Each one was based on handing out cash or "assets" to rural poor, through a huge bureaucracy that ate up five times what it delivered. No significant dent was made on poverty.

There is another way to develop India's rural sector, namely through development of its infrastructure—power, irrigation, manpower, transportation, and communication. Such an infrastructure-based development will lead to enhanced agricultural productivity, and lay the foundation for efficient middle- and small-scale industries to come up, which, in turn, will generate employment in bulk. In this way, the rural sector will not only develop, but will also be able to sustain future growth without cannibalizing desired industrial growth.

So far, however, neither the planners nor the government have given a hint of looking in this direction.