

Choice of techniques

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"An institution is the lengthened shadow of one man", Emerson had observed. Undoubtedly, the Planning Commission was nurtured under the overstretched shadows of the socialist ideals of Nehru. While the Modi Government's decision to consign it to the dustbin of history was most welcome, one cannot but look without apprehension into the government's consideration to create a replacement institution. Institutions have a life of their own, and once established, they cannot simply be wished away. If its replacement inherits any of the weaknesses that had made the Planning Commission such a dysfunctional but growth-obstructing institution, the substitute will also continue to corrupt our governance system for a long time. We ought to be very careful in resurrecting it in another form, without adequate thought and clarity about its intended role and purpose.

With its unrestrained powers and authority, the Planning Commission was serving powerful interests that ensured its survival for such a long time. Its abolition is no guarantee that these interests will go of their privileges so easily ~ they are more than likely to stage a come-back, albeit in a different guise. This chain needs to be broken irrevocably, before history repeats itself. History is replete with examples of new incarnations of old institutions having inherited the character and shortcomings of those they have replaced. As a nation with an abundance of talent and entrepreneurial capacity, we need to consider if we really need another institution in place of the Planning Commission to guide the nation by their own ideas.

It may be interesting and instructive to draw from the experiences of other countries in this regard ~ for example, the BRICS countries India is often grouped with. In the erstwhile Soviet Union, the State Planning Committee, known as Gosplan, was responsible for central economic planning since its inception in 1923, till the dissolution of the Soviet Union in 1991. Gosplan was responsible for creation and administration of a series of five-year plans governing the economy of the USSR, much like the Planning Commission in India during 1950-2014, or the State Planning Commission in China during 1952-1998. But after the break-up of the Soviet Union, countries that rose from its debris have shifted determinedly from planned economies to market economies by adopting liberalisation, privatisation and globalisation as the only way forward, and some of these countries, like Estonia, have registered GDP growth exceeding 8 per cent, transiting into advanced economies. Russia does not have a centralised planning system anymore; the state control that had marked six decades of overwhelming dominance of all investment, production and consumption decisions by the Communist Party is now a nightmare of the past. The country is grappling today with the decrepit legacy of its earlier centralised planning system.

Like the proverbial phoenix, China has risen from the ashes of the Cultural Revolution that ended in 1976. Chinese planning had initially followed the same Soviet model adopted by us. Till the economic reforms began under Deng Xiao-Ping in the late 1970s, private industry was virtually non-existent in China, and industry was dominated by state enterprises and a rigid and coercive regulatory regime characterised by command and control. All resources ~ land, labour, raw materials

and capital ~ were provided by the State which determined the production and distribution plans and their final output. But since the 1990s, as reforms heralding China's movement towards a market economy took firm hold, planning became more and more indicative, engaging only with projections, trends and bottlenecks while allowing and encouraging the private sector to grow and compete with each other and also with State-run enterprises. As the State gradually withdrew from control of economic activities, in 1998, the State Planning Commission was restructured. It was merged with the Commission for Restructuring the Economic System, established in 1982 to direct economic reforms, and renamed the State Development Planning Commission. In 2006, it was further rechristened the National Development and Reforms Commission (NDRC), omitting the word 'Planning'. This indicated a paradigm shift to declare that China was no longer a centrally planned economy.

We may recollect that at the end of the Seventies, India was ahead of China in terms of socio-economic development. The early years of the present century saw India and China being bracketed together as 'Chindia', when our growth nearly matched China's. But courtesy the disastrous decade of UPA rule, China today is light years ahead of us and we are unlikely to catch up with it ever again. Nobody recalls 'Chindia' anymore, and comparison with China may be out of place. So let's see how Brazil has fared.

Till the early 1990s, Brazil was mired in a web of crises, much like our own. About 40 per cent of the population were poor ~ half of them sunk in absolute poverty characterised by severe deprivation of basic human needs. With Gini coefficient measuring 0.6, it also had one of the highest income inequalities in the world. Poverty, exclusion and backwardness made the country a potential volcano, ready to erupt at any moment. Under its new 1988 constitution, it undertook extensive reforms by liberalisation of trade and financial sectors, decentralisation and deregulation, elimination of forex barriers, privatisation and enforcement of fiscal discipline. By bolstering the market to generate income and designing innovative social sector programmes like Bolsa Familia delivered through a system of conditional cash transfers, it had eliminated absolute poverty just within a decade. By 2012, its per capita income rose to \$ 11690 and poverty ratio shrunk to only 9 per cent of the population. Today the gap between India and Brazil is as wide as the distance that separates them. In 2012, India's per capita annual income was only \$ 1440, and even at a much lesser poverty line drawn by our now-defunct Planning Commission, India's poor constituted 21.9 per cent of our population.

South Africa of course was a different story because of its apartheid past that ended only in 1994, when its first democratic elections were held and the African National Congress came to power. It started with a Development and Reforms Programme as the primary socio-economic programme, which ultimately was transformed into the New Growth Path (GNP) under the current President Jacob Zuma. Under GNP, a National Planning Commission (NPC) was set up in 2009 to chart out a roadmap for development with a 20-year horizon. In 2013, it finally came up with the 'National Developmental Plans ~ 2030'. NPC, however, is not a Government entity but a body of 26 experts from outside, appointed by the President to advise on matters impacting long-term development. It is perhaps too early to assess its impact and efficacy.

A central overarching body is thus not a necessary prerequisite for development. The 73rd

Amendment to our Constitution provides for planning at the grassroots level of villages, and consolidation of these plans all the way up. This way a realistic plan can be made by considering the local needs and addressing the implementation bottlenecks, since people actually responsible for implementation will be involved in this bottoms-up planning process. Planning must be a responsibility of states, which cannot be relegated to technocrats and experts on any pretext. It should be the priority and responsibility of the elected representatives who should drive the process through consensus and involvement of all stakeholders including experts. The process of consensus-based planning will ensure efficiency of the plan, and involvement of elected representatives will strengthen the accountability mechanism. If a think-tank is imposed upon the nation, the weight of the tank may sometimes become an obstruction and a weariness, leading again to inertia and what can perhaps be called fossilism. We need not cling to the old ways after life has completely departed out of them.