

PLANNING MACHINERY SHOULD BE PLACED ABOVE POLITICS

It is a pity that amidst all the dust that has been kicked up in recent weeks over the shortfalls and distortions of the Third Plan, one institution that has escaped without its rightful share of blame for the economic mess, is the Planning Commission itself. The Government and the administrative machinery as a whole have been severely criticised, and rightly so, for the gaping shortfalls in the first year of the Third Plan; but the Planning Commission as an institution has all along assumed an air of injured innocence. Even the brief report which Mr. Nanda placed before Parliament and which passed for a review of the first year of the Third Plan was a scrappy, disjointed narration of truths and half-truths. This document was in any case a weak link in the series of informative reports that was released in the Second Plan period and was perhaps deliberately designed more to conceal than to reveal.

The Third Plan was prepared after years of study by the Perspective Planning Division and other departments of what has become one of the largest planning organisations in the world. The Plan was drafted against the background of 10 years of planned development and with an intimate knowledge of current developments in the economic and political fields such as the transport, coal and power shortages and other economic stresses inherited as legacies of a decade of planning and the border troubles with China and Pakistan, both of which have claimed a fairly high level of defence expenditure. As if the colossal machinery that the Planning Commission has built up over the years were not enough, the State Governments have set up their own planning cells. To fortify this further, both the Centre and the States have their own panels of economists, statisticians and industrial experts, not to speak of the Indian Statistical Institute where a large number of foreign and Indian technical personnel are engaged in Plan studies and the Central Statistical Organisation with a large staff of its own. The Government has also had

the benefit of advice from the Research Department of the Reserve Bank. It is indeed a sad commentary on our planning technique that with all this equipment, within almost one year of the Plan's publication, we have been confronted with serious misgivings about its targets and assumptions and with the prospects of an upward or downward revision all along the line.

What makes the prospect worse is that the distortions and imbalances have emerged precisely in those spheres—predominantly the industrial sector—where we all along believed that we had the most reliable data. The information pertaining to the industrial sector which is normally collected and analysed by the Industries Division of the Planning Commission and the Ministry of Commerce and Industry, especially the Development Wing, is of a range and quality that are certainly not available in other spheres of the country's economic activity. Yet, it is precisely in the estimates of the production, demand and consumption of such basic items as cement, steel, electricity, coal, transport and fertilisers that our projections have gone hay-wire. If we could be led astray by the planners in such organised fields, it is not surprising that we have been let down equally badly in other spheres. For instance, the rate of growth of national income was expected to be five per cent; instead of this the accomplishment in the first year is a mere three per cent. Prices were expected, at any rate assumed, to remain stable; but even the usually tardy official index of wholesale prices, which is weighed down by an excessive representation of inactive and superfluous quotations, has registered a rise of 3.4 per cent. *The Economic Times* index of wholesale prices has shown a rise of 4½ per cent. Another large assumption in the Plan was that Central Government undertakings, excluding the railways, would provide a surplus of Rs. 300 crores; judging by budgetary estimates, these undertakings as a whole had certainly made no beginning in this direction during

1961-62. Added to this, foreign exchange requirements were heavily under-estimated and even invisibles, which were in the country's favour during the Second Plan, took an adverse turn in the first year. With exports amounting to Rs. 656 crores in the first year, the annual average of Rs. 740 crores appears a distant prospect even assuming that exports rise in the coming years.

We have over the recent years heard so much about some of the latest techniques imported to buttress the domestic planning paraphernalia—"model building", "econometric models", "input-output analysis," "flow-of-funds analysis" and so on. The question inevitably arises whether with all these modern weapons embodied in this planning jargon we should still be confronted with a situation in which the basic structural variables of the economy take their own course without much relevance to the pre-determined estimates. The Planning Commission in this country cannot plead lack of power; it has, in fact, functioned in several fields as a super-Cabinet. It may be easy to blame the administrative machinery in general for all the sins of omission and commission; unfortunately the governmental machinery has done little *not to deserve* this compliment. But its peculiar composition—the Planning Commission at its top is only a concentrated version of the Central Cabinet itself—places

planning in this country even above governmental censure. It is not surprising that targets cannot be worked out with dependable precision and a measure of relevance to past performance, capability and current needs of the situation. More often than not, development targets which should be closely tailored to economic realities are a mere echo of political whims and compromise; occasionally, economic estimates have had to be carefully worked backwards—from pre-determined conclusions to what may be deemed plausible premises.

The tone and quality of planning in this country will significantly improve only if the planners work in a freer atmosphere and with a personality of their own. Planning could no doubt be directed to adhere closely to the broad economic objectives of the country and the party in power. But unless the planning machinery functions with a degree of autonomy, uninhibited by the vagaries of political exigencies and in an atmosphere in which both the planning and administrative authorities can freely and fearlessly exchange criticisms on their respective shortcomings, our development will continue to be the unfortunate essay in misdirected energy and money that it is today.

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