

WISE COUNSEL: REFLECTIONS ON THE PLANNING ERA

Text of the Seventh Sharada Prasad Memorial Lecture delivered by Shri Jairam Ramesh, New Delhi April, 15, 2018¹

I

I am delighted to be invited to deliver this annual lecture which now beginning to sound like a Ram bhajan mandali-- after a Ram Guha in 2016 and a Shriram Ramaswamy in 2017, now a Jairam Ramesh. Next year, perhaps Sitaram can figure!

I had met and interacted with Sharada Prasad quite a few times in the nineties and my longest conversation with him was at his residence in November 2002. That was very much an education. Over the past two years, he re-entered my life in a substantial way while I was researching for biographies of Indira Gandhi that came out last year and of P.N. Haksar which will be published very shortly. He figures quite a bit in both and naturally so.

Sharada Prasad was a crucial part of Indira Gandhi's core team from the day she became Prime Minister on January 24, 1966 till she was assassinated on October 31, 1984. He exuded such gravitas that she always referred to him as 'Sharada Prasadji' even though he was seven years younger. He was more than someone who translated her thoughts and beliefs into wonderful and unmatched prose. He was her confidant on many matters and I can testify, on the basis of primary material in the archives, that on various matters including people, culture, nature, literature, history and the arts particularly, she very frequently sought his advice.

¹ I am grateful to Gopal Gandhi, Ramachandra Guha, Mahesh Rangarajan and Sanjiva Prasad for very useful comments on an earlier draft of the lecture.

Unlike some colleagues of his like P.N. Dhar and B.N. Tandon, Sharada Prasad left behind no memoir of his tenure with India's third Prime Minister. That, in many ways, is a reflection of his intellectual integrity. But he has left behind a delightful anthology of some of the newspaper articles he had written—alas, of only some. This volume is still a wonderful read sixteen years after it first came out. I was also fortunate to find some letters of his—one to his friend and colleague Natwar Singh and another to Haksar himself---which I want to quote from because they are absolute gems and reveal much of the man.

The letter to Natwar Singh is dated July 20, 1975. The Emergency had been imposed twenty-four days earlier. Sharada Prasad wrote:

I was just reading an article of Schlesinger in *Daedalus* on the historian as participant. I cannot claim to be a historian. Nor am I participant : at best a fitful witness. Nine and a half years ago, when I took up this job, I imposed on myself a self-denying ordinance—that I would keep no diary, keep no notes. Diaries are not always truthful. They record the minutiae but miss the essence. They are also self-serving, for a diarist always has a future reader in mind except perhaps the medieval monk who confessed on paper as a form of psycho religious masturbation. And then, I knew that any diary would be a very fragmentary story. Being so near the top haven't we so often felt that though we know more than others, how little we really knew?

This is a lesson to anyone in public life and to those who pass off diaries, memoirs and supposedly eye-witness accounts as objective history. Sharada Prasad then goes on in the letter to write about the Emergency and ends up by telling Natwar Singh:

As for friends of India their instinct and yours and mine is right that this country and this person can never be despotic—and the entire operation was necessary to save the political structure. When we speak of our political structure or aims, the leftists only speak of socialism, the Anglo-US-European liberals only of pluralistic democracy, neither group gives much importance to secularism. The cardinal mistake of JP and company was to hand over the controls to RSS and no man in his senses can ever say that a RSS-led Opposition Front can preserve a system based upon religious tolerance and equality.

Much has been written about the Emergency. Here is a short, contemporaneous account by an insider that hits the nail on its head and that has relevance even today.

The other letter of Sharada Prasad that I want to quote from is dated September 30, 1993. Haksar had been encouraging him to put down his recollections of his long stint with Indira Gandhi—something ironically Haksar himself never did. Sharada Prasad wrote:

..You have a right to ask me to put down my memories of some of the historic events and processes we have been through and of that unfathomable person we worked for. But remembrance of things past makes me very uncomfortable and also the thought that history is perhaps made by adventurers abetted by cowards and confused people. A further contributory factor is the medical problem that impaired my memory, because of which what were once certainties have become uncertainties. I can only explain this to you when we meet. Therefore, please do not ask me to jot down memories...

Indira Gandhi has been called many things: charismatic, compelling, controversial, contradictory and what not. Sharada Prasad captured her memorably in this letter with the word '*unfathomable*'. It is a haunting description with which Haksar would himself, no doubt, have related to instantly.

II

While inviting me to deliver this lecture, Sanjiva Prasad also helpfully laid down a topic. I would have very much liked to speak on Sharada Prasad, Indira Gandhi and Haksar but Sanjiva had other ideas. He wanted me to speak on a subject related to a phase of his father's life that has been eclipsed by his Prime Ministerial years—the phase during which he had much to do with the Planning Commission and that very few people know about. I think what may have influenced Sanjiva is the fact that I myself spent almost seven and a half years in the Planning Commission—and intellectually some of my most rewarding years at that.

Yojana is the name of a monthly magazine that started getting published by the Planning Commission from January 1957 initially in English and Hindi. We don't know who exactly came up with this idea. In all probability it might have been Tarlok Singh the legendary civil servant who was then Secretary of the Planning Commission—so legendary that the Planning Commission was often called Tarlok Sabha! Whoever it was, Nehru liked the idea and sent a message for the inaugural issue. His message gives a

flavour of what was being embarked upon in those exciting years of nation-building. He wrote²:

There are many magazines and periodicals published in India. I think, however, that the proposal to issue *Yojana* is to be welcomed. Its very name tells us what its function is going to be.

We have framed and published the Second Five Year Plan and many resolutions have been passed in regard to it and yet I feel adequate publicity has not been given to it. The Plan is not meant merely for a few at the top. It is definitely a people's Plan requiring the understanding and the willing cooperation of our people all over India.

It is therefore necessary that the message of the Plan should reach our masses and more particularly to those living in our villages. *Yojana*, I understand, is intended to be a journal for mass circulation which will go to all over Community Projects and National Extension Blocks, to cooperatives and panchayats and to voluntary organisations and our workers in different fields of national life. Much of this field is untouched and, therefore, *Yojana* will be doing pioneer work of great importance....

Tarlok Singh persuaded an unemployed Khushwant Singh to be the founding editor of the English edition of *Yojana*. Khushwant Singh has a hilarious section on his two-year stint in his autobiography *Truth, Love and a Little Malice*. He left frustrated, as he writes, not because he was going nowhere but *Yojana* itself was going nowhere. He could not have been more wrong because under his successor, the man we honour today, the publication took off and came to occupy a distinctive niche. Sharada Prasad was to in this position for seven years before entering the Prime Ministerial orbit.

Sharada Prasad was self-effacing to an extreme and never spoke or wrote of what he accomplished. But in his tribute to Tarlok Singh published in the *Asian Age* of December 28, 2005, uncharacteristically Sharada Prasad recalled the difference he brought about in the magazine and it is worth quoting at some length³:

² Selected Works of Jawaharlal Nehru, Vol 36, Second Series, edited by Mushirul Hasan, Oxford University Press 2005.

³ I am grateful to Ravi Visvervaraya Sharada Prasad for bringing this to my attention.

I was able to persuade the Planning Commission to change the approach of “Yojana”. If it could not become a mass journal which would reach the countryside, it could be built up as a journal that described and discussed planning and development in layman’s language and be of use to school-teachers, students and the moderately educated persons. I retained many of the features of the original “Yojana” of Khushwant Singh, like the importance it gave to culture and conservation, since they too are vital to development. The frequency with which ‘Yojana’ articles were reproduced by regional journals was a measure of the success of this line. Tarlok Singh and the Commission gave me a free hand. When discussing developmental issues, it was natural that some of the articles were critical of the official policy. This added to the credibility of the journal. Other governmental editors asked me how I could get away with it. “By not asking for clearance. The trouble with advice is that if you ask for it, it will be given. The trouble with permission is that if you ask for it, it will be denied”, I used to say in reply. But the credit should go to Tarlok Singh and his innate gentlemanliness. I might here refer to one other rule we had made for Yojana and that was never to print photographs of ministers. We did not even print Jawaharlal Nehru’s picture. The only time we did so was when he died.

Jaane Kahan Gaye Woh Din, as the very well known Mukesh number for Raj Kapoor goes. Be that as it may, *Yojana* itself continues to be published and that too in thirteen languages—even though Yojana Ayog and Yojana Bhavan are history. It is read avidly by civil service aspirants and has an enthusiastic following, particularly in that uniquely Indian word ‘mofussil areas’.

III

The Planning Commission was no private hobby-horse of Jawaharlal Nehru conjured up all of a sudden when he became Prime Minister. In 1934, the legendary engineer M. Visveswaraya had published his influential book “*A Planned Economy for India*”. In 1938, as Congress President Netaji Subhas Chandra Bose set up a National Planning Committee and on the advice of the eminent astrophysicist Meghnad Saha, persuaded Nehru to become its Chairman. In 1944, the Bombay Plan, put together by an eminent group of industrialists that included J.R.D. Tata and G.D. Birla, spoke of a mixed economy for a free India in which planning would have a role. That same year, Ardeshir Dalal one of the architects of the Bombay Plan was appointed member of the Viceroy’s Executive Council and given charge of a newly-created planning and development department. In September 1946, an Interim Government began to function under the chairmanship of the

Viceroy with Nehru as the Vice President of the Executive Council. A few weeks later, this body formed an Advisory Planning Board under the chairmanship of K.C. Neogy of the Hindu Mahasabha which suggested the appointment of a Planning Commission--the first time such a term may have been used.

Thus planning was very much in the air those days and there was hardly anyone who disagreed with the view that the reconstruction of India required intelligent planning which, in turn, required some institutional machinery. There have some attempts by some commentators to invoke the name of Dr. Ambedkar in support of market-oriented liberalization. The reality, as Dr. Bhalchandra Munekar reveals in his recent book *The Essential Ambedkar*, Dr. Ambedkar also consistently stood for an active role of the state in economic transformation and often wrote and spoke of the imperative for a planned economy in India. Even the Gandhians, who were in a minority when it came to economic policy, advocated planning but, to be sure of a different sort. Shriman Narayan in his *A Gandhian Plan for India* that came out in 1944 called for a planning commission but to revitalize India's traditional industries. A year later, M.N. Roy published his *People's Plan*.

The Planning Commission came into being on March 15, 1950. It was designed to be purely as an advisory, recommendatory body. It is generally not known that Nehru first wanted Dr. Rajendra Prasad to head the Planning Commission. There is a long letter from Nehru to Prasad dated December 8, 1949 in which he bared his soul on the prevailing political situation and in which towards the end he wrote:

I mentioned to you when you were here the probability of our having a planning committee or commission of a high order. I shall not repeat what I said about it then. You told me that you did not feel that you could take charge of any such commission. I accept your decision about it if you feel that way.

The reason for Prasad's reluctance to accept Nehru's offer was simple: it was taken for granted that he would be the first President of the Republic. On the other hand, Nehru's own preference for the President's post was Rajaji but that was not to be. Prasad became President on January 26, 1950. The Prime Minister then offered the post of Chairman of the Planning Commission to Rajaji but he too politely refused. Thereafter,

Nehru sounded N. Gopaldaswami Ayyangar, then Minister of Transport.

Let us hear what happened subsequently in Nehru's own words contained in a letter to Sardar Patel on February 20, 1950. Nehru informed the Deputy Prime Minister and Home Minister:

About the Planning Commission, after much consultation I had come to the conclusion that Gopaldaswami might be Chairman and other members should be Chintaman Deshmukh, Gulzarilal Nanda, Gaganvihari Mehta and Mahalanobis. On further thought I dropped Mahalanobis. You will remember that in the Working Committee and elsewhere strong pressure was brought upon me to be Chairman of the Planning Commission. It is a work I would like and my being Chairman would certainly give it the importance that I would like to give it. The only difficulty was one of adding to my activities. On hearing other people's arguments, I began to feel that it would be desirable for me to be Chairman. But the main work should fall on some other member of the Commission, who could be Deputy Chairman or function as such.

The same day Nehru wrote to the Finance Minister Dr. John Mathai in which he mentioned the offer to Rajaji as well:

Some days ago I spoke to you about the Planning Commission.....I have given a great deal of thought to this matter. At first, I tried to induce Rajaji to accept the Chairmanship. But he finally refused. I thought then of Gopaldaswami Ayyangar. He would make an excellent Chairman. But I hesitate to ask him to leave the Transport Ministry which he has managed so well. I have also been pressed by many people, whose opinion counts, to accept the Chairmanship of the Planning Commission myself. I was anxious to avoid this. But on balancing the pros and cons, I feel it might be desirable for me to do so, at any rate to begin with. I think that this Planning Commission should be first-rate, both from the point of view of work and that of impressing people.

The Prime Minister was always to remain Chairman of the Planning Commission but clearly it was not pre-ordained. In February 1950 as I have just recounted, Jawaharlal Nehru was the Prime Minister's fourth choice for that post. All three--Prasad, Rajaji and Ayyangar— held economic views different from those of Nehru and yet he wanted them to head the Planning Commission clearly to give it a weighty political profile. Interestingly, in his letter to Mathai, Nehru also suggested that an industrialist be included as a member of the Planning Commission. For some reason, however, that did not happen, although it could be argued that Gaganvihari Mehta or G.L. Mehta as he is popularly known,

represented Indian industry. He played a key role in getting ICICI going and was to become its second chairman in 1958.

The Planning Commission was engulfed into a controversy almost immediately on coming into being with Mathai resigning ostensibly because of its formation. Ironically, he had announced the decision to establish a Planning Commission in his budget speech of February 28, 1950. But a careful reading of the Nehru-Mathai correspondence will reveal that this was only part of the story and there seemed to have been many other reasons for the professional estrangement between the two. These reasons need not detain us here. Suffice it to say, the Planning Commission survived the early shock. Within a short span of eighteen months it was able to come out with the First Five Year Plan document which was, among other things, to establish the reputation of a young twenty-eight-year-old Dr. K.N. Raj. The Second Five Year Plan saw the heyday of the Planning Commission and firmly enshrined the name of Mahalanobis in India's economic history although it led to a serious foreign exchange crisis in early 1957. This crisis had profound consequences for economic policy in the years to come. Interestingly, it took another grave foreign exchange crisis in 1991 to bring about a paradigm shift in economic policy.

The first two Plan periods built the public sector in key areas like steel, energy, fertilisers and heavy engineering, created the infrastructure in science and technology, rural credit and industrial finance and agricultural and defence research. This was to serve the country well for decades and provide the essential foundations for growth. Nehru is given credit for the IITs and CSIR laboratories and is criticized for neglecting agriculture. His role in helping establish agricultural research institutions in Ludhiana, Hyderabad, Pantnagar, Bhubaneswar and Jabalpur is forgotten. It is also worth remembering that planning was very much part of the great Nehruvian enterprise of building a scientific temper in a society where obscurantism was widely prevalent. This assumes even greater significance now with claims from the ruling establishment that our ancestors conducted plastic surgery, discovered flight before the Wright brothers, expounded a superior theory to Einstein's path-breaking theory of relativity and that Darwin was a hoax. But this much I can say of the 1950s from documentary evidence: the world's first solar cooker was developed at the National Physical Laboratory in New Delhi in 1954 and by the mid-1950s, Indian engineers at HMT were

quizzing a visiting Japanese delegation whether Japan could make machine tools with numerical controls. The Japanese team was distressed that Japan had none. As Ezra Vogel has described in his book *Comeback*, the team went back and in the spring of 1958, Japan unveiled the first generation of numerically-controlled machine tools that were to revolutionise manufacturing at the Osaka Trade Fair.

What about GDP growth, the God of our Times? India's inflation-adjusted GDP between 1900 and 1950 grew by a measly 0.8% per year. *During the First Plan, a decisive break with the historical trend took place and real GDP growth accelerated to 3.6% per year and to 4.3% annually in the next quinquennium. India in a decade had broken half a century of economic stagnation and decline in per capita income.* We applaud the post-1991 acceleration of growth, as indeed we should. But the big growth push in the first two Plans was no less impressive, achieved under vastly more difficult circumstances.

The sixties were a period of great political and economic turbulence caused by two wars and three successive monsoon failures. This took its heavy toll on the planning process. Just when it appeared to have been put back on its rails, another war, the first great oil price hike and two monsoon failures struck again sending the Planning Commission into a tailspin. Haksar's appointment as Deputy Chairman in January 1975 brought new respectability and clout to the Planning Commission. It is, incidentally, not true to say as most accounts have it that Indira Gandhi banished him to the Planning Commission. He was living in retirement and he had literally to be cajoled by her to take on the assignment because she genuinely wanted to impart a new thrust to the organization created by her father. In the twenty-eight months he was there, he certainly did. The public investment programme staged a robust recovery with focus on agriculture and energy. Over the first few decades of planning, public investment was itself to create a whole new industrial class as Harish Damodaran captured very well in his fine book *India's New Capitalists*. The 'Andhrapreneurs'—the large number of Telugu businessmen—were, in many ways, a creation of the planning era. A large number of academic and research institutions across the country were also to be established and encouraged as part of the planning process.

Allow me a small diversion here. For years Sharada Prasad was Indira Gandhi's wordsmith. But there was a time when she wrote things herself. There is a delightful letter from her while in Moscow to Nehru dated June 25th, 1953 which tells the story of what she thought of Soviet planning in an unusual manner which has not been bettered by any scholar. She wrote⁴:

....I went to 'Volks' , the people who look after foreigners this morning...K.P.S. [K.P.S. Menon, the Indian Ambassador] had drawn up a rough programme but I told Prof. Dinesov that if he had any suggestions we could change or add to the plan. The Prof, a most genial man with no hair (its shaved off) remarked, ' Now isn't that just like a woman—to make a plan to want to change it?'. I replied, ' No, it's like the Soviet Union. You make plans but you want to achieve more than the plan'. The old man was very pleased and immediately drank a toast to Indian women!

That unfortunately could not be said of Indian plans and I will come back to the reasons for this before closing.

IV

Over the years, the Planning Commission had some outstanding men at its helm : administrators like V.T. Krishnamachari and P.N. Haksar: politicians like C. Subramaniam, D.P. Dhar, Ramakrishna Hegde and Pranab Mukherjee: economists like D.R. Gadgil, D.T. Lakdawala and, of course, Dr. Manmohan Singh. All the big names of the Indian economics fraternity have been associated with the Planning Commission at some stage of their professional lives. In addition, it has been the entry point and nursery for young economists who then on to make their distinctive contributions in government service—names like Nitin Desai, Yoginder Alagh, Vijay Kelkar, Rakesh Mohan, Arvind Virmani and Pronob Sen--come readily to mind.

The Planning Commission was the place where conventional wisdom of the day could be and indeed was questioned: sometimes it would be proved right and sometimes it would be proved wrong. The nationalization of wholesale trade in wheat in mid-1973 masterminded by the-then Deputy Chairman D.P. Dhar is a

⁴ Two Alone, Together: Letters Between Indira Gandhi and Jawaharlal Nehru 1922-1964, Sonia Gandhi (ed), Penguin 2004.

striking example of the latter. It was in the Planning Commission that the first steps for environmental assessment of industrial projects and social cost-benefit analysis of public investments were taken in the mid-1970s. It was in the Planning Commission that the early blueprints for industrial and fiscal policy reform were prepared in the second half of the 1980s. Before it was wound up, one of the lasting contributions it made to public policy was its deep analysis of universal health coverage and of low-carbon growth options for India.

The Finance Commission is a body set up once every five years and its life is usually around eighteen months or so. It is the Planning Commission that provided a continuing forum for states to interact with the Centre and amongst themselves as well. Forget the National Development Council meetings which were very formal and set affairs. The Annual Plan discussions which took place with states often lasting a month or two were occasions where issues relating to the economic and social development of individual states would get discussed in considerable detail.

During the preparation of the annual budget of the Centre, the Planning Commission was the spearhead for greater public expenditure clashing invariably with the Finance Ministry in its championing of a bigger Plan financed by the Budget. Pranab Mukherjee the Finance Minister in the early 1980s resisted Planning Commission demands for greater public expenditure but in the early 1990s he found himself making similar demands of Dr. Manmohan Singh. Speaking of Dr. Manmohan Singh, he himself was cautious as a civil servant in the Finance Ministry in the 1970s but found himself pushing for greater public expenditure as Deputy Chairman between 1985 and 1987. It shows what that job was all about. It was to be the flag-bearer for increased developmental spending.

V

Books of the planning era are numerous, written by both Indian and foreign scholars. I would spend hours in the Planning Commission library going through some of these classics. I want to mention three of them because they capture what the Germans call the *Zeitgeist*—the spirit of the times-- wonderfully well. They are largely forgotten now but they are essential reading for anyone trying to understand India's economic history.

The first is A.H. Hanson's *The Process of Indian Planning* which, published in 1966, is truly a magisterial account of the first decade and a half of the Planning Commission. It is solidly researched, hugely informative and written engagingly. The second is George Rosen's *Western Economists and Eastern Societies* which, published in 1985, highlights how India had, in the 1950s and 1960s, become the Mecca of development thinkers. It is generally not known that even a planning kafir like Milton Friedman was to spend time in this country in late 1955. Another University of Chicago professor and later a public servant in his home country, the Polish economist Oskar Lange gave copious advice on how Indian planning could be an exemplar of market socialism. Three of the first four Nobel Laureates in Economics between 1969 and 1971—Ragnar Frisch, Jan Tinbergen and Simon Kuznets—were involved with our planning process as had Gunnar Myrdal who won the honour in 1974. George Akerlof who shared the Nobel Prize in 2001 did part of his award-winning work while at Indian Statistical Institute (ISI), Delhi in 1967/68. Those years the ISI provided the intellectual ballast for the Planning Commission.

The third book is a slim volume: slim only in size but extraordinarily hefty in content. This is Sukhamoy Chakravarty's *Development Planning* which, published in 1987, is, to my mind, the best introduction to Indian planning that anyone can ever hope to read. Economists are rarely lucid writers but this book is a singular exception. One of the great economic mysteries to me when I was much younger was why India, of all late industrialisers, Japan included, did not follow the 'textiles first' strategy of industrial transformation. I always used to think that this had to do with the great fascination of Nehru, Mahalanobis and others with the rapid industrialization of the Soviet Union in its first Plan during 1928-32. This, I discovered after reading Chakravarty, was only part of the explanation. Bringing in domestic political economy considerations as well, he wrote:

...Emphasis on textile exports would have required supporting a particular regional group of industrialists at the expense of others. Furthermore, there was the Gandhian legacy which viewed the textile sector as pre-eminently suited to small-scale initiative....He [Mahalanobis] too [like Mao] assigned an important role to the highly labour-intensive part of the textile sector. This precluded a fast rate of growth in a modern textile industry.

As I was preparing for this lecture, a new book published just a few weeks back landed on my desk. This will, I venture to say, soon become a standard reference work. David Engerman's *The Price of Aid* is a meticulously researched economic history of India during the Cold War—he tells the story from the Indian, Soviet and American point of view. He has mined many sources but his is the first work I know that makes use of Soviet archives to shed new light on Indian planning and personalities who shaped it on the Russian side, like Evgeny Varga and M.I. Rubinshtein.

Engerman also reminds us that Nehru preferred to use the phrase “socialistic pattern of society” instead of “socialism” which was a red rag to both Gandhians, private industry and large sections of the Congress party. “Socialistic pattern of society” is normally associated with the historic Avadi session of the Indian National Congress held in January 1955. In point of fact, the Lok Sabha had the previous month on December 21, 1954 passed a resolution that had said

This House having considered the economic situation in India...is of the opinion that the object of our economic policies should be a socialistic pattern of society.

The phrase itself, as I.G. Patel had revealed in his 1996 Lakdawala Memorial Lecture, was not Nehru's but that of a conservative economist J.J. Anjaria who was then both Economic Adviser to the Planning Commission and the Ministry of Finance. He later became India's first chief economic adviser in the Finance Ministry during 1956-61. Nehru's authoritative biographer S. Gopal has described it as an “odd, half-hearted phrase” but it was, in my view, a reflection of both the political and social realities in which Indian planning was embedded, not the least being Nehru's profound commitment to parliamentary democracy and his abhorrence for violent upheavals. Socialism in terms of ‘public sector occupying the commanding heights of the economy’ may have lost its meaning but as an objective ‘socialistic pattern of society’, with endemic inequalities removed and true equality of opportunity assured irrespective of caste, has still much to recommend itself.

While on socialism, let me tell you a little-known story which is poignant in many respects. Nehru was holidaying at the circuit house in Dehra Dun and on the evening of May 25, 1964 wrote a foreword to a book called *Socialism and Indian Planning* authored by Shriman Narayan then Member of the Planning Commission.

Nehru came back to New Delhi the next evening and the foreword was sent to Narayan's residence. Less than 24 hours later India's first Prime Minister was dead making this foreword perhaps the very last thing he penned. This is what gives the foreword its historical significance and I can't but quote from it.

...Socialism has become rather a vague word, with many messages attached to it. In the modern world with its dynamism and its tremendous technological progress, it is clear that this concept of socialism itself undergoes a change, and yet its fundamental principles remain. In India, it is important for us to profit by modern technical processes and increase our production both in agriculture and industry. But, in doing so, we must not forget that the essential objective to be aimed at is the quality of the individual and the concept of dharma underlying it.....

Some people think that our progress since independence has been slow. I do not think this is correct. Considering the background of India and her people, and the necessity of changing the social structure of the country, I think that the progress we have made is substantial. It has laid the foundations for future advance, and it has done so on a democratic basis. This future should be more rapid than the past has been.

VI

Morarji Desai, V.P. Singh, Chandra Sekhar and I.K. Gujral all had been Congressmen before they became Prime Ministers. The two Prime Ministers in the pre-2014 era who came from the non-Congress stream were H.D. Deve Gowda and Atal Bihari Vajpayee. But both of them were committed to the idea of planning and respected the idea of having a Planning Commission. Deve Gowda brought in a former finance minister the widely respected Madhu Dandavate as Deputy Chairman and Vajpayee had Jaswant Singh first and thereafter K.C. Pant. Thus while regimes changed the Planning Commission continued. It was only in August 2014 that the Prime Minister announced that the Planning Commission would be abolished and in its place a Niti Aayog would be set up. This was in keeping with the new Prime Minister's mindset: everything must bear my imprint, no matter what the history and what the legacy. Years of resentment at the Planning Commission raising legitimate questions on the so-called Gujarat model of development and its relative failures in areas like health, education and family planning must definitely have dictated the Prime Minister's decision.

At one stroke, a counter-weight to the Finance Ministry was abolished. At one stroke, a powerful voice for states, particularly the poorer and disadvantaged ones, in the corridors and rooms of power stood abolished. At one stroke, a forum from bringing different viewpoints to the table stood abolished. At one stroke, one source of contrarian advice and thinking, one source of in-house honest criticism stood abolished. Planning was associated with Nehru. Vajpayee was a product of the Nehruvian era and his obituary speech on Nehru's demise is a masterpiece. But the present Prime Minister is obsessed with the obliteration of Nehru in every respect. In my view, the decision to abolish the Planning Commission was as much a Tughluqian move as was demonetization.

The Planning Commission never had the awesome power (or even a fraction of it) as its Soviet counterpart Gosplan or even the Japanese MITI. Nor could it. Indian planning was more *Indian* planning than Indian *planning*. As a result, over time it became an alibi for our collective failures. If India had not achieved universal literacy, the Planning Commission was at fault. If Indian industry was not competitive, the Planning Commission was to blame. If poverty and malnutrition persisted, it was because of the Planning Commission. It was a convenient whipping boy for what the country was not able to achieve. *But here is one fact that is never recognized. According to the World Bank database, if you consider GDP per capita in current US dollars or GDP per capita in Purchasing Power Parity (PPP) terms in constant 2011 international dollars, India's per capita income was higher---yes, actually higher-- by about 15% than that of China in 1990. Since then, China's per capita income has increased sixteen times, while India's has gone up about six times.* The gap between India and China widened astronomically not during the planning era but actually during the market reforms era. Yet we cling to castigating the Planning Commission for what we have not been able to accomplish.

VII

The Planning Commission had always to contend with multiple objectives, some of which were always in conflict with each other. But that was only to be expected and indeed, I would argue, even desirable. Planning in India was never a coldly rational and technocratic exercise. It was an exercise in political bargaining,

negotiation, contestation and compromise as well, always keeping in mind the over-riding objective of national integration. Indeed planning, as I recall Gunnar Myrdal having written in his magnum opus *Asian Drama*, was intended to provide the intellectual matrix for national integration.

Nothing demonstrates this better than the great preoccupation the Planning Commission had to what used to be called 'balanced regional development'. These days, we hear only of cooperative or competitive federalism or the latest buzzword "aspirational districts". Often times, economics would be set aside and location decisions taken consciously on grounds that backward regions would be opened up. Freight equalization of steel enabled the growth of steel-based industries in different parts of the country, although it did, we must admit, erode the comparative advantage of the eastern region in this area. Public investment in the south had spectacular results and led, for instance, to the emergence of Bangalore later to be renamed Bengaluru and Hyderabad as major growth engines with Tiruchi being another example. But sadly, it did not have the same impact in the eastern region and although places like Bokaro, Rourkela, Durgapur and Ranchi did get an initial impetus, they never flowered like the south Indian cities.

The Planning Commission did not keep India poor as it is often alleged. It actually kept India together. It performed valuable functions, more often than not, at an arms-length relationship from the government in power. It even stood up to the government in power on numerous occasions while being part of the system so to speak. After over six decades, it certainly needed a large dose of adrenalin. But what was administered to it in 2014 was a poison pill. What we now have in its place is an intellectually mediocre drum-beater for the powers that be. I don't mind admitting that something in me died when the last rites of the Planning Commission were performed four years ago and it faded into history unmourned and unappreciated. This lecture is a belated tribute to it, to what it accomplished and most of all to what it embodied and represented.

Thank you.