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of

Decentralization

For the last couple of years, discussions are heard of at the political or even at the academic levels that we have to chalk out a developmental policy that incorporates the concept of decentralized planning. To quote from a recent study,

"..... decentralized planning must be seen as an instrument for making the planning process more responsive and relevant to the people's needs and problems. This will not only ensure greater social justice but will also release latent potential of human and material resources. Thus decentralized planning should be regarded as not only a 'cost reducing' but also a 'resource augmenting' process."

The re-emergence of the emphasis laid on the need for decentralized planning may be the realization that even after almost four decades of planning (at the central level!), we have hardly been able to enforce social justice² in our country. We observe that from 182 millions in 1957-58, the rural population below poverty line has increased to 222 millions by 1984-85. A study has put considerable blames on the Five Year Plans instituted at the central level for such happenings.

"A major discrepancy and therefore a major lacunae in India's Five Year Plans arises from our attempts to alleviate rural poverty and to raise rural against urban incomes with the capacity to change relative growth rates of agriculture and manufacturing..... Roughly 2/3 of income of the country is closely associated with urban areas while 1/3 is firmly based in rural areas as against 3/4 of the population reside in rural areas."³

Arguing further, Shetty points out that "the Seventh Five Year Plan with a modified rate of growth of 8% for industry while agriculture only at 4% endorses the declining opportunities of the rural areas"⁴.

What actually do we mean by 'decentralized planning' when we plead a case for or against it? In the Indian context, the concept embodies the devolution of decision-making-power

regarding planning and development at a sub-state level. From the very beginning of our planning era we do have planning bodies both at the central as well as the state levels. Thus, decentralized planning implies a choice of planning unit at the sub-state level, may be the village or block or subdivision or even the district. Such choices are obvious keeping in mind the administrative infrastructures that have already been built up at those levels. Ofcourse, there has been an inconclusive debate- one that is still going on- regarding the choice of unit vis-a-vis decentralized planning. However, we have no scope for highlighting the debate in the present context. So how then to define the concept?

As the institution of Panchayati Raj has been in existence for a long time ever since its inception in the early fifties it may be argued that it should have taken deep roots into the rural society. This institution is characterized by the election of people's representatives at village, block as well as district levels. Further, since decentralization, at least in the present context, signifies devolution of decision making power from the top to the bottom, we can have a practical definition of decentralized planning that may be put as :

Decentralized Planning is a planning process where the decisions regarding further economic development, i.e, planning and their consequent implementations are undertaken at the village, block or district levels by the elected people's representatives through the institution of Panchayati Raj.

Having obtained the definition of 'decentralized planning, we can now attempt tracing the emergence of the concept in the pages of the history of the development of Indian

political and economic thought. And in this context, it is interesting to note that the necessity of having decentralized planning process in our country were felt a number of times even before we attained independence. Studies reveal that 'development from below' was the concept introduced for the first time by the late Prime Minister Jawaharlal Nehru..... To him planning was an instrument not only to improve the prevailing economic conditions but also the social characteristics of Indian society particularly in the rural area. To achieve this, he wanted the 'Panchayats' to be drawn into the network of planning and its implementation'.⁵ "Nehru carried himself the expression 'Panchayat Raj' to give an Indian name to the words 'Democratic Decentralization' so as to translate the Gandhian 'Gram Swaraj' through self-help."⁶

Mahatma Gandhi, just after India became independent, commented,

"True democracy cannot be worked by twenty men sitting at the centre. It has to be worked from below by the people from every village."⁷

Gandhi further argued that it is only through decentralization as visualized in the Constructive Programme, that the means of production of the elementary necessities of life can remain in the control of the masses.

However, Gandhian concepts of "Constructive Programme", "Trusteeship" were condemned and criticised to be utopian, unprogressive etc. by many. Even Nehru categorically discarded the concepts of Trusteeship and Khadi Movement viewing them to be an intensification of individualism in production that will lead to a throwback to the pre-industrial age.

The First Five Year Plan formulated under the stewardship of Nehru aimed at initiating measures of social justice on a wide scale. Although it was admittedly a 'plan of preparation' and 'little more than a five year programme of Govt.-expenditure', the need for decentralized planning was recognized from the very inception of Five Year Planning in India. The Community Development Programme was introduced in 1952, i.e., in the midst of the First Plan and was extended so as to cover 12,000 villages at the end of the First Plan.

"The Fundamental aim of the Community Development Movement is that the people in the villages are enabled, through their own efforts and in co-operation with one another, to bring about improvements in all aspects of rural life and rapid betterment of their standard of living - the Government assisting by providing technical assistance and organizing supplies of credit. The institutions through which self-help and co-operation are enlisted and all efforts are channelled are (i) the panchayats at the village, block and district levels, and (ii) a network of co-operatives with the primary society at the base, linked up to federated units at higher levels. Social change is sought to be achieved by a programme of activities which may be broadly as under:

- i) Increased employment and production: Every family should have a plan of its own -- scientific agriculture in its widest sense, cottage and small-scale industries, etc-- and the necessary assistance should be given for this.
- ii) Co-operation: The co-operative movement is the main agency for social change. It should be spread so that every family is represented on at least one co-operative society on its own right. The primary aim is to encourage thrift and promote social cohesion....."8

Interestingly, although Nehru strongly criticised the Gandhian ends of 'Gram Swaraj', the means to achieve it, i.e., the concept of 'Panchayati Raj' very much attracted him. Thus we observe that during the course of the Second Plan, the Community Development Programme got itself strongly associated with 'Panchayati Raj'. "The Second Plan clearly visualized a well

organized democratic structure of administration within the district in which the village panchayats would be organically linked with popular organizations at the higher levels. Pending further studies, the Plan offered interim proposals for setting up District Development Councils and also Development Committees in the blocks. The recommendations of the Study Team set up by the Committee on Plan Projects in favour of a system of 'democratic decentralization' were considered by the National Development Council in January 1958. The Council emphasized that the foundation of any democratic structure had to be democracy in the village."⁹

The Second Plan further proposed in the context of Community Development Programme that "along with the district, the block should serve as a unit of Planning and Development. It was suggested that in the following fields, proposals for the Third Plan should be drawn up by the States on the basis of district and block plans:

- (1) Agriculture including minor irrigation, soil conservation, village forests, animal husbandry, dairying etc :
- (2) Development of Co-operatives:
- (3) Village Industries :
- (4) Elementary education, specially provision of school buildings for local committees :
- (5) Rural water supply and the programme of minimum rural amenities, including construction of approach road or rail head; and
- (6) Works programmes for further utilization of man-power resources in rural areas."¹⁰

However such expectations were belied as we find Iyengar reporting, "Although efforts were made in several states to prepare block plans specially in agriculture, in the main, the plans of States have been prepared independently of local plans."¹¹

The Balwant Rai Mehta-led Study Team on Community Development and National Extension Service (1957) clearly pointed out the failures of the Community Development Programme to evoke popular initiative.

Not only the Balwant Rai Mehta Committee, but also we find Nehru himself lamenting in 1963 that it was a pity that the whole movement of Community Development which aimed at improving quality of living of men and women in rural areas, was getting into the rut. "We are losing ourselves in procedures, in long discussions..... and not doing what we are supposed to do in this matter." Regarding Panchayati Raj, Nehru argued, "We must give power to the people even though it leads us to hell. We will certainly come out of the hell if we get there..... The trouble is that we deal more with papers than with practical work. We prepare and issue such enormous papers as are difficult for people to digest."¹²

Regarding the carrying out of the task of democratic decentralization, however, the Mehta Committee suggested the creation of a three tier system of Panchayati Raj institutions. The report was very enthusiastically accepted and legislative measures were taken up in various states for setting up Panchayati Raj institutions.

The planners also took the cue from the Mehta Committee

Report (1957) and hailed the legislative measures taken up by the States towards the creation of Panchayati Raj institutions as the major significant step forward. The Third Plan regarded the growth of Panchayati Raj institutions as one of the principal tasks to "enable each area to realize its maximum development potential on the basis of local man-power and other resources, co-operative self-help and community effort, and effective use of the available resources and personnel."¹³

Interestingly, "the euphoria generated by the initial efforts at democratic decentralization, however, did not last long. The progress of setting up Panchayati Raj Institutions were halting and uneven..... The conflicting bureaucratic interests and political pressures saw to it that these bodies remain anaemic or defunct and elections to Zilla Parishads often been kept in abeyance for years at a stretch."¹⁴

The study by Sen and Roy¹⁵ regarding Community Development Programme corroborates to such an argument. On the basis of an all-India survey, they observed that the owner-cultivators have been benefitted the most from the programme. Moreover, they found that the programme had been still seen as an official venture and the people depended on the government to do things for them. The block development officers rather than their elected representatives were considered as the key man in the programme.

These observations along with Nehru's lamentations help us understand that, although, so far as policy framing was concerned, there were attempts at imparting social justice through active participation of the people at the grassroot-level,

that could not be ascertained due to the bureaucracy wielding much power than the people's representatives. And such a phenomenon even led to the benefits of the programme going to the richer section of the village-folks.

Is it to be believed then that the onus lies solely on the bureaucracy regarding the non-achievement of the goal of reducing social justice? It is better we have an idea regarding income inequality that persisted during the sixties. Bardhan¹⁶ estimated that percentage of rural population below the minimum level of living increased from 38 in 1960-61 to 53 in 1967-68. Ahluwalia¹⁷ estimated the incidence of poverty to have risen from 38.9% to 56.6% during the same time period.

Interestingly, it is during this period of time that the Rural-Urban Relationship Committee submitted its report in 1966 and emphasized on the concept of area management where " a whole area should be treated as one unit for administrative purposes and rural and urban areas falling within it should be treated as integral parts of the area for the purpose of overall planning and implementation of the development projects." The Committee recommended the districts which were already in existence as administrative units should also be considered as units for planning taking into account both rural and urban areas falling within its respective jurisdictions because such an idea was "compatible with national objectives, regional requirements, local needs, people's aspirations and technical and administrative constraints".¹⁸

On the other hand, scholars started arguing for the implementation of the community Development Programme in the

urban areas. To quote, "Rather, the Community Development Movement would have been able to achieve very good results if urban areas have been taken up first. It is in such areas that we have initiative and enterprise, with the additional advantage of concentration in small areas. A hundred such urban centres dealt with by Community Development Programme would have proved most effective as instruments of audio-visual instruction. Even now it would be wise to shift the emphasis from the rural to urban areas."¹⁹

The argument put forth above in the preceding two paragraphs, makes clear at least two points in this context. Firstly, planning at the village level could not be initiated due to lack of administrative infrastructure at that level, implying the bureaucracy's supreme authority in the implementation of developmental policies and secondly, the argument that the urban areas should be given more emphasis in the development policies also gained high currencies among some intellectuals. Although it is no denial of the fact that the urban areas were not having the problem of poverty, still considering the larger incidence of poverty in the rural areas and further, understanding well that the urban poverty was also a direct consequence of rural poverty - a result of migration of poverty from rural to urban centres - the emergence of such an idea clearly represented a deviation from the avowed goal of enforcing social justice taken up in the plan-documents since the beginning of the planning era.

Incidentally, against this backdrop, in the late-sixties, India, along with some other third world countries, turned into the hotbeds of rising dissatisfaction among the rural

population which in some cases even culminated into peasant struggles. "The special survey done by the Home Ministry in 1969 on the nature and causes of current Agrarian Tensions in Rural India [was] a clear indicator of the growing unrest."²⁰

So the priorities had to be remodelled. The Fourth Plan underlined the need for strengthening the planning machinery at different levels. The Planning Commission issued detailed guidelines for the preparation of district plans in 1969. And by the early seventies were observed important changes in the planning process in terms of strategy, approach and organisations. The emphasis having shifted to a target group approach, several programmes were initiated aiming at poverty removal and employment creation, the most notable being, Crash Scheme for Rural Employment (CSRE) MFAL, SFDA and different Area Development Schemes. Singh argues that "with the launching of these programmes the need for microlevel decentralized planning came to be increasingly realized."²¹ However, the concept of people's participation was hardly given any opportunity to creep into these programmes. Although new agencies were evolved to implement such programmes, those also remained tied to the bureaucratic machinery. And the schemes went on to be operated even during the Fifth Plan. What were the results ?

Prof. Amartya Sen observed,

"The recent Indian schemes to promote employment partly reflect increasing public concern with the phenomenon of rural poverty. The magnitude of this poverty, no matter which estimate one accepts, is, however, so large that even if the schemes all prove highly successful no dramatic impact can really be expected. Further those who are affected do not in fact come from below the poverty line as was noted in reviewing the CSRE, SFDA and MFLA programmes.

"The class composition of the beneficiary is by no

means as straight-forward as it may first appear. Through significant loopholes in the conceptions of programmes it has turned out that many among the poorest cannot benefit at all from this programme, while some of the relatively better-off can be covered by them. The institutional framework of rural India makes this problem extremely real."²²

A World Bank Report also supported Sen's observation arguing, "While the target groups among the rural poor gain from secondary employment, the owners of the assets, specially land, typically obtain large benefits from the infrastructure created."²³

Thus, in the process of our attempt to find out the answer to the question as to why were the earlier prescription to do away with such difficulties, we have also obtained the answer to the next question regarding the compatibility of the 'policies' with the then situation. Recalling from the earlier chapter that by the late 1970s there were observed,

- a) increasing fluctuations in the growth pattern of NDP;
- b) a structural retrogression of the Indian economy;
- c) the emergence of the agricultural sector, as still the largest generator of employment potential; and
- d) existence of a traditional sector, in spite of a trend towards modernization,

it was quite clear that there had been a perceptible change in the situation by the seventies compared to what it was during the 1950s. The so called 'trickle down' expectation turned out to be complete myth.²⁴

Consequently, there arose the need for evolving a new strategy. The World Bank observed that the earlier policies failed due to the inability to activate grass-root level socio-

economic institutions in regions and sub-regions of rural areas to ensure 'people's participation' in rural development. The report stated, "There is a growing consensus that the effective planning and implementation of rural development programmes requires the following elements :

- 1) A National plan or programme of action for rural development, together with supporting national and regional policies and adequate central-local financing arrangements.
- 2) A strong organisation at the national level to coordinate vertically organized, central government sectoral departments.
- 3) Greater decentralization with effective machinery at the regional and local level to coordinate the sectoral activities of national departments operating in the region and regional and local departments.
- 4) Participation by the rural poor in the planning and implementation process through local government project advisory committees, co-operatives and other forms of group organisations."²⁵

Consequently, the Indian planners, who were eager to find out a cause behind the failure of the earlier policy, took up the cue and started cursing the old policies for not ensuring active participation of people at the grassroot level through decentralization of power regarding developmental decision making.

Thus spake the Draft Sixth Plan (1978-1983):

"The Plan, whose primary emphasis is on rural development and rural services, will demand a much greater level of organisation and public participation than past plans."²⁶

Accordingly, the Draft Sixth Plan introduced the concept of IRDP,

a programme that had already been introduced in other third world countries since the early seventies. With the premature change in the government, and the new Sixth Five Year Plan (1980-85) replacing the previous one, the emphasis on IRDP, a concept popularized by FAO and other related UN agencies, was further intensified with all the blocks being brought under its purview by 1980.

And parallelly, efforts were on to operationalize the process of decentralized planning. Reports were submitted by the Working Group on Block Level Planning (1978), The Committee on Panchayati Raj Institutions (1978) and the Working Group on District Planning (1984). In short, it comes out that all the reports were unhappy with the existing state of affairs and suggested certain modifications in the procedures, mostly related to the spatial expanse of the unit of planning and the course of involvement of the Panchayati Raj Institutions in decentralized planning process.

We may take stock of the impacts of the recommendations of several expert committees in the context of operationalizing the process of decentralized planning. As we have already spelt out the case of IRDP will be taken up separately in the context H2.

It is to be noted that along with IRDP, a number of employment generation programmes such as NREP, RLEGP etc were introduced simultaneously. Studies have shown that they also failed miserably to attain the objective of enforcing social justice.²⁷

Reviewing the plan documents and reports of various

committees and working groups, Singh provides a unique summary regarding the pre-requisites and essential features of decentralized planning. They are :

- 1) Decentralized Planning is considered to relate the developmental effort to the specific resource endowment, potential and need of each area. Further it has to elicit popular participation in plan formulation and implementation;
- 2) District level planning will act as the central pivot in the decentralization process, providing a link between grass root planning and state level planning;
- 3) Multiplicity of planning organisations at the district level has to be done away with;
- 4) Sectoral programmes from above has also to be abandoned;
- 5) The process of decentralized planning is to be gradually carried to the lower levels. However, it should not be relegated upto the village level. The block may be a more appropriate unit for area planning; and
- 6) The Panchayati Raj Institutions at different levels are the most appropriate bodies to be made responsible for decentralized planning.²⁶

Singh²⁷ further provides a critical assessment of the aforesaid prerequisites. We are not repeating them. It is better we concentrate a bit more on the sixth prerequisite for decentralized planning as mentioned above. It is well known that since the early eighties, some states started the process of planning at the decentralized level. Most notable among them are West Bengal and Karnataka. Now, a successful approach towards decentralized planning is surely the handing over of the decision

... households possessing the small holdings. On the other hand that of households possessing large holdings enjoyed a steady decline.³¹ At the state level, even the same trend holds good in West Bengal, often referred to as the 'red fort' of the Communists. The Agricultural Census

making responsibilities on to the elected representatives of the Panchayati Raj Institutions. However, for such an approach to try implement social justice to the down-trodden poverty-stricken rural masses and to arrive at a truly participatory democratic forum at the panchayat level we must have proportional representation of all the communities existing at that level. Here is an interesting study on Karnataka. After the 1983 elections to the Zilla Parishads, 56% of the ZP Adhyakshas were found to be belonging to the two dominant land-owning castes, although these two castes constituted only 28.6% of the population of the state. In terms of occupation, most of them were found to be large farmers. Out of twelve such Adhyakshas only three had land-holdings below 5 acres and of them only two belonged to the non-dominant backward caste and the rest to the scheduled caste. On the other hand, out of the five Adhyakshas having land holdings of over 40 acres, four belonged to the two dominant classes of the Vokkaligas and the Lingayats, the rest being a Coorgi. Two more Adhyakshas belonging to the Vokkaliga caste had holdings between 20 to 40 acres and the rest, one Kuruba and the other a Jain, a minority community, had holdings between 10 and 20 acres. The study rightly questions, "When the institutions of democratic decentralization operate in a grossly inequitable rural setting..... how can planning and implementation of development activities for the rural poor be delinked from the skewed political structure?"³⁰

Against this backdrop of observation cited in the previous section, we would like to set ourselves to provide answers to the following questions :

1) Why there had been continual reference in the course of preparing Indian development policy of having a system of decentralized planning through people's participation at the grass root level? Or, what purpose does the process really serve? and;

2) Why did they fail to deliver any good at the grass root level in our society?

Before going for providing any answer to the above questions, it is better to consider the structure of the Indian economy. As per the text book terminology, India is a mixed economy in the sense that her development policy accommodates both public sector and private sector enterprises. The private sector has been given a free hand regarding the production of consumer goods subject to certain control and check by the government, whereas the public sector has been given the monopoly to produce the very basic capital goods and to provide the necessary infrastructural facilities. And further with the nationalization of commercial banks and the insurance companies, the public sector also enjoys an almost complete control over the financial capital market. On the other hand, in the context of agricultural production, the process of marginalization is moving at a rapid pace. Between 1961-62 and 1982, there has been an increase in the percentage of households possessing the small holdings. On the other hand that of households possessing large holdings enjoyed a steady decline.³¹ At the state level, even the same trend holds good in West Bengal, often referred to as the 'red fort' of the Communists. The Agricultural Census carried out in 1985-86 reveals that the number of marginal holdings (land

below 1.0 ha) increased by 6.6% between 1980-81 and 1985-86. On the other hand the number of large holdings(land size of 10 ha and above) declined by 8.9% over the same period. In 1980-81 there was hardly any land holding of size below 0.02 ha. By 1985-86, there were noted about 24,800 such holdings. However, one may argue such a symptom should not be called 'marginalization' in the context of West Bengal as it may have resulted from a successful implementation of the land reform measures. Such an argument receives a severe jolt when we consider studies that observed that the category of medium and large farming households still control a very high share of land compared to the proportion of households falling in those size classes³². A quantitative picture comes out of the Agricultural Census document for West Bengal carried out in 1985-86. Only about 9.9% of the land holdings still account for 35.6% of the total agricultural land under use in the state, whereas on the other hand 90.1% of the land holdings, belonging to the small and marginal farmers constitute 64.4% of the total operated area. With the ushering in of the process of marginalization, the agricultural sector has in general come in for a crisis in terms of its importance vis-a-vis the national production structure. Whereas in 1960-61, the agricultural sector could provide 51% of the NDP, by 1986-87 its share came down to 33.3%. This is the result presumably of two major governmental policies. Studies have shown that agricultural growth in India is very much dependent on the growth of yield. And such a growth of yield is directly related to the use of modern technologies involving HYV, controlled irrigation, chemical fertilizers, pesticides among

others, or in other words, to the sustenance of the green revolution.³³ Interestingly, it has been already observed that the so-called green revolution did benefit only the landlords and rich peasantry³⁴, since it were only they who could take the risk of going in for big investments that the introduction of modern technology demands. Thus the steady going marginalization process is offering the opportunities of growth in agricultural process to a gradually declining number of agriculturists. The situation has been pathetic further as a result of the policy of the government in terms of keeping the prices of the agricultural products low vis-a-vis that of the industrial products. Since NDP is always measured in value terms, the comparatively high price of the industrial products also tends to inflate the share of industry in the NDP in relation to that of agriculture.

So it is clear that the surplus that is generated out of the agricultural sector is controlled only by a few handful of peasant proprietors. Shetty quoted an ICSSR - Punjab State Planning Board joint study to point out that because of their inadequate incomes, about one-third of the marginal farmers and one-fourth of the small farmers in Punjab -- the base of green revolution-- are living below the poverty line.³⁵

What happens to the surplus? Previously, the surplus generated in the rural areas controlled by the feudal lords were mainly used up in luxury as there were no such machinery at the hands of the industrial capitalists to channelize the surplus to be invested in their enterprises. Prior to nationalization, the commercial banks hardly had any rural network. However, with the

nationalization of banks, interestingly in 1969 when the green revolution was just making its presence felt, the Indian capitalists found it easy to channelize the surplus from the rural areas to the urban production centres. And that is the indication of the beginning of a direct collusion between the landed elite and the bourgeoisie. Such a proposition gets a support, although not fullproof, when we observe that from 8321 at the end of 1969, the number of commercial bank branches increased to 54163 by the end of September 1987³⁶ and most of them were situated in the rural areas. To be a bit more specific, the share of rural branches increased from 22.17% in June 1969 to 55.83% by June 1987. This is further evident from the RBI data that in June 1978, almost nine years after nationalization of the first batch of commercial banks, the credit-deposit ratio for the rural India was 52.5% compared to 79.9% for the urban metropolitan cities. However, with the IRDP being introduced at a rapid rate since 1979 the gap seems to be narrowing down.³⁷

In this context it is important that we divert a little to understand the political economy of nationalization of the banking industry. Such an understanding will help us to conceive of the problems of poverty, rural development and decentralized planning in a some what better light.

India with effect from January 3, 1977, by the Constitution (forty second) Amendment Act 1976, came to be known as a "Sovereign Socialist Secular Democratic Republic". The addition of the words 'Socialist' and 'secular' to the existing idea of "Sovereign Democratic Republic", which was accepted ever

since the introduction of the Constitution of independent India, did not indicate any drastic change in the state policy. That India wants to achieve a socialistic pattern of the society was asserted way back in 1954.

Having realized that the avowed goal of India was to achieve socialism and by the mid-seventies the goal had been achieved, constitutionally speaking, the impression about such an achievement needs to be formalized. What are the symptoms of the typical Indian socialism? Judging the several governmental policies the symptoms come out to be :

- a) To put a considerable emphasis on the importance of public sector investments in the Plan-documents and the Industrial Policies;
- b) To go for the nationalization of almost all the leading scheduled commercial banks as well as the insurance companies; and
- c) To create a situation of providing equal opportunities to all her citizens through taxation, labour legislations etc and the recent experiments of poverty alleviation programmes.

One may argue that the decision on the part of Indian state-power to go for centralized centralized planning is itself an indication of India's going socialist. For them Seymour Harris asserted, "Planning has no place under pure capitalism, for it does not allow much room for the capitalist trinity -- sovereignty of the consumer, the tyranny of the price system and the quest for profits".³⁸ If that argument are to be accepted simultaneously we have to face the next question : Is it then so

that the present declaration of the policy of decentralized planning is an indication of a movement towards 'pure capitalism'? Such is so asked because of the fact that by 'planning' Harris wanted to mean centralized planning alone.

However, in the context of the present discussion we do not accept the question as it is and also the logic behind raising such a query seems questionable. However, in course of our analysis, attempt will be made to answer the question, from a different view-point. It should be clarified at the very outset that we do not accept such a simplistic formulation of ideas in a world so complex in understanding.

Let us start with considering the first symptom of socialism in the Indian context. Such symptoms relate to the emphasis given to public sector enterprises throughout the planning period in the country. Scholars argue "India has followed the path of democratic centralism as an instrument for developing more on the pattern of socialist development. Concept of mixed economy has been followed in which public and private sectors play complementary roles but the public sector is assigned a leading role"³⁸. Table:3.1 provided in the appendix to the chapter shows the outlay and investment during the five year plans.

The interesting observation that emerges from Table:3.1 is that although upto the Fourth Plan, public sector investment increased both absolutely and relatively vis-a-vis private sector investment has been following a declining trend. And interestingly enough, it is during the period of the Fifth Plan, that India was Constitutionally declared a socialist country

through the 42nd Amendment to the Constitution.

How then to explain this apparent paradox ? We have to trace the history of planning through the pre independent period. In 1944 , eight leading industrialists of India led by Puroshottamdas Thakurdas and J.R.D. Tata prepared "A Plan of Economic Development for India", popularly known as the Bombay Plan. And quite interestingly, the Plan pointed out clearly that "the precise form in which the capital may be raised will depend among other things, on the role to be assigned to the state in the future economy of the country..."⁴⁰ That the Plan earnestly argued in favour of State control over economic activities gets clear in the following lines from the Plan documents.

" During this period, in order to prevent the inequitable distribution of burden between different classes which this method of financing [by deficit financing , i.e. by manufacturing money to create wealth] will involve, practically every aspect of economic life will have to be so rigourously controlled by government that indivisual liberty and freedom of enterprise will suffer a temporary eclipse ."⁴¹

Regarding the planning for industrial development, the Bombay Plan distinguished between two principal categories of industries : a)basic industries and b) consumption goods industries. To quote from the plan documents:

"Basic industries, which could get priority over the other type of industries in the earlier years, would include amoun others the following principal groups :

- Power : Electricity
- Mining and metallurgy : iron and steel, aluminium, manganese etc
- Engineering : machinery of all kinds, machine tools etc
- Chemicals : heavy chemicals, fertilizers, dyes, plastics, pharamaceuticals etc.

Armaments :
Transport : railway engines and wagons,
shipbuilding, automobiles, aircrafts
etc.
Cement

These industries are the basis on which the economic superstructure envisaged in the plan will have to be erected."42

Quite obviously, the first government of the independent India could smell the intentions of the preo-Congress formulators of the Bombay Plan and the Industrial Policy Resolution of April, 1948, as well as the First Five Year Plan document clearly revealed the emphasis of the state control on those basic industries, excepting of course, the cement industries. The Second Five Year Plan document clearly pointed out that all industries of basic and strategic importance, or in the nature of public utility services, should be in the public sector. Other industries which are essential and require investment on a scale which only the states in the present circumstances, could provide, have also to be in the public sector.43 The same argument was echoed in the Industrial Policy Resolution of 1956. However, interestingly, the whole policy thrust started moving in the opposite direction since the Fifth Five Year Plan. The Draft Fifth Five Year Plan document (vol.:1) noted that the repercussions of the shortfalls during the Fourth Plan on the performance of public sector enterprises, the major investors in core industries such as steel, fertilizers, non-ferrous metals, heavy engineering, has had an an adverse impact not only on industrial production but also on allied service industries such as power and railways, on agriculture, on the creation of internal financial resources and on the balance of

payments.⁴⁴ To come out of the impasse, 'approximately Rs. 4000 crores (were) expected to the private sector investment in key and essential industries in the Fifth Plan period'.⁴⁵

The question that emerges automatically is : what are the reasons behind such a volte face in the State Policy towards private sector industries, that emerges when one intends to read between the lines ?

The answer to the question above can be given properly only when we consider the second symptom of Indian socialism that indicates the nationalization of the banking sector in 1969. With the solid network of bank branches even extending to the distant corners of the rural India since nationalization, the banking sector started playing an important role in channelizing the surplus generated in the rural and semi-urban areas to the urban areas. Table:3.2 provides a clear understanding of the trend of the expansion of the banking sector ever since its nationalization.

The table shows the emphasis given on expansion of bank-branches in the rural areas. Whereas in 1969-70 the number of rural branches was only 1832, it increased more than 16 times to 30781 by 1987-88. On the other hand the number of total bank branches increased only about 6.6 times or so over the same period from 8262 to 55015. Well, this was one of the avowed reasons behind nationalization, with the idea being to extend banking facilities even to the distant rural areas. However, if we look into the credit facilities provided by the commercial banks we get a completely different picture. Both Table:III & IV help concieve the situation. Although figures could not be

obtained on comparative basis, Table:3.3 shows the concentration of credits in a few metropolitan and urban areas even three years after nationalization, i.e., in 1972. In December 1972 14 cities of India accounted for 50.5% of the total deposits but enjoyed 65.9% of the credit facilities provided by the commercial banks.

The table clearly shows that out of the four metros excepting Delhi, all the rest enjoyed a higher percentage of advances than that of deposits. They together accounted for 32 % of the aggregate deposits but grabbed 45% of the available credit sanctioned by the Indian banking sector.

However, the above argument does not suffice to prove the claim that the banking sector was nationalized to serve the industrial interest by channelizing the surplus generated in rural India to the metropolitan and urban industrial centres. Two weaknesses can be cited regarding the above evidences. Firstly, it does not have the comparative flavour as we get in a time series. Secondly, 1972 situation can be easily disregarded to portray the expected results of nationalization, since it may not be expected that such effects would be felt within three years of taking such action.

However, we can present statistical evidences for the later years, and that also in the form of a time series to support in a stronger way the proposition that is intended to be ascertained. Table :3.4 gives the credit - deposit ratios separately for the rural , semi-urban and urban/metropolitan areas.

The table clearly reveals that inspite of so many

honest (!) attempts, the rural sector of the Indian economy still enjoys a lower credit-deposit ratio than its metropolitan/urban counterpart. The situation of the semi-urban area is worse further. Of course, there is a trend towards the narrowing down of the disparities, for reasons which will be clarified in the course of the argument that follows. Thus it gets portrayed that the industrial interest in the metropolitan/urban centre of the country gained the most even after the nationalization of the commercial banks. To prove the point further let us concentrate on Table:3.5

The table clearly portrays that ever since nationalization, the commercial banking sectors issued larger and larger amounts of credit to the commercial sector than to the government. To add further to it we find in table VI that follows, that from the eighties onwards the investment by the nationalized banking sector in the securities of the non-government enterprises is quite significant having reached the level of 15987 crores of rupees in 1987-88 from rupees 3181 crores in 1979-80.

Table:3.6 may in one way account for the declining trend in the net bank credit to commercial sector as percentage of that to the government since the early eighties as we found in Table-V. With more and more investments by the commercial banks in the non-government securities, the demand for credit on the part of the commercial sector might have slackened.

Thus we believe that now there are grounds enough to accept the argument that the nationalization of the commercial banks helped considerably serve the private sector industrial

interest at the expense of the rural sector of the Indian economy.

The whole argument posed above was to find a clue to the volte - face on the part of our planners to go for opening up some key and essential industries to the investment by the private sector. And we are now a bit convinced regarding the reasons behind such decision. Firstly, through the planning process spanning about a quarter of a century, the public sector enterprises were in a position to provide the necessary infra-structural facilities as well as raw materials to the private sector -- and intention expressed unhidngly even in the Bombay Plan. Secondly, the nationalization of the banking sector could provide a sufficient source of capital to the private sector industrialists mainly concentrated along the metropolitan/urban areas. As we have noted earlier in the Second Five Year Plan document that those essential industries requiring a big amount of capital investment which the private sector was not able to provide were to be established in the public sector. Now the private sector interest with the banks ready to provide funds either through credit or through investments in the later years attained a position to think of even bigger investments.

In a way it is thus clear that the first two symptoms of Indian socialism have been very much directed to serve the industrial interest. And regarding the third symptom, without any hesitation it can be argued that as a concept it is very much prevalent even in the countries which hate to call themselves Socialists, like say, America.

In order then to find out as to whether the afroesaid

symptoms of Indian socialism are compatible with the doctrine of 'socialism' we have to start with the definitional aspect. The concept has been nurtured by various school of thought. Proudhon, Fourier, St. Simon or Robert Owen defined and explained socialism in their own ways which Marx and Engels, while putting down their own ideas of scientific socialism, called to be utopian. However, there is certainly one common point in such arguments in the name of abolition of private property.⁴⁶ Marx and Engels were a bit too rude (?) to even to do away with the profit motive of production. Thus if we take socialism to mean a social system where there is put an end to the exploitation of one individual by another and the interests of the society as a whole are placed above those of the individual -- or of any segment of the society, in case there is a conflict between the two, then it appears that the differences among the various school of thought arose in the context of the implementation of the concept. Some viewed the abolition of the institution of marriage as the way out, whereas some other found the answer in raising a class-- struggle.

What is then the character of Indian socialism in the light of the above definition and their various ways of implementation? It is pertinent to quote Jawaharlal Nehru, the 'guru' of Indian socialism in this context. In his presidential address to the Indian National Congress in 1936, Nehru declared,

"Socialism is for me not merely an economic doctrine which I favour, it is a vital creed which I hold with all my head and heart. It something even more than an economic doctrine, it is a philosophy of life and as such it appeals me."⁴⁷

Although he was deeply impressed by what he saw in the Soviet

Union on his first visit in 1927, his concept of planning, it is argued, was totally different from that of Marxist planning. To him, "what is happening today behind the Five Year Plan and other economic programmes in India is the change over from the traditional society into a modern society" and "while the state should control strategic points in economic scene such as banking and insurance by and large a controlled and mixed economy with certain amount of regulation of the private sector would be enough to bring about the desired transformation."⁴⁸ However, that he was also confused with his own ideas gets clarified if we consider the assertion that the long term objective of planning and economic policy was to achieve a "socialistic pattern of society in which the basic criterion for determining the lines of advance would not be private profit but social gain, and the pattern of development would be so planned that it would result not only in a rise in national income but also in closer equality in incomes and wealth."⁴⁹ Thus his choice for both private sector enterprises and efforts for social gain at the expense of private profit stands contradictory.

And we have seen earlier that the economic policies and planning measures taken up in the name of socialism in India did place the interests of a few individuals well above those of the society. Several studies of which we have mentioned earlier, have shown the increasing trend in the disparity in income distribution, which even seem to have crossed the tolerable limit resulting in discontent among the masses in several places throughout the history of Indian planning, particularly since the late sixties. The increasing pauperisation of the larger section

of the society has concerned those few favoured handful of industrialists as well, fearing shrinkages in the demand of their enterprises which are mainly of the consumptive nature. To avoid such a catastrophe it is necessary to provide purchasing powers in the hands of the pauperized masses, as it was done in America during the period of New Deal after the great depression through governmental reliefs way back in the thirties. The Indian version of 'New Deal' comes in the form of IRDP on a short term basis and the proposal for De-centralized Planning with a long term view.

Thus it may be argued that there is an apparent incompatibility between the present economic policy favouring the private industrial interest and the constitutional 'socialism' if we are to accept the basic interpretation of 'socialism' meaning the greatest happiness of the greatest number. However, the incompatibility can be done away with if we accept the so called Indian version of socialism coined by Nehru which was meant not to attain such a goal in practice, rather to have a "change over from the traditional society into a modern society". The traditional society with almost negligible industrial capacity prior to independence was to be replaced by a modern society that can test fire medium range missiles to show its power to the entire world even when millions of its people are starving.

However, for capitalism to prosper it is not only the easy availability of finance that is necessary. It also requires the infrastructural support as well as the basic raw materials, like coal, iron and steel etc. Thanks to the concept of achieving a 'socialistic pattern of society', which even ultimately culminated into an achievement of 'socialism' through

constitutional amendment in the seventies, such facilities were provided by the public sector involving huge capital investment and even subsidies in prices.

It is interesting to note in this context that the Bombay Plan Document of 1944 prepared by among others, Messrs JRD Tata, GD Birla, Lala Sriram, Kasturbhai Lalbhai, pointed out clearly that "the precise form in which the capital may be raised will depend among other things, on the role to be assigned to the state in the future economy of the country" The Plan earnestly argued in favour of State control and State ownership.⁵⁰

But a capitalist sector is not happy with the growth in production only. They have to earn surplus, and as a result, they have to see that their products get sold. So they have to assure the generation of effective demand for their products also. The question is, where is that effective demand to be generated from?

India is a country where almost 80% of the population are residing in the rural areas. Thus if there is to be really a growth in the effective demand, that must come from the rural areas. However, still today, Indian capitalism is mainly producing for the rest 20% of the population as is evidenced by the present boom in electronic consumer goods production.⁵¹ And such a decision seems to be quite rational on the part of the industrial capitalists, considering that the sector that is gradually increasing its share in NPD at a rate higher than that of the industrial sector, is the service sector. The consumer goods industry is just channelizing the flow of funds in the service sector to their coffers. The problem is, to really have a steady

growth in effective demand from the rural population; the rural population will have to be provided with some purchasing power. One way out is to control inflation. But that will have a negative impact on the generation of surplus. So some other alternative is to be devised. And the easy way out has been found out in using public funds to increase the purchasing power of the upper stratum of the rural population. Such an alternative will solve a number of purposes. Firstly, the pattern of the demand generated out of them will more or less be similar to that of the existing richer section which implies that industrial sector will hardly have to change its existing pattern of production. Secondly, as Rao has observed, the neo-rich will act as a cushion between the haves and the have nots to resist complete polarisation²². Thirdly, increasing the perception of the rural people about their rights will help destroy, atleast to some extent, the feudal symptoms of usury, bonded labour, which under a capitalistic regime are always treated as unproductive activities from the economic point of view.

And how to attain that objective? For a country like India, largely characterized by inegalitarian distribution of land in the rural areas, the best way out is to set up local bodies and provide public funds to them to decide for their own development. By the law of power, the local bodies will mainly be controlled by the existing upper class and some extent the neo rich and with law helping them to become decision-making agents, they will always strive for their own benefits. Simultaneously, in the process they will add to their own purchasing powers.

Thus we observe, ever since our independence, the importance laid on the concept of decentralised planning. Interestingly, from the very concept of Community Development Programme to the present IRDP, the schemes have been framed out of the capitalistic thought process. Community Development Programme being the brain child of an American Mr. Albert Mayer, the concept of IRDP has been put forward by FAO. The intermediate schemes of SFDA, CSRE were also framed by experts from World Bank or UN.

The reason that we have put forward behind the laying of emphasis on rural development through participatory democracy gets confirmed when we consider the following passage from the Draft Sixth Five Year Plan (1978 - 83): "The pattern of industrial development that has emerged obviously reflects the structure of effective demand, which is determined by the distribution of incomes. An unduly large share of resources is thus absorbed in production which relates directly or indirectly to maintaining or improving the living standards of the higher income groups..... This means that the further expansion of industry is limited by the narrowness of the market. As a result, further import substitution of consumer goods or capital goods cannot at current level of demand, afford any great impetus for continued industrial growth⁵³

Table:3.7 clearly relates the renewal of demand for providing decision making power at the grass-root level to the lowering of the industrial growth rate.

We have seen in the previous section that although devolution of power to the grass root level was mentioned ever

since the First Plan document, the concern to implement that started only in the sixties. In the Fourth Plan several development schemes for the rural poor were announced in the wake of a 2.6% growth during the plan holidays. Mrs. Gandhi came out with the slogan of 'Garibi Hatao' keeping the still poor 4 % growth during the Fourth Plan in the background. The Draft Sixth Plan was prepared highlighting IRDP and other projects when the annual growth rate of the previous year 1977 - 78 again fell to a low 3.9 % . Implementation of IRDP was extended all over the country in 1980 only when in 1979 - 80 there was registered a negative growth in industrial production (- 1.78 %) . The concept of decentralized planning got properly introduced in West Bengal and Karnataka in 1985 keeping in mind the low rate of industrial growth in the previous years. And again Mrs. Gandhi at the centre was showing interest in devolution of planning power when industrial growth slumped from 9.1 % in 1986 - 87 to 7.7 % in 1987 - 88.

Such is not the situation only in our country. This is a common feature relating to almost all the third world countries. As a consequence, it is not only the governments at the national level but also the world bodies of UN, World Bank, FAO, and others are prescribing the way out in the form of devolution of power.²⁴

The answer to the second question as to why the intention of enforcing social justice at the grass-root level failed is quite implicit in the answer provided for the first question. Still to make it explicit, it may be said that since the structure of all the third world economics including that of

India is built up to cater to the accumulation of surplus for the interest of "World Capitalism"⁵⁵, whatever measure is taken by the governments will aim at serving the interest of the owners of capital. Enforcement of social justice is never the objective to be attained in actuality under the present system, no matter to what extent that is spelt out in the governmental policy.

Thus to summarise, we have observed that the concept of grass-root planning is not at all new in the Indian development policy. Several times the proposal came to the limelight only to be shadowed down in the course of time. The reason behind the recurring emergence of the concept lies in serving the interest of national capital in particular and the world capital in general.⁵⁶ Moreover, under the present structure, such concepts will be never implemented really with an eye to do away with social injustice.⁵⁷

Table - 3.1**

Outlay and Investment During the Five Year Plans.
(Rupees in crores)

| | First Plan (1951-56) | Second Plan (1956-61) | Third Plan (1961-66) |
|--------------------------------------|----------------------------|-----------------------------|----------------------------|
| 1. Public Sector | | | |
| Outlay | 1960 | 4672 | 8577 |
| 2. Public Sector | | | |
| Investment | 1560 | 3731 | 6300 |
| 3. Private Sector | | | |
| Investment | 1800 | 3100 | 4100 |
| Total Investment (2 + 3) | 3360 | 6831 | 10400 |
| Investment: Percentage Distribution. | | | |
| 1. Public Sector | 46.4 | 54.6 | 60.6 |
| 2. Private Sector | 53.6 | 45.4 | 39.4 |
| 3. Total | 100.0 | 100.0 | 100.0 |

Table - 3.1 (contd.)

Outlay and Investment During the Five Year Plans.
(Rupees in crores)

| | Annual Plans (1966-69) | Fourth Plan (1969-74) | Fifth Plan (1974-79)* |
|--------------------------------------|------------------------------|-----------------------------|-----------------------------|
| 1. Public Sector | | | |
| Outlay | 6625 | 15779 | 39426 |
| 2. Public Sector | | | |
| Investment | N.A. | 13655 | 36703 |
| 3. Private Sector | | | |
| Investment | N.A. | 8980 | 27048 |
| Total Investment (2 + 3) | N.A. | 22635 | 63751 |
| Investment: Percentage Distribution. | | | |
| 1. Public Sector | N.A. | 60.3 | 57.6 |
| 2. Private Sector | N.A. | 39.7 | 42.4 |
| 3. Total | 100.0 | 100.0 | 100.0 |

Table- 3.1 (contd.)

Outlay and Investment During the Five Year Plans.
(Rupees in crores)

| | Annual Plans (1979-80) | Sixth Plan (1980-85) | Seventh Plan (1985 -90 ^a) |
|--------------------------------------|------------------------------|----------------------------|---|
| 1. Public Sector | | | |
| Outlay | 12177 | 97500 | 180000 |
| 2. Public Sector | | | |
| Investment | N.A. | 84000 | 150000 |
| 3. Private Sector | | | |
| Investment | N.A. | 74710 | 170000 |
| Total Investment (2 + 3) | N.A. | 158710 | 320000 |
| Investment: Percentage Distribution. | | | |
| 1. Public Sector | N.A. | 52.9 | 46.9 |
| 2. Private Sector | N.A. | 47.1 | 53.1 |
| 3. Total | 100.0 | 100.0 | 100.0 |

* : For the period originally envisaged in the Plan

(a): As originally envisaged

N.A.: Not Available

** : Quoted from Jain (1986) P:90

Table :3.2

Distribution of Commercial Bank Branches According to Population
Groups*

| Year | Total Bank Branches | Metropolitan | Urban | Semi-Urban | Rural |
|---------|------------------------|--------------|-------|------------|-------|
| 1969-70 | 8262 | 1661 | 1447 | 3322 | 1832 |
| 1970-71 | 11540 | 1894 | 1704 | 3945 | 3997 |
| 1971-72 | 12013 | 1904 | 1777 | 4017 | 4279 |
| 1972-73 | 13622 | 2100 | 2323 | 4385 | 4814 |
| 1973-74 | 15362 | 2505 | 2573 | 4723 | 5561 |
| 1974-75 | 18936 | 2783 | 2899 | 5089 | 8165 |
| 1975-76 | 18730 | 3088 | 3266 | 5570 | 6806 |
| 1976-77 | 21220 | 3407 | 3739 | 6387 | |
| 1977-78 | 27364 | 4019 | 4888 | 7527 | 11330 |
| 1978-79 | 29757 | 4228 | 4684 | 7801 | 12984 |
| 1979-80 | 31889 | 4372 | 4825 | 7993 | 14899 |
| 1980-81 | 34982 | 4486 | 5087 | 8368 | 17046 |
| 1981-82 | 48614 | 4631 | 5322 | 8721 | 19940 |
| 1982-83 | 41317 | 4751 | 5539 | 8981 | 22046 |
| 1983-84 | 44583 | 4912 | 5696 | 9205 | 24770 |
| 1984-85 | 50980 | 5234 | 6209 | 9700 | 29837 |
| 1985-86 | 53123 | 5774 | 7153 | 10552 | 29664 |
| 1986-87 | 53565 | 5813 | 7220 | 10612 | 29920 |
| 1987-88 | 55015 | 5821 | 7278 | 11135 | 30781 |

* : compiled from relevant issues of Report on Trend and Progress of Banking in India published by the Reserve Bank of India.

Table : 3.3

Distribution of deposit and advances by Commercial Banks in
14 Metros and Urban areas *
(as on the last Friday of December, 1972)

| Metropolitan cities / Urban areas | % of Aggregate Deposits | % of Total Advances |
|--------------------------------------|----------------------------|------------------------|
| Bombay | 18.2 | 24.4 |
| Calcutta | 10.8 | 14.7 |
| Delhi | 8.4 | 6.7 |
| Madras | 3.0 | 5.9 |
| Bangalore | 1.8 | 3.5 |
| Ahmedabad | 1.8 | 3.0 |
| Hyderabad | 1.3 | 1.7 |
| Dhanbad | 1.2 | * * |
| Chandigarh | * * | 1.3 |
| Poona | 1.1 | 1.2 |
| Coimbatore | * * | 1.0 |
| Kanpur | 1.0 | 0.9 |
| Lucknow | 1.0 | 0.8 |
| Baroda | 0.9 | 0.8 |
| Total : | 50.5 | 65.9 |

* * : Negligible

* : quoted from Tyagarajan & Ramachandran (1972)

P:115

Table : 3.4

Credit - Deposit Ratios in Rural, Semi-Urban and Metropolitan/
Urban India.*

| Year | Rural | Semi-Urban | Metropolitan/ Urban | Total |
|-----------|-------|------------|------------------------|-------|
| June 1972 | 41.4 | 40.9 | 80.3 | 71.1 |
| June 1978 | 52.5 | 47.4 | 79.9 | 69.9 |
| June 1979 | 54.4 | 47.2 | 79.4 | 69.5 |
| Dec. 1980 | 57.2 | 48.9 | 75.2 | 66.9 |
| June 1981 | 57.7 | 49.1 | 74.8 | 66.6 |
| June 1982 | 58.7 | 50.0 | 75.1 | 67.0 |
| June 1983 | 59.9 | 50.8 | 76.5 | 68.1 |
| June 1984 | 62.5 | 50.9 | 77.0 | 69.3 |
| June 1985 | 65.6 | 52.8 | 74.6 | 68.7 |
| Dec. 1986 | 65.3 | 51.3 | 66.3 | 63.0 |

* : compiled from relevant issues of Report on Trend
and Progress of Banking in India.

Table : 3.5

Distribution of Bank Credit between Govt. & the Commercial Sector*

| Year | Net Bank Credit to Government (Rs. in Crores) | Net Bank Credit to Commercial Sector (Rs. in Crores) | Net Bank Credit to Commercial Sector as percentage of that to Govt. |
|---------|--|--|--|
| 1960-61 | 2488 | 1503 | 60.41 |
| 1965-66 | 3809 | 2655 | 69.70 |
| 1969-70 | 4725 | 4786 | 101.29 |
| 1970-71 | 5264 | 6455 | 122.63 |
| 1971-72 | 6417 | 6523 | 101.65 |
| 1972-73 | 7741 | 7640 | 98.70 |
| 1973-74 | 8697 | 9383 | 107.89 |
| 1974-75 | 9102 | 10014 | 110.02 |
| 1975-76 | 10491 | 11242 | 107.16 |
| 1976-77 | 11020 | 18493 | 167.81 |
| 1977-78 | 13470 | 21222 | 157.55 |
| 1978-79 | 15391 | 25347 | 164.99 |
| 1979-80 | 19215 | 30649 | 159.51 |
| 1980-81 | 24731 | 32626 | 146.52 |
| 1981-82 | 30911 | 43048 | 139.26 |
| 1982-83 | 34748 | 51162 | 147.24 |
| 1983-84 | 40505 | 59992 | 148.11 |
| 1984-85 | 48950 | 70801 | 144.64 |
| 1985-86 | 58522 | 81852 | 139.87 |
| 1986-87 | 71298 | 93146 | 130.64 |
| 1987-88 | 84109 | 105535 | 125.47 |

* : compiled from relevant issues of the 'Indian Economy : Basic Statistics' published by the Reserve Bank of India as supplement to R.B.I. Bulletin.

Table :3.6

Investment of Commercial Banks in Govt. and Non-Govt. Securities.*

| Year | Investment in Government Securities (Rs. in Crores) | Investment in Non-Government Securities (Rs. in Crores) | Investment in Non-Government Securities as percentage of that in Govt. Securities. |
|---------|---|---|--|
| 1979-80 | 7444 | 3181 | |
| 1980-81 | 9291 | 3967 | 43.03 |
| 1981-82 | 10157 | 4984 | 49.07 |
| 1982-83 | 12078 | 6356 | 51.80 |
| 1983-84 | 13473 | 7772 | 57.69 |
| 1984-85 | 18697 | 9441 | 50.49 |
| 1985-86 | 19013 | 11523 | 60.61 |
| 1986-87 | 24847 | 13735 | 55.28 |
| 1987-88 | 30517 | 15987 | 52.39 |

* : compiled from the relevant issues of the 'Indian Economy: Basic Statistics'

Table :3.7

Annual Growth Rates of Industrial Production (Percentage)*

| | | |
|--------------|--------------|--------|
| 1st. Plan | (1951 -56) | 7.4 |
| 2nd. Plan | (1956 -61) | 6.6 |
| 3rd. Plan | (1961 -66) | 9.0 |
| Annual Plans | (1966 -69) | 2.6 |
| 4th. Plan | (1969 -70) | 4.0 |
| | (1974 -75) | 2.6 |
| | (1975 -76) | 6.0 |
| | (1976 -77) | 9.5 |
| | (1977 -78) | 3.9 |
| | (1978 -79) | 7.6 |
| | (1979 -80) | - 1.78 |
| | (1980 -81) | 3.2 |
| | (1981 -82) | 8.0 |
| | (1982 -83) | 3.2 |
| | (1983 -84) | 5.8 |
| | (1984 -85) | 6.4 |
| | (1986 -87) | 9.1 |
| | (1987 -88) | 7.7 |

* : Estimates upto 1984 - 85 based on index of industrial production with base 1970 -71. Estimates upto 1978 - 79 quoted from Bharadwaj, 1980, P,15. Estimates from 1979 - 80 to 1984 - 85 constructed from National Account Statistics 1987. Estimates for 1986 - 87 and 1987 - 88 quoted from Nayak, 1988, P73.

Notes

1. Singh (1989) P:220
2. A detailed discussion on what constitutes social justice follows later in Chap :5
3. Shetty ,1988, P:81
4. Ibid P:81
5. Dharmaraj (1988) P:1
6. Gandhi (1988) P:1
7. In Harijan, 18th. Jan. 1948. P:519
8. Krishnamachari,V.T. (1962) P:159-60.
9. Iyengar (1965) P:496-497
10. Ibid P:497
11. Ibid P:497
12. Quoted in Iyengar, op cit P:509
13. Quoted in Singh op cit P:229
14. Ibid P:230
15. See Sen and Roy (1966)
16. See Bardhan (1974)
17. See Ahluwalia (1985)
18. See Sarkar (1988)
19. See Iyengar op cit P:506
20. See Desai (1984) P:233
21. Singh op cit P:231
22. Quoted in Desai, op cit P:210
23. World Bank (1975)
24. More about it in detail in Chap.:4
25. World Bank op cit
26. Planning Commiission, 1978-83, P:86

27. See Bagchee (1987)
28. Singh op cit P:234-35
29. Ibid
30. See Roy (1987)
31. See Poduval (1988) P:18
32. Ibid
33. See Naidu (1988)
34. See Rao (1980)
35. See Shetty (1989)
36. See Pawar (1988) P:14
38. See Harris (1951) P:3
39. See Jain P:vii
40. See Krishnamachari (1962) P:35-38
41. See Bombay Plan document : A Plan for the Economic Development of India (1944) P:55
42. Ibid
43. See Planning Commission (1973) P:95
45. Ibid P:96
46. "Private property is first considered only in its objective aspect -- but nevertheless with labour as its essence . Its form of existence is therefore capital, which is to be annuled "as such" (Proudhon). Or a particular form of labour -- labour levelled down, fragmented, and therefore unfree -- is conceived as the source of private property's perniciousness and of its existence in estrangement from men. For instance, Fourier, who, like the Physiocrats, also conceives agricultural labour to be atleast the exemplary type, whereas Saint Simon declares in contrast that industrial labour as such is the essence, and

accordingly aspires to the exclusive rule of the industrialists and the improvement of the workers' condition. Finally, communism is the positive expression of annulled private property -- at first as universal private property ." Marx(1982) P:87-88

Further

"This material, immediately perceptible private property is the material expression of estranged human life. Its movement -- production and consumption -- is the perceptible revelation of the movement of all production until now, i.e., the realization or the reality of man. Religion, family, state, law, morality, science, art, etc. are only particular modes of production and fall under its general law. The positive transcendence of private property as the appropriation of human life, is therefore the positive estrangement -- that is to say, the return of man from religion, family, state etc., to his human, i.e., social, existence. Religious estrangement as such occurs only in the realm of consciousness, of man's inner life, but economic estrangement is that of real life; its transcendence therefore embraces both aspects. It is evident that the initial stage of the movement amongst the various peoples depends on whether the true recognized life of the people manifests itself more in consciousness or in the external world -- is more ideal or real. Communism begins from the outset (Owen), with atheism.ibid P:91

47. See Roy (1989) p:11

48. Ibid P:11
49. Ibid P:11
50. See Krishnamachari, V.T.(1962) P:35-36
51. "Rising disposable income among the new middle class--- variously estimated at some 75-150 million people depending on definition--- has created a market a market for all sorts of goods that until recently were unimaginable luxuries for all but a handful of people. Production and sales of many items like TVs, VCRs, motor scooters, refrigerators, and even washing machines have soared in the last several years.
"Production of colour TVs rose from 70,000 in 1982 to 1.3 million last year. Black and white TV production increased from 600,000 to 4.4 million over the same period, while refrigerator sales tripled to 963000 in 1989. VCRs went into mass production only two years ago. Despite a steep price tag of about 15,000 (US\$898) for a basic model, sales are expected to top 40,000 this year." Goldstein (1990) P:50.
52. See Rao (1987)
53. Quoted in Kuiren (1981) P:34
54. See CIRDAP (1987), FAO (1972) , (1977) , (1979), World Bank (1975)
55. See Frank (1978) P:9-15
56. Ibid
57. More about it in the next two chapters