

## ABSTRACTS

### **Reflections on the India of our Times**

MIGUEL S. WIONCZEK

THIS ESSAY, BASED UPON THREE decades of intellectual contact with India and several short visits to that country, maintains that in historical, socio-cultural and political terms India is a separate world rather than a country, society or state as we know them.

The essay offers a brief outline of the major economic and social problems faced by India in the mid-eighties, particularly in the agricultural sector and in industrial development. It points out that over the forty years of India's independent existence the country's economic development has shown considerable progress. Many external and domestic constraints however, did not permit that country to achieve its major goal of "socialism with equity" or to eliminate rural poverty.

The final section devotes some attention to the adjustments of economic policy under the government of Rajiv Gandhi. It also takes note of the growing "communal" problems which in the longer run may endanger not only Indian unity but the fragile political and strategic equilibrium in Asia.

### **Growth and Social Justice: India's Experience and Prospects**

A. VAIDYANATHAN AND GITA SEN

GROWTH WITH SOCIAL JUSTICE HAS been proclaimed as the basic objective of India's development policy from the inception of planning.

Rapid growth combined with active and purposive state intervention would, it was believed, make it possible to achieve over a period of time a more equitable distribution of wealth, income, and economic opportunity without attempting any drastic change in the structure of social and economic inequality inherited from the past.

The confidence and optimism underlying this vision were shattered by the aftermath of the "war" of 1965 and the severe drought of 1965 and 1966. The cumulative impact of these events was the virtual abandonment of planning for a while. Though the process was formally revived in 1969 and commitment to planned development and the earlier strategy for achiev-

ing growth with social justice continues to be reiterated, there has been a marked change in the tenor of the plans.

Under these conditions, it was but natural that the earlier strategy should undergo some modification. Even as formal obeisance continued to be paid to the objectives of rapid growth with social justice, significant changes in content have taken place in the targeted rate of growth, in investment priorities and in the role of the public sector.

It is appropriate on the eve of the seventh plan, to take stock of the experience of the last 3 decades and a half and see what pointers it may have for the future. We start by discussing the performance and prospects of increasing the rate of growth and then go on to the questions concerning inequality and incidence of poverty. The concluding section outlines the possible alternatives and comments on their prospects.

## **Agricultural Development in India since Independence**

G.S. BHALLA

THIS PAPER BRIEFLY EXAMINES THE performance of Indian agriculture since Independence and also brings out some of the main challenges facing Indian agriculture.

That the post-Independence period marks a turning point in the history of Indian agriculture is clear from the fact that agricultural sector recorded a growth rate of about 2.7% during 1950-1951 to 1983-1984 compared with a meagre rate of less than 1% during 1904-1905 to 1944-1945. The rapid growth of agriculture in the post-Independence period has been achieved because of very high priority given to this sector by the national Government. The policy makers adopted a two fold strategy with a view to regenerating agriculture. The first element of the strategy was to execute land reforms in order to eliminate the institutional bottlenecks. The second part was to undertake massive investment in irrigation and other infrastructure in order to update agricultural technology.

Despite a very remarkable growth of agricultural output since Independence, it would be wrong to underestimate the various problems faced by this sector. The first problem is that notwithstanding all progress, India has only become marginally self-sufficient in foodgrains and continues to be a major importer in oilseeds. With the envisaged increase in population, agricultural growth will have to be significantly accelerated in order to meet the demand from increasing population.

## **Incentive Policies, Agricultural Growth and Equity. Some Issues in Comparative Perspective**

K. SUBBARAO

THE OBJECTIVE OF THIS PAPER is to briefly review the State's incentive framework towards agriculture in India, Brazil and Mexico (section I), and raise a few issues for discussion (section II). In most Third World countries, the State has increased its level and breadth of involvement in rural development. Consequently, the decision framework in the agricultural sector began to be determined increasingly by State policies towards agriculture. State's incentive structure comprising support prices, input subsidies, subsidised institutional credit, food subsidies, etc., has been defended by scholars for reasons of both stimulating growth and for achieving certain welfare objectives. In many countries, State's incentive framework *under favourable technological conditions* (irrigation and new seed varieties) did enable the agricultural sector to increase output and achieve food security at the *macro level* in the sense of equating supplies with effective demand. At the same time, economic disparities within the agricultural sector of each country increased, without necessarily ensuring food security at the *micro* (household) level.

## **Major Restrictions Affecting the Indian Industrialization Process**

ISHER JUDGE AHLUWALIA

IN THE LIGHT OF THE growing concern in India about the persistent stagnation of industrial growth over the past two decades, this article provides an overview of the factors which explain this phenomenon. The paper identifies four principal factors responsible for this stagnation —the slowdown in public investment after the mid-sixties with its particular impact on infrastructural investment; poor management of the infrastructure sectors; slow growth of agricultural incomes and its effects in limiting the demand for industrial goods; the industrial policy framework (including both domestic industrial policies as well as trade policies) and its effect in creating a high cost industrial structure within the economy.

A commonly advanced explanation of the cause of industrial stagnation in India, namely that income distribution has worsened over time, is found to have no empirical basis. The role of import substitution in industrial growth is also taken into account.