

## BOOK REVIEW

**R. Braradwaj and M.V. Nadkarni (editors), Planning for Social and Economic Development,\* (Sage Publications India Pvt. Ltd., New Delhi, 1992), pp.234, n/p.**

Apart from an introduction to the book and a chapter on Professor Nanjundappa's achievements and life, the book is divided into sixteen chapters dealing with issues of planning in almost all sectors of the economy ranging from education to employment, agriculture, capital markets, population and environment. This review would focus on the central issues raised without going into great detail of each chapter.

To me the book is a collection of essays which can be easily understood by non specialists and policy makers. If one is looking for formal analysis vis a vis fancy modelling and econometrics then surely this is not the approach taken in this book. From an economist's point of view I find the book verbose in style but then a sociologist might take dispute with me on this comment.

In Chapter 4 on education planning the authors highlight that there has been a tremendous explosion in the number of educated in India: "India has the second largest pool of educated and skilled men and women in the world, estimated at over 120 million .... the third largest cadre of scientists in the world at 32 million". But they are quick to point out that the pledge of education to all which was to be achieved by 1962 is still an unattained target. Also, there are approximately 15 million educated unemployed. The unemployed in the rural areas cannot be accurately measured because there are no employment exchanges in those areas. The authors point out to wastage in the education system through a high drop out rate and the outmoded memory oriented system of examinations which is an anti-learning system. The funding of education is regressive in nature for the welfare of

\* The book is a collection of essays in honour of the late Professor D.M. Nanjundappa, a long time planner, policy maker, and academic in India.

society. Eighty per cent of the funding is through indirect taxes which is a transfer of resources from the poor majority to the privileged minority.

They recommend that the approach of the National Policy on Education be followed i.e., equal opportunity for the underprivileged classes (scheduled castes) and more remedial learning facilities for these underprivileged classes after admissions. It is a very humanistic approach but the authors do not point out the inefficiencies of such a two tiered policy. There is no mention of the costs of the education system and the usage of the marginal dollar spent on education.

The next chapter is by Bharadwaj and Balachandran on "Integrating Higher Education and Development – A Policy Perspective". The authors point out from the work of Marshall and Becker that there are positive externalities from education to development. The authors touch on quality and justice in the education system and then are verbose on the "need for a new perspective" without being clear on what the perspective is. There was not much to learn from this chapter.

The next chapter by Abdul Aziz is on "Human Resource Management for Improved Productivity". The author points out the problems which the West faced after the industrial revolution i.e., work shirking, higher wage demands and the need for continued updating of skills. The paper ends by stressing the need for higher productivity. I found that the chapters on education while highlighting some of the problems in this sector failed to give any useful and practical solutions. They also did not conduct any statistical analysis of the effects of education on productivity of the so called educated white collared employed in India. Of course it is not an easy task due to the problems inherent in defining an acceptable measure of productivity in the service and management sectors.

The chapter on "Planning for Employment" points out the difficulties in measuring unemployment in LDCs of the type of India. In that it is correctly pointed out that census data underestimates the unemployed. The Indian government launched an Integrated Rural Development Programme in which approximately 119 lakh rupees were spent to achieve an increase of 4,600 lakh man-days. Under the Seventh plan the cost per man day of employment has nevertheless increased almost five times in 1989-90 from what it was in 1980-81. The authors make the relevant observation that "the impact of the programmes should be evaluated in terms of sustainability of employment and in terms of the number of workers who crossed the poverty line". The Dantawala Committee commissioned by the government had made a very useful suggestion, that, data on employment should be collected at the most desegregated level i.e., by region, educational achievements and class of worker. It is to be noted that employment data of such a level is not even available in a number of OECD countries. Only by collecting accurate data on the different types of unemployed can the policy makers attempt to measure the consequences and costs of unemployment. The authors also suggest in passing that a new wage policy be formulated to reduce poverty. The authors however are still living in the

hey days of Keynesian job creation programmes and the discredited minimum wage regulations.

Ramesh and Shanta Kanbargi look at the effects of population growth on economic development noting that the profession agrees today on the adverse developmental consequences of rapid population growth. In 1991 the population growth rate was 2.11 per cent one of the highest in the world. Government family planning programmes have failed along with the poverty reduction programmes. An important reason for which is the high economic value for children in India. This has been demonstrated in econometric studies. It was found that variables positively related with fertility were also positively related with child labour. Rapid population growth creates unemployment problem, puts pressure on natural resources (land), civic resources, and directly increases poverty. It was recommended that education be increased amongst women to reduce population growth. This policy would have doubtful benefits because in a patriarchal society men need to be educated more than women on family planning matters.

The next two chapters by Rao, and Radakrishna and Ravi, examine the land reforms and food nutrition and prices. Whereas the Green revolution provided India some respite from the immediate pressures of food crisis, the 1980s witnessed another spell of stagnation in agriculture. The beneficiaries of surplus land redistributed after the land reforms have not become viable cultivators because meagre assistance in inputs and credit has been offered. Thus ceiling legislation by itself has not been sufficient to create equity in agriculture. A possible reason for the failure of land reforms was the neglect of productivity at the expense of equity goals.

The chapter on Food and consumption patterns and rural urban expenditure shares is quite thorough in its exposition in analyzing the effects on shares of relative price changes and the effects of tastes. They found that the rural population had a calorie deficiency of 794 Kcal/day whereas the urban situation was better at a deficiency of 563 Kcal/day. Improvements in relative prices augmented the calorie intake of all consumers.

In a useful chapter on financing of plans, Atul Sharma notes that the emerging industrialist class of India wielded sufficient political power against the interests of the landed gentry. It is shown that in the Seventh Plan the share of the own-resources of the government have come to play a much diminished role after four decades of planning. Domestic capital receipts account for a large 45 per cent share in financing and net inflows from abroad financed less than 10 per cent of plans. Deficit financing increased to 16 per cent which was the highest compared to earlier five year plans and these deficits were occurring despite income growth of 4.79 per cent per annum which was the highest compared to earlier plans.

There has been a healthy development in India's financial markets in all measurable spheres. The debenture and bond market grew both in depth and breadth.

This was also due to the Reserve Bank of India's policy of raising the rate of interest on non convertible debentures to 15 per cent. The number of stock exchanges in India is 19 with a market capitalization of 27 billion dollars which is very small compared to other newly industrialized countries i.e., S. Korea (141 billion dollars) and Taiwan (237 billion dollars). It is recommended that over the counter market be further developed in India by linking various stock exchanges through modern technology. That would create immense possibilities of arbitrage and contribute to overall efficiency through 'correct' price signals.

While the chapter cites the numbers for the growth of the financial markets, the authors do not address how this growth has affected the government's ability to raise revenue through local debt and neither is the effect on the interest rates discussed. Unless these issues are addressed, the effects of financial markets would be left to raising equity through public bond holdings. The real macroeconomic impact is thus left untouched by the authors.

Sumitra Chishti then provides some interesting statistics on India's economy to assess the challenges and prospects in the nineties. The reader's attention is drawn to India being on the threshold of a debt trap. The debt to GNP ratio is 22.3 per cent, debt service to export ratio 29.2 per cent and the ratio of interest payments to exports at 14 per cent. The authors correctly recommend that India should increase the share of its exports to meet the debt servicing requirement. But this would be difficult given that at least 578 measures of export restrictions against developing countries have been implemented in the last eight years. It is also pointed out that with the new post marxist world economic environment, India and other such countries may not be on the donors priority list. It is recommended that India take recourse to foreign direct investment. This would indeed be a major shift in India's investment policy and is a path which India has already embarked upon lately.

The book has a useful index and a listing of Professor Nanjundappa's work. A number of contributing authors follow the humane spirit of economic development which was a cornerstone of the late Professor Nanjundappa's policy advice. The editors need to be commended for addressing a whole range of issues in all aspects of planning for development. While one learns a number of useful statistics about the socio-economics of India, the book however, falls short of some detailed analysis in the areas of planning in education, agriculture and finance. In spite of its shortcomings, the book is a useful quick reference for students of development economics.

*Anjum Siddiqui*

*University of Auckland  
New Zealand*