

Dilemmas of Development – the Indian Experience*

S Venkitaramanan**

I am delighted and honoured to be here in the portals of the Gokhale Institute of Politics and Economics to deliver the Kale Memorial Lecture. The Gokhale Institute has been a path-breaking institution in the field of social and economic inquiry. Many distinguished economists and specialists have preceded me in the list of those who delivered the Kale Memorial Lecture. I am thankful for the privilege. I propose to speak today on the "Dilemmas of Development".

The reasons why some nations and economies grow and some others do not have been for long the subjects of inquiry. From the time Adam Smith wrote the "Wealth of Nations", the subject of growth has caught the attention of philosophers and economists. Causes of divergent growth have been variously ascribed to factors as widely different as religion, climate, culture and genetics.

In my younger days, it was, however, fashionable to believe that there was nothing sacrosanct about these factors. We were taught that a nation, which wills itself to grow, can do so provided it carves out a plan and implement it. The new civilisation in the Soviet Union was itself a beacon of hope to many of us, yearning for a better India. We were not alone. Leave alone our enlightened leaders of the Freedom Movement, like Jawaharlal Nehru, even some of the celebrated savants of the Western World, like Sydney and Beatrice Webb, and economists like John Maynard Keynes, were among those who believed that an interventionist State, – albeit without the totalitarian clout of the Soviet Union, - could definitely lift a society out of the depths of deprivation.

Soon came various theories to garnish this faith. We heard scholars, like Robert Solow, explaining how given a definite plan of investment, growth could be secured. Growth was part of our faith. We believed that every society could grow, provided only that it broke through the bottlenecks that either nature or nurture had placed in its path. We rejoiced in the vistas that were provided by the magnum opus of Nobel Laureate Arthur Lewis on growth. He himself had come from the Caribbeans and knew what poverty meant. Along came our own Mahalanobis, who, however, faulty his economics, did put forth a model that had seeds of hope and prosperity. We had, above all, a political leadership, which believed that a nation by its own effort could break through the integument of poverty and that the effort was not only worth making, but had to be made based on a plan. There was also a remarkable consensus, cutting across political lines, that such planning could enable India to break through the century old stagnation. True, there were voices of caution, like those of Dr.B.R.Shenoi and others, who protested bravely and heroically that the effort if not properly managed, would cause problems in macro-economic management. But, India persevered. Muddled ahead, would be a better description. We set up a planning and implementation system. It was unique, in the sense that it took care of the democratic imperative and that too in a federal polity even as it tried to "grow" the economy. As the years went by, we came across many contradictions inherent in the process of development. The dilemmas of development that we have faced and overcome pose an intriguing set of issues to all those concerned not only about the past, but also about the future of India. They are

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** Former Governor, Reserve Bank of India.