

11. National Development Policies and Priorities including Programmes Relating to Sustainable Development

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There has been a transformation of the Indian economy from a relatively persistent slow-paced growth in comparison with the more successful economies of East, South-East Asia and China to being one of the better performers in the world in the eighties and nineties. This change has led to a renewed emphasis on achieving significant reduction in poverty and providing basic minimum services such as health and education to its citizens. Although India is still among the poor countries with a per capita GDP of US\$460, its skilled labour force, strong technical capabilities and increasing openness to trade and investment have raised the potential for sustained faster economic growth. The X Five Year Plan, which began in 2002–03, set a goal of 8 per cent annual growth in real GDP over the next five years.

Drawing lessons from a variety of experiences over the years both within and globally, Indian policies have recognised the need for sustainability perspective in all its development efforts. This is evident from the expressions found in the policies on sustainability of development in terms of continued economic growth, social progress, protection and preservation of natural resources and environment. Since the cornerstone of economic policies is eradication of poverty, which is consistent with sustainable development, economic policies must focus on sustainable development as they do on poverty eradication.

This study identifies key areas of focus in government policies while maintaining the perspective of sustainability in the development process. The changing concerns of public policy are traced through their evolution in the Five Year Plans that reflect systematically the overall national goals and policies towards development. The development process and priorities since 1950-51 are reviewed. The strategies adopted in pursuit of the priorities and objectives of policy are examined. The sustainability perspectives in some of the major sectoral development policies are discussed. The major implications for the sustainability of the development process are drawn as they emerge from the discussion in the previous chapters.

A distinguishing feature of India's development process is its democratic character reflected in the consultative process of planning to achieve greater consensus on priorities and policies. The federal nature of the government has also required consultation with the state governments in defining priorities and objectives of the development efforts. Elimination of poverty and raising the standard of living of people have been the core objectives through all the five year plans. But there have also been other concerns over time. Through the years, policies and programmes have shifted from mere focus on income and income distribution to provision of basic necessities such as food security, health and education. There was also concern over the sustainability of development. Threats to sustainability were both due to economic vulnerabilities and environmental vulnerabilities.

The growth in average level of income, reduction in poverty, and improvements in health and education indicators are still below the levels seen in the developed economies and in several of the developing economies, as is evident from the low ranking of India in the Human Development Index. Poverty reduction, employment generation objectives were pursued through a variety of approaches. In the initial years of developmental planning, poverty was considered essentially a rural problem and the strategies adopted focussed on agricultural development. However, in recent years, attention has been given to the issue of urban poverty. Employment generation programmes in the context of poverty reduction have also been common.

Economic growth at a rapid pace was pursued with stress on public investment, which required combinations of tax and borrowing measures. The need for higher government expenditure and the consequent resource mobilisation measures began to affect adversely from time to time the macroeconomic stability as reflected in periodic high inflation rates, large current account imbalances and high levels of public debt. Financing the current account deficit through external borrowing was always a challenge for the Indian policy makers during the period when India was pursuing an import substitution policy. The economic reforms of the 1990s have provided a greater role for markets in raising resources and allocating them for economic growth and development.

It was in the VI FYP, launched in 1980, that environmental protection became one of the explicit objectives of a Five Year Plan. In the next FYP greater attention was given to policies concerning the use of natural resources and the state of the environment drawing attention to the linkage between the state of environment and poverty. The IX FYP proposed social mobilisation and participation of people at all levels to ensure environmental sustainability of the development process.

The study tracks the evolution of policies relating to the conservation and protection of natural resources through the various plans and programmes. Land, water, forests, fisheries and energy policies are discussed in terms of their implications to the use of these resources in the process of economic development.

Major strategies of economic development are discussed in the context of sustainability of the development process. The alternative institutional frameworks for development, the mixed economy approach, direct government spending and regulatory mechanisms are identified as the key strategies in development effort.

Implications of the development and sustainability perspectives in policy are clearer when seen in the context of specific sectors. Agriculture, industry and infrastructure sectors are taken up for detailed analysis of growth of these sectors through the period since independence and the implications of the pattern of development for sustainability of this growth and for the natural resource use. In the final section of this discussion of sectoral implications, the expanding globalisation process is discussed in terms of its implications for economic growth.