

# Peripheral Vision & New Growth Scenarios

*Assorted vision documents variously interpret India's future. So, where are we headed?*

THESE have been several vision documents for India. What else is the Tenth Plan document? Typically, you mess around with growth scenarios for the next 10 or 20 years — a worst-case of perhaps 5 per cent, a best-case of 8 per cent plus and a likely scenario of around 6.5 per cent. From that you can deduce what happens to consumption and saving patterns or poverty ratios. Deducing what is likely to happen to health or education indicators is more difficult. To get that 8 per cent plus, a reform agenda has been bandied around *ad nauseam*. Not much scope for novelty there either. Hence, vision documents tend to be a bit of a bore. Unless the old stuff is reiterated in a new and interesting way.

We now have one that satisfies this novelty test. "Rethinking India's Future, Prosperity of the Periphery" has been brought out by the Strategic Foresight Group. Most vision documents have a year tagged to the projections, 2020 is the favourite. This one doesn't and that makes it somewhat difficult to relate future scenarios.

The fundamental thesis is familiar. Thanks to disparities, which are increasing, India has three economies now. The business class economy constitutes 2 per cent of the population, the bike economy 15 per cent and the bullock cart economy constitutes 83 per cent. (One can quibble about figures but that doesn't alter the basic contention.) Bikes and bullock carts represent the periphery. A decade of reforms has benefited the business class, but prosperity eludes the periphery. Without reforms (with an emphasis on the rural sector), the periphery won't be

factored into the growth process.

Where are the bikes and bullock carts? I'm inclined to think that in fast growing states, there is evidence of bullock carts becoming bikes and bikes becoming business. Anyway, this report argues that the business class is in the 15 main cities. Most bikes are in fast growing states like Andhra Pradesh (AP), Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Maharashtra, Punjab, Rajasthan, Tamilnadu and West Bengal (WB). Most bullock carts are in slow growing states like Bihar, Jharkhand, Madhya Pradesh (MP), Chhattisgarh, Orissa, Uttar Pradesh (UP), Uttaranchal, Assam and the North-east. (I would be hesitant to describe a diverse state like UP as "stagnant", but let that pass.)

If relative deprivation is not transformed into relative development, there will be discontent and violent conflicts in Jammu & Kashmir (J&K), the North-east and central India. In this context, an unnecessary linear regression framework is thrown in, unnecessary because no estimation is undertaken. Specifically, conflict is a function of inadequate opportunities, State repression and lack of connectivity. (If only one could quantify and measure these variables.) Given the emphasis on conflict, there are specific discussions and suggestions for Kashmir, Sikkim, other parts of North-east and central India.

That central Indian hole also suggests that deprivation cannot be thought of in

terms of state boundaries. Deprived and geographically contiguous districts span Bihar, Jharkhand, Chhattisgarh, MP, Rajasthan, Uttaranchal, UP, Orissa, AP, Maharashtra, Karnataka and even WB. And this hole has a concentration of Scheduled Tribe populations.

Here is a quote from Arun Jaitley's Lalit Doshi Memorial Lecture, titled "Terrorism and India". "I looked at the second figure, in 1999-2000 the national figure of population living below poverty line (BPL) is 26 per cent. In the last three years it may have come down a little bit but that is the last figure which is available. An affluent state like Punjab compared to this national average of 26 per cent living BPL, was close to 6.5 per cent. On the strength of this entire central assistance which is given, I was curious to know what was the BPL figure in Jammu & Kashmir. It is lesser than Punjab — at 3.8 per cent!"

There is a minor typo there. J&K's head count ratio is actually 3.48 per cent, the lowest in the country. Whether this is because of central assistance or something else is of course debatable. Anyway, the next lowest head count ratios are 4.4 per cent in Goa and 4.44 per cent in Daman & Diu. And barring Bihar, MP, Orissa and UP, 30 per cent plus poverty ratios are in the North-east. This should lead to an apparently heretical conclusion. The best way of ensuring continued deprivation in a state (or region) is to grant it special category status under the Constitution. Unless, as in J&K, central assistance or something else compensates.

To get back to the prosperity of the periphery report, future drivers of the polity are five Gs — growth, governance,

globalisation, geo-politics and God (in the sense of religion and related values being a major factor). Depending on how the 5-Gs shape up, there can be breakdown (actually, a continuation of the trend), breakup (a downward spiral) or a breakthrough. Here are the relevant Gross Domestic Product (GDP) growth figures: 5 per cent for breakup, 6.2 per cent for breakdown and 9 per cent for breakthrough (the sectoral compositions are also given).

Poverty ratio of 30 per cent for breakup (perhaps National Sample Survey changes its methodology once again, otherwise why should the poverty ratio increase despite 5 per cent growth?), 18 per cent for breakdown and 5 per cent for breakthrough. The 9 per cent GDP growth for breakthrough is implausible. But even if 9 per cent growth materialises, a 5 per cent poverty ratio is even more implausible. Thanks to log normal distributions, poverty does not drop in a linear kind of way — 10 per cent perhaps, but not 5 per cent.

Hence, "India of the next decade has to be a transformed country. This cannot be achieved by incremental reforms in the present approach towards development. It needs the envisioning of a new scenario of a developed country and the pursuance of a radically different strategy... The time has come to translate this intention into a strategy, to translate strategy into well-defined time-bound targets and to translate targets into new ground realities. The time has come for India to reinvent itself. The time has come for India to re-think its future." That is hardly a new message.

All this talk of Centre-periphery, prosperity of the periphery and periphery of the prosperity reminds me of Marx. And here is my paraphrasing of Marx. Vision documents have interpreted India's future in different ways. The problem is to change it (the future). ♦



Bibek Debroy