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## ECONOMIC POLICY

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# Acceleration in India's growth plan

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A few days after 1982 was heralded as "National Productivity Year," India's Prime Minister Indira Gandhi announced her wide-ranging program for attaining the country's immediate development goal. The 20-point social and economic plan was presented Jan. 14 upon the completion of two years of Mrs. Gandhi's five-year term of office. The Prime Minister emphasized the content and urgency by presenting herself in an unusual national radio and television broadcast.

Mrs. Gandhi's decision to make this year's economic performance the foundation for national stability was further highlighted a day later with a cabinet shake-up primarily affecting the ministry which deals with the economy.

Both these moves are viewed as measures to revitalize not only the economy but also the ruling Congress Party as it came under increasing attack in recent months.

Mrs. Gandhi began her speech with sharp criticism of the previous Janata government, whose policies, she stated, had put the economy "in utter shambles." The Janata—whose leaders now head up the fragmented opposition—had created a situation in which "the production system—even the very stability of the country—was in peril."

In the two years that her government has been in office, she added, "our efforts in concentration on repairing the infrastructure have made a visible difference and broad improvement." She cited improvements in power generation and production of coal, steel, oil, fertilizer, cement, and food production over the past nine months.

However, she also noted that the need for increased defense expenditure by India, (blamed on the U.S. decision to supply sophisticated arms to neighboring Pakistan) placed an added burden on the economy. "Had Pakistan not chosen this time to acquire sophisticated arms, 1982 would have been a year of even greater advance for us. As it is we have to spend more on defense. In this the nation can not slacken."

Gandhi stated that the 20-point program presented in 1975 had been "recast and redefined" to pinpoint areas "of special thrust which will show immediate tangible results for various segments of the population."

The key aspects of the new 20-point program are:

- improvement of management, efficiency, and productivity, and timely completion of industrial products along with expansion of capacity in irrigation and power production.
- Quick action against smugglers and hoarders, and against the "black money" economy which diverts resources away from productive investment. This will be complemented by strengthening the public distribution system.
- Improvement of conditions in the rural sector where 75 percent of the population still lives. Because of increasing incidents of inter-caste violence in recent months, special measures to protect tribal and lower-caste minority groups, along with rehabilitation of bonded laborers and other social welfare programs.
- Protection of the environment (particularly against deforestation), voluntary family planning, and application of renewable energy sources in the rural sector.

There may be disagreement with some of the points in the program but few people in India will find fault with the overall plan. The real question remains whether the government can implement them. Aware of this, Gandhi made a special effort to rally the population behind the program: "This program is for each one of you and for this nation which is ours to serve, cherish, and build. I seek your wholehearted cooperation in making the program a success," she said.

This requires, she added, "hard work helped by a clear sense of purpose and discipline. On a steep road there is no time or place for pause. . . . We must get more out of every acre under the plough, out of every spindle in the machinery, out of every technologist and worker, out of every rupee."

In order to ensure proper government direction, Gandhi carried out a cabinet reshuffle a day after the national radio broadcast, shifting various portfolios, and dropping and adding a few lower level ministers. The most important is the shifting of Pranab Kumar Mukherjee from the Commerce Ministry to Finance where he will replace R. Venkataraman, the oldest member of the cabinet. Mukherjee will have the difficult task of administering the three-year \$5.6 billion loan India has received from the International Monetary Fund, which has been the subject of controversy in Parliament.

Venkataraman, meanwhile, is entrusted with the Defense Ministry, which Prime Minister Gandhi has personally run since her government took office. The decision to appoint a full-time Defense Minister takes added importance from the growing tensions with Pakistan. This sense was captured at the swearing-in ceremony in the following exchange overheard by an Indian journalist: Venkataraman told Mukherjee "From now on I pass on my sleepless nights to you." Prime Minister Gandhi responded "I am not so sure."