

Foreword

In 2004 I delivered the K R Narayanan Memorial Lecture at the Australian National University, Canberra. It was titled “India: On the Growth Turnpike”. Dr. Narayanan, our former President, was a noble son of India. I had the privilege of interacting with him when he was our President and I was Finance Secretary.

It was my duty to brief him on the budget and I was very impressed by his grasp of complex economic issues. He emphasised the need for policies that foster accelerated growth and address problems of equity, the then and now the core issues for India’s political economy.

Over the last decade the growth in India did accelerate. However, recently there has been some disquiet about equity outcomes. My Guru, Professor Jagdish Bhagwati, lucidly analysed the relationship between growth and poverty removal in his recent address to our Parliament. This triggered a very intense intellectual debate organised under the aegis of CUTS International. I congratulate CUTS for making this very important contribution to India’s policy debate.

India’s growth acceleration means that now we can double the per capita income in less than one generation which earlier used to take 3 generations! This is an awesome difference. But, today, an important question is whether we can sustain this great story as well as make it more robust and equitable.

This collection of views on growth-poverty of a number of eminent scholars from India and abroad makes a rich contribution towards understanding these important issues. This debate seems to suggest that while our Stage I reforms had borne fruits, a time has come to push Stage II reforms in social sectors such as health and education and other crucial sectors such as agriculture and labour markets.

Stage II reforms will be much more complex than Stage I reforms. We will need to confront a number of “social conflicts.” In my abovementioned lecture I have argued that the high quality of our institutions of conflict management anchored in our democracy has helped us in carrying forward earlier economic reforms.

This year the Planning Commission of India made the process of formulation of the 12th Five Year Plan much more inclusive by asking for the larger civil society’s views on several important issues confronting our growth and development. I am told that many of the submissions from our progressive scholars were more in favour of better designed market-oriented reforms. I am not surprised at this, given the need for implementing liberalisation with safety nets.

I understand that this motto – liberalisation with safety nets – is one of the credos of CUTS International, a leading international NGO working on trade and regulatory issues. Since 1990s, CUTS, under the visionary leadership of Pradeep S Mehta and his team of energetic analyst-activists, has made enormous contribution to the economic policy discourse in India and internationally. I have witnessed many of them and am proud to be associated with it.

This volume firmly establishes the importance of growth in social development. Its publication is timely as there is a reactionary murmur about growth in some political quarters. And we cannot afford that to happen.

It is our solemn duty to lift the largest number of our poor out of the poverty trap, which can be done only by expanding the cake, for which growth is an imperative. Therefore, I urge CUTS to organise more such constructive debates, particularly on Stage II reforms or the second generation reforms and thus take the messages down to the grassroots and thus help build consensus that is required for successful implementation of reforms.

June 2011

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13th Finance Commission