

Planning Priorities in South Asia's Development†

TARLOK SINGH*

I

On December 8, 1985, the Heads of State or Government of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka set their Hands and Seals to the Charter of the South Asian Association for Regional Cooperation (SAARC), thus initiating the single most hopeful development since the liberation and partition of the Sub-continent. The objectives SAARC set out to achieve are:

- (a) To promote the welfare of the peoples of South Asia and to improve their quality of life;
- (b) To accelerate economic growth, social progress and cultural development in the region and to provide all individuals the opportunity to live in dignity and to realise their full potentials;
- (c) To promote and strengthen collective self-reliance among the countries of South Asia;
- (d) To contribute to mutual trust, understanding and appreciation of one another's problems;
- (e) To promote active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields;
- (f) To strengthen cooperation with other developing countries;
- (g) To strengthen cooperation among themselves in international forums on matters of common interest; and
- (h) To cooperate with international and regional organizations with similar aims and purposes.

In seeking to give concrete shape to these objectives, the Islamabad Declaration of the Fourth SAARC Summit held in December 1988 emphasised—

'the need to progressively carry out SAARC activities within a broad framework of a long-term perspective and to harmonize their efforts to ensure tangible benefits to the peoples of South Asia as a whole. They (Heads of State or Government) were conscious of the fact that all South Asian countries

*The author is Professor, Institute of Applied Manpower Research, New Delhi, India.

†The comments from the second discussant have not been received.

faced problems in varying degrees in areas such as food, clothing, shelter, education, primary health care, population planning and environmental protection. Towards this end they were of the view that all member states should identify areas of core interest in their national perspective plans or prepare such plans and consolidate them into a regional plan to be called "SAARC-2000 – A Basic Needs Perspective", with specific targets to be met by the end of the century.'

The line of development indicated by the Fourth SAARC Summit should prove invaluable in building up regional cooperation in South Asia at the level of planning. However, it calls for a wider view of national and regional priorities in the context of cooperation in South Asia. In any country, within the scheme of planning, economic and social objectives are interrelated and a variety of other complex issues have to be considered along with them, such as the general pattern of industrial, agricultural, regional and social planning, choice of technology and scale of operation, mobilization of internal and external resources, approach to problems of poverty, unemployment and underemployment, issues of equity and growth, and others. Basic needs is an area of primary concern. In seeking to fulfil them, planners are obliged to take a wider view of priorities and strategies. In turn, depending upon its nature this wider view will influence their ability to meet the basic needs of the people through their medium and long-term plans.

II

The main priorities and strategies of development have to be determined by each country in relation to its own specific conditions and resources and constraints, and its own experience of development. Development planning at the national level is conditioned strongly by internal as well as external factors which, inevitably, interact with one another. As they have taken shape during the eighties, external factors are vastly different in substance and direction from those which operated in the seventies or, earlier in the sixties and the fifties. Though they may influence different countries in a region broadly in the same direction, their precise significance for each country will vary a great deal. Therefore, from the base of national planning and development, it is necessary to go on to explore regional and other dimensions, as they are seen within the region and in relation both to other regions and countries, and globally. Since our object here is to consider planning priorities in the context of South Asia, it should be stressed that determination by each country of its own priorities and strategies, conceived in relation to its own needs and conditions, constitutes the first and most important step. Since every country, whether large or small, has transactions with a large number of other countries, the regional dimensions are necessarily only part of a larger picture. However, depending on the

strength and directions of co-operation within the region, the later can serve as an important mediatory influence, enhancing the benefits or reducing the adverse effects of the international economic environment.

Over the past decade or more, several developments in the international economy have aggravated the difficulties of less developed countries. Increasingly, the richer countries shape their policies in concert in such areas as trade, aid, the role of multinational enterprises, debt relief, transfer of technology, and functioning of international financial and other institutions. Acting alone, each less developed country is persuaded to accept compromises in line with its immediate short-term needs. As an UNCTAD Report has stressed, maladjustments and distortions in the world economy have increased, making structural adaptations more difficult for all. 'Because of slow growth, technological progress is causing acute distress among commodity producers and the unemployed and souring international economic relations – instead of raising living standards and promoting international harmony. In many countries there is a growing feeling that the costs of integration into the world economy are outweighing the benefits. There is little progress in action to make the burden of developing countries' debt more tolerable, to recycle surpluses to them swiftly and on a large scale, to roll back protectionism and to give the international financial institutions a bigger role and fresh orientation.'¹

In addition to its direct contribution in accelerating the development of its member countries, in pursuance of South-South cooperation, SAARC can do much to improve the international environment for their development. Within the SAARC region itself, codes and principles of exchange and co-operation have to be formulated and applied such that they can serve as a practical example of action expected by the poorer countries of the richer countries who now hold all the levers of power in the world economy. It may seem at first sight that conditions within the SAARC region are much too diverse to make such an approach feasible. A closer view of regional parameters in South Asia will reveal both significant diversities and significant potential complementarities.

III

The demographic, economic and social profiles of the SAARC region can be briefly seen from Tables 1, 2 and 3, which provide data for six member-countries. The rapid growth of population, the large populations of India, Bangladesh and Pakistan, and the prospects of accelerated increase in numbers are determining factors in the future of the region, both by itself and as a component of the world economy. The fact that more than three-fourths of the people of the region are in one country casts upon India the supreme obligation and opportunity of working

¹UNCTAD (1987). *Trade and Development Report*.

Table 1
South Asia, Population and Population Projections (Million)

Country	1950	1987	2000	2025	Hypothetical Size of Stationery Population	Assumed Year of Reaching NRR = 1
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Bangladesh		106.1	144	217	324	2025
Pakistan	76.6	102.5	156	286	513	2040
Bhutan	0.6	1.3	2	3	5	2035
India	359.3	797.5	1010	1365	1766	2015
Nepal	8.0	17.7	24	37	96	2030
Sri Lanka	7.7	16.4	19	23	26	1995
Total	452.2	1041.7	1355	1931		
Percentages						
Bangladesh		10.18	10.63	11.24		
Pakistan	16.94	9.84	11.51	14.81		
Bhutan	0.13	0.12	0.15	0.16		
India	79.46	76.57	74.54	70.69		
Nepal	1.77	1.70	1.77	1.92		
Sri Lanka	1.72	1.58	1.40	1.19		

Note: Population figures for 1950 are taken from *UN World Population Prospects as Assessed in 1968 (1973)*. At the 1951 census, population for East Pakistan (Bangladesh from 1971) was returned as 41.93 million and for West Pakistan (Pakistan from 1971) as 33.78 million. All other population data and projections are from World Bank, *World Development Report 1989*. The Republic of Maldives, not shown in the table, had in 1987 a population of 196,000.

Table 2
South Asia : Economic Profile

	GDP (1987) (Million Dollar)	GNP per Capita (1987) (Dollar)	Value Added in Agriculture (1987) (Million of Current Dollar)	Value Added in Manufacturing (1987) (Million of Current Dollar)	Merchandise Exports (1987) (Million Dollar)	Merchandise Imports (Million Dollar)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Amount						
Bangladesh	17,600	160	8327	1249	1074	2620
Bhutan	250	150	109	8	25	88
India	220,830	300	65,254	28,311	12,548	18,985
Nepal	2,560	160	1,411	113	151	569
Pakistan	31,650	350	7,430	5077	4172	5,822
Sri Lanka	6,040	400	1,628	888	1393	2,085
Total	278,930		84,159	45,642	19,363	30,169
Percentages						
Bangladesh	6.31		9.89	2.74	5.55	8.68
Bhutan	0.09		0.12	0.12	0.13	0.29
India	79.21		77.54	83.94	64.80	62.93
Nepal	0.92		1.68	0.25	0.78	1.89
Pakistan	11.35		8.83	11.12	21.55	19.30
Sri Lanka	2.17		1.93	1.95	7.19	6.91
	100.00		100.00	100.00	100.00	100.00

Note: Data are from World Bank, *World Development Report 1989*.

Table 3
South Asia : Social Profile

Country	Life Expectancy at Birth (Years) (1987)	Infant Mortality Rate (Aged under 1) (1985)	Crude Birth Rate per 1000 Population (1987)	Crude Death Rate per 1000 Population (1987)	Adult Literacy Rate (Percentage) (1980)	Females per 100 Males in	
						Primary Schools (1986)	Secondary Schools (1986)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Bangladesh	54	123	41	15	26	66	45
Bhutan	47	133	39	17	—	54	31
India	58	89	32	11	36	64	48
Nepal	51	133	41	15	19	41	30 ⁺
Pakistan	55	115	47	12	24	50	38
Sri Lanka	70	36	23	6	85	93	109

Source: Columns 2, 4, 5, 7, 8 World Bank, *World Development Report, 1989*.

Column 3 World Bank, *World Development Report, 1987*.

Column 6 World Bank, *World Development Report, 1983*.

+For year other than 1986.

in the closest co-operation with the other countries in promoting the well-being of the people of the entire region, equally and on the same terms as it seeks the well-being of its own population. As is well-known, within the large size and population of India, there also exist enormous disparities in the conditions and levels of development. These too have to be lessened at the same time as, by way of a common objective, economic levels in the least developed countries of the region (Bangladesh, Bhutan, Maldives and Nepal) are raised substantially within the shortest possible period. Given the long-range approach of cooperative development on the part of all countries and specially of the two large economies of India and Pakistan, differences in size of population and in development in industry, agriculture and other sectors can well become a positive rather than a negative element in sharing resources, capacities and technology for the development of all countries of the region.

When economic and social levels of development, depicted in Tables 2 and 3, are looked at carefully, similarities and common problems rather than differences emerge prominently. However, the contexts in which these problems have to be resolved vary very widely from country to country. For this reason, national development plans, both medium-term and long-term, are an essential basis for meaningful regional co-operation. Co-operation at the level of planning and in periodical reviews of development experience and economic performance, undertaken jointly within the framework of SAARC, has to be built speedily into the systems and procedures of regional co-operation. In the past and even currently, each country in the region has tended to plan for itself without reckoning the scope for and desirability of regional linkages. Since the terminal dates of the plans of different countries in the region now happen to be close to one another, the opportunity can be seized readily. Thus, India's Eighth Plan begins in 1990, Bangladesh's Third Plan and Nepal's Seventh Plan end in 1990, Pakistan's Sixth Plan ended in 1988, and Sri Lanka will soon be presenting its Public Investment Programme for the period 1986-1990.

Both through its plan document and in separate studies, each country has been engaged in reviewing its basic problems and considering possible shifts in priorities and strategies. There are numerous areas of common emphasis in the development planning now under way and every country stands to gain from the revaluations being attempted in the other countries. There is also a degree of resemblance in the statements of objectives set out in the Plans. It is apparent, however, that these need to be examined more critically with reference to the resource allocations and the means of implementation which are provided and the political and other support extended, specially to the major social objectives.

As a broad generalization, it can be stated that in South Asia, at the present stage of development, co-operation at the regional level should be seen as an aid to the fulfilment of the design of development as conceived by each country in virtue

of its own needs and conditions. Any advanced forms of integration can only emerge as a product of evolution as and when they are found to meet common and mutually felt needs. Secondly, regional co-operation should serve also as a framework for co-operation between two or more countries in specific areas of common interest. Principles of co-operation agreed for the region as a whole could then apply equally to bilateral and other forms of co-operation between individual countries.

In the background of the discussion above, we may consider in broad terms developmental experience in South Asia in a few selected areas. It will be seen that while different countries in South Asia often face similar problems, the inherent social and historical conditions in which they arise are unique, and each country has to resolve the basic issues in its own terms. Secondly, the main priorities and approaches which emerge for different countries in relation to these problems are in harmony with and will gain support from co-operation at the regional level. Thirdly, there is expanding scope for coordination and broad policy formulations in relation to the region as a whole.

IV

All economies in South Asia are essentially private market economies. They are also mixed economies with varying magnitudes of activity in the public and private sectors. In India, a substantial public sector has been built up in industry, transport, infrastructure, trade and services, although in future the approach may be more pragmatic. Elsewhere, in view of the limitations of Government machinery and absence of ideological preferences, much the larger part of modern industrial and allied development is likely to be through private agencies, frequently in combination with foreign enterprise. In Bangladesh, Nepal, Pakistan and Sri Lanka, the private sector is being accorded a preferred status, frequently at the expense of both the public and the cooperative sectors. The evolving mixed economies have to find satisfactory answers both to economic and to social problems. In other words, without a strong underpinning of social and human resources development and measures for redistribution of income and more balanced regional distribution of developmental gains, the mixed economy pattern will tend to enlarge inequalities and create increasing social tensions. This is an issue of common interest for the region, but clearly appropriate answers have to be found within the political and economic system of each country.

Except in Sri Lanka, which has largely achieved the demographic transition, all other countries in the region have high rates of population growth with all their attendant consequences (Table 3). The race between increase in food production and growth of population has yet to be won, though there is much greater cause for anxiety in Bangladesh and Nepal than in Pakistan and India. The implications of high rates of population growth are set out in all plan documents, and with

particular candour and concern, in those of Nepal and Bangladesh. The main answers in terms of policy and implementation are now known, but have yet to be translated effectively into adequate social policies, resource allocations and machinery for execution. Population control is an area both of urgent national action and for comprehensive exchange and co-operation within the region and beyond.

Agriculture and the rural economy sustain 87 percent of the population in Bangladesh, 95 percent in Bhutan, 73 percent in India, 91 percent in Nepal, 69 percent in Pakistan, and 79 percent in Sri Lanka (Table 4). Growing numbers dependent mainly on agriculture and the associated crafts and services are having to earn their living from diminishing proportions of the domestic product (Table 4). A study of Pakistan's economy through the seventies has drawn pointed attention to the implications of the relative decline in the share of commodity-producing sectors in the domestic product and relative increase in the share of services.² A similar trend, though on a lesser scale, is observed elsewhere in South Asia.

The condition of imbalance between rural and non-rural sectors in the economies of all countries in South Asia provides one main explanation for widespread rural poverty and unemployment and underemployment. An urgent requirement, common to all the countries, but hitherto inadequately dealt with in their development plans, is the early transformation of the economies of different regions, specially of the more backward ones, along composite lines. Taking a long-range view of the potentials and resources of each region, the objective would be to bring about a combination of agriculture, industry, infrastructures and social services, and to ensure intensive development of local human and natural resources. This involves a shift from excessive attention to macro-indicators of overall growth and the creation of new linkages between planning at different levels and in different sectors. Intensive regional development plans are an important area for sharing experience among South Asian countries.

Agriculture remains the most critical sector for all countries in South Asia. Each country has developed elaborate research and extension strategies and has identified the directions in which its production effort needs to be strengthened. Issues concerning agricultural prices, supply of inputs and credit, increased irrigation, and land and water management, receive careful attention. In India and Pakistan, the main thrust is to increase the productivity of small and marginal farms and of areas which have little irrigation or low rainfall. Mitigation of losses due to floods and droughts is a common problem for the sub-continent, and is specially acute for Bangladesh and Nepal and parts of India and Pakistan. Efficient use of available water, control of floods and prevention of soil erosion have to be viewed

² Syed Nawab Haider Naqvi and Khwaja Sarmad (1984) *Pakistan Economy Through the Seventies*. Islamabad: Pakistan Institute of Development Economics. Chapter 2.

Table 4
South Asia : Labour Force

Country	Urban Population as Percentage of Total Population (1987)	Percentage of Population of Working Age (1985) (15-64 Years)	Percentage of Labour Force (1980)			Average Annual Growth Rate of Labour Force (Percentage)		
			In Agriculture	In Industry	In Services	1960-80	1980-85	1985-2000
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Bangladesh	13	53	75	6	19	1.9	2.8	3.0
Bhutan	5	55	92	3	5	1.8	1.9	1.9
India	27	56	70	13	17	1.7	2.0	1.8
Nepal	9	54	93	1	7	1.6	2.3	2.3
Pakistan	31	53	55	16	30	2.6	3.2	2.8
Sri Lanka	21	62	53	14	33	2.2	1.6	1.6

Source: Col (2) from World Bank, *World Development Report 1989*.

Cols (3) to (9) from World Bank, *World Development Report 1988*.

as interrelated national *and* regional responsibilities. Food self-sufficiency and food security, which have been at the centre of agricultural planning in the past, continue to be vital tasks; the objective must now be broadened to provide for improve levels of nutrition.

Alleviation of poverty has been an important aim in planning over the past decade in several countries in South Asia. The approach to identification of the rural poor has been somewhat simplistic. The test of food consumption below or above a certain level of calories takes no account of the complex structural and economic factors which determine the nature and extent of poverty. The programmatic approaches, which have been adopted mainly because of administrative convenience, have proved altogether inadequate. Indeed, it needs to be stated that to an extent current anti-poverty programmes, useful as they are in a limited sense, have tended to take attention away from the basic long-term and structural problems which still remain to be resolved. The real picture is indeed grim and varies widely in different regions in each country. Thus, in Nepal, according to an ARTEP Study (1974), if an annual income of Rs 500 is assumed to be the poverty line, over 56 percent of the population in the Terai and over 75 percent in the Hills are reckoned to be poor.³ In Bangladesh, as indicated in the Third Five Year Plan, the proportion of the population below the poverty line increased between 1964 and 1974 from about two-thirds to over four-fifths. In 1978, 29 percent of rural households in Bangladesh held no land other than homesteads, 31 percent 1 acre or less and 24 percent 1–3 acres.⁴ Various studies indicate increase in numbers below the subsistence level both in relative and absolute terms.⁵ In Pakistan, compared to 24.3 percent in Punjab and 18.3 percent in Sind, in the North-West Frontier Province about 54 percent of rural households have less than 5 acres of land.⁶ In India, the proportion of marginal holdings (less than 1 hectare) has increased from about 70 percent in 1970-71 to about 75 percent in 1980-81. In States with heavy pressure of population, marginal and small holdings account for about half the operated area. In these States, available data suggest increase rather than diminution in the proportions of the rural poor.

In the context of rural poverty, almost all countries in South Asia have in operation programmes for meeting certain defined 'basic' or 'minimum' needs of

³ Mahesh Banskota and Iswor R. Lohani (1982) *Nepalese Agriculture. A Comparative Evaluation*. Kathmandu: Centre for Economic and Development Administration.

⁴ *Development of Agriculture and Regional Co-operation* (1983) Report of Regional Consultation. (Committee on Studies for Co-operation in Development in South Asia)

⁵ Stefan de Vylder (1982) *Agriculture in Chains. Bangladesh: A Case Study on Contradictions and Constraints*.

⁶ Mahmood Hasan Khan (1985) *Lectures on Agrarian Transformation in Pakistan* Islamabad: Pakistan Institute of Development Economics.

sections of the population reckoned to be below the poverty line. The composition of the package varies, as does the proportion of the population to be assisted over given periods. Provision of basic needs to specific target groups has a proper place in the scheme of development. A distinction should, however, be made between community needs and household needs, the notion of basic needs being reserved for the latter, while the provision of community needs is undertaken as a component of the development plan itself. Though objective appraisals of basic needs programmes have still to be made, it would be an error to view them as substitutes for development strategies which could result in assuring minimum income and employment to all, thereby enabling each household to obtain the means for meeting its own essential needs. Also, as suggested earlier, the provision of basic needs is intimately related to the total scheme of development and is not to be viewed as a sub-plan which can operate more or less independently of the rest of the development plan. The experience of Sri Lanka has shown that, at an early stage in development, the approach of providing essential welfare and social services led to impressive gains by way of improvements in the quality of life. This approach, however, went much beyond the provision of minimum household needs.⁷

Inequality and Poverty are two sides of the same coin. Inadequate implementation of agrarian reform legislation and, in some cases, halting legislation intended to preserve the *status quo* to the extent possible, accompanied by relatively greater progress in agriculture on the part of the better off farmers and the more favourably placed regions have enlarged rural inequalities. Outside the rural sector, it is unfortunately true that in no country in South Asia action to lessen inequality and improve the distribution of income in favour of the poorer groups has gone much beyond preliminary steps or exploratory investigations. Political difficulties notwithstanding, specific measures, even if moderate in conception but indicative of firm directions of future policy, should form an essential development priority. In this area, action lies necessarily within each country, but significant progress in diminishing inequalities even in one or two countries is certain to influence developments elsewhere in the region.

V

Countries in South Asia have gained considerable experience in formulating and implementing development plans. They are conscious of the gaps which have persisted. In every country there is need to turn a new leaf, to push the idea of planning to the level of the people, to remove the lags between economic and social development, to widen the horizon of planning from the country to the region, and to take much fuller account of international developments. In other words, in a

⁷ *Welfare and Growth in Sri Lanka* (1974) Colombo: Marga Institute.

fundamental sense, the basic concepts underlying development have now to be reoriented in several directions. Such reorientation has to be undertaken within each country and also through mutual consultation, at the regional level. Not all these directions of change are new, but together they make for a fresh start in development planning.

The idea of deepening public participation has been articulated over the years in every country in the region. Inadequate local institutions, hierarchical procedures, and excessive centralization in resources have come in the way of genuine community participation and emergence of community leadership. From its own experience, each country is in a position to take the steps needed, and all countries would be eager to learn from approaches developed by others within the region as well as elsewhere.⁸

Within the constraints of resources which have hamstrung plan formulation since the early fifties in all countries in the region, for reasons which were not necessarily connected with the supposed preoccupation with economic growth, there has been a clear failure in giving the necessary priority to social and human resources development. Once a pattern of resource allocations has been set, it tends to carry on from one plan to the next, unless a decisive change comes through political decisions at a high level. Such a change in favour of human resources and social development has long been due, but has yet to come about in any of the countries of the region. The explanations which are offered in Plan documents for unduly limiting allocations for the social sectors are for the most part unconvincing. Examples of lags between social and economic development are all too numerous. It will be sufficient to mention four: action supportive of population control; programmes to bring women into the mainstream of economic life; measures to eradicate mass illiteracy; training and work opportunities for millions of literate youth in the villages. In each of these directions and several others which can be cited, altogether new and bold approaches have now become imperative. It is not for want of data or appreciation in principle that policy and planning continue to

⁸ Asia and Pacific Development Centre (1987) *Building from Below: Local Initiatives for Decentralized Development in Asia and Pacific*, Vols. 1 & 2. Kuala Lumpur.

A. Jameel Siddiqi (1980) *A Review of Rural Development Programmes (1857-1980)* Islamabad: Government of Pakistan.

Qazi Khaliquzzaman Ahmad and Monowar Hossain (1978) *Development through Self-help: Lessons from Ulashi*. Dhaka: Bangladesh Institute of Development Studies.

Marga Institute Colombo (1978) *Participatory Development and Dependence: The Case of Sri Lanka*.

P. C. Lothani (1980) *People's Participation in Development*. Kathmandu: Nepal. Centre for Economic Development and Administration.

Planning Commission, India (1987) *Involvement of the People in the Planning Process*.

fail in several critical areas of social and human resource development.⁹

Plans formulated by India and Pakistan set the pattern within the region of inward looking development planning. To an extent this was understandable. In India's case, trade policies were adapted continuously to domestic requirements, specially the need to obtain foreign exchange by way of loans and grants, to develop domestic industry through import substitution, to meet balance of payments deficits, and to earn foreign exchange through exports. Trade expansion within the region never became, nor has it yet become, a specific policy or planning objective. With India accounting for 65 percent of South Asia's exports, 63 percent of imports and 79 percent of the gross domestic product, it falls upon her to take some definite steps towards integrating a trade policy for South Asia into its total economic policy. The response from other countries will come in time, if slowly, and in the longer term India will also stand to gain from greater mutual exchange and complementarity with countries in the region. A number of suggestions to this end have been put forward in a published study.¹⁰

VI

Several influences are now at work towards widening the horizon of national plans in South Asia and explicitly incorporating into them regional and other dimen-

⁹Plan Documents of various countries (other than Sri Lanka) have much to say on measures relating to population control, the need for eradicating mass illiteracy and for the development of women, without, however, ensuring adequate resource allocations and other follow-up. The issues posed by increasing numbers of literate rural youth are still being ignored. See, for example, Nasra M. Shah (ed) (1986) *Pakistani Women. A Socioeconomic and Demographic Profile*. Islamabad: Pakistan Institute of development Economics and Tarlok Singh. *India's Literate Rural Youth as a Human Resource Imperatives for Planning*. South Asian Studies 1 : 2. Lahore: Centre for South Asian Studies, Punjab University.

¹⁰These suggestions include—

- (a) Collaboration in industrial development in the spirit of long-term partnership, on lines departing radically from those currently prevailing between rich and poor countries;
- (b) Limited convertibility of national currencies within the region, beginning unilaterally with an offer by India to accept payment for goods and services supplied to all countries in the region in goods and services and in their national currencies;
- (c) Free entry into India for all goods produced within the region through mutual bilateral agreements; and
- (d) Provision of long-term aid and credit facilities for countries of the region as agreed mutually.

See Malcolm S. Adiseshiah (ed) (1986) *Role of Foreign Trade in Indian Economy*. Lancer, New Delhi. Paper by Tarlok Singh. *Expansion of Trade between India and SAARC Countries*, pages 86—91; B. K. Madan (1985) *Towards Monetary Cooperation in South Asia*. Concept, New Delhi and Arif A. Waqif (1987) *South Asian Cooperation in Industry Energy and Technology*. New Delhi: Sage.

sions, which have been neglected in the past. These influences include initiatives taken by SAARC Summits at Kathmandu and Islamabad in relation to protection of environment and prevention of natural disasters, coordinated action by SAARC members towards liberalization of the multilateral trading system (GATT Uruguay Round) exchange and co-operation between national planning organizations, combined action in favour of the least developed countries, relief of international debts, and recycling of trade surpluses; the ongoing deliberations of the South-South Commission set up by the decision of the Non-aligned Countries; and the prospects and implications of Europe 1992. These and other developments are signals for new thinking for co-operation in development on the part of all countries in South Asia.

We may recall here, by way of conclusion, the message conveyed to developed countries in the DAC Report on Development Co-operation which applies with still greater force to SAARC's own member-countries and the steps which it now lies with them to initiate both individually and collectively:

'This has been a year of reflection in the development community: a stock-taking on the difficult years of the 1980s; a looking ahead at the issues, opportunities and challenges of the 1990s; and a consideration of enduring principles born of our longer-term experience and likely to carry validity into the next century. We are in a period of unusually rapid change... At the political level we are clearly in a time of opening... There is an encouraging convergence in economic thinking... More issues are "we" issues rather than "them and us" issues. We all need robust growth. We all need open markets and increased trade. We all need more investment and an improved environment for the market economy. We all need solutions on debt. Interdependence continues to grow'.

Comments on “Planning Priorities in South Asia’s Development”

In this paper the author has made a strong case for closer cooperation in South Asia. Apparently this should not be a difficult task to achieve given the fact that the development objectives are the same in all the countries of South Asia i.e., of reducing population growth, removing imbalances between rural and non-rural sectors; developing agriculture; alleviating poverty through the provision of basic needs to the people and allocating more resources to social and human resource development. And I fully agree with the author on all these issues.

I would like to elaborate on two important points that have been raised in the paper and thus, perhaps add a slightly different perspective to the one provided in the paper. The first point concerns the changes taking place in the international economic environment and the challenges that these pose to the developing countries and those of South Asia. The globalization of financial markets and economic processes has made the world much more closely linked and is leading to the emergence of a single world market, to operate in which the developing countries cannot rely on concessions from the developed countries. It has become obvious that the logic of competition is very powerful and the world economy cannot be regulated politically though this may be to promote global equity and economic justice. The message of this paper is that to survive economically South Asian nations must accelerate the process of regional cooperation in order to respond to the challenge of a technologically dominated single global market.

We live in a region where poverty and hunger are widespread, where the regionalization of dangers and challenges forces us to adopt policies which go beyond the national context. At the same time we need to develop the prospects for expanding economic linkages with other developing regions. And there is empirical evidence to support this. This paper emphasizes the point that some sort of restructuring of economic linkages in the SAARC region is required to bring about development that is regionally driven and not completely dependent on world demand. This is obviously a great challenge. The challenge is how to transform poverty and social needs into effective demand and then how to meet this demand from within the SAARC region. By highlighting the planning and development priorities in South Asia this paper points the way to meeting this challenge. To the author’s list of development priorities I would also like to add the need to curtail wasteful economic

institutions and activities in South Asia, which constitute a heavy economic loss and sap the regions ability to develop at a fast pace, like unproductive land holdings, corruption, privileged groups and defence, which, with peace breaking out all over the world, has become an expensive anachronism in South Asia.

The second point that I would like to elaborate on concerns the role of centralized planning in South Asia. The profound changes taking place in the Socialist economies characterized by a shift away from extensive to intensive economic development has led some of us to believe that the days of centralized planning are over. I believe this is not the case. For obvious reasons it is impossible to efficiently regulate a modern economy without markets. The system of centralized planning in Eastern Europe is having great difficulty in meeting the demand for the highly diverse products and services of the modern high-consumption society. And *perestroika* is simply a recognition of this fact. But even in the post-*perestroika* economy a strong role for central planning will persist for the 'planable' or priority sectors like energy and heavy industry. Central planning has proved itself to be an effective instrument where the development of 'priority' sectors of the economy is concerned because it allows the economy to respond to such economic problems on a long-term basis, which is the only way of responding to these problems.

In South Asia the development priorities that have been highlighted in this paper cannot be pursued without active intervention by the state. I fully agree with the author that the mix of state and market in the various South Asian countries will be different depending on their historical experiences. But the fact remains that centralized planning has an important role to play in South Asian development and that national plans can become "an essential basis for meaningful regional co-operation". This, I believe, is the central message of the paper and I fully endorse it.

Khwaja Sarmad

Pakistan Institute of
Development Economics,
Islamabad