

SEVENTY-FIVE YEARS OF NATIONAL PLANNING COMMITTEE (1938-2013) : A RECOLLECTION

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The year 2013 marks the completion of seventy-five years of the formation of National Planning Committee- India's first, but ironically much forgotten, institutional attempt towards economic policymaking. The article revisits this exercise attempting to situate it in the discourse on India's development of indigenous policy building capability –a rare feat for an underdeveloped country. Studying the larger political context of this exercise, its form and content, we argue that this episode can provide several enriching insights to scholars and makers of economic policy.

Introduction

While a lot has been written, and admired, about India's planning exercises post independence, there seems to be a lack of appreciation for its pre-independence avatar among academicians and policy makers. Quite often, the policy scholars have located the genesis of independent India's planning exercises in the planning of the USSR. Indeed, the contribution of the USSR in shaping independent India's development policies cannot be undermined. Even before independence, Meghnad Saha¹ (1937) sought to strike the similarity between India and Russia of Pre-War period and accolades planning as the pillar for Russia's success in developing power, industry and agriculture.² However, assuming India's planning exercise a direct transfer of policy from the USSR does not capture the intricacies of the history of policy making exercises in India, and undermines the intense, and often passionate, involvement of a large cross section of individuals to prepare a roadmap for independent India's

development through indigenous policy building capacity. The difference between the Soviet model of development and India's planning envisaged is articulated in the words of Meghnad Saha (1951), in *Visva Bharati* bulletin he opines, 'the world today is rapidly being aligned under two ideological groups. On the one side we have the Soviet Marxist concept of the monolithic state, which represents a breakaway from the historical past. On the other hand we have what is called the progressive democratic outlook, which while conversing all the valuable elements from the past, is also trying to adjust the state and its ideologies to the changes introduced by rapid developments in science, industry and economies, and in ideas of social justice. This is the concept of the progressive welfare state; ...Our Prime Minister Mr. Nehru is, we believe, an exponent of the ideal of a progressive state for India. Such a political outlook should have...philosophical support based upon some great tradition of the country.'^{3,4}

Today, in the era of internationalization of policy making, when complaints are made that policies India adopts are not in synchronization with its socio-economic realities, a recollection of the proceedings of the National Planning Committee could provide some further food for thought. It also provides interesting insights into the then dominant political debates in India. Before discussing the

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proceedings in detail, however, it pays to quickly review the political economic situation of India that time.

Industrialisation Debate within Indian Congress Party in the 1930s: A Brief Account

The decade of 1930s was a period of tumult in Congress, marked by the emergence of an ideologically left leaning group within the party. Riding on this wave, Subhas Chandra Bose⁵ became the President of the Congress Party in 1938. On the other hand, the appeal for Swadeshi was at its zenith. Following on the ideals of ‘non-cooperation’, many Congress leaders were believed to have overtly been trying to promote a small and cottage industry oriented model of industrialization for the country. Provincial elections had been held, and Congress won a majority in many places meaning they now had to take charge of running government in the provinces. This was the time when Meghnad Saha, Subhas Chandra Bose and Jawaharlal Nehru⁶ formed the concept of national planning, despite reservations of M K Gandhi.⁷ Meghnad Saha was explicit in his reservation for ‘Swadeshi’ and putting too much emphasis on cottage industry led development models. He remarked, *‘the Congress would bring disaster to the country, when they got into power by the considering the SpinningWheel and match factories as a great step towards industrialisation.’*⁸ It is perhaps well known that Gandhi considered this exercise a waste of time and wanted his associates to stay away from its activities.⁹ J.C. Ghosh¹⁰ (1940) retorted, *‘there are some who find happiness...in the realization of self and in communion with the Supreme Being. ... there is only one Mahatma in 400 millions of people. The average man, however, can hope for happiness if the barest needs of life are satisfied on a reasonable basis of work and if he is given some leisure to cultivate his mind and social relationships.’*¹¹

Subhas Chandra Bose, while admitting this difference of views on industrialisation within the Congress party, put his weight behind the exercise, purportedly, to solve the ‘problems of unemployment’, ‘building socialism’, to ‘compete with foreign industries’ and ‘raise the standard of living of common people’.¹²

National Planning Committee: Form, Composition and Content

The conference of Ministers of Industries under the Chairmanship of Subhas Chandra Bose, President of the Indian National Congress strongly expressed the view that *“the problems of poverty and unemployment, of National Defence and of the economic regeneration in general cannot be solved without industrialisation”* to which end

a ‘comprehensive scheme of national planning’, providing for ‘development of heavy key industries, medium scale industries and cottage industries’ was to be formulated.¹³ Meghnad Saha is credited with the genesis of this idea of national planning who apparently convinced Subhas Chandra Bose, after the latter became President of the Congress Party in 1938 to *“form a National Planning Committee to thrash out problems of industrialisation and national reconstruction.”*¹⁴ Subsequently, Saha, and poet Rabindranath Tagore,¹⁵ persuaded Nehru to accept the post of Chairman of the National Planning Committee.¹⁶

The committee had fourteen members selected from occupationally diverse backgrounds, four industrialists - Ambalal Sarabhai, Puroshottam Thakurdas, Walchand Hirachand and A.D.Shroff, five scientists, Meghnad Saha, A.K.Saha, Nazir Ahmed, J.C.Ghosh and V.S.Dubey, three economists, K.T.Shah, Radha Kamal Mukherjee and M.Visvesvaraya. The two other members were J. C. Kumarappa,¹⁷ who with his Gandhian ideals represented the All India Village Association and N.M.Joshi, a representative of industrial workers.¹⁸

The massive architecture of planning that the NPC sought to undertake was evident from the division of work among its members. Eight themes were identified, namely, agriculture, industry, demographic relations, trade, transport, public welfare, education and women’s role in planned economy. Each theme was subdivided among various sub committees to deal with specific aspects. Consequently, the list of sub-committees included *agriculture* consisting of rural marketing and finance, river training and irrigation, soil conservation and afforestation, land policy, agricultural labour and agricultural insurance, animal husbandry and dairying, crops- planning and production, horticulture, fisheries. Industries comprising of cottage and rural industries, including marketing and finance, power and fuel, chemicals, mining and metallurgical industries, engineering (machines, machine tools and prime movers etc.) including transport industries, manufacturing industries, industries connected with public services such as education (press, cinema), sanitation, making scientific instruments and appliances. Demographic Relations consisting of Labour (other than agricultural) and unemployment, and efficiency of labour and labour policy, population. Under the gamut of commerce and finance fell trade (inland and foreign), industrial finance, public finance, currency and banking, insurance. There was also a committee on *transport services* comprising of railways, roads, rivers, coastal and overseas transport and air, communications: telegraph, telephone and radio. National housing and national health falling under falling under the Public welfare committee was taken care

of. Education to blend the work of the Wardha Committee and Expert Committee appointed in the provinces, mobilisation of labour for social service, technical education, both industrial and agricultural and Developmental Research. Lastly, industries were divided into three categories¹⁹:

- (1) Defence(*fire arms (land, air and marines) and their parts, munitions, cartridges, explosives, shells, torpedoes, etc, tanks and armoured cars and other forms of mechanical equipment especially designed for military purposes, warship of all types including submarines, military air-craft of all kinds, gases for warfare and gas-masks.*)
- (2) Key industries (*power, fuel, coal, mineral oil, power alcohol, natural gases, metals, ferrous and important non-ferrous, including winning of ore for them, heaving engineering industries for the building of ships, locomotives, wagons, automobiles, air-craft and the like, chemicals, heavy chemicals, fine chemicals including dyes, fertilizers and refractories.*) and
- (3) Public utility (*Distribution of electricity, gas and other forms of energy, public transport and communication services, water supply, sanitation.*)

This mammoth design of planning was, however, not free from opposition. The then Congress Minister of Industry, Mr Katju²⁰ apparently, had asked to reduce the scope of the plan, which was dismissed by the members of the committee. The committee felt that '*it was impossible to push ahead without some idea of a general plan.*'²¹ In fact, the ground definition of planning as clearly stated in The National Planning Committee report proceedings runs as, "*Planning under a democratic system may be defined as the technical co-ordination, by disinterested experts, of consumption, production, investment, trade and income distribution in accordance with social objectives set by bodies representative of the nation. Such planning is not only to be considered from the point of view of economics and the raising of the standard of living, but must include cultural and spiritual values and the human side of life.*"²² Nehru explicitly states India is only one of the few fortunate countries in the world, which can boast of having all the necessary raw materials, required for industrialisation within its own boundaries. However, due consideration was given to ensure that this approach did not exclude international trade, which was to be encouraged, but with a view to avoid economic imperialism. It was apparent that the first charge on the country's produce, agricultural and industrial,

was to meet the demands of domestic needs of food supply, raw materials and manufactured goods, yet, at the same time the outlet for the surplus goods was to be explored to meet the requirements of India's international indebtedness.

The political leadership took this opportunity to build the country's research base, without which, it was felt, no successful industrialisation would follow. With a view to promote '*state organization of research*',²³ the Indian Science Congress which met in Madras initiated setting up of All- India Council of Scientific and Industrial Research modeled in the form and entrusted with power and functions as that of Department of Industrial and Scientific Research in Great Britain.²⁴

Perspective of National Planning Committee (NPC)

The Self-reliance of NPC : The National Planning Committee stressed the importance of 'self- reliance' and of 'planning' for economic development.²⁵ However, as we have mentioned earlier, the NPC's concept of 'self-reliance' differed from that of the then predominant ideology in Congress, which explicitly emphasised on cottage industries and isolated village economies.

Saha remarked that Gandhi's emphases for cottage industries would make the country stuck with '*ancient techniques.*'²⁶ Eventually, the debate had its course when in the point eleven of Chairman's memorandum for National Planning Committee dated 4th June, 1939 it was painstakingly put forward that '*The Congress has, in view of present conditions in India, laid great stress on the encouragement of cottage industries in India. Any planning must therefore take note of this fact and base itself on it.*'²⁷ At the same time, the deliberations in the committees put it on record that '*This does not necessarily mean a conflict between cottage industries and large-scale industries. A large number of the country must inevitably be on a large-scale. The very resolution appointment the Planning Committee calls upon on us provide for the development of heavy key industries, medium scale industries and cottage industries.*'²⁸ Nehru in fact tried hard to convince the members of the committee that although Congress was not willing in the past to associate itself with industrialisation efforts in any way, its policy should change when it sees itself in the position of power. However, this assertion did not make his job of promoting large-scale industrialisation any easier. We see evidence justifying such industrialisation even on grounds of the contribution it would make to promote cottage and village industries by providing cheap raw materials and power. We also observe

that self-reliance was not equated with autarky; the country was envisaged to engage in trade with other nations, albeit after fulfilling the need of the domestic economy.

Ownership of Industries : In fact, the issue of ownership and control largely shaped by the perceived importance of large and small-scale industries in India's economic progress. Although many members were in favour of limited state control, and, even, private ownership, the committee decided in favour of rigid forms of state control and ownership in almost all industries, partly to check the fear of any conflict between the big and the small players. Thus public ownership was believed to facilitate the growth of cottage and village industries through a symbiotic relationship. This decision was, however, short-lived. The big industrialists successfully managed a larger space for private industries, post independence.²⁹⁻³⁰

Finally, despite the conflict in opinions and approaches, Nehru was of the belief that the Committee had played an invaluable role in framing the policy space for India's socio-economic development.³¹ Meanwhile a great deal of essential preparation could have been made and the various aspects of the problem were placed before the public and the various provincial and state governments. This endeavour, however, was not enough to please the powerful pro-Swadeshi groups³² in Congress, and, eventually, Mahatma Gandhi vetoed the publication of its final reports in 1941.³³

Statistical Data in Planning : The NPC made a pioneering attempt to Evidence-based Policymaking in India, with the belief that *'even more than the present, the future belongs to science and to those who make friends with science and seek its help for the advancement of humanity.'*³⁴ Moreover, through a thorough analysis of the National Planning Committee guidelines, we can see how the emphasis on data was realized by the policy makers. The Committee under Nehru was of the notion that a complete scheme of planned economy was a vast undertaking which needed full information and data and backed by cooperation of the technical experts, industrialists, administrators and the public at large. If planning as a scheme had to be laid out then it required a foundation for future structure within its borders of building up a planned system. The committee therefore substantiated by, *'proceeding on the existing data, or on such materials as can be obtained, and to draw up a broad outline picture.'*³⁵ Nehru, in fact, at different points during the NPC exercise had expressed his frustration with non-availability of data required for large scale planning.

Conclusion

The massive design of the NPC makes it clear that a detailed analysis of all its aspects is beyond the scope of this paper. We, however, highlight a few important pathways this planning exercise had made towards developing the policy building capacity of independent India. Along with National Planning Committee there were other plans, which came about namely, Gandhian Plan³⁶, People's Plan³⁷ and Bombay plan³⁸. However, NPC was an exception in bringing about a striking composition of policymakers, politicians, and experts from various fields of academics and covered the widest spectrum of activities in the economy.

While the basic encouragement to planning came from the USSR experience, the NPC did not mind following, at the same time, the British model of science and technology development by initiating building up of CSIR like facilities in the country. In the introduction we mentioned that for people like Meghnad Saha these two countries represented two very different kinds of political philosophy. Yet, the planners were willing to take relevant policy lessons from them demonstrating tolerance to pluralistic values and developmental pathways based on their felt needs of the country. Indeed, accepting private participation in the developmental activities can be seen as attempts to build on India's existing socio-economic relations and resource allocations rather than changing them drastically as was visible in the planning efforts of the USSR.

A second remarkable pioneering feature of the NPC, in our view, was its emphasis on statistical data for effective policy making. The continuity of this thought is visible in the appointment of PC Mahalanobis³⁹ as a key architect of India's post independent planning. The setting up of many social science research institutes under the Indian Council of Social Science Research can also be seen as an attempt to develop capabilities for evidence-based policymaking.⁴⁰ A third key characteristic of the NPC model was to bring in a wide array of expertise in policymaking, and ground every issue to extensive deliberations. Unfortunately, some of these features are missing today in many of India's policymaking endeavours, where a policy is transferred, often in haste, from abroad without adequate deliberations.

Acknowledgement

Discussions with Uma Dasgupta, and Shyama Prasad Ganguly were immensely helpful. A chance conversation with Aditya Mukherjee helped us locate many original references. The anonymous reviewers of the journal gave

constructive comments. A slightly different version of the paper was presented at the ‘National Conference on Science in Society and Development : Nehru and Beyond’ at Jamia Millia Islamia, New Delhi in 2013 where many participants made useful suggestions. □

References

1. Meghnad Saha was an astrophysicist, best known for Saha ionization equation. He was an elected member of parliament; he was an active member of National Planning Committee and was also the Chairman of the Indian Calendar Reform Committee constituted by the Council of Scientific and Industrial Research in 1952.
2. *Science and Culture* (October 1937) Vol. III. No.4, pp. 185-188.
3. As appeared in *Science and Culture* (November 1951) Vol. 17. No.5, p. 192.
4. Interested reader might note that poet Rabindranath Tagore, who also hailed the planning attempts of the USSR and played an active role in formation of the National Planning Committee faced severe criticism from many leftist when he visited China in 1924 because of his proclamation to base nation building exercise on its ‘good traditions’. One of Tagore’s admirers from the Left, Mao Dun wrote “We respect [Tagore] because he is pure in heart. We respect him because he feels for the oppressed and the underdogs. We respect him because he is on the side of the peasants...But we do not welcome the Tagore who loudly sings the praise of Oriental Civilization...” as quoted in Sen, A, Tagore and China in Chung T et al (eds) *Tagore and China*, Sage, New Delhi, 2011.
5. Subhas Chandra Bose was the Congress President in 1938-1939; he revived the Indian National Army. He led the All India Forward Bloc, which emerged as a faction within the Indian National Congress in 1939.
6. Jawaharlal Nehru was the first Prime Minister of India, a central figure in 20th century politics of India, the key policy maker for India’s economic development. Indeed, he is considered to be the architect of the modern Indian nation-state: a sovereign, socialist, secular, and democratic republic.
7. M. K. Gandhi was the most influential leader of India’s freedom movement. He embraced non-violence means for attaining freedom, which inspired many across the globe.
8. S. Chatterjee and J. Gupta, (Ed.), *MeghnadSaha in Parliament* (Calcutta: The Asiatic Society, 1993).
9. *Ibid.*
10. J.C.Ghosh was the Director of Indian Institute of Science, Bangalore and later became the Director of Indian Institute of Technology, Kharagpur
11. Public Lecture delivered at the Madras session of the Indian Science Congress on January 3, 1940.
12. *Science and Culture* (October 1938) Vol. IV. No.3, pp.140-141.
13. *Ibid.*
14. *Ibid.*
15. Rabindranath Tagore was a polymath, he was the first non-European to win Nobel Prize in Literature, he was the founder of Visva-Bharati University.
16. Chatterjee and Gupta 1993.
17. J.C.Kumarappa was an economist and a close associate of M.K. Gandhi. He is often credited for coining the term ‘Gandhian economics’. After India’s independence in 1947, Kumarappa worked for the *Planning Commission of India*.
18. K. T. Shah, *Handbook of National Planning Committee* (M. K. Vora & Co, Bombay, 1946).
19. The list is extracted from K. T. Shah.
20. Dr. Kailesh Nath Katju was the Union Home Minister in 1952-56, was the Minister of Industries of the Congress Cabinet in U.P. in 1938. He was also the Governor of West Bengal (1948-52).
21. See Shah.
22. *Ibid.*
23. Dasgupta. U. (Ed.). *Science and Modern India: An institutional history(1784-1947)* (PHISPS, New Delhi, 2011).
24. *Science and Culture* (May 1940) Vol. V. No.11, p.643.
25. Sanjaya Baru, *Self-Reliance to Dependence in Indian Economic Development*, (Social Scientist, 1983) Vol. 11. No. 11, pp. 34-35.
26. See Chatterjee and Gupta. It must be noted that Gandhi supported attempts to modernize Charkha. He was instrumental in announcing an innovation competition under the aegis of AkhilaBharatiyaCharkhaaSangh Workers’ Samiti with prize money of Rs one lakh for developing a light weight, portable charkha. See <http://www.techpedia.in/award/announcement.php> for detail. Last accessed 18 August, 2014.
27. See Shah.
28. *Ibid.*
29. This policy shift had irked Saha. See Klingensmith, D, *One valley and a Thousand-Dams, Nationalism and Development*, OUP New Delhi 2007.
30. To many, and in agreement with the predictions of the NPC, this led to uneven competition between the large and the small industry segments. Along with lack of clarity by the policymakers, this competition put major obstacle to the growth of small-scale industries in the planning era. See Tyabji, N, *Capitalism in India and the Small Industries Policy*, *Economic and Political Weekly* 15 (41/43) 1980, pp. 1721-1732.
31. Chakrabarty, B, *Jawaharlal Nehru and Planning, 1938-41: India at the Crossroads*, (Modern Asian Studies. 1992), Vol. 26. No.2, pp.275-287.
32. This group has been referred to as the “disciples of Gandhi” by Saha. Bagchi in an article in *Science and Culture* (1968) quotes MeghnadSaha’s unpublished letter to argue that more than Gandhi it was his disciples who carried the ‘*extreme by saying that he (Gandhi) is against all kinds of industries which use machineries*’. *Science and Culture* (November 1968) Vol. 34. No.11, p.442.
33. R. S. Anderson, *Nucleus and Nation: Scientists, International Networks, and Power in India* (The University of Chicago Press, Chicago and London, 2010).
34. Jawaharlal Nehru’s message to the Silver Jubilee Session of the *Indian Science Congress* Calcutta in 1938.
35. See Shah.
36. The Gandhian plan of economic development (1944) allowed for a limited role for modern industry.
37. *People’s Plan for Economic Development of India* was published by M.N.Roy (1945). This was a plan (form of a document)

containing Roy's contribution to the solution of India's economic and political problem.

38. Bombay Plan was published in 1944-1945 by eight leading Indian industrialists. It proposed for state intervention in the economic development of the nation (India) after independence from the United Kingdom.
39. P. C. Mahalanobis was an Indian scientist and statistician; he was a member of the planning commission. He founded the

Indian Statistical Institute. He was a close associate of Rabindranath Tagore, he served as a secretary to him during the latter's foreign tours and in Visva-Bharati University's administration.

40. In an article published in *Science and Culture* (1952), Mahalanobis comments, "*real object and justification for collecting statistical data is to use this information to make policy decisions...*" *Science and Culture* (June 1952) Vol. 17. No.12, p.2.