

## Introduction

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The recently elected prime minister of India addressed the nation from the sandstone ramparts of the Red Fort in Delhi, his turban's long trail flapping in a dry dusty summer breeze. It was Independence Day 2014, and Narendra Modi's debut on this storied stage. With the Mughal fort's soaring minarets as a backdrop, Jama Masjid's giant white marble dome looming to his left, and the Indian flag fluttering overhead, he put to rest months of rumour. The leader of the Bharatiya Janata Party (BJP) confirmed what the public had suspected. The end was near for India's long experiment with economic planning. The curtain was coming down on the Planning Commission, an institution that had once been the beating heart of the country's economy.

Born the same year, Modi and the Planning Commission shared another milestone together. In his first Independence Day address as India's leader, Modi declared that the Planning Commission had once merited its place and made significant contributions. Now, however, he believed it had decayed beyond repair. 'Sometimes it costs a lot to repair an old house', he said, 'but it gives us no satisfaction'. Afterwards, we realize 'that we might as well build a new house', Modi explained with a smile.<sup>1</sup> *He* would build it by bulldozing a decrepit structure and raising a shiny new one, the NITI Aayog (National Institution for Transforming India).

Sixty-four years earlier, days after the inauguration of the Republic, President Rajendra Prasad delivered a speech in Parliament. The thickly moustached veteran of the Congress Party declared on 31 January 1950 that the primary objective of his government would be to raise standards of living. In order to do so, he announced, 'It is my Government's intention to establish a Planning Commission so that the best use can be made of such resources as we possess for the development of the nation.'<sup>2</sup> The Planning Commission was born.

The Indian planning project was one of the postcolonial world's most ambitious experiments. It was an arranged marriage between Soviet-inspired economic planning and Western-style liberal democracy, at

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a time when the Cold War portrayed them as ideologically contradictory and institutionally incompatible. With each Five-Year Plan, the Planning Commission set the course for the nation's economy. The ambit ranged from matters broad (free trade or protectionism?) to narrow (how much fish should fisheries produce to ensure protein in the national diet?). The commission's pronouncements set the gears of government in motion. Shaping entire sectors of the economy through incentives, disincentives, and decree, the Planning Commission's views rippled across the land to every farm and factory. Despite this awesome power, economic planning in India was considerably different from the kind experienced in communist regimes. The Planning Commission was reined in by democratic procedure that necessitated consultation with ministries in an elected government, with people's representatives in Parliament, and ultimately with the popular will, through citizens voting every five years.

During the formative decades of the republic, planning was an idea that governed the nation. It was the vehicle chosen for rapid economic transformation after nearly two centuries of colonial rule, and it also became the language through which the government's aspirations for democratic state-building were expressed. It was a staple of national conversation. Five-Year Plans marked the calendar of governance. Politicians seldom tired of invoking the Plans, the media dutifully reported on their progress, they were debated in civil society, and ordinary citizens found themselves called to work ever more energetically towards the Plan's success.

As India emerged from generations of colonial rule in 1947, it faced the following questions: Would life be any better for three hundred and fifty million Indians? And how would independent India define itself? Dr Bhimrao Ambedkar – arch critic of caste and architect of the constitution – articulated the fear that was on the minds of many. In his last speech to the Constituent Assembly in late 1949, Ambedkar warned that India was about to enter a 'life of contradictions'. 'In politics we will have equality', he said, 'and in social and economic life we will have inequality'. These conflicts demanded attention: fail to do so, and those denied 'will blow up the structure of political democracy'.<sup>3</sup> The Indian government seemingly agreed, at least about the economy. The First Five-Year Plan noted that the international context made 'planning not only compatible with democracy, but essential for its very survival'.<sup>4</sup>

The Indian drama had the world watching. Files from the British Foreign Office and the American State Department revealed that they, too, shared Ambedkar's fear. The fledgling nation was widely believed to be doomed. The extraordinary challenges posed by India's diversity and poverty appeared insurmountable. The ugly orgy of ethnic violence and

sectarian nationalism that erupted during Partition seemed a dark omen. Predictions ranged from India splintering into smaller nations, to believing it was on the brink of going ‘Red’ under the malevolent influence of Mao’s China or Stalin’s Soviet Union, to speculation that it was ripe for authoritarian takeover. Seen from Washington, D.C., and the capitals of Western Europe, the peril was not just to democracy in India but to the success of democracy globally. If breathless columns in the *New York Times* were to be believed, the fate of democracy in Asia hung in the balance. India was a ‘Bastion Against Communism’ and the ‘Best Hope of Democracy in the Far East’. Mao’s China and Nehru’s India were locked in a battle of ‘Communist Dictatorship versus Democratic Freedom’.<sup>5</sup> From Chicago, reflecting on his visit to India, Martin Luther King Jr wrote that it would be a ‘boon to democracy if one of the great nations of the world’ could provide for its people ‘without surrendering to a dictatorship of either the “right” or “left”’.<sup>6</sup> In New Delhi, the influential director of the Ford Foundation in India, Douglas Ensminger, noted in a confidential staff document: ‘the world has anxiously watched India’s experiences in planning and executing its plans through democratic means’.<sup>7</sup> Writing for *The Observer* in Britain, Thomas Balogh – an Oxford economist who later entered the House of Lords and became a Baron – described ‘India’s Experiment’ in stark terms. His prediction was that it ‘may become crucial for the future of the free world’. The Indian government was trying to modernize a vast, materially backward country through consent – to achieve democratically that which had ‘hitherto been undertaken, on a comparable scale, only by Communist dictatorships’.<sup>8</sup> Confronting similar afflictions, the eyes of decolonizing Asia and Africa anxiously tracked India’s moves.

By planning through what they deemed as democratic means, the inaugural Indian government was trying to bridge the stark and historic misalignment between its political and economic realms. Planning was meant to resolve what Ambedkar had called a ‘life of contradictions’ by providing Indians parity in their political and economic freedoms and capabilities. Jawaharlal Nehru – anticolonial leader and independent India’s inaugural prime minister – recognized the tension between the two but believed they could be eased through planning. ‘Planning, though inevitably bringing about a great deal of control and coordination and interfering in some measure with individual freedom, would, as a matter of fact, in the context of India today, lead to a vast increase of freedom’.<sup>9</sup> Nehru was implicitly suggesting that the existence of civil liberties on paper would matter little if citizens lacked the material capabilities to enjoy them.<sup>10</sup> The stakes could not be higher. As Ambedkar warned, and the international press recognized, failure to act could put liberal democracy itself in peril.

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This book uses planning as a lens through which to understand the Indian state and the nature of Indian democracy after independence. It interprets planning as a mode of nation-building, state formation, and legitimation in the aftermath of empire. The history of planning, here, is a history of the state – its capacities and posture towards citizens. What follows is a history of the Nehruvian state told through the prism of planning, rather than an economic history of planning or an account of the Five-Year Plans *per se*.

The first half argues that planning triggered the development of knowledge infrastructures that dramatically expanded the state's footprint, particularly its ability to discern and govern the economy. This new knowledge infrastructure – an elaborate national statistical system and pioneering computer programme – made the economy more legible to the state and has ever since been central to the country's development ambitions. The legacy of this process endures in institutions like the Central Statistical Organization (CSO) and National Sample Survey (NSS), which remain essential to policymaking to this day. It was this context, of a planning-induced explosion in the state's quantitative capacities, that pried open the space for a statistician like P. C. Mahalanobis to sway economic policy. More broadly, this section offers insights into how centralized planning contributed to the technocratic and high-modernist features of the Indian state.<sup>11</sup> Scholars have observed how the colonial origin of India's constitution helps to explain the extraordinary powers the state wields.<sup>12</sup> The choice of economic system – central planning – dovetailed with that legal concentration of might, contributing to a centralized state that ultimately placed expertise ahead of deliberative processes.

While the first part of the book analyses how the drive for data accelerated a drift towards technocracy, the latter reveals the contortions necessary to square that with democracy. Interrogating the government's claim of 'democratic planning', I explore the lengths to which the state went to make the public 'Plan-conscious' and highlight the failings and paradox of these efforts. Democratic planning was meant to be different from communist planning; persuasion and informed consent were its mantras. Significantly, on a practical level, the government was aware that enthusiastic popular participation in the Plans would be necessary for them to succeed. The Indian state simply lacked the ability to fulfil them otherwise. India's democratic planning was an ideology that claimed to nurture Plan-conscious citizens and produce a new kind of state that would walk the tightrope between capitalism and communism during the Cold War. It was the domestic equivalent of what came to be a non-aligned foreign policy. In this democratic avatar, planning functioned as

a grand narrative for the nation – diagnosing the country’s ills, charting the course to development, and inviting civic partnership. It was a political vision in which the tension between technocratic decision-making and representative democracy could, in theory, be harmonized. Travelling troupes of musical performers, documentary films, college planning forums, and even enigmatic organizations like the Bharat Sadhu Samaj (Indian Society of Ascetics), all promoted planning. These chapters underline how democratic planning was simultaneously a project that many officials believed in, a realist response to weak state capacity, and a language of state legitimation that deployed the rhetoric of democracy despite being almost entirely top-down.

This book is an exploration of how the story of planning became so central to the story of independent India. It does not pass judgment on the economic effectiveness of the Five-Year Plans or seek to explain monumental oversights in spheres such as public health and primary education. Instead, it analyses planning as a technology of governance and means of legitimation. Indian planning was an historic experiment that sought to fuse democracy and centralized economic planning precisely when the rhetoric of the Cold War pitted them as fundamentally antithetical to each other. It is a history of Third World development in an ex-colony, charting how an underdeveloped nation navigated the global Cold War while unaligned with either superpower bloc. More specifically, it demonstrates how planning was made technically feasible and politically viable in a poor, populous, and overwhelmingly illiterate country. These were questions relevant not only to India but to an entire cohort of nations in the Global South during the mid-twentieth century.

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Development was long fundamental to arguments for why India needed to be free. An economic critique of colonialism was foundational for the Indian National Congress, dating back to early salvos launched by Dadabhai Naoroji, Mahadev Ranade, Gopal Krishna Gokhale, and Romesh Dutt in the late nineteenth and early twentieth centuries. Belief in the empire’s material exploitation and wilful mismanagement of the Indian economy were mainstays of nationalist rhetoric.<sup>13</sup> By the 1940s, this had become the primary argument against the British. The nationalists’ call for independence was not solely based on the claim that Indians – rather than white Britons – should take the reins of state. Colonial rule was illegitimate because it was exploitative.<sup>14</sup> Self-government was thus justified not simply on the political grounds of self-representation but also because it was the necessary condition for economic advancement.

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In the decades leading up to independence, planning emerged as the language through which Indian aspirations were expressed. Japan's economic acceleration after the Meiji Restoration of 1868 turned heads, offering a glimpse of what a modernizing central authority could accomplish. News of rapid industrial advances in the Soviet Union through its first Five-Year Plan (1928–1932) inspired many in India to nurture similar hopes. President Franklin Roosevelt's New Deal policies of coordinated government spending and regulation, drastically expanding the state's economic reach in 1930s America, struck Indian observers as proof that planning was necessary even in capitalist economies. Contemporary free-market economist Lionel Robbins observed, presumably with dismay, that planning had become 'the grand panacea of our age'.<sup>15</sup> The onward march of planning during the interwar period led to an inflated belief in the capacities of governments, producing what one scholar calls 'an intoxicating, and even delusional, sense of "doability"'.<sup>16</sup> To many in India's nationalist mainstream, especially the charismatic leaders of a younger generation like Subhas Chandra Bose and Nehru, the lesson drawn from communist Russia and New Deal America was that planning could either avert or address capitalist crises like the Great Depression.<sup>17</sup>

The rising trust in planning was not limited to those inclined to socialism. It was a language spoken across the Indian political spectrum because it was seen to offer legitimacy and identity to the future Indian state.<sup>18</sup> In 1934, an engineer and former administrator of princely Mysore penned a book titled *Planned Economy for India*. Mokshagundam Visvesvaraya, on whose birthday India marks Engineer's Day, believed India should follow 'every progressive country' in establishing centralized economic planning. He envisioned enlisting the nation's 'shrewdest brains' in enacting a Ten-Year Plan aimed at industrial advancement.<sup>19</sup> 'Sir MV' – the knighted, punctilious, white-and-gold turbaned progenitor of Indian plans – was then on the board of Tata Iron and Steel. That same year, the Marwari industrial tycoon Ghanshyamdas Birla also made a plea for planning. In an address to the Federation of Indian Chambers of Commerce and Industry, a body he co-founded, Birla criticized the colonial state's response to the Depression as 'drifting without a Plan'. Noting that the word planning had 'become popular on account of its good associations', he made a case for 'National Economic Planning' to this gathering of businessmen. Arguing for massive public works programme to inject life into the economy, Birla observed that this 'secret had been realized by most of the countries that have planned'. He was referring to contexts as diverse as Britain under the influence of economist John Maynard Keynes, the New Deal in the United States, and even Germany under Hitler.

To capitalists like Birla, such arguments for planning and economic self-sufficiency expressed an aspiration for a modern economy in which domestic enterprises could prosper while being protected from foreign competition. The direction this businessman motioned towards in the early 1930s was remarkably similar to the import-substitution-industrialization model that characterized independent India from mid-century until the market reforms of the 1990s, with momentous consequences for the country. ‘We do not aspire’, Birla wrote, ‘to build industries artificially on the strength of our export trade. Whatever industrial development there will be, will have to depend entirely on the home market.’ Another reason to back planning, for Birla, was that it helped to stave off the possibility of a communist revolution. Indian planners should guard against runaway wealth inequalities, he argued. The reason New Deal policies of redistribution were not resented in America was because even the rich knew that it was ultimately in their interest. There was ‘no surer method of inviting Bolshevism, communism, and anarchism than to create an unhealthy disparity’ in society. Planning was desirable even if it entailed new and seemingly onerous taxes because it was in the interest of the masses as well as of businessmen. ‘No one’, he added, ‘can grumble at this’.<sup>20</sup>

In February 1938, Bose, the newly elected Congress president – bespectacled, clad in kurta, dhoti, embroidered shawl, and Gandhi cap – addressed a crowd, also in white khadi caps, from a stage in Haripura. Set in Gujarat’s countryside, the meeting’s public art projected rural themes. On display were hundreds of vividly painted village scenes designed by an artist handpicked by Gandhi.<sup>21</sup> Even the nationalist flag that had been ceremonially hoisted displayed a charkha (spinning wheel) at the tricolour’s heart. But during the speech, Bose expressed some decidedly un-rustic ideas. He spoke of the need for a ‘socialistic’ solution to India’s problems through a ‘planning commission’ that would begin a ‘comprehensive scheme of industrial development under state ownerships and state control’. A return to the pre-industrial era was no longer possible. It was a motif in several of his talks that year.

Occupied by these concerns, Bose established a National Planning Committee to generate momentum in advance of freedom’s arrival. He offered the top job over telegram to Nehru, a colleague and comrade who was then in London. Following up, he wrote a tender letter addressed to ‘My dear Jawahar’, while aboard a train from Bombay to Calcutta. It concluded with a plea: ‘I hope you will accept the Chairmanship of the Planning Committee. You must if it is to be a success. Love, Yours affectionately Subhas.’<sup>22</sup>

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Although led by Nehru and managed by the London School of Economics-trained socialist economist K. T. Shah, the fifteen-member committee was no leftist club. It included four industrialists, five scientists, three economists, a representative of labour, and one sceptical Gandhian. Gandhi himself looked askance. In a handwritten note to Nehru, he conveyed that he had ‘never been able to understand or appreciate the labours of the committee’.<sup>23</sup> Rabindranath Tagore, the Nobel-winning litterateur of flowing beard and robe, was much more enthusiastic. The distance between these elder statesmen on economic matters was expected. As Nehru would write when imprisoned years later, Tagore was ‘the aristocratic artist, turned democrat with proletarian sympathies’, and Gandhi was ‘a man of the people, almost the embodiment of the Indian peasant’ representing ‘renunciation and asceticism’.<sup>24</sup> Tagore reached out to Nehru to say that, after a long discussion with astrophysicist and committee member Meghnad Saha about planning, he was now ‘convinced about its importance’.<sup>25</sup> His secretary followed up a few days later; Gurudeva (Tagore) was ‘rather captivated’ by the idea of planning and wanted to meet Nehru to emphasize the urgency of the National Planning Committee’s work. Underlining Gurudeva’s distance from the Mahatma, the secretary also revealed that Tagore wanted a ‘modernist’ to be elected Congress president the following year. Tagore believed that ‘there are only two genuine modernists in the High Command – you (Nehru) and Subhasbabu’. The poet sought to get Bose re-elected as leader of the Congress because avant-garde ideas like planning needed backing so that the committee’s recommendations ‘would be warmly accepted by the All India Congress and not just shelved’.<sup>26</sup>

The National Planning Committee’s office was housed, often rent-free, in a succession of Bombay’s architectural landmarks. It started out in the Venetian-Gothic Secretariat building, then shifted to the Neoclassical Town Hall before departing to the ground floor of the Gothic Bombay University building. After the war, J. R. D. Tata made room for them in the Art Deco property of his insurance company, the New India Assurance Building. The committee survived on grants from Congress ministries in different states, donations by Indian businessmen, and loans from K. T. Shah and Tata. In recognition of his contribution, Tata was even invited to two meetings of the planning committee.<sup>27</sup>

From its very first meeting, the committee’s deliberations were marred by elbowing between industrialists, socialists, and Gandhians on questions such as the extent of state control and the relative roles of factories and cottage industries. In a letter to a friend in 1939, Nehru wrote about the work he was doing in Bombay with the National Planning Committee, describing it as ‘hard and exhausting business’ on account of the sparring



within. He could not leave even for a day, he rued, because in his absence it would descend into dysfunction.<sup>28</sup> Nehru played peacemaker and the creation of myriad subcommittees delayed the inevitable collisions. Barely had the work begun when World War II, the Quit India movement, and the colonial backlash of mass incarceration brought it to a screeching halt. It was hard to make progress when several members, including Nehru, were in prison.

During World War II, the colonial state dramatically expanded in size engaging in wartime controls that most observers recognized as forms of economic planning.<sup>29</sup> The colonial government began to argue that some of these controls would need to be maintained even in the future when transitioning back to a peacetime economy. Besides such considerations, there was the matter of optics. In a volatile political context, where it was increasingly apparent that decolonization of some sort was imminent, colonial administrators were keen to mirror nationalist thinking wherever possible. By this point, colonial policies could only gain traction among the Indian elite if it could appear to ‘dress itself in nationalist colours, and in addition to accept socialism’.<sup>30</sup> The resultant Planning and Development Department produced a report that echoed the National Planning Committee in its emphasis on industrialization, interventionism, and protectionism.<sup>31</sup>

The medicine prescribed in the colonies was the same one that war-torn Britain opted for itself. The surprising results of the 1945 elections threw Winston Churchill’s Conservative government out of power in London, replacing it with a Labour Party led by Clement Attlee. The Labour manifesto had railed against ‘anti-planners’ whose ‘desire to sweep away public controls’ to favour war-profiteers and the wealthy. Planning, it suggested, contrasted with ‘the chaos of economic do-as-they-please anarchy’. The programme included public ownership of major sectors of the economy, especially ‘basic industries’ including iron and steel, inland transportation, fuel, and power. The manifesto did not shy away from its political implications either: ‘The Labour Party is a Socialist Party, and proud of it’. The government at the apex of the British Empire was declaring its belief in a planned economy.

As the war drew to a close, planning was the flavour of the season in India as well. Across the ideological gamut, almost everyone seemed to have developed a taste for it and their own unique recipes. Birla was once again a vociferous champion, this time in a pamphlet on planning, which endorsed state monopoly of key industries, continued economic controls, and wide-reaching centralized coordination.<sup>32</sup> In 1944, in particular, plans abounded. Apart from the colonial state’s own report on planning, Indians were introduced to the industrialists’ Bombay Plan, the

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communist M. N. Roy's People's Plan, the Muslim League's own Planning Committee, and a Gandhian Plan with a foreword by Gandhi.<sup>33</sup> The best publicized of this crop, the Bombay Plan, was one sponsored by prominent businessmen, including magnates like J. R. D. Tata, Birla, Purshotamdas Thakurdas, and Lala Shri Ram.<sup>34</sup> Many of them were donors to the Congress' National Planning Committee. It germinated in a Tata boardroom and was primarily authored by John Matthai, a Malayali economist and government employee turned Tata adviser. The Bombay Plan or Tata–Birla Plan, as it came to be known, tipped its hat to the National Planning Committee's role as pioneers and frankly stated the need for planning and an extensive role for the government in an independent Indian economy. In its details, and in its backers' interest, the document made sure to highlight the need to shield domestic industries from foreign competition, carefully contoured the state's role in the economy, and nodded in the direction of addressing extreme wealth disparities.

There is debate over how enthusiastic these industrialists really were about economic planning. Some scholars view the Bombay Plan as evidence of industrialists' belief in state-led capitalist development and their support for centralized economic planning (provided it walled off overseas competitors). It was the result of a moment of nationalist optimism and widespread belief in statist economic arrangements – a phase when the interests of businessmen overlapped with that of the party leading the anti-colonial charge. Unconvinced of this, others have argued that it was a defensive rearguard action by capitalists who wanted to push the conversation away from some of the more properly socialist positions within the Indian National Congress. While they certainly appreciated being sheltered from foreign competition, they were not genuinely on board with the state regulation that planning entailed. The point of the Bombay Plan, in this view, was for businessmen to make a public show of their patriotism and commitment to broadly equitable development. This helped ingratiate them with the nationalist leadership and, by using the jargon of plans and state control in limited sectors, erect a bulwark against radical or stridently socialistic policies.<sup>35</sup>

The Indian National Congress, for its part, imagined development as above politics. So defined, it became possible to settle political debates without recourse to politics. By assigning the choice of economic strategy to a planning organization – a body of experts – thorny questions could be ironed out quietly and without referring them to popular opinion. For instance, the debate between Gandhians and socialist modernizers such as Bose and Nehru about the desirability of mechanized industrialization was solved, according to Partha Chatterjee, by 'constituting planning as