

The fourth five year plan(1990-95): a preliminary outline—III

Dr. Shaikh Maqsood Ali

IN relatively developed countries, the contribution of the 'residual' factor, along with increase in capital and labour efficiency has been quite significant in increasing production. The primary inputs of the residual factor are: technology development, the use of appropriate and modern technology, development of human resources, administrative and management efficiency, inter-sectoral linkages, internal and external economies in production, expansion of the external market, etc. In a country like Japan, 46 percent of increase in productive efficiency has come from increased efficiency in labour and capital, whereas the remaining 54 percent has come from the contribution of the residual factor. In the Fourth Plan of Bangladesh it is desirable to increase the overall efficiency along with efficiency in labour and capital. In order to achieve this, an 'Efficiency Culture' must be created in the overall economy. At present there is significant absence of such a culture in Bangladesh. As a result, subsidies are persistently asked for in different areas without properly identifying the inefficiency and without undertaking effective measures to reduce these subsidies gradually. In this respect, it is to be remembered that if it is absolutely essential to provide subsidy to particular sector, it has to be given through complementary increase of efficiency in some other sectors. Therefore, it is necessary to increase efficiency in every sphere of the economy.

In order to achieve such an efficiency based and inter-dependent growth, the major thrust of agricultural development during the Fourth Plan would be on the creation of necessary dynamism for induced industrial growth through raising the levels of income and the nutrition of the poorer

and disadvantaged socio-economic groups of the society. For achieving these, attempts should be made for promoting nutrition-based agricultural development, diversification of agriculture and significant increase in investment in agriculture and complementary decentralized small industries.

In the industrial sector, emphasis must be given on export oriented industries along with meeting the demand of the domestic market. In this context, the dynamic industrial sub-sectors and the areas where Bangladesh has comparative advantages must be identified. In the case of imports, if the dependence on import competing with domestic products is gradually reduced and more and more domestic inputs are used in the production processes, the efficiency in all the relevant sectors would be further increased. The use of imported inputs should be such that the domestic and the export oriented production would increase rapidly to reduce import dependence in future. If progress is achieved along these lines the present balance of payment gap would be gradually reduced.

In the area of physical infrastructure, the development of roads and highways should be adequately integrated with flood control and water management programmes. In addition, the development of this sector must be complementary to agricultural and industrial developments.

The focal point of social infrastructure would be human resources development which would help the development of

other sectors. In this regard, decentralized participatory planning can play a very important role.

THE ANALYTICAL FRAMEWORK OF THE PLAN

In the Planning Commission, a new Input-Output Table has been constructed on the basis of 1981-82 data and it has been updated for 1986-87 prices. Besides, it has been augmented by the division of labour into skilled, semi-skilled and unskilled categories in order to get additional information on employment implications on different categories of labour in the economy. Different ministries can use this table to ascertain inter-sectoral integration & balance of sectoral plans. Moreover, a General Equilibrium Model developed in the Planning Commission can be used to analyse the impact of sectoral investment allocations in the Fourth Plan particularly on the disadvantage groups as well as for evaluating the efficiency of resource use in the plan.

PUBLIC VERSUS PRIVATE SECTOR

During the last few years the private sector has been given priorities in the planning philosophy. Already some of the public industrial units have been transferred to the private ownership with a view to reducing losses in the public sector. But a number of industries and the businesses which remain in the public sector are still incurring losses and are seeking subsidies from the government. The amounts of such losses and subsidies must be reduced quickly and definite program-

mes must be undertaken in this respect. Dependence on private savings and investment would be greater in future in view of the availability of limited public resources. Therefore, in order to encourage the private sector, effective policy instruments should be extended on the basis of further evaluation of the present policy package made available to the private sector.

TAX POLICY AND MONETARY POLICY

The existing tax policies have a number of weaknesses. The larger part of national revenue is still dependent on indirect taxes, specially import duties. In group based planning, the increased demand that would be generated if more capital is invested in the rural areas, would lead to additional excise duties and income taxes along with expansion of domestic industries. Side by side, if bank loans can be invested in production oriented agriculture and other projects, through relevant banking and organisational mechanism the economy would become more dynamic. For export promotion the integration of private sector, the banking system and the government initiatives is most important.

At present, the issues of financial and long-term structural adjustments are being stressed on different occasions. However, in such framework it is not always visible as to how these policy packages would ensure more purchasing power in the hands of the rural poor and how they are going to alleviate poverty. The objective of the Fourth Plan would

be to increase the growth rate in national income and to help poverty alleviation by adopting group based planning along with achieving desirable financial structural adjustment.

PLAN FORMULATION VERSUS DATA AVAILABILITY

It goes without saying that the types of information and data that would be needed for the kind of planning that is presently being attempted are not adequately available. For this, the scope of work of the Bangladesh Bureau of Statistics should be expanded. Already the Bureau has been entrusted with a number of responsibilities for compiling group-based information. It is hoped that in the near future more information of this nature could be collected through economic censuses and other surveys.

In the context of plan implementation the existing administrative structure appears to be primarily sector-oriented. It is not group-oriented or decentralized. It means that under the existing planning process projects are prepared for sectors. But it cannot be properly assessed to what extent and in what ways those projects would benefit the poorer and the disadvantaged groups. Besides, this administration lack adequate effectiveness in delivering inputs and final goods and services to poorer people. Such weakness must be identified clearly and overcome during the Fourth Plan. For this the present administrative system would have to be restructured significantly. It is desirable that the proposals for administrative reforms needed for efficiency,

development, mobilization of addition resources, improved input delivery system and the implementation of an integrated plan should come from the operating ministries.

PRIORITY OF WOMEN IN DEVELOPMENT PLANNING

Experiences have indicated that women play a more creative role in such areas, generation of employment, income, savings, investment, etc. at the local level in group based planning. Therefore, in the Fourth Plan, special programmes have to be taken for women on a priority basis to integrate them in the overall planning process.

RESOURCE ALLOCATION IN THE FOURTH PLAN

On the basis of the outline given above, work is going on the size and sectoral allocation and the growth rate for the Fourth Plan. It is hoped that such a resource allocation based on desired efficiency, inter-dependence and maximization of inter-sectoral growth would gradually reduce the extent of current dependence of the Bangladesh economy on external aid.

THE PHILOSOPHY OF THE FOURTH PLAN:

It is expected that all the activities and the programmes described in the above outline of the Fourth Plan cannot be fully achieved during the plan period. In many areas, such programmes may begin during the Fourth Plan (1990-95) and have to be strengthened during the following plan period. As the Fourth Plan is a part of a Perspective Plan (1990-2010) the ideas of this plan would take an extended shape in the perspective plan. To achieve this goal, the primary philosophy of the Fourth Plan would be a transition from a narrow self-interest to a poverty alleviation oriented extended self-interest.

[The writer is Member, Planning Commission]