



Discussant Comments on VISION FOR ECONOMIC DEVELOPMENT IN PUNJAB Lakhwinder Singh

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Summary: The Situation

- Punjab in economic decline relative to rest of India
- Market failures and state failures
 - Market imperfections, particularly monopolistic structures in product and input markets
 - Lack of state investment in next-generation infrastructure and other public goods
- Exogenous factors
 - Global political and economic change

Summary: Remedies

- Better governance
 - Fiscal management
 - Public investment
 - Stronger local institutions
 - Investments to promote agriculture-industry linkages
 - Improve public education and health care delivery
 - Strategic vision for structural change

Further Thoughts (1)

- Causes of political dysfunction
 - How can the political equilibrium be shifted?
 - Need to change subsidy regime
- Deeper dive into federal structures
 - Distortions of intergovernmental transfer system
 - Problems with assignment of tax authority
- Distortions of Public Distribution System (PDS)
 - Also an issue of federal structure
 - Farmers locked in to inefficient and potentially destructive production patterns

Further Thoughts (2)

- Governing the market vs. enabling the market
 - What needs to be done for the latter?
 - Where does the government need to intervene less (or differently) rather than more?
- Globalization
 - Role of remittances
 - Nonmonetary role of diaspora – is there a role for brain circulation?
- Glimmers of hope?
 - Are there positive examples that can be seeds of wider change?

Conclusion

- An excellent, quite comprehensive analysis
- Shows how much needs to be thought about and done
- Need much more work along these lines
- Need mechanisms to translate technical analysis into feasible policies