Discussant Comments on
VISION FOR ECONOMIC DEVELOPMENT
IN PUNJAB
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(Re-)Building Punjab: Political Economy, Society and Values
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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