

MOTION RE DRAFT OUTLINE OF
THIRD FIVE YEAR PLAN—*continued*.

DR. H. N. KUNZRU: Mr. Deputy Chairman, I listened to what the Minister of Planning said with the greatest interest. May I say that I was impressed by his earnest desire to place only the true facts before us? I did not agree with him in all that he said, but it seemed to me that he did not consciously slur over any difficulties or exaggerate our achievements during the last nine years. We have every reason to be glad that as a result of the first two Plans we have gone forward. There have been difficulties, serious difficulties, in our onward march, and some of them have threatened to undo the good work that the Second Plan was expected to do. Nevertheless insofar as those Plans have taught us how a proper basis for industrialisation can be established and how agricultural production can be increased, they have provided us with a great deal of experience and infused in us no little hope. But, Sir, we have to consider the Plan before us, that is the Third Five Year Plan, to see what the essential requirements for the success of that Plan are and how far we have taken note of the conditions on which that success depends.

I fully agree with the Minister of Planning in thinking that while the Plan should be considered as a whole and while both agriculture and industry are necessary for the balanced economic development of the country, yet the urgent necessity of developing our agriculture fully must be recognized by all the authorities concerned with the carrying out of the Plan. He spoke, in connection with its implementation, of the co-operation that should be received from the people. I agree, but this co-operation too will depend on the extent to which the Central and the State authorities are aware of the urgency of raising agricultural production. As the Planning Commission has said, agricultural development is the basis of all the schemes contained in the

Third Five Year Plan. The Commission has not minimised the importance of this question and has tried to give adequate attention to the various aspects of the question. Nevertheless we have to consider what the magnitude of the effort required is to increase not merely food production but agricultural production generally.

It is expected that by the end of the Second Five Year Plan the production of foodgrains will go up to about 75 million tons, and what the Third Five Year Plan envisages is an increase of something between 25 and 30 million tons. Scientific and technological developments make this achievement possible, but let us consider what effort we shall have to put forth in relation to what we were able to do during the last two Plans. If we are able to produce, say, about 30 million tons in five years, it means that there should be an increase of 6 million tons every year on the assumption that every year will be a good year. But bitter experience has taught us that in every quinquennium the weather is unfavourable to us at least in one year. This means that if we want to realise the food target, we must aim at producing about $7\frac{1}{2}$ million tons every year. What have we done so far? I think the increase in the production of foodgrains was the greatest during the First Plan. I think as compared with 1949-50 we were able to increase the food production by about 12 million tons. This means a progress of about 2.4 million tons annually. Take the Second Plan now. There the annual progress has been a little under 2 million tons. Now, we are asked, Sir, to increase our effort so that instead of increasing production between 2 and 2.4 million tons a year we should increase about $7\frac{1}{2}$ million tons a year. I mention these figures not to discourage anybody, because I am as anxious as anybody that our Plans should go forward. They are necessary today not merely from the economic point of view but also from the point of view of the

[Dr. H. N. Kunzru.] security of our country. The development of industries, particularly heavy industries, is of the greatest importance from the point of view of security, and it is, therefore, of the highest importance that unremitting attention should be paid every year to the task of increasing agricultural production. In theory this necessity was recognized at the commencement of the Second Five Year Plan also, but the same stress was not laid on it in practice as was laid on the development of industries. What the result of it has been we know, and what I ask now is that agricultural development should receive the same attention in practice as its importance deserves. Stress should continue to be laid on it by the Government as a whole and laid on it every year. We should make it clear that in our opinion agriculture is not of less importance than the development of heavy industries. If any order of priority has to be arranged between these two, well, the place of primacy should be given to agriculture. It is only in that case that we can achieve the agricultural targets that we are aiming at. But there is one other point that I should like to mention in this connection. If we are to aim at increasing the production of foodgrains by five or six million tons every year, we must aim at increasing it to the extent of 7.5 million tons every year and that would involve probably more expenditure than has been provided for in the Plan. I do not ask that a single pie more should be given to agriculture than is necessary for the completion of the agricultural programme. But if it is borne in mind that every year will not be equally favourable to us and that we have to put forth the maximum effort we can every year, then as I look at the problem, the expenditure will increase. I know that the **Planning Commission** has said that more funds are needed, that it will try to provide them. But it has said so in connection with health, in connection with shipping and in connection with certain other subjects.

SHRI AKBAR ALI KHAN (Andhra Pradesh): Technical education also.

DR. H. N. KUNZRU: Considering the magnitude of the Plan and the extent to which our resources have been taxed, will it be possible for the Commission to provide all the additional resources that might be needed for agriculture, education, shipping and other things?

[THE VICE-CHAIRMAN (SHRI ROHIT M. DAVE) in the Chair.]

I have so far spoken about the foodgrains but I should like to point out that equal stress must be laid on the production of other crops also, that is, commercial crops. The Minister of Planning referred to it, but I want to stress its importance because the two things on which the success of our Plan depends are agriculture and exports. Now, our exports will be increased because of our industrial production but notwithstanding the increased industrial production, we shall still have to rely, to a considerable extent, on the raw materials that we export now, for substantially increasing our exports. In the year 1959-60, not merely our food production but agricultural production generally went down, and therefore this too must receive attention along with the increased production of foodgrains.

Having said this, I should like to consider the other questions to which the Minister of Planning referred, in the light of what I have said about the necessity of developing agriculture. He spoke of the increase in national income during the first two Plans. Now, I know that the Planning Commission has said that the increase during the two Plans taken together would amount to about 42 per cent. and that during the current Plan it will rise by 20 per cent. But let us take the figures relating to the increase in our national income so far as we have them at present. The Reserve Bank's report on currency

and finance for the year 1959-60 shows that up to 1958-59, the national income rose by about 12 per cent., that is about 4 per cent annually. But as Shri Gulzarilal Nanda himself has frankly said, the increase in 1959-60 has been nominal being only about 0.6 per cent. I need not refer to other factors which point in the same direction. If in four years the increase has been about 12.6 per cent., that is a little over 3 per cent., what is the basis of our hope that it will be 20 per cent. by the end of the year 1960-61? This will amount an increase of nearly 8 per cent. over 1959-60. Now, everything is possible in one year. I think it was in the year 1956-57 that the national income rose by a little over 7 per cent., but that achievement has not been equalled by the achievement in any other year so far. I hope, along with Shri Gulzarilal Nanda, for the best but we cannot at this stage say that our national income will increase by 20 per cent during the Second Plan.

Now, Sir, take the question of savings in which alone we can try to find the wherewithal needed for the development of our plans. It was expected, according to the report of the Planning Commission on the Second Five Year Plan, that the savings would rise from about 7 per cent. in 1955-56 to about 9.72 in the year 1960-61. But we have been told by the Commission in Chapter IV on Resources in its report on the Third Five Year Plan that the savings would amount to about 8 per cent. by the end of this Plan and that its effort would be to raise the savings from 8 to 11 per cent. Now, this was the aim of the Commission even during the Second Plan. But it did not succeed, and why? It was because, as the Reserve Bank has pointed out in its latest report, of the failure of agricultural production in the year 1959-60. We have had one bad year in so far as 1957-58 is concerned. 1959-60 cannot be called exactly a bad

year, but it has not been as good as the year 1958-59. Besides, the production of foodgrains in 1959-60, according to Mr. Patil, has been between 1½ and 2 million tons less than in 1958-59. This means, taking unadjusted figures, the total production of foodgrains for the year 1959-60 would be about 72 million tons. Now, how do we expect, in view of these facts, to raise the savings from 8 per cent. to 11 per cent? Again, as I said, an increase of this magnitude is possible, and in view of the size of the Third Five Year Plan this increase should not be a difficult matter. But here again, the realisation of our desire will depend on the success that we achieve on the agricultural front.

I know that in the Third Five Year Plan we shall be much better off industrially than we were during the Second Five Year Plan, and that the increased industrial production would naturally increase the prospect of higher savings. But let us realise that here again in the Third Five Year Plan, as in the Second Five Year Plan, our success will depend largely on our success in raising our agricultural production. So far I have mentioned these figures not to discourage anybody because, I repeat, if for nothing else, at any rate, for the sake of the security of our country, I am as anxious as anybody else that we should be able to improve ourselves in every respect so that our future might not be dependent on external assistance to any substantial extent.

Now, Sir, I come to the question of resources which was touched on by the Minister of Planning. As regards resources, we are concerned both with internal and with external resources. The Commission expects that the Plan's revenues on the basis of the existing taxation during the Third Five Year Plan will be about Rs. 350 crores. Well, that was the balance that was expected during the Second Plan also, but it has turned

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into a deficit of about hundred crores of rupees. We all know the reasons for it, increase in unavoidable Central expenditure and the expenditure by the States on schemes outside the Plan. It may be said that as the situation during the next quinquennium will be better than it has been so far, there should be no difficulty in realising this balance of Rs. 350 crores. But are we quite certain that we shall not have to increase our unproductive expenditure further? Frankly, Sir, with all my desire to see our economy going forward by its own internal momentum, I am unable to say with certainty that the unproductive expenditure of the Central Government will not increase during the next five years.

Again, take the savings from the Railways. It is expected that the Railways will, during the next quinquennium, provide Rs. 150 crores as they are expected to do during the current Plan period. But we have to consider the capacity of the Railways to provide Rs. 150 crores in the light of certain important facts. One is that the salary bill of the Railways has increased by about Rs. 14 crores a year. The second is that the contribution to the Depreciation Reserve Fund will be increased from Rs. 45 crores to Rs. 65·7 crores, that is, by Rs. 20·7 crores. This means that the Railways will have to shoulder an additional burden of about Rs. 34 crores. And they are expected to provide, after meeting these obligations, about Rs. 30 crores annually for the Plan. Well, our Railways have, on the whole, done well so far. Notwithstanding all the criticism that we level at them, I think that the position of the Indian Railways is quite sound and that we may expect their revenues to go up because of the continuous increase that is going on both in passenger and in goods traffic. But there is a limit to what the Railways can bear and as I have taken keen interest in our Railways

for the last ten years or more, I am very doubtful whether this target will be realised.

I will not refer to the other things in details, but I should like to say a word about the proposed effort to raise our resources by Rs. 1,650 crores by means of additional taxation. The Finance Minister has said that although this will not be easy, the necessary resources will be provided. I take it, Sir, then that the Government will be able to raise Rs. 1,650 crores during the Third Five Year Plan by means of taxation. But the Finance Minister has also told us that any large increase in direct taxation does not seem to him to be feasible at the present time. This means that a substantial proportion of the resources to be raised by taxation will come through the levy of excise duties. I am not, in theory, against the levy of excise duties at a time like this when we have to take money from every quarter in order to raise our standard of living and to make ourselves strong enough to look every country in the face. But I think it is generally recognised that the increase in excise duties leads to an increase in the burden on the consumer; the price is raised and the consumer, therefore, suffers. Now, this will have to be considered in connection with the question of prices which I shall consider in a minute and which will be probably my last point.

I come to our external resources. We have been told that we shall need external assistance to the tune of Rs. 3,200 crores. Now, we have got through PL 480, or we shall soon get, foodgrains worth Rs. 608 crores. Besides, Russia has promised to give us aid to the extent of Rs. 240 crores. This means that we are already assured of external assistance to the extent of Rs. 850 crores. We have also to take into account the unspent balance of the external assistance we have so far received. I do not know what it is likely to be but I do not think I shall be far wrong if I say that it will be something between

Rs. 200 and Rs. 300 crores or say, Rs. 250 crores. This means, taking all these three things together, that we have resources of the magnitude of Rs. 1,100 crores. We have therefore to find another Rs. 2,100 crores. This is not a small amount. During the Second Five Year Plan too, we had to ask for external assistance to the tune of Rs. 1,500 crores but this additional assistance that we got was inclusive of the assistance that we got under PL 480 programme which amounted to Rs. 460 crores but now, after excluding this kind of assistance we shall need Rs. 2,100 crores. The Planning Commission tells us that no prediction can be made with regard to external assistance that will be available in the future and that if the expected assistance is not forthcoming, the necessary adjustment will have to be made in the Plan. I am glad that the Commission has been so frank and so realistic. The Finance Minister, however, thinks that we must wait for a year in order to know the magnitude of the assistance that we can expect to receive and he is himself hopeful that all this assistance will be received but at the present time it is a matter of the greatest uncertainty.

I have drawn attention to this matter because of our experience in connection with the Second Plan. The total investment expenditure on the Plan was to be of the order of Rs. 4,800 crores and it is believed that the expenditure by the end of the Second Plan period will be about Rs. 4,800 crores and it is believed that the expenditure by the end of the be the same as were expected by the Planning Commission. In view of the rise that has taken place in the prices, I take it that at the level of the preceding prices, this would amount to an expenditure of about Rs. 4,000 crores. Suppose we had said to the public that we would spend only about Rs. 4,000 crores, would we not have been able to keep down the prices to a certain extent? Would

we not have been able to control the upward inflationary pressure? Here too I ask the Government, because of the difficulties that we have to face both in connection with our internal resources and in connection with our external resources, whether it is wise to put forward the maximum demand at a time like this? I know that the country needs for its development much more than Rs. 10,000 crores taking the public and the private sectors together. I wish that we could spend some more money in order to make the country stronger. But let me confess that the experience of the last two years has made me feel, as I never felt before, the urgent necessity of increasing our capacity to produce manufactured goods of odd descriptions. If I had the power to increase our resources, I would ask the Government to go forward and not to limit the Plan to Rs. 10,000 crores but as things exist now, we must consider the present position.

This brings me to the question of inflation. The Planning Commission itself said about the magnitude:

"This stepping up of investments which the Plan envisages is likely to exert an upward pressure on prices."

This means that the expenditure that we propose to incur during the Third Plan will, by itself, tend to strengthen the inflationary forces. Now, this must be considered in connection with the rise that has taken place in the prices during the first four years. When the Planning Commission's Economic Adviser wrote his "Economic Review" which was presented to us along with the Budget papers, he pointed out that a rise of 20 per cent. had taken place in the price index and he referred to the price index and not merely to the index of food articles because this increase had taken place not merely in connection with agricultural commodities but also in connection with raw materials and manufactures. As regards food articles, I may point out that the rise is not limited to cereals or

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pulses or oilseeds, etc. It has extended itself to such things as are needed by ordinary people, like vegetables, milk, etc. But now we find that the price index has increased by 25 per cent. We have therefore to be very careful with regard to the measures that we take to control prices.

One more factor that I would point out in this connection is that in spite of all these, in spite of the fact that the expenditure in the Third Plan will, because of its magnitude, exert an upward pressure on prices and that the prices have already risen considerably during the last 4 years, deficit financing to the extent of Rs. 550 crores is an integral part of the Third Plan.

The Minister of Planning told 2 P.M. us that such calculations had been made as would remove the danger of deficit financing leading to increase in prices. He will remember that when the First Five Year Plan was discussed by the Provisional Parliament he told us that every care had been taken to see that the period that elapsed between investment or expenditure and the increase in production was not large. But both he and I know what happened in the end. In connection with irrigation, for instance, we know that the opportunities that were created were not taken advantage of as quickly as was expected. Has the Planning Commission and my hon. friend, Shri Gulzarilal Nanda, taken account of his experience during the First Five Year Plan, and has he so formulated his schemes as to guard against disappointment in the future? I doubt whether anybody can at the present time point out to us any method which would enable us to control prices with certainty. We have to be very careful in this matter, for although by increasing our expenditure we may be able to increase our industrial production considerably, the desired increase in the standard of living will not be achieved. Besides, it will have a very harmful effect on employment. We know that in spite of the expenditure of Rs. 4,600 crores

during the Second Plan, employment will not be increased to the extent that was expected when the Plan was drawn up. If prices rise—and they can rise considerably in spite of the regulative devices that may be adopted by the Planning Commission—the effect on employment would be serious. As increase in employment is an integral part of all our plans for raising the standard of living, I think this matter is one that requires very serious attention.

Sir, I shall not say anything more about these topics. I shall only say in the end that if we are to succeed in our plans, agriculture must receive the highest priority not merely in theory but in practice also. We must be at the task fully and we must develop our agricultural economy by putting forth every ounce of effort into this task, day and night, throughout the year. Unless this is done, the increase in production of the magnitude that we expect will never be achieved. Industrial progress will be achieved even if less attention is paid to it. But agricultural progress requires a great deal of personal attention. Coordination and implementation that Shri Gulzarilal Nanda spoke of, will be possible only if the State Governments, which are primarily responsible for agricultural development, realise their responsibility to the country for the fulfilment of the task that is being entrusted to them. If the Central Government, aware of this failure, or shall I say, the weakness of the human element, goes on continuously urging the States not to neglect this urgent duty, then progress can be achieved. Perhaps, I may add that the small-scale industries and the cottage industries sector too, I am afraid, will have to receive more attention during the Third Plan than they have done so far.

In the main, Sir, the one factor on which the success of the Plan will depend, and the increase in resources that may be needed will also depend is the interest taken both by the State Governments and by the Central Gov-

ernment in this matter. And as we are discussing this Plan in Parliament, let me say that at this moment I am more concerned with the responsibility of the Central Government than of the States, a responsibility which the Central Government has neglected so far. The result of it we know and I hope that by becoming wiser by past experience, Shri Gulzarilal Nanda will see to it that everyone, including the Prime Minister, takes this task in hand and regards it as a sacred duty to fulfil it during the next five years.

SHRI KHANDUBHAI K. DESAI (Gujarat): Sir, we are discussing the Draft Outline of the Third Five Year Plan. As the Draft itself says, it has been based on the achievements or the shortcomings of the first two Plans. As I was going through this Draft, found that the objectives, sentiments, appreciations and appraisals were similar throughout all the three Plans. There have been good achievements in the matter of production, both in the agricultural sector and in the industrial sector. There has been an increase of nearly 50 per cent. in food, but that has not been found adequate for our purpose. Industrial production also has gone up by about 50 per cent. If you take into consideration the increase of production in products like cotton, jute and the plantation products which are old established industries and the increase in the new industries like, steel, cement, machine-building, cycle and motor industries, chemical industries, engineering industries, I may say the country can be proud of these achievements. In this group it has gone up by more than 100 per cent., and in some cases it has gone up by 200 per cent. The same thing is happening regarding sugar. Production has doubled during the last ten years. All these are really very great achievements, but when we come to shortcomings, they are also equally impressive, in contrast.

SHRI K. SANTHANAM (Madras): Depressive.

SHRI KHANDUBHAI K. DESAI: Yes, depressive in contrast. We have not been able to keep the price line under check. It has gone up by 20 per cent., and to that extent the standard of living of nearly 50 per cent. of our population must have been brought down by one-fifth. That factor is there. As I said on an earlier occasion, planned economy and complete internal free trade go ill together, and all hopes and expectations of stemming the rise in prices in the Third Five Year Plan will go astray if the Planning Commission does not pay absolute attention to this important problem. Even though there were hopes expressed before, the Second Five Year Plan, as has been pointed out by Dr. Kunzru, with an expenditure of Rs. 4,600 crores has really brought us targets for an amount which may be only Rs. 4,000 crores because of the rise in prices. When I speak of achievements, I must say that most of the increase in industrial production has come from the private sector, all honour to it. Further, the country has become plan-minded. This is one of the greatest achievements of the First and the Second Five Year Plans. Here, the country does not mean a few elites sitting in the cities but country here means the very large rural and middle class population. Because they have been trained to become plan-minded, they have now got great expectations. I was very happy to note the announcement made by the Prime Minister about a probe into the whereabouts of the 42 per cent. increase in the national income and about the 20 per cent. increase in the *per capita* income. I hope that this enquiry will be gone through within a couple of months. A rapid enquiry is necessary so that we may be able to know where this increase has travelled among the various categories of our citizens. This is very happy news. When there is planning, there must be simultaneously evaluation. The Planning Minister said that evaluation has been going on continuously but the evaluation, as far as this main aspect is concerned, is still hazy. One does not know

[Shri Khandubhai K. Desai.] anything. From the figures that are published occasionally, one gets the impression, rightly or wrongly, that concentration of wealth has taken place during the first two Five Year Plans; there has been mal-distribution of the wealth that has been produced. It may be wrong or it may be correct, but we have not got statistics. The Central Statistical Organisation which is responsible for statistics ought to be looking into this matter from period to period so that in the Third Five Year Plan, as far as the pattern is concerned, as far as the approach is concerned, as far as the objectives are concerned, it is not a leap in the dark. So, before concrete steps are taken to finalise the Plan, after discussion in both Houses of Parliament, I think the probe should be completed.

As far as the prices are concerned, it would be better to keep them on an even keel during the Third Five Year Plan. The first thing that we should do is to make a recommendation that forward markets and speculation should be done away with. They must be made illegal. Marginal shortages and marginal surpluses are bound to arise in an economy of our type, and unless you do away with speculation, prices cannot be kept under control.

[THE VICE-CHAIRMAN (SHRI SANTOSH KUMAR BASU) in the Chair.]

If I remember aright, additional taxation to the tune of Rs. 450 crores was envisaged for the Second Five Year Plan, half to be raised by the States and half to be raised by the Centre, but the achievements have been more than double. The Draft Plan suggests that in the Third Plan we must have taxation to the extent of about Rs. 1,650 crores whereas the realisation during the Second Five Year Plan has been about Rs. 1,000 crores, instead of Rs. 450 crores that was envisaged in the Plan. This means that the burden of the Second Plan has more or less been borne by

the people in the form of indirect taxes, that is, excise duty or sales tax at the State level.

SHRI K. SANTHANAM: Railway fares and freight rates.

SHRI KHANDUBHAI K. DESAI: That also is a sort of an indirect tax.

Let us look at the investments through the process of prices, profits and the malpractices as far as the internal trade is concerned because all the taxations somehow or the other make their way through those factors. The private sector has had a golden time during the last ten years. It has made huge profits which it never made during the last generation or two. My fear which I would like to place before the Planning Minister is that most of the taxation of 1650 crores will come mostly out of the common man whose standard has, as I have said, been cut by one-fifth by the rise in prices. The direct taxes, as I had the privilege to say in this House on some other occasion, have remained more or less the same during the Second Five Year Plan period. The taxes on the people—I mean the indirect taxes—have gone up as far as the Centre is concerned by about eight times. It is no use now ruminating over the past but let that not be repeated in the Third Plan. That is all I have got to suggest.

Then I would agree with Dr. Kunzru that the basis for industrialisation of this country has been laid during the last two Five Year Plans. Industries are doing well. There was practically no industrial base ten years back. It has now been laid firmly. Now, I do not grudge that. It has to be done and we welcome it. But it has grown up now; it has become adult. It has come into its own. The private industry particularly, and even to an extent the public sector also, has come up to what may be called the take-off stage. Now, let that be left alone; let them shift for themselves. They will now be able to look after themselves properly

and therefore all the energy, financial, administrative and organisational, of the Government both at the State level and at the level of the Centre, should be utilised, and if I may say so, projected towards helping those who during the last ten years have been left alone to shift for themselves. Unless the whole attention in the Third Five Year Plan organisationally and administratively both at the bureaucratic level as well as at the ministerial level is given to the child that is rickety, to the child that requires nursing—I mean the rural sector as well as the middle class sector in the urban areas—they would not be able to stand on their own legs. They require nursing and very careful nursing by the authorities because what we very often find is that their needs, their requirements, their aspirations and expectations are not heeded to the same extent as the requirements, aspirations and desires of the bigwigs.

[MR. DEPUTY CHAIRMAN in the Chair.]

These bigwigs are quite capable of looking after themselves. Those who are not in a position to look after themselves must be looked after properly. Therefore, I would suggest that whatever the pattern may be—whether it is 10,000 crores or 12,000 crores—smaller people must be taken care of. One need not go into the maze of figures, they may be correct, but on how the projects are going to be worked out, are going to be implemented, will depend the success of the Third Five Year Plan.

Sir, when I was going through the pages 83, 84 and 85, I was not able to get at the substance regarding this question of employment. I was not able to make head or tail of how this question of employment was going to be tackled in the Third Five Year Plan. If I remember aright when we began planning, there was a backlog of unemployment to the tune of 50 lakhs. During the Second Plan probably the same thing remained because the Second Plan stated that

more labour force would be coming seeking employment than what they would be able to provide for. Now, the Third Plan says that there will be 150 lakhs of people, new entrants, into the employment market. In the Second Plan they say that there is a shortfall of 20 lakhs. That will mean that in the Third Five Year Plan employment would have to be provided for 220 lakhs of people. That does not take into consideration, I believe, the huge under-employment in the rural areas. Now, I am not able to understand how the Plan says that there will remain only a million people to be provided for. I am not able to make out the arithmetic of this. Possibly, I may have misunderstood the whole chapter but what I would like to say is that unless as I said emphasis in the Third Five Year Plan is not put on agriculture in all its aspects and on the village small-scale and cottage industries, the balance of our economy cannot be maintained. The present disease and the present malady of high prices and what not are only due to the problem that has arisen because of the growth of an unbalanced economy. In order to create a balance the planners must shift their emphasis on to the rural areas so that by the end of the Third Five Year Plan a proper balance could be created which balance will go a long way in the raising up of the level of the standard of the whole population in the Fourth Plan. So, what I would suggest is that the people who are to execute and carry out this Third Five Year Plan must forget the child that has already grown up. It can look after itself. Let them pay increasing attention and put their weight in the scale that have gone up rather than the scale that has gone down with weight so that there will be a proper balance of development during the Third Five Year Plan period so as to make it possible to start the Fourth Plan on an even keel.

As far as taxation is concerned, I cannot obviously make any concrete

[Shri Khandubhai K. Desai.]

suggestions regarding taxation but they should realise that a lot of money has come out of the common man and so the ingenuity of the Finance Minister should be exercised in such a way that those who have enriched themselves in the Second Five Year Plan and who by the very nature of our economy are going to enrich themselves during the Third Plan must be called upon to pay a larger share of the taxation that is envisaged, that is Rs. 1650 crores. Then, there is a small item, which says that the public sector in the Third Five Year Plan will also make a contribution of Rs. 450 crores. Most of the public sector, as we know, is in the nature of a near-monopoly. Some of it will naturally make profits, but in order to make the contribution, which it must make if the Plan is to succeed, there is the price to be fixed. That also will be a sort of indirect taxation—not that the public sector should not make its contribution. That also must be taken into consideration in the future system of taxation.

MR. DEPUTY CHAIRMAN: It is time.

SHRI KHANDUBHAI K. DESAI:

Sir, very little time is available to discuss this big Third Five Year Plan, which, they say, is going to take us to a stage when we can take off. Anyway, I hope at some future date I will have some further opportunity to speak.

SHRI ROHIT M. DAVE (Gujarat):

As the hon. Minister, while moving the motion has reminded us, the real purpose of this debate is to take stock of the situation which we have reached so far, to assess the experience we have gathered and on the basis of the assessment to plan for the future, and to examine whether the magnitude of the Plan, the structure of the Plan, the approach of the Plan, as has been incorporated in the Draft Plan, is feasible or not. When we approach this problem of assessment and future possibilities, we have

naturally to take into consideration the strong as well as the weak points of our economy. To use an aviation terminology, which was once very popular, we have to see whether the machine, which we are now hoping to put into accelerated motion, has got sufficient strength and sufficient power, and whether it has not developed any weakness, which might result in a mishap. He will be a very foolhardy pilot indeed who, while testing his machine, would merely concentrate his attention on the strength and power, and turn his deaf ear to the murmurs that might be heard and which, if not attended to, might result in a disaster. I am aware that when we are thinking of the Plan, we have to take into consideration the achievements also, and if I myself do not dwell at length on the achievements, it is not because of the fact that I am not conscious of them or that I am not aware of their significance, but because the hon. Minister has already given us a very comprehensive picture of the achievements which we have made so far and which also gives us some idea of the weaknesses that are still persisting. We have, therefore, to see whether, in the light of the assessment, which the hon. Minister himself has given us, it will be possible for us to put our machine into the state of accelerated growth which we all hope for.

We have achieved some increase in agricultural production and some increase in industrial production. Our national income has increased and is increasing year by year, excepting that in some years, because of the fall in agricultural production, as Dr. Kunzru pointed out, the national income growth was arrested. We have also created conditions of growth that is symbolised by our steel plants, by our steel fabricating plants that manufacture machinery, and by the building up of technical cadres, which are indispensable for rapid industrialisation. All these achievements are there and we have to take note

of them. But we have also to consider the weak points that are persisting. Mention has already been made of the rise in prices. A feeling seems to have been generated in some quarters that as compared with the rise in prices in other countries, the rise here is not of such a magnitude that it should create any concern to us. But it needs to be remembered that because of certain other factors in our economy, even this rise in price has acted as an irritant and if we do not take note of the psychology of the common man, it will be difficult for us to convince him that we are progressing, that his participation in that progress is desirable and that he should co-operate with his whole heart. The unemployment situation is also rather difficult. The backlog of unemployment is increasing from one Plan to another. At the beginning of the Second Plan it was 5.3 million. At the beginning of the Third Plan it is calculated to be of the order of 7.3 million. At the beginning of the Fourth Plan, it is expected to rise to 8.3 million. We have got some idea of the problems that we have to face regarding administrative reorganisation, but we do not know how to go about it. And from all that I can gather, we are debating and still debating, without coming to any final conclusion. There is the question of creating agencies in order to assess our natural resources on a continuing basis and that agency has yet to be created, as has been admitted in the Draft Outline. Then, Sir, there is the question of shortage of raw materials and lack of adequate facilities for transport, as a result of which even the capacity that we have built up is not being utilised. We have already been told this morning that a third blast furnace at Durgapur, which is already completed, could not be put into commission because of, among other reasons, coal shortage. Our engineering industries are complaining about the shortage of the right type of steel. Our foundry industries are complaining that the type of iron ingots that have been given to them

are not suited to their industries and that the right type of iron ingots are not available. There is shortage of coal, there is shortage of steel and there is shortage of cotton. All these industries are complaining that adequate buffer stocks have not been built up which alone would make it possible for them to function continuously. Then, Sir, there is the further question of finding out what has happened to the rise in national income which has been computed to be of the order of 42 per cent during the last decade. All that we seem to do at the present moment is to go by surmises, to base our judgment on usual impressions subjectively, and not base our calculations on any firm statistical data.

This, Sir, is uneven ground, the uneven ground of the plateaux of successes and the fissures of failures, on which we are hoping to build a massive structure. Naturally, the question has been asked whether it is wise to undertake such a task without taking into consideration the problems that we are likely to face. There are some who advise us strongly against any such adventure and caution us that it is desirable that we have a period of consolidation and that it is only after we have consolidated our base properly, evened it out and made it strong that we should make any attempt at building a massive structure. What these friends seem to forget is that the targets that have been included in the Draft Outline are the minimum targets which we have to achieve if we are to make even a little progress in the direction of the social and economic objectives that we have placed before ourselves. If, Sir, we had the luxury of moving leisurely towards these goals, none would have been happier than myself. But the pressure of the situation and the pressure of the population is such that we have to move forward and have to achieve the targets that the Draft Outline has placed before us. There is another school of thought Sir, which seems to argue that we should not worry so much about the

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difficulties on our path but with heart within and with God over head we should march in all confidence, and that somehow or other all the problems will be automatically solved. This may be an inspiring lead. This may be a call to the nation to rise to the occasion. But it is hardly rational planning which has to be based on cool calculations and not on vague things like confidence and courage. As far as I can see it should be possible for us to achieve the targets that we have got in mind provided that we in the meantime take steps to create a built-in mechanism which would instantly go into action and create counterbalancing forces in case our edifice begins to shake rather uncomfortably. The real problem before us is whether or not it is possible to create such a machinery, and my humble submission is that it is possible for us to do so, provided that we take a realistic view of the situation that has developed so far, examine critically the ideas on which our planning is based and see that the experience that we have already gained is put to the best use. Let me explain my point by one or two instances.

Sir, it is well known that in the initial years of our Second Plan matters went wrong because the private sector was out of step with the general rhythm of development and moved much faster than it was expected to do. The result was that there were distortions in the price structure and the crisis of external balances was upon us. Later on certain steps were taken to correct these distortions, but these steps were of an *ad hoc* nature and not based on any well considered philosophy or principles. Therefore, though they did yield some results, they also created other problems.

Our planning is based on the ideology of mixed economy. This ideology demands that the private sector functions with energy, with initiative and with enterprise in the fields in

which it has to operate with one condition that it does not in any way go against the general plan and the goals that we have placed before ourselves during the plan period. I would like to examine in this connection whether the private sector is functioning in this manner. We have got before us the debacle of prices of the cotton textiles. The prices of cotton textiles began to rise at least since January this year. Since that time some negotiations are going on between the Government on the one hand and the industry on the other, and recently it has been announced that some decisions have been taken. I do not propose to go into the history of this controversy between the Government on the one hand and the industry on the other, but what I was worrying about was that the Government had at no time adequate and firm data on which it could base its case. Even today we are told that the latest decisions that have been taken are of an *ad hoc* nature because of the fact that the Government has not got any reliable data or perhaps acceptable data as far as the cost structure of this industry is concerned. After ten years of planning, this is the situation in the case of an industry which is a very old industry, which is a very well-based industry, a well-organised industry and it ought to have been possible for it to collect enough data. We are now told that a committee is going to be appointed to go into the cost structure of the textile industry. If this is the sense of urgency and sense of determination about which we hear so often, I am afraid it will not be possible for us to realise that objective that we have got in mind.

Let me take another example. It is well known that the Reserve Bank has been called upon to discharge certain functions in our economy. Even in a free economy, the central bank is called upon to regulate the credit structure with a view to keeping the various economic functions under some regulation and control. In a planned regulation and control. We claim to have developed a planned economy. In a planned economy, it is much more

important that an institution like the Reserve Bank should be able to exercise effective control over our credit structure. Now, Sir, it is well known that for some time the Reserve Bank has come to the conclusion that the inflationary pressure that is being developed in our country is not due so much to any lack of adequate production as to the larger money supply which is in the hands of the community. The need for increasing production is there but certain bottlenecks and certain limitations regarding the increasing of this production have to be admitted and in terms of these limitations, it is realised that the money supply that the community has, is much more than what it should be. Whether that is right or wrong, I am not concerned. At least, it has come to this conclusion, and the Governor of the Reserve Bank in a public speech has said that this is the conclusion of the Reserve Bank. As a result, the Reserve Bank issued certain orders imposing selective controls on our credit expansion and later on, general controls. What is the effect of the various controls which the Reserve Bank has imposed? Sir, the figures before me point to the fact that in the case of paddy, rice, wheat, sugar and gur, the level of advances of the commercial banks in recent months is higher than the corresponding figures of the previous year. This is how the writ of the Reserve Bank runs as far as the commercial banks are concerned.

Take another case. In March, 1960, the Reserve Bank came to the conclusion that the situation in the stock market was rather one that would cause concern. Since 1958, there was a continuous rise in the prices in the stock market and the Reserve Bank thought that some halt had to be called. Again, I am not concerned whether that particular decision was right or wrong. But that was the decision of the Reserve Bank. As a result of that decision, certain measures were taken in March, 1960, and later on in May, 1960, in order to control bank advances against stocks and shares.

What happened? The figures show that the general credit and control measures taken by the Reserve Bank in March and May this year, though they were meant to curb the price rise in the stock markets by controlling it, could not achieve that purpose. These advances rose continuously from Rs. 72.64 crores in August, 1959, to Rs. 83.29 crores in March 1960. There was a drop of Rs. 5 crores, to Rs. 78 crores in the succeeding two months. Since then, however there has been again an increase to Rs. 81.09 crores as on 15th July, 1960, of which the latest figures are available. What happened to the prices? As far as the prices are concerned, we have certain figures to show that these prices are also continuously rising. Even if we compare only the price level in March, 1960 and the price level in August, 1960 on the stock market, this is the situation. I am talking of the index numbers of Variable Dividend Industrial Securities. In March, 1960, the 'All Industries' index number was 161.7. On the 6th August, 1960 of which the latest figures are available, it is 180.5. As far as iron and steel are concerned, in March, 1960, the figure was 148.1; on the 6th August, 1960, it was 164.7. As far as the basic industrial chemicals are concerned, the figures were 188.1 in March, 1960, and 222.7 in August, 1960. These are the various figures and more and more figures of this nature could be quoted. Is the Reserve Bank in a position to control the credit structure in a manner whereby the Plan targets could be achieved without creating distortions and without raising the price levels to heights which are rather uncomfortable?

One more point regarding the Reserve Bank, and I have done with the Reserve Bank. As far as the Reserve Bank's policy is concerned, the Governor of the Reserve Bank wrote to the various commercial banks in April, 1960 when the busy season was supposed to be over and the slack was supposed to start. In that letter, he recommended that there ought to be a contraction in the level of advances by 10 per

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cent. that is nearly Rs. 110 crores should be withdrawn from the credit circulation so that it might be possible when the busy season started again, to have adequate reserves with the commercial banks. What happened? Till August, 1960, the drop in advances was only Rs. 7 crores, as against the Rs. 110 crores recommended by the Governor of the Reserve Bank. If this is the way in which our commercial banks, the private sector, are going to function, I am afraid it will be impossible for us to achieve the targets that we have got in mind.

It is well known that the corporate sector occupies a very important place in the private sector. It is

3 P.M. In this sector, Sir, that attempts are made at establishing economic empires and also to have the concentration of economic power and wealth. In 1956, Sir we placed on the Statute Book a comprehensive Act, the purpose of which was to control the corporate sector in the public interest. We created the Company Law Administration for that purpose in the Ministry of Commerce and Industry. In the latest report of this Department on the working and administration of the Companies Act, 1956, on page 2, paragraph 3, we are told:—

"...The social impulse which had originated most of these new provisions was not always adequately remembered even by the more enlightened management and the sense of fiduciary responsibility was found to grow only very tardily. While these basic factors necessarily slowed down the pace of progress, the existing administrative arrangements, under which the Department of Company Law Administration is at present responsible for only some aspects of the problems relating to the structure and working of the corporate sector, hindered the emergence of an integrated and coherent policy relating to this sector and rendered even

its essential supervision in the public interest somewhat difficult."

Then, it goes on to say:—

"... the Department continued to do all that it could to enforce the provisions of the Act in the spirit in which Parliament expected it to be enforced" subject to these basic limitations of climate and organisation.

This is, Sir, the state of the machinery which is created to co-ordinate and regulate our corporate sector. We are still toying with the idea whether all the various agencies that are concerned with the regulation of the corporate sector should be integrated into one agency whereby its functions can be harmonised and an integrated policy could be enforced. We are still thinking whether we should do that or we should not do that. This is, Sir, as far as mixed economy is concerned.

The next question which claims our attention is the question of regional balance, Sir paragraphs 31 to 47 in Chapter V deal with this concept of regional plans. In all humility I submit that the ideas that are contained in these paragraphs require to be amplified to a considerable extent. We have not merely to provide a certain employment opportunity in the various regions that are still not developed, not only to create certain decentralised small scale industries in this regions, but we have to disperse the foci of growth over as large an area as possible so that it may be possible for us to develop these various regions to the full.

Sir, in this connection it is very necessary to remember that just as the population growth is a very serious problem before us, of equal magnitude is the problem of our rate of urbanisation. The rate of urbanisation in our country is so great that the corporations and municipalities that have to look after the health and sanitation of these cities find this task almost impossible. We have got various

plans on the subject. For example, there is the Master Plan for Delhi. For some time we heard of it in the Press some of the best experts have been associated with the drawing up of this Master Plan. But we just do not know what is happening to that Master Plan. Whether it is shelved, whether any administrative steps have been taken in order to put it into action or not, is a question which still remains to be answered.

In this connection, Sir, one word about the policy statement issued by the Assam Government, It says:—

“The Government is aware of the economic backwardness of the State and the necessity of rapid progress by economic development and is determined to take the necessary steps in this regard, so that employment opportunities increased and open a life of useful activities for all the people of Assam. The potential wealth of Assam is considerable and there can be no doubt that given the right approach and hard work, these will be realised.”

After ten years of planning we are told that Assam has got potential wealth, a right approach is necessary, hard work is necessary and it will be able to give various amenities to the people of Assam. It is regrettable that an upheaval had to precede this realisation of the obvious by the Assam Government.

Then, Sir, there is the question of the region where foci of growth are already located. I have got in mind the Chota Nagpur region. In this region, Sir, there are already various basic industries which have been located. But so far industries have made no impact on the life of the people living in this region. The reason for this is obvious. Recently, the Productivity Committee toured some of the Western countries and made its report. In that report, the Committee says that they invariably found in the Western countries that the big units were only specialising in designing and assembling. They always bought their

component parts and other requirements from small units. These small units were helped by these larger units in technical and financial matter. As a result of that it was possible to achieve economy, efficiency and growth. Those countries do not boast of having a planned economy. In a free economy they have done much, the Productivity Committee found. The report further goes on to say that in India all the big units are conceived of as a composite unit, manufacturing everything they require by themselves on their own premises, with the result that ancillary industries do not grow round this foci of growth. Unless we change this situation and there is some indication in the Draft Outline to suggest that this situation might be changed it will not be possible for us to achieve a balanced regional growth.

One can go on and on like this. There is the question of sectoral balance, balance between the agricultural sector and the industrial sector. Again we are told that it is not desirable that there ought to be an integrated price structure between the agricultural commodities and the manufactured goods. Now, no one suggests that there ought to be a rigid integrated price structure but certainly there has to be some balance, some relationship, between the the prices of agricultural products and the prices of manufactured goods. The figures with me show that there is absolutely no such balance still established between these two sectors of our economy.

Then I would mention the wage policy. There is again a section on wage policy in the Draft Outline and in that we are told that the Government of India has got a wage policy and in support of this contention it has been stated that there is the Minimum Wages Act, that wage boards have been appointed regarding certain industries, that there is the report of the Fair Wages Committee which lays down certain

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general principles for the determination of wages and that the matter is occasionally brought on the agenda of the Indian Labour Conference. I would plead for a more comprehensive, more concrete and more detailed wage policy. The time has come when we should lay down concrete targets for the minimum wage in the various sectors of employment, at least as far as the lower income group workers are concerned, and we should lay down this target year by year so that as the national income rises, when it becomes permissible to increase the consumption level, the real wages of the workers rise proportionately. In the Draft Outline, we have provided for the increase of 4 per cent. per annum in the consumption level. Two per cent. of this may be accounted for by the rise in population, increase in the labour force, and therefore expansion of employment opportunity; but the other 2 per cent. should definitely go to the workers at least in the lower income group. We should not try to raise the level of income of other sections of our community by denying this legitimate share to our workers out of the national income. I would therefore suggest that a 2 per cent. rise in the real income should be provided for in the final Plan from year to year so that at the end of the five years, the workers' rise in real income is of the order of 10 per cent.

If we take all these various measures, create the tools and agencies of regulation and control, make the will of the regulating agencies felt in all the various sections of our economic activities and, above all, if we succeed in changing the psychology of our administration whereby when a citizen enters the Secretariat, he does not feel frustrated by being confronted with the power of bureaucracy and the woodenness of the steel frame but feels exalted because of the feeling of sympathy and understanding shown by the civil servant who is willing to help in all that is legitimate and is dead

set against all that savours of nepotism and corruption, if we are able to induce our industrialists to shed their mentality of acquisitiveness and imbibe the pioneering spirit which exults in achievements rather than in gain and if we succeed in creating cultural media whereby it may be possible for us to take to the door-steps of the common man the pulsating spirit of enquiry and adventure, new modes of thought and new modes of behaviour in consonance with the technological age that we are on the point of entering, it should be possible for us to undertake the big adventure which we are called upon to take. If we succeed in all these things, we should be able to realise both our social as well as our economic goals. If we fail, I do not know what will happen to this country. Thank you, Sir.

SHRI T. R. DEOGIRIKAR (Maharashtra): Mr. Deputy Chairman, Sir, the first impression which I got after reading the Draft Outline of the Plan was that it was a stale affair.

AN HON. MEMBER: Not steal?

SHRI T. R. DEOGIRIKAR: The First Plan was agriculture-intensive, the Second Plan was industry-intensive and the Third Plan is all-intensive or non-intensive. Therefore, I say, with all the emphasis that I command, that the Third Plan is simply an enlarged edition of the Second Plan. The same difficulties, the same objectives, the same tales or woes are told in the Third Plan. We are not yet sure when we will come out of the woods after an intensive struggle in the economic field for the last 10 years. We cannot at the same time discard planning. Planning has become a part of our lives and we are naturally proud of our achievements and we are sorry for our failures. Much has been said about the successes and failures of the Plans and projects but the success or failure of the Plans and projects depends on, firstly, production. If there is not enough production, then the prices are bound to rise and the prices and the production are depend-

ent on population. So the success of planning depends on three P's—production, prices and population. I do not know how far the planners have taken into consideration the population which is rising every 10 years. Much of the talk of our holding the price-line is futile inasmuch as our production does not outstrip the essential or basic demands of our community. According to the figures given in the Draft Outline regarding population, the C.S.O. estimates are 43 crores, that is a rise of 7 crores in the population and the Second Plan *pundits* have given the figure of 5 crores. Though there is a difference of 2 crores, the problem is not the less alarming. This is a field wherein our planners have completely lost their ground.

SHRI AKBAR ALI KHAN: They are doing family planning.

SHRI T. R. DEOGIRIKAR: Family planning increases the population in India instead of decreasing it. But we cannot sit silently though there is a rise in the population. We must have more production to meet the demands of the community and more production means more investment. In the Third Plan it has been estimated that about Rs. 10,200 crores will have to be invested. I am afraid even this figure will be insufficient considering the growing population in the country. Our national income will be of the order of Rs. 65,000 crores during the entire Third Plan period and out of this sum of Rs. 65,000 crores, the resources that we are going to raise by way of loans and small savings will be of the order of Rs. 1,400 crores which means only 2 per cent. When the original or First Plan was drafted, we were clearly given to understand . . .

SHRI J. S. BISHT (Uttar Pradesh): Where did the hon. Member get that figure of Rs. 65,000 crores?

SHRI T. R. DEOGIRIKAR: Rs. 13,000 crores per year multiplied by 5 gives us Rs. 65,000 crores.

SHRI J. S. BISHT: It is expected to rise from Rs. 11,000 to Rs. 17,000 crores.

SHRI T. R. DEOGIRIKAR: Yes, and if you take the mean of the two, it will be about Rs. 13,000 and multiplying Rs. 13,000 crores by five you get Rs. 65,000 crores.

Now, I am certain about another figure. The resources by way of loans and small savings will be of the order of Rs. 1,400 crores or about 2 per cent. In the original estimate of the First Plan, it was expected that the plough-back process would be much more than what it is today. I know that there is sufficient money in the market, money in circulation. We are not getting it back for the purpose of being ploughed back. Therefore, in order to attract more capital, which I am sure the Government requires, I would like to make a suggestion for their consideration. Can we not attract more capital if we raised the interest rate by half a per cent. or one per cent? That is for you to decide. Personally, I feel that any bank that gives more interest gets more capital. Why should not the Government then get it? That is my suggestion. My second suggestion is that the limit which is set for small savings should be gradually doubled. It is Rs. 25,000 today. It should be raised to Rs. 50,000. Also the words "small savings" should be replaced by 'national savings', because the outcome or rather the expected outcome from national loans is Rs. 850 crores and from these so-called small savings is as much as Rs. 550 crores. So, why should you use the word 'small' here? There is not much difference between the big loans and these savings. That is another suggestion I want to make.

Surplus from taxation both at the Centre and the States can be realised provided the State Governments are agreeable to the proposal of revising the land revenue policy. For a number of years the land revenue policy has not altered or changed. We are

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getting the same revenue return we were getting years back.

AN HON. MEMBER: You cannot.

SHRI T. R. DEOGIRIKAR: The very existence of the Congress Party depends upon it. But taking a risk in that respect I would make a suggestion that the land revenue policy should be changed. If you want to leave aside lands which grow grains, leave them aside but on the lands which grow cash crops, the policy with regard to them can be subjected to revision. That is another suggestion of mine.

SHRI S. CHANNA REDDY (Andhra Pradesh): Surcharges are levied on cash crops.

SHRI T. R. DEOGIRIKAR: Surcharges are levied, I know; but the policy is not changed. A grievance is made by many people that our country is charging more from the poor agriculturists. I do not say for a moment that the poor agriculturist must pay more land revenue. But I would make one assertion. To those who say that a socialistic pattern of society should come, I would appeal and say that a socialistic pattern of society is not a one-way traffic. Equal distribution or equitable distribution is one aspect of this socialistic pattern of society. But there is another aspect of it also and that is—from each according to his capacity. So, in this national struggle, or rather in this economic struggle, if you want to establish a socialistic pattern of society, you must ask even the poorest of the poor to contribute according to his capacity for the national effort. That is another suggestion I would make.

As regards external loans, the less said the better. We are burdening the future generations with bigger and bigger loads. May God help the born and the unborn. May I ask the Planning Minister whether he has taken into consideration the loans which will have to be repaid during the next Five Year Plan?

AN HON. MEMBER: Of course.

SHRI T. R. DEOGIRIKAR: And whether a provision has been made to that effect?

AN HON. MEMBER: Yes.

SHRI T. R. DEOGIRIKAR: Then you can state that figure. You can state how much of the loan will have to be repaid and what provisions have been made in the Third Plan for that. I am, however, very happy that there is one very good thing regarding deficit financing. From Rs. 1,175 crores it has to come down to Rs. 550 crores. I think this will be very helpful in holding the price line under control.

Sir, the picture of the Third Plan appears to be ambitious. It is bound to be so naturally. Our planning will not stand the rigid tests of economists and the science of economics. But we cannot afford to stand still, brooding gloomily over the prospects and retrospects of planning. We must go ahead. Action is the chief thing. It may appear paradoxical if I make the statement here that our way to success lies through a series of failures. Unless we are prepared to undergo failures we cannot reach the expected goal. Let us not lament over failures.

We are of course, working under great handicaps. There is want of honesty. There is lust for power. There is love of money and there is aversion to hard work. These are various handicaps under which our Government is working. There are many such lapses and handicaps. May I suggest, some plans may be laid down for eliminating these lapses? That would be excellent. But after admitting these weaknesses, let no one take shelter under them for mismanaging and misappropriating the national funds.

Much was said about agricultural income by Dr. Kunzru. I will make only one assumption. The Government seems to be determined to see that our country does not become self-sufficient in food by the end of the Third Plan. Everything seems to

conspire against that, irrigation, fertiliser, soil-conservation, better seeds and . . .

SHRI BHUPESH GUPTA (West Bengal): And the Treasury Benches.

SHRI BABUBHAI CHINAI (Maharashtra): And Mr. Bhupesh Gupta.

SHRI T. R. DEOGIRIKAR: I don't mean Mr. Gupta. I only say that it appears as if everything has conspired against us in this respect, and since we have made agreements with foreign countries for the import of food from them for the coming five years, it also seems that the Government have no hopes that our country will be self-sufficient in food.

There are some very good features in the Draft Outline of the Third Five Year Plan, but I am not going to speak much about them since my time is not left much. But on page 188, I find it stated that towns and villages in India with populations over 5,000 which number about 16,000 are to be electrified during the Second Plan period. Now, are these villages going to use power only for lighting their cottages and houses?

If Government has any vision, I would suggest that this power should be utilised for starting petty industries. If you miss this opportunity of utilising power for installing small machines, we will be doing great harm to the rural area of the country. We have got a big plan for manufacturing machines, which is no doubt welcome, but I would request the Planning Commission to devise a scheme for manufacturing small machines which can profitably be installed in the 16,000 villages. In the Third Plan, Government has proposed to instal 300 industrial estates. At present, there are sixty such estates. One industrial estate will have twelve factories and one factory will have fifteen workers. Altogether, there are 10,000 workers working at present in the industrial estates, and if the num-

ber is raised to 300, round about 50,000 persons will be given employment in these estates. In addition to this, if my suggestion regarding the 16,000 villages is accepted, not less than 2,50,000 workers would get employment. If you want to minimise the problem of unemployment, here is an opportunity. You can make a plan, you can ask the State Governments to make plans or you can ask the private sector to make plans for putting up small industries all over the country. There are two more things that I want to suggest in this connection. After starting small industries and after electrifying the villages, you can build up a new life round about that nucleus. Roads can be constructed there; community sets can be introduced there and panchayats and co-operative societies can very effectively function there. We will be giving a new life, a new turn, to our economy if we make these 16,000 villages as a footboard for future development at the village level. We are too much urban-minded; let us change our outlook a little and go to the villages.

There is another thing, education. I am really glad to find that all school-going children from the age of 6 to 11 are to be given primary education, but I am gladder still when I read that about four lakhs of new teachers are to be appointed in the schools. In addition to this number of four lakhs, there will be about two and a half lakh teachers in the field of secondary education and other technical education. This means that about six and a half lakh teachers will get employment at the end of the Third Five Year Plan. This is good.

I would like to draw the attention of the hon. Minister of Planning to another aspect. He has dealt with the problem of drinking water in the rural areas in a niggardly way. After spending Rs. 20,000 crores, spent or unspent, should we not say with regret that Indian villages have no safe drinking water? It is really a matter of great surprise that no atten-

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tion has been paid to this problem till now. That villages should have no potable water and we build up industries on a large scale seems to be rather paradoxical. A sum of Rs. 50 crores not only for drinking water but for all village amenities, has been provided for in the Third Five Year Plan. I would request the Planning Minister not to be so cruel to the villages but to make it a point to see that before the Third Five Year Plan ends every village is supplied with a well or some such contrivance by which the villagers can have safe drinking water.

In the end, Sir, I repeat what I said earlier. In the electrified villages, which are 16,000 in number, you can build up a new life and give a new orientation to our life by building roads, by constructing houses, by carrying community development centres there and by other methods which you can devise. If that is done, I think the Third Five Year Plan will give a new life and people will feel attracted to it.

DR. Z. A. AHMAD (Uttar Pradesh):
Mr. Deputy Chairman, we are approaching the end of one decade of planning, and at this moment, when we launch upon another big programme of planning, I think it is absolutely necessary that we should look back and examine our past record and learn lessons from our achievements and our failures. Unfortunately, this is not being done properly. I was listening to the speech of the hon. Prime Minister in the other House when he introduced the motion. It was a good speech from the point of a discourse or a lecture on planning but what is expected of our leadership at this time is not a general lecture on planning, which is accepted by every reasonable person, by every intelligent person, but a proper detailed analysis of our strong points, our weaknesses, what we have achieved and how we have been able to achieve them, what we have not

achieved and why we have not been able to achieve them. A proper analysis on those lines should be there. I find that proper analysis missing here. Naturally, we look to the future, and we shall certainly look to the future with confidence because our great people are going to go forward despite obstructions; and despite difficulties we are definitely going to march forward and build a new future for ourselves. We have the confidence that given correct policies which are adhered to firmly both in principle and in practice, we can build a glorious future for our motherland. In carrying out this task obviously our approach has got to be an approach of a national character. Our Planning Minister emphasised that and I fully endorse what he has stated. That is exactly the approach which I want all of us to have when dealing with this problem of planning. Whatever ideological differences we may have—we may oppose them but—finally, we have got to unite if the country has got to go forward. We may disagree and we may even quarrel but then we have got to come together at a higher level of understanding in order to build a new future for our suffering people. It is with this basic approach and understanding that I venture to put forward my views on this subject.

I would like to make it plain that I welcome the achievements of the Second Five Year Plan. There are achievements which cannot be ignored or minimised. Particularly in the Second Five Year Plan, a new direction was given in regard to the industrial sector and that was in regard to heavy and basic industries, machine-building industries, tool-making industries and development of power resources. That was a correct direction, and if we have to liquidate the heritage of British imperialism, if we have to advance as a big nation, as an industrialised nation, we have got to build our basic industries, we have got to build more steel plants, we have got to increase our coal production,

we have got to have more irrigation facilities and more transport facilities. All these things we have got to do and I do think that worth-while advance has been registered. This is a development in the right direction.

Here I want to dissociate myself fully and completely from those who criticise this Plan from a reactionary angle, those who say that this Plan is much too big a Plan, who say that the State sector should not be developed, who say that the private sector should be allowed to do whatever it pleases, who say that there should be no State controls, who say that there should be no agrarian reforms, who say that there should be no co-operatives and so on. I think that those who hold these points of view actually are the representatives or spokesmen of big vested interests in our country and I want that a proper crossing of the sword should be had with them. My criticism is, unfortunately, the ruling party does not cross swords properly with people of this point of view. Not that there are many of them; not that they have got mass roots but they represent the power of Big Money and Big Finance and therefore they go on putting pressure on the Government in various ways from inside the ruling party, from outside the ruling party, by raising a hue and cry about the public sector. They say that the public sector is going to kill the initiative of the people and that sort of thing and unfortunately there are sections in the ruling party who accept those pressures. That is unfortunate and the moment they mount their criticism, they go on the defensive. When they say, 'You are destroying the private sector', they reply, 'No; we are not destroying; we will give you some concessions'. And gradually a weakening of the morale takes place in the face of that offensive. Therefore, I consider it is absolutely essential that all sections should unite together in order to cross swords with those people to isolate and expose them as representatives of big vested interests in our country. Now, Sir, I have

not got much time; otherwise, I would have elaborated on this point but I would leave it at that. These pressures which are being exercised by people who hold this reactionary point of view, as I would call it, succeed to some extent, succeed in the sense that they are able to put pressures on the Government and make the Government vacillate on some questions and give concessions to them or make the Government change its policies. Now, why do they succeed? My answer is that they succeed to some extent because the ideological basis and content of governmental planning is very weak. Sir, I repeat, the ideological basis and content of governmental planning is very weak. The Government say that we have accepted—at least the ruling party says—socialism or socialistic pattern of society—I do not differentiate between the two—as our objective. Well and good. You say, 'We are a peculiar type of socialists; we are not doctrinaire; we are not rigid', while at the same time the Prime Minister says, 'We have got to be rigid in relation to certain principles.' Somebody else says that we are democratic socialists. I welcome your declaration that our objective is a socialist objective, building up of a socialist society. I vote for that objective but that consciousness must be among our people. We may disagree for the time being; you may call me a red socialist; somebody may be called a pink socialist and somebody else an yellow socialist. But let us popularise this word 'socialism'. Let us move in that direction. Let it become a national objective. I welcome that. But then while putting forward this objective we have also to see—and particularly the ruling party has to see—that we move in the direction of socialism, that our policies should be such as to take us nearer and nearer to our objective. And there I would say that whatever your pattern of socialism may be, whatever his pattern of socialism may be, whatever somebody else's pattern of socialism may be, there are certain basic postulates on which a socialistic pattern of society develops. What are those

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 basic postulates? What are those
 basic conditions?

Firstly, the power of wealth and monopoly should be restricted more and more with a view to abolishing that power of wealth ultimately in the long run. Secondly, the inequality of incomes has to be reduced increasingly, has to be reduced more and more and that in every increase in national wealth the share of the poorer classes should be greater than the share of the richer classes. This is a basic postulate. The national wealth grows, but who gets the lion's share? Ultimately, if you are trying to build a socialist society, you have to move in the direction of giving a larger share, an increasingly larger share to the poorer classes. The third postulate is that the land should belong to the tiller of the soil. Unless the tiller of the soil gets the confidence that he cannot be ejected, that he will reap his crop, that he will realise the value of that crop, that nobody will eat into his wealth that he has earned through his hard labour, unless he gets that confidence, our basic wealth, that is, agricultural wealth, will not grow and our energies will not bear fruit. The fourth basic postulate is that the State has got to intervene more and more in every aspect of our economic life in order to ensure social justice and in order to ensure rapid economic advance. The fifth postulate is that people's resources have to be mobilised in a big way in order to make our economy self-generating. These are the five basic things and I think on that our hon. Prime Minister will not disagree with me. He will say, 'Yes; these are the basic things and we are definitely moving in that direction.' But I submit that if we are moving in that direction, our advance is extremely slow; our march forward is full of contradictions, full of conflicts, full of weaknesses. We are fumbling and we are not able to strike a clear-cut path in that direction.

I will try to develop my criticism of the Third Five Year Plan on the basis of these five points that I have enunciated. Let me take the first point. Is the power of wealth, power of Big Finance, being curtailed, reduced, more and more? My contention is that it is not so, that throughout this period Big Finance has not been hit seriously. Your answer will be, 'Look at the State sector. We are developing the State sector; we are restricting the scope in which the private sector can grow.' True, the State sector is there. I also realise that the State sector is an important aspect of development. There are no two opinions about it but my contention is that this State sector is growing and yet along with it Big Finance is also developing. Monopolistic interests are growing. The power of Big Money is not being reduced. The power of Big Money is growing in our society. The grip of Big Money is being tightened on every aspect of our economic life, whether it is trade in foodgrains, whether it is trade in cloth, whether it is even in regard to such ordinary things as building of houses and all that. In every aspect of life it is Big Money that is tending to control our economy more and more despite the development of the public sector. Now, I would like to quote the Governor of the Reserve Bank who stated in 1959:

"All available information suggests that the organised private sector in industry, mining, plantations, electricity undertakings and transport other than the Railways, has invested in the first half of the Plan itself as much as it was expected to invest for the whole Plan period."

Some people say it is good. Yes, it may be good from one point of view. But I think that if we are moving in the direction of a socialist society, this thing has to be taken serious note of. Then, it is also a fact that the private sector is going to penetrate into certain vital industries, which were ori-

ginally reserved for the public sector. Take, for example, aluminium. It was originally reserved for the public sector, but now the private sector is penetrating into it. Take fertilisers. The private sector is trying to penetrate into it. Take the case of automobile production. There, again, the private sector is playing a very big role. Take the production of iron castings, steel forgings, etc. Again, a big role is being played by the private sector. In the case of machine-tools, again the private sector is going to penetrate. So, to say that we are building a State sector, which is reducing the strength, the influence, the power of the private sector, would be wrong. Then, the private sector is not suffering. There has been a boom in the stock market recently. My friend, Shri Rohit Dave, referred to the rise in the value of industrial securities and value of dividends. That is a fact. This is a fact which is mentioned in the Reserve Bank bulletin. The index number of profits is going up. If the private sector is being controlled and the power of money is being curbed, that would not happen. Then, another thing is this. The Reserve Bank's reports on currency and finance admit that investors' confidence was further aided by the absence of any significant increase in taxation since 1957-58. There, again, some people may say that it is very good. The confidence has increased. All right. But I say there is another angle from which you can look at the whole problem and that is these monopolistic interests, big industrialists' interests are growing and strengthening themselves.

Then, again, take the manner in which the Government have been directly helping some of the industrial enterprises in the private sector, the policy of helping the big enterprises, the big industrialists at the cost of the small industries. Here, according to the figures available, the I.F.C., the N.I.D.C., the I.C.I.C. between 1956 and 1959 have given Rs. 135 crores

to a hundred big industrial concerns, while to about 12,500 small concerns, small enterprises and some industrial co-operatives, they have given only Rs. 7 crores. Now, if the small man has to be helped and Big Finance is to be at least controlled, kept in check—I do not say you eliminate them or destroy them—some discrimination in favour of the small industrial units, the smaller man, has to be shown and against those who already control big finance. Take the question of speculation. There is speculation in food, speculation in cloth, speculation in land and building sites. The Palai Bank speculation is the latest example. Speculation in an indiscriminate manner goes on. My friend, Shri Rohit Dave, referred to what the commercial banks are doing with the people's deposits. He made a very excellent exposition on that point. There is an artificial rise in prices. Now, some people say that it is good, that rise in prices means prosperity, that it provides a stimulus to industries. I do not accept that. I think the rise in prices, the way in which prices have been rising in this country, should be taken very seriously, because that is going to create serious impediments for you. Psychological, physical, financial and all sorts of problems will come in your way if prices go on rising. There is a 42 per cent. rise in the price of foodgrains between 1955 and 1960. About 18 to 20 per cent. rise in price in the case of industrial goods is there. I want to know how much of this is real, how much has been manipulated, how much of this is artificial and how much of it is really due to economic causes. Much of it is artificially created rise in prices. Take the price of cloth. Now, obviously the Government is feeling helpless in this matter. They say: "We cannot do anything. We appeal to them. They will bring down the prices ultimately." But you have no control over them. They do whatever they like. Then, there is an inflationary tendency. In this situation obviously who stands to gain—not the man with a small, fixed income, not the worker, not the middle-class em-

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ployee, not the person who tries to make both ends meet. In conditions of inflation it is only the big commercial and industrial interests which gain.

Then, I will take the second point—reduction in inequality of incomes. Now, it is true that our national income has increased by 40 or 42 per cent, that our *per capita* income has increased by 20 per cent. and *per capita* consumption by 60 per cent. These are facts. I welcome these. I do not dispute it. I welcome this development. But the question arises: Where does this increase in income go? The Prime Minister said that he was going to appoint a Committee or was going to have a probe into this matter. Well, it is very good. Better late than never. If it is socialist planning, the question of distribution cannot be relegated to the background. You talk of production. Very good. True, we have got to have more production. But production cannot be isolated from distribution, because these two things go hand-in-hand, together. You cannot say: "Let us produce first, go on producing and producing and ultimately the question of distribution will be taken up." No, you cannot do that. In a socialist society, the two things have to go hand-in-hand. If there is more production, you have got to see to it that a greater part of the increase in wealth goes to the common people, more purchasing power is put into the pockets of the common people, so that that purchasing power creates more effective demand which leads ultimately to the growth of your industries. It is very strange that when I talk to so many people here in the ruling party, they say: "Don't talk of distribution, first production." I agree that production has to come first. But the question of distribution cannot be overlooked. Now, the time has come when our planners should take up very seriously the question of bringing about a more socialistic type of distribution. That is to say, the real income of the common people has

to be increased, not in terms of money. The real purchasing power has to be increased, with the result that it is able to create an effective demand for a number of commodities which will ultimately enable us to build up our industries and create a market for our products. The question of building up the internal market, the home market, strengthening the market is important. We are going to build up industries in a big way—big industries, small industries, consumer industries, all types of industries. We should do that. We have come much too late in the day, in the development of capitalism in the world, to think of big colonies. Ultimately, a big country like India has to depend on its internal market. If the internal market is weak, if the people are poor, then your industries—whether they are in the State sector or in the private sector—will not be able to grow and flourish. That is my understanding of the problem of distribution. Here I would like to quote Mr. B. R. Shenoy, an economist, who finds that money incomes of some people in the economy are bound to involve unmerited windfall against logic and experience. He identifies these beneficiaries of inflation to be traders, businessmen and industrialists, the middle and upper classes of society, their benefit being at the expense of the fixed income 4 P.M. groups—the workers and the poorer sections of the community. Then he goes on to say:

"To this anti-socialistic shift of income must be added a similar shift represented by the vast gap which exists between the landed cost and the market price of imported goods. The net amount of these income shifts must be of the order of Rs. 350 to Rs. 450 crores per year or the bulk of the annual increase in national income."

That is said by an economist like him. You may say that I am a Communist and that I am talking all nonsense, but there are other people who say that. It is an obvious fact that wealth

is growing, but the problem of distribution is not being tackled at all by Government.

(Interruption)

Then I come to the third question, and that is the question of land reforms. It is being admitted on all sides that the question of agricultural production is a very vital one. I do also agree with that. I admit that it was a wise thing that we laid emphasis on industrial production in the Second Five Year Plan, and we achieved certain very good results. You are laying the foundations of your industrial structure which you want to raise if you want to develop as a big nation, as a powerful nation. That is correct. But it is true that agriculture has not been able to make that advance and that progress which we expected that it would make. In the words of the Prime Minister—I do not remember where he said them—he said somewhere that it is a “creeping advance”. In agriculture it is a creeping advance, and that is a very serious thing. In fact agriculture is going to become the bottleneck of our planning in India unless we decide to develop agricultural production in a big way. Here I would say very frankly that the Government have failed in this respect on account of so many causes. Firstly, I think that the slogan of “land to the tiller” which you may remember was accepted as early as the Karachi Resolution—which said that the man who tills the land should be the owner of the land—has not really been implemented as it should have been implemented. We have put a ceiling on holdings. What has happened to that ceiling? Actually I know, because I am quite interested in agriculture, that lakhs and lakhs of tenants have been ejected by the landlords, because they thought that a ceiling was coming. So, before ceiling comes the man is ejected. Also land records are very badly kept. I know that in the district of Gorakhpur in U.P., in the land records in

one tehsil 50 to 60 thousand mistakes were discovered. A man was cultivating a particular holding for two or three generations. But his name was not there. Before the ceilings came the landlords planned out ejectments on such a big scale that lakhs and lakhs of peasants were ejected. Secondly, very conveniently they distributed their holdings with the result that when you tried to find out what surplus land was available after the imposition of the ceiling, there was no surplus at all, because everything was already distributed. They had brought about redistribution of land in their own way. Redistribution of land should have been done by the Government according to plan, with certain social objectives and views and with the understanding that it is the tiller, that it is the underdog in the village who has got to be strengthened, who has got to be given land and who has to be inspired to undertake more production. So, when we talk of land reforms, it is good. Land reforms are there for that they are worth. We take them at their face value, but please do not be under the illusion that you have really been able to inspire the poor peasant to come forward and produce in a big way, because that poor peasant does not know his future. He is not sure of his future. He has not been guaranteed certain rights. Therefore, pessimism exists there in the countryside. Shri Nanda says that the village level workers are there. It is true, but the people have not been roused. It is the mass of the peasantry that has to be roused in innumerable ways, in a bold way. Make land available to them, make more irrigation facilities available to them. Take the Community Development Projects. Well, the Prime Minister was saying that it was a silent revolution. I do not know, I wish I could agree with him. But when I go to a Community Development Project area, I find the whole thing is so highly bureaucratised that it is only the few officials at the top who are running the whole

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show. The mass of the people are not interested. You do not rouse them. The village level worker is there, but he is a part of the bureaucratic machinery. He is also a *chota sahib* going round and bossing about. The enthusiasm of the people has not been unleashed, and unless you do that, you are not going to have big results whatever be the amount you spend. Some production will be there. Take the figure of 75 million tons. You say that you have increased production by 10 million tons, that you have brought it to about 75 million tons. I want to ask you how much of this is stable. Is this all stable? Or is it due to seasonal variations? What is the stable increase? Is it 5 million tons or 10 million tons or 8 million tons or 3 million tons. Tell me what it is. Then, I am sure, if you go on at this rate, you will reach some stability. But you will not say what is stable. I think first of all that this increase in 10 million tons is insufficient and that guarantees have not been created for a rapid increase as visualised in the Third Plan in the coming five years. Those guarantees should be created.

Now, look at the way in which we are living from hand to mouth. I am really surprised that we get wheat from abroad and say that we will be able to tackle the whole problem. You will not be able to tackle it with 5 million tons of wheat floating about. You will have to do something about it. You will have to increase production. That foreign wheat is absolutely no solution. You may tide over some immediate difficulties, but that is no solution. I will stop at this point and say that I do think that agriculture should receive greater attention.

The whole administration of the Community Development project should be given a popular character. Bureaucratisation of the whole administration should be fought against and popular enthusiasm should be unleashed.

Now, my fourth point is about mobilisation of people's resources. Here I want to say something about this external aid. Thirty per cent. of the total planning expenditure will be met by external aid. I have no objection to external aid. After all we have got to have some external aid. Every country which wants to have development has got to borrow from outside. But the fact that we should be dependent on external aid to the extent of 30 per cent of our planning is quite a serious thing. It is quite serious, and in fact the whole thing depends upon how much money we are going to get from abroad. What the World Bank mission said was not very reassuring. They say, "Well, you may get it from year to year." And we are not sure whether this country would be provided with all the foreign exchange resources that we would require for the whole period. The thing is not very reassuring and yet we plan the whole thing on that basis of 30 per cent. aid. Even this sum of Rs. 3,200 crores is not a big sum, really speaking, for a country like India. The level in the increase of our income is so low that it looks a big sum and a heavy liability on us, but in fact, as some friends said, it is almost very negligible. Therefore, I do think that the problem of planning has to be adequately solved by mobilising the internal resources on as big a scale as possible. You cannot go on depending on foreign aid in this manner. But what is more significant, and to my mind, disturbing, is the tendency to relax the industrial policy that has been developed. Now in the desire to develop more and more industries, we are relaxing the restrictions that we imposed on foreign assistance to, or foreign collaboration with, India, in regard to capital. Our Mr. Manubhai Shah says: "Well, I am prepared With foreign aid or foreign assistance in your pocket you can apply to me and get your licence." In fact, it has come to this. If anybody wants a licence for a small industry, he has to say first of all that he has got so much and from abroad, that he has the

collaboration of foreign capital. Now, take the example of the development of the cycle industry. Hitherto, it was run by Indians, managed by Indians and financed by Indians. Now foreign concerns have come into that field and they are now making inroads there. Take sewing machines or even tooth powder, tooth brush and all those sorts of things. Gradually, foreign money is coming there. I think we should not have relaxed the earlier restrictions that 51 per cent. should be held by us. Hold on to that principle. I would like much more than that, but at least hold on to that because the penetration of foreign interest gradually into our economy creates in the long run very big problems. They are able to exercise pressure on our economy. They are able to control our internal market. After, all, they are not coming here to help us; they come here to help themselves and the question of the profits of their concerns is there. Then, there are some agreements—I know—under which these foreign concerns come and join hands with the Indian interests with the understanding that the goods that are manufactured shall not be exported. They want restrictions on the export of consumer goods that we produce in this country. These are the things that I do not like. I do not want you to reduce those restrictions simply because we want to have more industries rapidly and on a big scale. If we go on inviting things like this, ultimately it will create problems for ourselves.

There is the question of resources. Whenever the question of resources is raised, immediately some people say, "Well, you have to increase taxation." You need not increase the taxes. In any case, it will be very difficult for you to realise the amount that you have laid down; I think, it is Rs. 1,650 crores. It will be very difficult for you to realise it because the States will not easily impose taxes. After all, they are responsible to their own people and there are limitations which you have to recognise. You will not be able to collect

the taxes without incurring big unpopularity or something like that. I do not know whether you will do it. But in any case, this will be a big problem. Really, for the money that you need, you have to turn towards another sector of our economy and that is towards the small savings. The great bulk of the savings is with the banks and unless you control these banks—control their credit-issuing capacity—unless you take the saving that go into the hands of these private parties, unless those savings are canalised for the development of the public sector, you will not be able to mobilise internal resources in a big way. There are huge amounts of money. I think they are of the order of 1,500 or 2,000 crores of rupees in the hands of the speculators, in the hands of those people who play in the market and which money is not available for our State sector for nation-building activities. Therefore, during the Third Five Year Plan, you will have to go in the direction of making these banks provide the resources to your industries through the State sector, through development project. In what way you will do it, is a different matter. But that is the direction in which you should move.

Then I would like you think also on the lines of taking over a part of the foreign trade. After all, millions of rupees worth of goods—tea, jute, cotton, etc.—are exported. Why should all these profits that are earned through foreign trade flow into the pockets of people who do not invest them for nation-building activities? Therefore, I submit that part of the foreign trade should be nationalised, should be controlled, so that the profits from this foreign trade are made available to the Government for development purposes. So, you have to think on these lines and you have to come forward courageously. Otherwise, you will go on in the same old rut. You want money; you cannot increase

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taxation and that thing will not work. The poorer sections of the people have reached the limit of their paying capacity.

The other point is, you must make a determined effort to realise the income-tax money the black money, that is in the hands of those people who evade taxation. I know that in industrially developed countries—I am not talking of the backward countries—tax-evasion takes place on a big scale. Let tax-evasion be made a penal offence. The Tyagi Committee has made some recommendations about it. Why don't you come forward with courage? About Rs. 150 or 200 crores are there and catch hold of that money. This money is now being used by speculators for all sorts of purposes, for anti-social purposes. A determined effort should be made to get that money, and the realisation of income-tax money should be done strictly.

Then, I come to the point of wastage. There is a lot of waste in the execution of the plans. I know that the Planning Minister knows much more about it than I do. We roam about the streets and villages and we know how much petrol is wasted. All sorts of things take place. If one officer wants to do a little job, he will wander here and there for about 50 miles and spend two or three gallons of petrol, and then finish the job. There is wastage in the whole planning; wastage in the general administration takes place. A determined effort should be made to cut down wastage and we should save the resources in order to develop our country and we should economise very much.

The question of tightening up of belts comes up again and again. If any country has to advance, everybody has to make sacrifices but you cannot ask the poorer sections of the people to undergo these sacrifices unless you make the richer sections also understand that they have also to

make sacrifices. They have got wealth. That should be done, and then only an appeal should be made to the other people.

In the end, I only want to say one or two things. There is the question of the intervention of the State in the major aspects of our economic life. Here, obviously, the question of price comes up again and again. I do not know how you are going to control it because you have no mechanism to do that. Today, it is food, tomorrow it may be cloth and on the third day it will be housing and so on. The prices of materials absolutely essential for life are going up and we are helpless. There is no mechanism with you to control the prices. Unless the Government comes forward with a bold policy, of imposing controls, this cannot be checked. Sooner or later, we will have to impose controls, some controls. Yes, do it by all means now. It is essential; otherwise you will lose, the whip will not be with you and it will be the other people who will take advantage of the situation. I do not know how you are going to do it.

The facts are that the whole idea of State trading in foodgrains has more or less been given up. I was one of the advocates of State trading in foodgrains and I thought it essential for a long period. We have to go forward, increase production and all that. For that State trading in foodgrains has to be undertaken, despite the wheat that you may be getting from abroad. But that has been completely abandoned. The new Food Minister sat quietly and went on nicely talking to us and ultimately gave the whole thing up. There were some committees appointed for that purpose. Those committees have disappeared. Everything has disappeared. Nobody talks of State trading in food. I tell you, you may not do it today, but tomorrow after two or three bad seasons you will again face the problem of food and the problem of its huge movement

and so on. If the thing is to be done on a planned basis, you have got to intervene in every sector of economic life. You have got to control the commodities, you have got to undertake State trading in certain essential commodities and then alone you would be able to maintain the price-line; otherwise, all your good intentions will not bear the results that all of us want.

In the end I fully agree with the hon. Minister of Planning that in this matter we should all stand united. We should formulate policies, correct policies and hold on together. We may have differences but we have to go forward and on the basis of national unity we shall go forward and build a prosperous State.

PROF. DR. RAGHU VIRA (Gujarat): Mr. Deputy Chairman Sir, we are here to review the Draft Outline of the Third Five Year Plan. We know the first two plans and the third one is a continuation of these two. The first two Plans have brought great gains. We are proud of them. Even now when one travels abroad, one finds constant references to these Plans and one is elated beyond expectation to find the great estimation and appreciation in which the results of our Plans are held by the people abroad. Not only in the underdeveloped countries of Asia, but even in the more developed countries outside Asia, India's Plans have been welcomed. Great hope is put in these Plans for developing not only India but other countries which may ultimately be helped by India as well.

We are happy at these results. But, Sir, there are some other points of view, there are some other things to which I shall today try to refer. Firstly, the Plans are national Plans, meant to correct the many failings of the nation. Now, during the past year and a half or more there has come a challenge from our great

neighbour, belligerent China. This Plan ignores altogether the necessity of meeting that challenge of a big neighbour. Now, 2,500 miles of an active hostile frontier has been added to India to be defended by us. That cannot be defended without preparation. We must prepare and the preparations call for certain heavy defence industries. Maybe they are unknown to me, maybe that the Planning Commission has put in somewhere secretly some paragraph which has escaped my notice, but I do not find money allocations which are necessary for it.

Sir, I shall not tire the House by mentioning what the Chinese are doing or what they are supposed to be doing. I think the Government is better acquainted with the Chinese preparations than any other individual can be, and if they are not, they should be. But, does the Planning Commission know something about it? I doubt if the Planning Commission is informed about the heavy military industries that have been installed in China during the last several years. Today I shall refer to a new development, and that is the establishment of three mighty submarine ports in China—Hulutao in the north, Huangshan in the middle and Yulin in the south. When the Korean war started, these three ports were handed over by the Chinese to the Russians and the Russians brought their submarines into these submarine ports. Now, recently these have been handed over by the Russians to the Chinese along with some of their submarines. They are there. How many and so on, is a matter for surmise and investigation. Sir, it is not correct to think and to preach that defence industries will take away to that extent from our developmental effort. There is something in that but not the whole of it is true. Training of technical personnel or the employment of idle hands who are not employed elsewhere is by itself an achievement. The founding of new heavy and, if I may say so, super-heavy industries for the Army are

[Prof. Dr. Raghu Vira.]

badly required and I am sure that the Planning Commission would not shut its eyes to this matter and do something in this respect.

Now, Sir, so many things have been mentioned by hon. Members on the Opposition and on our own side to which I would like to refer, but my time is seriously limited. This Plan and the previous two Plans are national Plans. They are supposed and intended to serve the nation. The Plans are unique and great. We are happy about them. But let me take another aspect, that is, the aspect of the common man. By the common man I mean the 80 per cent. of the population. Sir, when a steel plant is put into operation, the investment is something like from Rs. 100 crores to Rs. 200 crores. The number of operatives who are going to partake in the working of a steel plant is not more than 20,000. With 20,000 operatives and an investment of Rs. 200 crores in a big plant the investment per operative comes to Rs. 1,00,000. I am not complaining. When we talk of the common man, what are we doing for him? What is the amount of investment we are going to make for the common man? I shall take one type of investment just now, namely the Community Development Projects. The Community Development projects have to be pushed up. The allocation for this purpose during the third five-year period for thirty crores of the rural population is Rs. 400 crores, which means Rs. 13 per head for a duration of five years that is, Rs. 2.60 per head for one year. It is the kind of investment we are making. Similar is the case with agriculture. Including the Community Development Projects, it is Rs. 3,300 crores for 30 crores of people, which comes to about Rs. 100 per person in five years, that is, Rs. 20/- per person per year. How much income can this investment of Rs. 20/- per person per year produce? Well, Sir, I shall not calculate that, because this is miserably insignificant. There is a feeling in

this country—I do not think if it has been expressed in the form of a dogma, but there is a feeling—that agriculture does not need a heavy investment. We are prepared to invest Rs. 200 crores in a heavy industry—I am not complaining; that is essential. I am drawing your attention to the fact that agriculture requires an investment as heavy as any heavy industry.

I am basing this statement not on our country but on developed countries like America, Germany or England. I have visited those countries and I find that the average investment that a farmer has put into his work is of the nature of Rs. 1 lakh. I would not have believed it if somebody had told me but I have seen it with my own eyes and any friends who doubt this I shall recommend them to go and see from their own travels and find that agriculture today is like heavy industry. It needs heavy equipments, it needs heavy investments. Unless we put that, we shall not be able to get all that is wanted by us.

I now come to another point which is related thereto and that is the development of the urban and rural areas. May I point out in the very beginning that the present civilisation is an urban civilisation? The present type of education, the present kind of health, the present kind of work and recreation, these cannot be provided in their full measure for the rural communities. The present civilisation is an urban civilisation and it is absolutely essential that the present kind of development will mean the urbanisation of our rural side. We are not yet psychologically or ideologically prepared for it. I know of many people who have idealised the villages. I shall not go into this matter because it is a long one but I only refer to it. The city of Delhi the metropolis we are wanting to develop with the help of about Rs 100 crores and this we shall be spending for a population of 20

lakhs, which works out to Rs. 500 per person. What are we investing for developing the village side? Nothing, not a pie, *nihilum* or *sunyam*. This is a situation which calls for very very great attention and a re-thinking of the basic principle of developing the human material. The villagers are Indians. The villager is waiting for so many developments. Do not think in terms of the country as a whole. When we think in terms of the country as a whole what happens is that we take into account the requirements of steel or the requirements of cement but who are the people who are using the cement and the steel? Perhaps, not more than five per cent. of the population use them. So, instead of providing for so much cement, so much steel, provide for the needs of the single man for the individual. The individual is the nation in miniature. But we have not taken into consideration this point of view. By taking this into view, shall we be obliged to look into the life of the villager, of the suburban and the urban population and only then shall we be able to get rid of the slums. Today India is one big series of groups of slums whose number is said to be 560,000. It is not only the city of Delhi which has got slums. The whole of India is a vast slum. If we do not look at China, India is the biggest slum on the surface of the earth. How can this be removed? So, as we plan for the city of Delhi. I am afraid so are we to start planning for every area of India. I do not have the time. The Deputy Chairman is looking at the watch. I shall take the cue and sit down after saying one thing. The villager is the son of the soil. The average income on which we are working, namely Rs 300 is not his average. His average is very small, Rs. 65 or Rs. 100 or Rs. 120. They have varying incomes. These incomes have to be raised. So, money has to be invested. Planning has to be done in the villages, not only in the big cities. Only then will it be possible to improve matters.

One more thing in this regard. The planners have absolutely no idea—

have no hesitation in using these words—that the developing agriculture will not absorb any more people. The planners have put down that agriculture till 1975 will have to absorb 2 crores more of people. In 1901 the number in agriculture was 62.5 per cent. In 1951, after 50 years, the percentage of those who depended on agriculture rose to 70 per cent. In 1961 it is expected to rise by 2 per cent, that is, up to 72 per cent. and in 1976 I presume that it will rise to 75 per cent.

AN. HON. MEMBER: There will be a gradual reduction according to the Plan.

PROF. DR. RAGHU VIRAR: What is required is a reduction of people in agriculture. Good agriculture means less people growing food. If today 7 persons are necessary for growing food for ten persons, with better techniques, with better seeds with more water, with more fertilisers, this number of 7 will be reduced to 6, 5 and 4 and ultimately it will go down to 2.5 or even 2. So, developing agriculture means accommodating this population in other occupations.

Sir, at the end I have to offer the Minister of Planning my small book on Micro-planning so that what I could not say, he may be able to read from that and if he is so kind to me to call me, I shall come and discuss the matters with him whenever he has time.

SHRI K. SANTHANAM: The hon. Minister of Planning has rightly pointed out that this discussion is for the purpose of eliciting opinions. So, if I spend the little time at my disposal in making some critical observations on the Third Five Year Plan, I hope I shall not be misunderstood as lacking in appreciation of the great achievements that have been made during the First and the Second Five Year Plans. We have achieved many good things. At the same time I am convinced that for the labour and

[Shri K. Santhanam.]
 effort we have put in, we would have achieved much more but for certain defects which I propose to point out. Before I do so, I may observe that in my opinion, the Third Plan is not at all over-ambitious. The Second Plan outlay was Rs. 4,600 crores. In the Third Plan, in the public sector the outlay is to be Rs. 7,250 crores but we must make a 20 per cent. reduction for rise in prices. That leaves us an effective amount of Rs. 6,000 crores only. There is one other feature which, I think, it is necessary to point out, that the rate of current expenditure to the total outlay has been reduced from 20 per cent. in the Second Plan to 15 per cent. in the Draft Outline.

SHRI KHANDUBHAI K. DESAI:
 Do you envisage a 20 per cent. rise in the prices over the present prices?

SHRI K. SANTHANAM: It is the statement of the Finance Ministry that during the Second Plan, there has been a 20 per cent. rise in the price level over the old rate. Therefore, it is my view that the Third Plan is not at all over-ambitious but the real issues before us are these: Is the expenditure proposed in the Plan such as to produce the maximum rate of development at the minimum cost? Secondly, are the resources for the Plan estimated on a realistic basis?

I am afraid our planning has fallen into a rut. It has become like inflating a balloon. Every year you have to inflate it so that the diameter and the entire circumference become bigger to a certain extent. All the time we are hoping that the balloon will not burst, though all the time we are afraid that it may.

For a poor country like India Sir, the cardinal principle in planning should be concentration of resources. But in actual fact, our planning is planned dispersal of scarce resources. There is a general impression that nothing in India can or should be done without the patronage of the Planning

Commission and the subsidy from the Central Government. Take, as instances, *go-sadans*, *palmyra* jaggery, hand-pounding of rice; sports and games, swimming pools for colleges and schools; literature, drama, dancing, music; none of these things in this country can be done without the official patronage and subsidy from the Central Government. I think our planning has become a paradise for faddists. But I am glad to see a glimmering of light on page 153 of this Draft Outline. I was interested to read that paragraph. It says:

"Finally, in recent years different kinds of grants and subsidies have come to be introduced with the object of stimulating new activities. The general policy should be to eliminate these subsidies progressively. This involves a critical review on the part of the Central and State Governments of the exact purpose which each subsidy is intended to serve and the steps by which it may be withdrawn."

Sir, I hope this is not a stray paragraph inserted in this Draft Outline by the draftsmen and I would suggest that, in the final Draft, this paragraph should be put in bold letters so as to invite to it the attention of all the authorities concerned with planning.

Suppose the Planning Commission accepts my principle that it is concentration of resources that is needed, then how will this concentration be applied? I shall give only one or two instances. For instance, in Kerala I would not like to spend a single pie on general education. All the children, girls and boys are in the primary schools. A sufficient proportion is in the secondary schools and more than a sufficient proportion is in the colleges. On the other hand, there is grave unemployment among the youths. Therefore, all the resources available for education should be spent for training technicians, for training mechanics and for

training artisans. If during the next five years, every year some 50,000 young men can be trained and sent out all over India, the political and economic climate of Kerala will greatly improve. At the same time it will be a great asset to the development of the economy of the whole country. Similarly, in Uttar Pradesh and in Bihar, all the funds available for education should be devoted to primary education. These two States have neglected their duty to their children and have squandered the money available in all kinds of fancy schemes. When I went to Uttar Pradesh with the Finance Commission, we were told that the number of boys and girls in primary schools had actually fallen during the period from 1951. Therefore, we should concentrate on primary education in U.P. and Bihar. Similarly, in the Posts and Telegraphs Department, I would like to concentrate on the provision of telephones. We have got a fairly extended system of post offices and telegraph offices. Of course, they too need expansion, but in the case of telephones we are in a very bad position. I believe a single city like London or Paris or Washington has many times more telephones than the whole of India put together. We are very backward and we should concentrate for the next five years in the expansion of telephone services and, if we do that, our needs may be met much more satisfactorily. Similarly in the matter of our Railways, we should concentrate on track capacity, building over-bridges at level crossings and building new lines. I was responsible for starting schemes for passenger amenities and during these twelve years a sum of about Rs. 30 crores has been spent. I think many more crores could be spent on passenger amenities, but it will be a wise policy if we cried a halt to this and concentrated all the money in improving the track capacity. It is the want of track capacity that is the great bottle-neck on our Railways and if we increase our track capacity, then our existing locomotives, passenger carriages and

wagons can do much more work than they are doing at present. Similarly, we have spent a lot of money on the major ports. I think it is time we devote all the money available for the development of the intermediate ports and shipping. These, Sir, are a few instances I have given and I think this principle of concentration should be applied all along the line.

The second principle which I would advance is consolidation. We have been insisting and priding ourselves on quantitative advances and achievements. Of course, in some directions quantity may be more important than quality. I do not mind if you produce more coarse grains or more coarse cloth. But there are spheres of national life in which quality is even more important than quantity. This is particularly true in the case of technical education. We have expanded our engineering colleges. In 1950 the number of engineering institutions was 49. In 1955 the number came to 65 and in 1960 it is 97. Similarly, the in-take of these institutions has increased from 4,119 to 5,888 and then to 13,165 and the out-put of these colleges has increased from 2,198 to 4,017 and then to 5,317. Similarly, the medical colleges have increased from 13 in 1951 to 55 in 1960. If our planners can say that the graduates from our engineering colleges and our medical colleges who come out in 1960 are not worse than those that came out in 1951, I would hail it as a most magnificent achievement. But I am afraid every person who is concerned knows that the engineering graduate of today is not even as good as the supervisor turned out in 1951, and the medical graduate turned out of our medical colleges today is worse than the licentiate of 1951.

DR. NIHAR RANJAN RAY (West Bengal): Question. I question it.

SHRI GULZARILAL NANDA: The older people think they are better educated than the younger ones.

SHRI K. SANTHANAM: Pardon?

THE MINISTER OF STEEL, MINES AND FUEL (SARDAR SWARAN SINGH): That is the normal feeling of the aged, he says.

MR. DEPUTY CHAIRMAN: It is the normal feeling of the aged that they are better educated than the younger ones.

SHRI K. SANTHANAM: If we turn out a large number of bad engineers, then it will be a national danger and we will not need any earthquakes . . .

SHRI AKBAR ALI KHAN: We need them at present.

SHRI K. SANTHANAM: We need good engineers and good doctors. Two bad engineers cannot be substituted for one good engineer. Therefore, I think we should, during the next five years, consolidate our achievements. There is deterioration taking place because there are no proper instructors in our engineering colleges. In our medical colleges there are no proper instructors. Therefore, let us have proper instructors in these colleges and let us consolidate our achievements by improving the quality of the output. Otherwise you will be doing harm to the future. Every bad engineer will build bad bridges and buildings for the next 40 years and every bad doctor will give bad treatment for the next 40 years.

DR. RAGHUBIR SINH (Madhya Pradesh): He will kill more men.

SHRIMATI YASHODA REDDY (Andhra Pradesh): And thus solve the population problem.

DR. K. SANTHANAM: I do not think these medical colleges are part of our family planning programmes. In these fields, it is consolidation that is wanted, not expansion. I would earnestly plead that the whole thing should be examined—the quality of the engineers and the doctors that are produced—by a proper technical expert committee. If that committee is satisfied, I am willing to withdraw

all my remarks but, on the other hand, I feel certain that my remarks will be fully endorsed because I am making these remarks on the strength of observations made by engineer friends of mine and my doctor friends.

The other thing I want to suggest is continuity. In the case of the co-operative movement in 1951 we started with small functional societies in each village; there was then the report of a committee set up by the Reserve Bank. They wanted big multi-purpose societies and this scheme was adopted; then in 1958 there was a volte-face and they wanted small village multi-purpose societies. I think there is another committee sitting now. I have no time to express my views on the developments or merits of the big or small societies but what I would plead is that in this matter continuity is of utmost importance. Similarly, Sir, in the case of vital issues like price control and State trading, whatever policy is desired should be formulated after careful consideration, and once they are formulated, we should persist in them for ten years, fifteen years or twenty years till we can make it a success. To formulate a policy today, publicise it tomorrow and make strategic retreats day after tomorrow is not the way to inspire confidence in the people in our planning.

The public sector falls into two broad divisions, that is, one division where money, materials, organisation and training are determining factors, like industries, minerals and social services where you can have targets and achieve them if you provide resources and materials. The other division is where the human being is the determining factor, where re-education and re-conditioning of the human mind is of fundamental importance, for example, things like agriculture, cottage industries, co-operation, community development, etc. Progress in agriculture is not dependent so much on investment as upon persuading the peasant. Investment

and production have no real quantitative relation in the case of agriculture. Of course, we want a lot of money; we want fertilisers; we want seeds and all that but you can only keep them ready for the peasant and unless the peasants realise their value and use them voluntarily and willingly, you will not get any benefit. Therefore, Sir, it is the human factor which is important and we should find ways and means of penetrating the mind and the heart and of seeing that the peasant gets the affection of all the leaders. Today, the peasant thinks that the leaders are far away, that they are living in palaces, that they are flying to foreign countries and that they have nothing to do with the peasants. In that state, whatever money you spend very little results will be forthcoming.

I shall now say a few words about the package plan. I believe that this plan is one of the most fruitful plans for the development of agriculture. I heartily approve of it but I am afraid that it is not being applied in the manner and in the spirit in which it should be applied. I put two questions to the Madras Ministers with reference to this plan. You call upon the peasant to take more loans and invest them in fertilisers and such other things. Suppose, for reasons beyond the peasant's control, the crops fail, who will compensate him? Without some system of crop insurance this package plan can never really succeed. Of course, some statistical achievements can be put forward but it will not succeed on the whole. Secondly, I asked them as to what will happen in a case where the land belongs to one and is cultivated by a tenant. Who will bear the burden and who will reap the reward? Have you evolved any reasonable formula for sharing both responsibility and profit? If you give loans to a landholder and if the tenant reaps all the profit, no landholder is likely to fall in line with this package plan; similarly, if you give the loan to the tenant and he is asked to share the extra produce with

the landholder who has not contributed anything, then no tenant will come forward. This is a major problem which has not even been thought of by the sponsors of the package plan. There are other such factors. In all these matters there should be greater thought. The Planning Commission should get out of the rut and think in an organic and in a human manner.

Lastly, Sir, I should say that the time has now come when the planning machinery should be decentralised. The Central Planning Commission should confine itself to the subjects within the scope of the Central Government and a State Planning Commission should be set up in every State to take charge of the detailed planning of subjects which are within the sphere of the States. The Central Planning Commission may have an overall supervision and may impose financial and other limitations. Subject to those limitations, work should be decentralised and each State must be made responsible for its own planning.

SHRI DAHYABHAI V. PATEL (Gujarat): Sir, we are discussing the aspects of the Third Plan. We have had ten years of planning. According to the speech of the Prime Minister, which I have read carefully, the objectives are a rise in the national income of 5 per cent. per annum self-sufficiency in foodgrains, increase in agricultural production, industry and export, expansion of basic industries like steel, fuel, power, machine-building, etc., utilisation of the manpower resources of the country and expansion of employment opportunities. These are stated to be basically the objectives of the Plan, as I could gather from the speech of the Prime Minister. Sir, this sounds very well and one cannot quarrel with this, but let us see as to what our experience so far has been. How far have we been able to reach these targets, and what is going to happen in the Third Five Year Plan if we implement what is placed before

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us—these are the questions to be answered now. In many respects, Sir, the Third Plan is delightfully vague. I feel, Sir, that it lacks basically a realistic approach. Sir, 80 per cent. of this country's population lives in the villages. I should like to know as to how far ten years of planning have affected life in the countryside and how far the next five years are going to make any difference there. According to the Plan, the villager is guaranteed 17 yards of cloth, if he can pay for it, a certain quantity of grains and about two or three ounces of rice—that also if he can pay at the prevailing prices. This is what we are planning for 80 per cent. of our population, and we call this by big names, mighty effort and so on. Where is all this mighty talk taking us? We have already difficulty in regard to resources. I will come to that later. What about the rural population? What concerns our country most is agriculture. I have heard the Prime Minister repeat it again and again. I think when the Second Plan started he said that if we failed on the front of agriculture and food production, our Plans would fail. I would ask the house to judge the Prime Minister's utterances and what has happened in the last few years. An Adviser to the Planning Commission has said:

5 P.M.

“Unfortunate position is that schemes are largely prepared by those who, although enthusiastic and sincere, have had little to do with practical agriculture in their life time.”

“This is how agriculture is planned in our country unfortunately. Then, he says:

“Human nature as it is, it is only natural for persons in charge of the schemes, to put up rosy pictures to their superiors about the working of schemes. Ministers are too busy to probe deeply into these schemes; and most public men have

no patience or time or they find it a tiring duty to go into details. Lastly, what is worst, any criticism, no matter howsoever constructive and well-meaning, coming from non-Congress quarters, is brushed aside on political considerations. And Congressmen out of a false notion of party prestige consider it their moral duty either not to admit the failure of any scheme or at least defend, justify or explain away failures.”

AN HON. MEMBER: Question.

SHRI DAHYABHAI V. PATEL: I am reading a quotation from what a gentleman, who was an Adviser to the Planning Commission, wrote. You can question him, not me. He speaks from his experience of ten years. He was Adviser to the Planning Commission. This is what has happened. This is what he says. I do not know—the Labour Minister has been in the Planning Commission. Today, he is the Chairman of the Planning Commission—Deputy Chairman. I stand corrected.

SHRI AKBAR ALI KHAN: May I know the name of that gentleman?

SHRI DAHYABHAI V. PATEL: I suppose you got his letter. He has sent a letter to everybody.

SHRI RAJENDRA PRATAP SINHA (Bihar): What is the name of the writer of this note?

SHRI DAHYABHAI V. PATEL: I will just give it to you. He was a Member of Parliament also—Mr. Lal Singh, formerly Director of Agriculture, Punjab, and Adviser to the Planning Commission.

SHRI AKBAR ALI KHAN: Who has recently joined the Swatantra Party.

SHRI DAHYABHAI V. PATEL: That makes no difference. Mr. Akbar Ali Khan has recently joined the Congress. So, he is worried about these things. Mr. Akbar Ali Khan was in other parties before.

SHRI AKBAR ALI KHAN: No, no.

SHRI DAHYABHAI V. PATEL: It is perfectly legitimate in this country for anybody to join any party.

SHRI AKBAR ALI KHAN: I was in no other Party. You are mistaken. Of course, I confined myself to my profession. That is a different thing. I did not join any other party.

SHRI DAHYABHAI V. PATEL: It is fully legitimate and the right of every citizen of this country to pick and choose his party and hold his views. But Mr. Akbar Ali Khan suffers from one great difficulty. It is supposed to be the Plan of the Congress Party, what is dictated by my friend sitting there. He is sitting there and asks the Congress Party to go faster. He has just paid him compliments for what they are doing and said: "You are not going fast enough. Go fast now."

SHRIMATI YASHODA REDDY: If so, what?

SHRI DAHYABHAI V. PATEL: I want to know whether you are going fast enough, whether you are committed to that also. Say it openly, whether you are committed or not committed. That is what I want to know.

The policy of the Congress is a vote policy. Therefore, you are in these difficulties. (*Interruption.*) I am not speaking for Big Business. The representatives of Big Business are there and in that party they will speak for them. I have hardly any interest in business. I retired from business long ago. I live on a little pension that I get for my hard work that I put in all these years. I do feel that the attitude of some of these friends is like the attitude of people who want to kill the goose that lays the golden egg. And where does it take you?

After pointing out the defect of the rural policy and the failure of agriculture, I would like to point out

to the Planning Minister that what needs to be done about the Plan is good management. What is good management? Good management is efficiency and not necessarily employing too many people. Is the Government of India setting a good example of good management? The total number of employees in the Government of India from Assistant to Under Secretary was 590 in 1939. At the end of the War it rose to 2,000. Today they are 7,000. There are 550 Under Secretaries now. In 1939 there were only 20. In the Central Secretariat, there are 40 Secretaries—all officers of rank—30 Additional Secretaries, 135 Joint Secretaries and nearly 350 Deputy Secretaries. I am presently coming to the question of resources. Here are resources that are being wasted. Has the Planning commission no say in this? Is economy not resource? I learnt when I was a little school-boy that a penny saved is a penny gained.

Then, of course, with the growing number of officers, there is the growing bureaucracy with increasing power. I would say that the bureaucracy, here is more powerful and less responsible than it was in the days of the British. In the British days it was subject to the control of Parliament, perhaps in England, not here. Today under whose control is it? Has this House any control over them? They have become a law unto themselves.

There are many friends in this House who are up against private enterprise. I have no quarrel with them. What I would like is enterprise, whether it is public sector or private sector, so that it would relieve unemployment in this country. I would like enterprise and industry to go through as fast as it can. I do not prefer the dogmatic approach that some people have to this. Now, here is an example. We had questions in this House this morning regarding the steel plants. When were they planned? Years ago. Were not the requirements of the

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steel plants assessed to know that they would require so much iron ore, that they would require so much coal, that they would require so many wagons to haul them? Why are we suddenly at a dead end today? Is this planning? This is the difficulty with the plans that we have. They are not practical.

Another thing necessary is to create an atmosphere of confidence in the people. I am inclined to agree with my friend, Dr. Ahmad, in many things. Today it has become very difficult for a small entrepreneur for anyone to start any small industry, anything on a small scale. It is only the big people who can do it. The restrictions that Government is piling, the legislations that Government is piling every day, are making it still more difficult. Nobody can think of starting any enterprise or business without first finding a lawyer, who is thoroughly conversant with company law, and an auditor, so that he does not get into trouble. For a technical thing he may be hauled up, he may be held in court and nobody can help it. I am sure most of the Members of this House know how people have been harassed for small faults, technical offences or alleged faults, which after a long litigation have been often proved to be not justified. It was personal vendetta or personal malice of somebody that got them into that. In this climate how can this country progress? Going as we are in this way, what about the unemployed people? And if we are going to plan big plants, State-owned plants in this way, are we going to employ the really unemployed people? Or, are we going to unemploy more people? I do not need to give my opinion. The figures produced by the Planning Commission themselves show that the number of unemployed people has increased. As you know, the proof of the pudding is in the eating. I think our Government is suffering from one great delu-

sion. All expenditure is not investment. Sir, we have started thinking of big things in a big way. The Americans can afford it, so also the Russians. They have built up their economy, they can make big things, certainly they can afford it. Let us not forget that.

There was a big empire in Egypt, and they built the pyramids. Did they get any return out of them? Perhaps they get a little tourist income now from them. Can this country afford to build pyramids? I would like the Planning Minister to scrutinise where all his money is going and see if he has not built pyramids anywhere. I will show him some in Gujarat if he wants to come and see them. He himself opened certain irrigation projects and promised that in four years he would give us so much power and so much irrigation. Where are they? It is ten years that he made those promises, Mr. Nanda himself. Where is the power? Where is the irrigation?

Sir, the history of our country provides examples of illustrious rulers who have not built pyramids but who have built things for which they are remembered even today. Asoka established the rule of law. His *dharma-shalas* and his temples which are open to everyone are useful and are serving the country even today. Sher Shah is remembered for his roads. They have to be improved today but still they are useful to the community. That is what is needed.

Then we also need a sort of harmony in the people. Without harmony there can be no progress. I am not going to refer to an unfortunate incident that occurred very recently. It is not an incident, it is an upheaval. It is a very unfortunate thing. When such things happen, how is progress possible? We remember Akbar in history as a great man, as a great ruler, and the progress made

during his rule. How was it made? It was made because he established harmony. What are we doing? Have we established harmony? On the contrary in many ways—and for which I must hold the present Planning Minister also responsible—we have brought in the evils of the West, the unrest, the rivalry and the bitterness between capital and labour, and if I may say so, it has gone right into the villages. The reforms that are being planned look very well on paper. I dare say that some of them are necessary in certain areas. But some of them are being copied all over the country. Are they going to bring us results? Why is there a fall in agricultural production actually? It is because we are trying to rush into some of these reforms without understanding the implications. A Member who spoke just now pointed out quite well that after having distributed the land, whatever be the ceiling you may fix, you should let the man to whom you have given the land know that it is his land. Is it so then? At least in the State of Bombay it is not so. Even the tenant to whom the land has been given after he has established that he has been the cultivator for so many years is not the owner. He can be ejected by somebody else if that somebody comes and proves again in court that he is the owner. Then where is the incentive to improve the land, to work on it? That is the trouble.

Sir, another aspect that I think our Plans lack very much is to put certain matters ahead and plan them out well. During the British regime we used to import coal from England because it helped England. They took cotton from India to England and on the return journey they brought coal. We are doing something like that on a small scale in this country also. We have a textile industry in Ahmedabad, and 5000 to 6000 wagons are required to haul the coal requirements of this industry from the north of India every month. If there is a breakdown of the coal supply as

there is just now because of the coming into being of the steel plants, we are in difficulty. Mills stop work and there is a shortage of cloth. Is this planning, Sir? If it is planning it is defective. It is very defective if not miserable. Sir, apart from the oil that has just come, there were tremendous possibilities of providing hydro-electric schemes which would have saved the coal that is being consumed by the industry in Ahmedabad. The journeys that the wagons have to make from the north right up to Ahmedabad—5000 wagons for the Ahmedabad textile industry alone, then wagons for the other industries of Gujarat and for the Ahmedabad Electricity Generating Station—all these would have been saved if any of the hydro-electric schemes with which the Planning Minister was associated had been completed in time. They would have been available to give the power, today, and the coal that Ahmedabad is consuming today would have been easily available to the steel projects. These are some of the defects.

Last but not the least is the oil policy. I feel Government is going very slowly on this. I am not dogmatic about oil being developed in the public sector or private sector. Have it in the public sector but go ahead with it, because the country needs power, the resources of power, and they can only be tapped by exploiting the oil resources. Look at the loss that we suffer every day, every month, because there is shortage of power and because we do not use what is available to us and which can be developed and utilised for the mere asking. Sir, it is a very sad chapter in the history of our country. When Saurashtra was a separate State in 1956 a proposal for establishing a refinery at Bhavnagar was being discussed, and the Government of Saurashtra supported a scheme and sent it to the Government. That scheme is still in the files here. Nothing has come out of it. At that time there was no oil in Gujarat. Today there is oil, and so it makes it all the more

[Shri Dahyabhai V. Patel.]

necessary that we should look into this. There is no plan to eliminate such waste of time and effort. Does the Plan provide anything of that type?

Sir, from these points of view this Plan is defective and therefore needs revision. I am not quarrelling with their policy. I have my differences with the policy of the Government. I will not go into that. I do not think this is the proper time to enter into an academic discussion of the economic policies and theories. What I want is that the country should go ahead, that the development of the country should take place. Any hindrance in the development should be dealt with very firmly. Then, of course, the great hitch in the development affairs is corruption, and I am sorry the Government is doing nothing about it.

DR. RAGHUBIR SINH: Mr. Deputy Chairman, the Draft Outline of the Third Five Year Plan is before us and we have been called upon to give our suggestions so that the Plan may be finally worked out in detail for being implemented. It is a very big Plan and the subjects are varied.

[THE VICE-CHAIRMAN (SHRI ROHIT M. DAVE in the Chair.)]

Much has been said in respect of many of the items here. I do not want to go into them and repeat all of them. Today I want to confine myself to only one aspect, an aspect which unfortunately, I must say, the planners have continuously been ignoring. And before I proceed further, I only want to give a warning that if that aspect of the matter is not looked into and is not given its proper importance, a day will come when posterity will blame the planners for having done the greatest damage to this country. The one thing that has been continuously ignored is the question of education. The planning Minister has told us what gains have been made in respect of the national income and how much rise there has

been in the *per capita* income. He has also told us how many more schools have been opened and how many boys are there. But what we wanted to hear from him was what was the gain in respect of the general educational level of the boys. I have to point out, Sir, that in spite of these ten years of planning and after thirteen years of independence, the standard of education has definitely deteriorated and is deteriorating year after year, and I am afraid it is going to deteriorate much further. And in case we here are not going to call upon the Government to see that something is done definitely to raise the level of education, I want to ask the Planning Minister who will be there after ten years to implement these Plans. I am afraid that the Ministers and the big educationists who live in big cities hardly know how the educational standard has fallen. Sir, we have been told that we want four lakhs of new teachers. From where are they going to come? They are going to come from among the boys who would be passing their matriculation examination or their intermediate examination within the next few years. And may I invite the attention of the House to what low depths we have fallen in regard to education? I know of an intermediate student who passed his examination. Of course, to think of his English is something unimaginable. He cannot spell the names of the seven days of the week correctly and he cannot spell correctly the names of the twelve months. Boys like him do not know English and I am afraid, they do not know their own language also well, and these are the boys who are going to be called upon tomorrow to implement the Plans. These are the boys who are going to supply you with teachers. These are the persons who are going to supply you the human resources. I want to invite the attention of the hon. Planning Minister to the condition of the M.Sc. students; I know of M.Sc. students who have passed from a Central Government institution. A student has to pass a paper on Darwin's Theory. The difficulty with him is that he does not

know enough English to read the 'Origin of the Species'. So, he cannot read the original book. There are no books either in Hindi or in any other regional language so that he may read it and gain knowledge. He cannot understand the lectures delivered by his professors in English. Still he passes. How? There are the notes; he crams them. And in order to retain their prestige, the professors have to make him pass. If he does not pass, the Education Ministry calls upon the professors and asks them why there are such low results. Only recently, the examination results were out in my own State. The matriculation result was something near about 21 per cent. Similarly, the middle class examination result was something near about 30 per cent. And these are the boys who are going to be the material from which you are going to find the teachers and I do not know what will be the condition of the country then.

I have also to point out that there has been a long talk—a very vague talk—here about the causes of these falling standards of education. Our hon. Education Minister the other day agreed with the dissatisfaction expressed by the University Grants Commission about the fall in the standard of education. But none of them has ever cared to find out the cause of it. In spite of the fact that for thirty years the students have been answering the question papers in Indian languages, neither the universities nor the Ministries of the State Governments or the Central Government have supplied them with the requisite books in those regional languages. The Education Minister spoke of a plan to produce 250 books which were to be translated into Hindi. I am not one of those persons who would insist that only 250 books are to be translated into Hindi. I do not want to raise here the question of medium of instruction. It is a debatable question. It is being debated even in the Legislature of Madras. Sir, my opinion is that the question of medium of instruction has already been decided and it is not to be decid-

ed any further, whatever the members of the University Grants Commission may assert. Thirty years ago, the universities asked the students to answer their question papers in their regional languages and even in spite of this experience of thirty years, the problem is still there. If I had my way, I would conscript all the writers in the regional languages—Hindi and others—make them sit down and produce the requisite literature which would provide necessary food for their reading and education. Unless and until there is literature, unless and until there are books and unless and until there is a base from which they can expand their bounds of knowledge, how are these students going to be successful?

In this connection, I would like to make two or three concrete proposals for the consideration of the Planning Minister. They say that they want to expand the basic system of education. I would beg of him, before you go on expanding this, please remodel it and ensure that the system that you wish to propound is one that would serve the required purpose. As I said the other day when we were discussing the Delhi Primary Education Bill, this basic system of education is looked upon with distrust in the rural areas and it does not serve much useful purpose. Now, when you want to carry this system further, when you want to have more of these primary education schools and when you want to have four lakhs of new teachers, you should not only teach them the main methods of teaching, but I would beg of the Planning Minister to provide a definite sum of money to ensure that the people who come to teach them are properly equipped in their knowledge. Sir, unless this is done, I feel that in another ten years, we will be faced with a major crisis, a crisis that will be something unimaginable. We will have so many of our boys on our hands.

Another question I would like to refer to very briefly is the question of unemployment. The Education Minister is talking of restricting admission

[Dr. Raghurib Sinh.]

to the colleges. There is the question of refusing admission to third class students. The students who pass in third class are in a big majority. Now, the universities and colleges will be closed to them. They are not fit enough to be employed anywhere. What is to be done with them? The Planning Commission must find an answer to this; otherwise, all this human material will be wasted. Needless it is for me to say that, in spite of the fact that we are giving due emphasis on agriculture, these lakhs of boys who have passed their examination in third class will not provide the necessary material which could be utilised there because our education is still unconnected in every way with the practical life. Therefore, unless these two things are done today—the problem of falling educational standards and the proper channelling of these boys who have passed in third class—we may go on increasing the heavy industries, we may go on increasing the national income, the problem will remain the same and we will have to face a revolution, something wholly unprecedented.

SHRI J. S. BISHT: Mr. Vice-Chairman, Sir, I must congratulate the hon. Minister of Planning for the very excellent speech that he made this morning, especially when I recollect the speech that he made five years back when the Second Five Year Plan was under debate. Today, Sir, there seems to be a realisation of the seriousness about the holding of the price-line and there is also a realisation of the seriousness about the question of deficit financing and the money supply in the hands of the people. If you read the speeches made at that time there was, I am sorry to say, not the same amount of realisation because some of us, including myself, were very much opposed to deficit financing to the tune that was envisaged at that time. We did prophesy that the prices would rise and inflationary pressures would be very high and that it would be far better either to spread the Plan over a period of six years or to cut

down the Plan by the amount of deficit financing, because in the ultimate analysis the physical targets achieved would be no more than the real resources available in the country. Merely putting in a high monetary level does not serve any purpose because the real resources available within the economy are limited. What are those resources? The total national product minus the total national consumption is the only resource that is available plus whatever aid that you get from outside countries. That is the limit I should say, at which every Plan is achieved, whether it is in this country or in any other country.

In fact, I also brought out at that time that if by printing money, that is by deficit financing, these vast development programmes could be carried out, Hitler and Stalin would not have subjected their own people to that rigorous austerity to which these people were subjected. We remember, for instance, the Russia had to pass through almost thirty years of very rigorous austerity whether in matters of food or clothing or housing or any other thing, because the resources are limited, as I said. Whatever you produce in the whole year and whatever you consume out of it, whatever is left, whatever you save, that alone you can invest, and that investment and saving alone creates the resources with which you can develop your country. As I said in the beginning, I congratulated the hon. Minister very much on the great change that I saw this morning in his speech, in that he fully realises now that we must limit deficit financing to the utmost limit and also that we must hold the price-line.

Sir, I quote just a small line from the very celebrated American Economist, Ludwig Von Mises, in his book "Human Action":

"The policy objective of the monetary authorities should be to synchronize the money supply with the rate of growth. In other words, if output is growing at, say, 3 per cent. per year, the money supply should also be made to grow approximately 3 per cent.

per year. If the money supply grows at a faster rate, price levels would tend to rise."

That is the basic thing. Whenever we raise this question, whether at the time of the General Budget or at other times, various arguments are advanced that there are so many factors which govern the rise in prices. Maybe there are many factors, for instance a man is ill. It may be typhoid, malaria or some other thing but we want to know from the doctor the prime cause of it. The prime cause is the increase in the money supply in the hands of the people. If you control the money supply in the hands of the people, you are likely to achieve better results than others.

As I was saying, we envisage that the annual rate of growth of the national income will be 5 per cent. Here again statistics are sometimes misleading. Five per cent. there will be, but then in a country like India out of the total national production 50 per cent. comes from agriculture and as you know, 75 per cent. of our people live in the villages and most of that economy is non-monetised because in villages a man grows and eats. He does not spend any money over it. In the case of a farmer or a small craftsman it is a sort of barter. He gives wheat and takes a pair of shoes or something from the village craftsman. So, the vast section of it is non-monetised. We should not strictly talk of it. As I was quoting the American Economist, for a growth of 3 per cent. in national income, you can allow the money supply to grow by 3 per cent. That applies to countries which are highly industrialised, where the whole economic sector is monetised, hundred per cent. But in our country, if the growth of national income is 5 per cent., you should take it that our monetised section is all about 3 per cent. You should, therefore, not allow this money supply to grow beyond that.

On page 49 of the Report, in paragraph 19, for instance, we find:

533 RS.—7.

"On a broad consideration of the trends in aggregate output, one might assume that money supply could increase by about 33 per cent. in the third plan period without causing excessive pressure on prices. On the basis of an estimated quantum of money supply by the end of the second plan, the additional money creation permissible in the third plan period might be of the order of Rs. 950 crores—if it is assumed that money supply and aggregate output would be approximately in balance at the end of the second plan."

I think it is on the basis of this that they have calculated Rs. 550 crores, but according to my calculation it is Rs. 450 crores as the safe limit and after allowing for the banking system namely Rs. 250 crores approximately; you can go at the most of the Rs. 200 crores. I would, therefore, appeal to the Planning Commission to give up the idea of deficit financing altogether. It has been our bane all along. On that, Sir, I would further submit that unfortunately we had been too much carried away by what I should call Lord Keynes' theories with regard to the question of money supply because that was a particular remedy applied for a particular state of society; that is to say, for a highly industrialised society as that of England. It is not applicable for a country like ours, wherein the productive machinery is very poor. I will just quote one word on this matter:

"The objective of social control over production decisions is to make the resulting decisions more responsive to social needs and desires. If, for administrative reasons, Government, having centralised decision, must then put the decision outside the reach of public opinion and pressure, it has abandoned the very job which it has set out to perform."

I would therefore submit that there is one point about it. Many countries

[Shri J. S. Bisht.]

like France, specially after the First World War, experimented with this money creation and we know what was the result. Apart from that fact, there is always a temptation to increase your expenditure by resorting to creation of money. It destroys one thing, that is, the great desire to have economy. Suppose we make a solemn resolution today that henceforward we will not resort to deficit financing and that we will carry out all our administrative work and development projects by taxation or by borrowings or by savings, then we shall be forced to economise. Much of the waste that is complained of today is due to the fact that this money is being created out of the printing press and therefore everybody feels, whether in the States or in the Centre, that after all we are making this programme and if there is no money, if we cannot extract money out of taxation or borrowings or otherwise, the ultimate resort is there to deficit financing. This report itself has admitted now that during the Second Plan the prices had risen by 20 per cent. which means that the purchasing power of the rupee has been eroded to the extent of one-fifth and therefore regarding the amount of Rs. 6,200 crores that we fixed at that time, if we had not done that and not resorted to deficit financing, I think we would have achieved the same objective without all this distortion in the economy. Because, look at it—there was the threat of Government employees for a general strike and the Government was forced to make some concessions and appoint a Pay Commission. The total amount given away by the Government in this non-developmental expenditure by way of increase in salaries of the employees, both at the Centre and in the States—and also the local authorities—is not less than Rs. 700 to 800 crores. Yet, when Mr. T. T. Krishnamachari brought forward his Bill in order to increase the resources by imposing taxation on a massive scale, I was one of those who strongly supported him because I was really opposed to deficit

financing but I find today that all that massive effort of this country has been wiped away because of this inflationary pressure because of the rise in wages and salaries of the Government servants. As the Minister himself said, if the wages rise, then the prices rise and then the costs rise and then we are where we were and no particular benefit is gained. On the top of it, people with fixed incomes and salaries, those who cannot save and protect themselves, the weakest links in our society, they are hurt and that is what we should avoid.

Having said all that, I would draw the attention of the Minister in particular, even at the risk of being charged or called provincial or parochial, to certain facts. After all, this is Rajya Sabha and it is a place of the representatives of the State Assemblies or State Governments and it is the right forum where the grievances of the States should be brought to the notice of the Central authorities. That is my excuse for saying this. To the Planning Minister I make this complaint that there has not been proper regional distribution in the matter of planning at all. The grievance of the people of U.P. is that it has been the most neglected State in India at present, although it is the most highly populated State. The population of U.P. increased from 66·22 million in 1951 to 71·60 million in 1959, showing an increase of about 13·4 per cent. The increase of 13·8 per cent. in the State income during the same period was more or less completely absorbed by the growth of population, leaving U.P.s. *per capita* income almost constant. As against this, India's population during the same period increased from 361·8 million to 415 million showing a rise of 14·7 per cent. But the national income during the same period went up by 32·1 per cent. As a result, the *per capita* income shows a rise of 19·2 per cent. during the eight years from 1951-59. for the whole of India, whereas in U.P. it has been constant. Why? The cause of this deterioration in U.P.'s economy will be

found, among other things, in inadequate investment during the first two Plans. I will show from figures. If you take what U. P.'s share should be if the calculations were made on a population basis, in the Second Plan the total investments should have been 387.67 crores of rupees. It was actually only Rs. 253.10 crores. While the average *per capita* outlay in the country in the State sector in the Second Plan is Rs. 56, that for U. P. is only Rs. 37. Compared to all the other States of the country, the average *per capita* outlay in the State sector of the Plan stands lowest for U. P. If the Government of India's outlay is included, the *per capita* outlay in the public sector during the Second Plan, would be of the order of Rs. 120 for the country as a whole as against a figure not much higher than Rs. 37 for U.P. No significant Central projects have been located in the State.

Thus, you will see that by 1960-61 the *per capita* State income is likely to reach Rs. 260 whereas the *per capita* national income is likely to reach Rs. 300. For the Third Plan the State has before itself the very modest objective of merely preventing further widening of this gap of Rs. 40 in the *per capita* incomes, without making any special financial effort to close or reduce it. The result will be that if this regional disparity is to be maintained, then this gap between the national income in India as a whole and the *per capita* income in U. P. will further widen so that we will become *pariahs* of the whole country.

What emerges from these factors is that in the sectors of development left to the States, U. P. should have a share of the total outlay which is proportionate to its population, namely Rs. 631.5 crores, specially in the light of the fact that in the first two Plans the State's approved outlay has been Rs. 171 crores less than what it should have been on the population basis. It is obvious that outlays for Community

Development and social services should be on the basis of population. If the trends of the first two Plans in the matter of outlays for agriculture and irrigation are allowed to continue, the State will become deficit in the matter of food production. An important objective accepted by the Planning Commission and to be achieved by the end of the Fifth Plan is reduction of the proportion of population dependent on agriculture from the present level to about 60 per cent. According to 1951 Census, the agricultural classes constituted 69.8 per cent. of the country's population. The corresponding figure for U.P. was 74.2 per cent. reaching as high a figure as 82 per cent. for eastern districts. The percentage of population engaged in agricultural pursuits in U. P. is higher than the all-India average which is indicative of a lower level of living and backwardness of the region in regard to industrial development. It would be absolutely essential to make an effort which would lead to relatively larger percentage of its population being engaged in non-agricultural occupations during the next 15 years.

I would therefore earnestly appeal to the Minister with all the emphasis at my command—even at the risk of being called purely provincial—to make a special provision for U. P. Otherwise, this mere planning on an all-India basis, taking figures on an all-India basis, or coming to conclusions on an all-India basis, taking investments on an all-India basis, is no consolation to those areas which are totally backward compared to areas highly industrialised like yours—Maharashtra and Gujarat or Bengal and Bihar—because they are quite well satisfied and they will be getting still more. This is the stage when this is only a Draft Outline and the final Plan will come later. Therefore, with all the emphasis at my command, I appeal that you should pay special attention to a State which has a population of 7½ crores out of 40 crores and as such one-sixth we are entitled to

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and that should be given to us otherwise, there will be a very explosive situation there.

SHRI BABUBHAI CHINAI: Sir, I rise to support the approach, broad aims and dimensions of the Third Five Year Plan as embodied in the Draft Outline. I lend my support in my capacity as a member of the Congress Party, as a member of this august assembly, as one belonging to the business community and last, but not the least, as a citizen of India. This Plan, I believe, Sir helps to maintain the sanctity of Indian citizenship and gives substance to it. This is the most important thing that has to be done today in our country and I will concern myself mainly with this aspect of the Plan.

Sir, the various aspects of the Plan have been emphasised in the course of the speeches of the Government spokesmen and Members of the Lok Sabha. In our House also those who have preceded me have highlighted the good and bad points of the Plan. It seems to me, Sir, that the basic point about the Plan has not been brought out clearly and hence there is some confusion in the arguments against the Plan and even in the sentiments expressed for the Plan.

Sir, we have reached a stage in our planning when we cannot think of the Third Plan as a mere addition to the Second Plan, as if the Third Plan is yet another floor that is being put up, the First and Second Plans constituting the foundation and the ground floor. This is taking a limited view of the structure not only of the Third Plan, but of the entire mechanism of planning. No doubt, what we propose to do in the Third Plan period will have to take advantage of what has been achieved, remedy the weak spots and what is more, we must naturally keep an eye on the consolidation of the progress we have already made. However, it will be wrong in my view to look upon the Third Plan as mere extension of our past efforts. We have almost achieved many of the

technical pre-conditions of a "take-off" and have made considerable progress—though much more has got to be done by developing a capacity to deal realistically and simultaneously with all the major sectors of the economy.

Sir, this is what impartial observers have categorically stated. The Report prepared by the Centre for International Studies, Massachusetts Institute of Technology, in March this year at the instance of the Committee on Foreign Relations of the Senate of the United States—the signatories to the Report are eminent economists in their own right—observes as follows:

"There is a great drama in India's situation. The coming decade may bring a decisive breakthrough into modernisation under democratic auspices."

The World Bank Mission which visited India earlier this year has also endorsed that the rate of growth envisaged in the Third Plan is the minimum requirement of economic growth. This Mission also does not regard the Plan as too ambitious.

In so far as the Plan will broaden the circle of national efficiency and accelerate industrial advancement, it has to be welcomed for various reasons. Of these reasons, I would rate our defence requirements very high. Defence today has to be total. It is not merely a question of having a military organisation, but a sound social structure which can stand the strain of pressure and a modern economic structure which can keep a modern army in the field and also satisfy civilian requirements. Industry, agriculture and all modes of transport require to be developed.

Sir, it is extraordinary that some parties in criticising the Plan have forgotten or have chosen to forget the live dangers that are present at our national boundaries. We from our side are committed to peaceful co-existence. We are preoccupied with our

own problem of making good the economic backlog. Let these not be taken as weakness on our part. Let us not also forget that at least one neighbour of ours has revealed the iron hand.

SHRI RAJENDRA PRATAP SINHA: Sir, may I know from which document the hon. Member is reading?

SHRI BABUBHAI CHINAI: It is a brief note I had prepared for my speech. And therefore, Sir, I would go so far as to urge upon Government that when the Draft Outline is finalised, it should give the highest priority to our defence requirements. I maintain, Sir, that the basic requirement of India, which must continue to be general economic development, can be furthered without neglecting defence needs. There is scope to relate our defence industry with the general standard of industrial growth.

Far more than economic growth is involved in our planning, as I said earlier, the sanctity of Indian citizenship is involved. Now, Sir, I wish to refer to one or two technical aspects of the Plan. There is a tendency either to decry planning or to swear by it. To me, Sir, planning is essentially taking a longer and rounder view of our needs and requirements without, at the same time, neglecting the facts around us. I personally feel that perspective planning is good, but it has to be intelligently understood, and even more applied intelligently. Such statements as "both by definition and implication, planning is perspective" do more harm than good to clear thinking on the subject.

Sometimes, perspective planners are like the lady in the plane who remarked that people down there looked like ants. She had to be informed that they were ants and the plane had not started yet. We have also to guard against looking upon every effort in the name of planning as desirable effort and easily imagining that each of our myriad actions in itself and together constitute the Plan. When we look through a kaleido scope, Sir, we think there is a pattern, but we know

by putting any bent pin or any little rubbish, a perfectly new and symmetrical pattern would be produced. Therefore, S.r, I think we should be very careful in the choice of our efforts and in the assessment of our planned effort.

Since I strongly believe that we have to look upon the Third Plan as an enterprise to build up our economy without neglecting our defence, I would urge upon Government to undertake programmes which will simultaneously assist both economic development and defence potential. I suggest that in this view of things, we can go in for more merchant tonnage. The Draft Plan has made a provision of only Rs. 55 crores in addition to Rs. 4 crores that would be available from the Shipping Development Fund for shipping in the Third Plan. The currently proposed allocation would enable the addition of 2 lakh G. R. T. after meeting the replacement requirements during the period of the Plan. In other words, the total shipping tonnage would be raised from 9 lakh G. R. T. at the end of the Second Plan to 11 lakh G. R. T. at the end of the Third Plan. As against this, the National shipping Board has recommended a target of 14.2 lakh tons to be reached by end of the Third Plan and the total cost of the programme including replacement of overage ships is estimated at Rs. 118.8 crores. It is clear if the Plan allocation is raised in an upward direction, we save in foreign exchange and also build up a second line of defence.

Having accepted the dimension of the Plan, I for one, would not cavil at increased taxation provided the tax receipts are effectively husbanded and utilised. After all, larger tax collection does not automatically mean larger plan finance. This is one of the major lessons of the Second Plan. The Report of the Estimates Committee on the growth of civil non-plan expenditure is certainly a pointer. In the scheme for financing the Second Plan, the Centre's contri-

[Shri Babubhai Chinai.]
 contribution from revenues was estimated at Rs. 420 crores made up of Rs. 252 crores at 1955-56 rates of taxation and Rs. 168 crores by way of net proceeds on additional taxation. The Plan still left an uncovered gap of Rs. 400 crores which was agreed to be met through larger domestic effort mainly in the form of additional taxation. But as against the estimated collection of Rs. 420 crores, it was thought a sum of Rs. 1,044.2 crores would be realised. Surprisingly, out of this, only Rs. 439 crores would be available for the Plan. Thus, the uncovered gap of Rs. 400 crores would be met only to the extent of about Rs. 20 crores. As I said, the receipts accruing to the Centre from additional measures of taxation and from better collections from existing sources of revenue, come to Rs. 1,044.2 crores. It would appear that out of this over Rs. 600 crores have been absorbed in the non-Plan expenditure.

THE VICE-CHAIRMAN (SHRI ROHIT M. DAVE): Are you likely to take more time?

SHRI BABUBHAI CHINAI: No, Sir, Only about two more minutes.

SHRI RAJENDRA PRATAP SINHA: He can read it out tomorrow, Sir.

6 P.M.

SHRI BABUBHAI CHINAI: Another question that requires attention is the price level. The level of prices now is more than 20 per cent. above that at the commencement of the Second Plan. The Planning Commission has expressed the view that there is need for regulation of prices through suitable governmental action, State trading and marketing and distribution through co-operatives. The structure of regulatory devices, it is stated, is under study by a Committee of the National Development Council.

The price policy as well as techniques of price regulation raise very complex issues. Already, for one reason or another, the prices of a

number of manufactured commodities and raw materials have come to be fixed. There obtain price regulations on iron and steel, cement, paper, sugar, tin plate, caustic soda, soda ash, coal, etc. While it is true that the question of maintaining prices at reasonable levels should receive its due consideration, few can dispute that, in the long run, mere mechanical contrivance of price stabilisation will not result in reduction in general level of prices. In fact, a restricted approach is fraught with serious consequences. Greater production alone provides the key to reduction in prices. This has been experienced not only in India but in the highly industrialised countries in the West also. The point which requires to be emphasised is that regulations in themselves are negative and therefore they should be kept at the minimum and moreover, they should be reviewed from time to time with an eye on relaxing them to the extent practicable. Greater accent must be placed on measures simultaneously to increase production, agricultural and industrial. Otherwise the regulatory provisions tend to perpetuate themselves.

Sir, one word more and I have done. I appeal to Government to make more widely known among the people the objectives of the Plan so that they may come to be accepted as common objectives. Further, there is the need to induce in the people a common mood to work. If these two things are done, I am sure, Sir, that the brave hopes and high aspirations of the Plan will be fulfilled. We will move forward to the stage when people in India with one voice and with confidence will say, "There will always be an India".

THE VICE-CHAIRMAN (SHRI ROHIT M. DAVE): The House stands adjourned till 11 A.M. tomorrow.

The House then adjourned at two minutes past six of the clock till eleven of the clock on Tuesday, the 6th September 1960.