

the Table, under sub-section (2) of section 3 of the All India Services Act, 1951, a copy of the Ministry of Home Affairs Notification G.S.R. No. 946, dated the 9th August, 1960, publishing a corrigendum to Government Notification G.S.R. No. 725, dated the 23rd June, 1960. [Placed in Library. See No. LT-2344/60.]

THE RAJASTHAN INDIAN MEDICINE BOARD ORDER, 1960

SHRI B. N. DAT AR: Sir, I also beg to lay on the Table, under sub-section (5) of section 4 of the Inter-State Corporations Act, 1957, a copy of the Ministry of Home Affairs Notification G.S.R. No. 920, dated the 6th August, 1960, publishing the Rajasthan Indian Medicine Board Order, 1960. [Placed in Library. See No. LT-2343/60.].

TWELFTH REPORT OF LAW COMMISSION ON THE INDIAN INCOME-TAX ACT, 1922

THE DEPUTY MINISTER OF FINANCE (SHRI B. R. BHAGAT): Sir, on behalf of Dr. Gopala Reddi, I beg to lay on the Table a copy of the Twelfth Report of the Law Commission on the Indian Income-tax Act, 1922. [Placed in Library. See No. LT-2353/60.]

THE BOMBAY STATE FINANCIAL CORPORATION (GENERAL MEETING) RULES, 1960.

THE DEPUTY MINISTER OF FINANCE (SHRIMATI TARKESHWARI SINHA): Sir, I beg to lay on the Table, under sub-section (2) of section 96 of the Bombay Reorganisation Act, 1960, a copy of the Ministry of Finance (Department of Economic Affairs) Notification G.S.R. No. 763, dated the 28th June, 1960, publishing the Bombay State Financial Corporation (General Meeting) Rules, 1960. [Placed in Library See No. LT-2348/60.]

12 NOON

ALLOTMENT OF TIME FOR CONSIDERATION OF GOVERNMENT BUSINESS

MR. CHAIRMAN: I have to inform Members that under rule 153 of the Rules of Procedure and Conduct of Business in the Rajya Sabha, I have allotted two days, 5th and 6th September, for the consideration of the motion in respect of the Third Five Year Plan—A Draft Outline.

Under rule 162(2) of the Rules of Procedure and Conduct of Business in the Rajya Sabha, I have allotted time for the completion of all stages involved in the consideration and return of the following Bills, including the consideration and passing of amendments, if any, to those Bills as shown against each:—

- (i) The Central Excises (Conversion to Metric Units) Bill, 1960—One hour.
- (ii) The Appropriation (No. 4) Bill, 1960—Thirty minutes.

MOTION RE: DRAFT OUTLINE OF THIRD FIVE YEAR PLAN

THE MINISTER OF LABOUR AND EMPLOYMENT AND PLANNING (SHRI GULZARILAL NANDA): Sir, I beg. to move:

"That the Third Five Year Plan— A Draft Outline, laid on the Table of the Rajya Sabha on the 8th August, 1960, be taken into consideration."

Sir, in considering the proposals put forward in the Draft Outline, we have before us two broad questions. Is the Plan as proposed a sound one and whether it seems to be a feasible plan? And the still more important question is: do conditions already exist or will be created to ensure the successful implementation of the Plan? It is very relevant in this;

context that we should assess the experience of the last decade regarding planned development in this country, draw proper lessons from it, and in the light of that experience shape our future course. There are two aspects in such an assessment, one of which looms large in the eyes of some, since there are shortcomings, targets not fully realised here and there, lack of success at certain points, etc. That is one aspect of the picture. Then there is the other, the more dominant feature of the picture about the striking advances made in certain directions and in many fields. If you see the picture in its true perspective, the impression created will be one of great advance in the country during these years.

It may be said that in spite of this progress, so far as the mass of the people are concerned, there are no visible signs of any marked improvement in their standards of living. It may be that, considering the vast needs of the people, the advance that has occurred, has not made a striking impression. But I would like to say that the very considerable progress that has been achieved during the last ten years would not have been attained, had it not been for the decision taken ten years ago to adopt the instrument of planning for the goals of development.

Planning, naturally, means that things will not take their own course and that steps should be taken to step up investments and thus raise the tempo of development to the maximum. Therefore, the course of planning does not become easy. It has its difficulties, problems and shortcomings. But, of course, rewards follow. The experience of the last ten years must be evaluated before we can be in a position to judge the outcome of these efforts.

In this connection, I would like to invite the attention of hon. Members to a few elements in the situation,

that is, the conditions which prevailed in the country during this period. They have, to an extent, influenced the rate of progress and also have been responsible for most of the difficulties or disappointments we have experienced. The first thing is, and that is important, what was the starting point? What was the stage of development reached? India's *per capita* national income, viewed in the international context, was among the lowest. There was yet another significant fact. The national income was not only at a very low level but also there was no evidence that this country was catching up with the increase in population, that is, the trend in regard to *per capita* national income was downwards. It did not amount to stagnation but certainly there was deterioration, and therefore our planning effort had to face this downward pull which had to be overcome. It took a number of years, the period of First Plan and a part of the Second Plan, to achieve that. That is a very big result we have achieved, because then a certain dynamism is introduced in the economy which pushed it forward.

It will be recognized that among our handicaps, and there were many handicaps, was our lack of experience initially in tackling big tasks. We had to step up the rate of investment to the maximum extent possible. The administrative machinery was not geared to take up development work on a large scale. We had not enough trained personnel. There were shortages experienced in several fields. The difficulties were accentuated by the fact that the step-up in the rate of investment was very rapid. I shall give some figures. In the first year of the First Five Year Plan we started with Rs. 500 crores annual level of investment, and at the end of the Plan period it was Rs. 850 crores. At the end of the Second Five Year Plan the figure was Rs. 1450 crores and- it is estimated to go up to Rs. 2500 crores towards the end of the Third Plan. That means increase of 76 per cent., 71 per cent, and 72 per cent.

[Shri Gulzarilal Nanda.] respectively over the three Plan periods. This stepping up has its consequences, and if we are not fully prepared for this heavy rate of acceleration, naturally difficulties arise. Now, the question will be asked, why were we not prepared for this big effort, this big task beforehand?

To that the answer is very simple. "We have to compare and balance the cost of the delays in marching ahead. This question arises because of the mistakes that have occurred. I admit that mistakes have occurred. Secondly, since we did not progress, we could not attain any experience. The experience has to be gathered as we get along. That is the one big factor which has to be taken into consideration.

Now we can say with some confidence that we have made big strides in preparing ourselves for a still bigger advance in the Third Five Year Plan. It is plain that India is an under-developed country and what we need is more investments and, therefore, more savings. A large majority of the people are not in a position to make any savings because of their very low consumption levels. That is a fact which has to be faced squarely. There is yet another factor which has a very important bearing on the pace of our progress. It is our democratic structure. I am convinced that democratic forces, when they come, into full play, will become a great ally of development. I have no doubt in my mind that the fact that we are a democracy is not going to be a liability in the long run, but an asset. We have been told very often, India cannot attain that level of progress, the rate of development, which some other countries with a different kind of political and economic structure are capable of attaining. I have no such fear in my mind, but at the moment the difficulties are there of course.

There are two kinds of difficulties. There is the fact of rising expectations, because of that there are . . .

DR. H. N. KUNZRU (Uttar Pradesh) : May I ask him not to drop his voice at the end? We miss the most important part.

SHRI GULZARILAL NANDA: I will try.

Sir, I was referring to the situation through which we have passed. It is a fact that our people, who are a free people, are slowly awakening to the new developments in the country. There is a new consciousness about their needs and their rights. Therefore, they ask for more—every region, every section—and the claims pile up. That is one side. On the other side, we have not got the methods to extract more and more out of their low current incomes for the purpose of investment. Therefore, that handicap does remain. But as I have indicated, I am sure that this handicap will diminish progressively and in due course it will become a much greater positive force than it is today. When all sections of the population participate and every individual becomes a willing partner in this process of development, certainly the results are going to be extraordinarily good. That is another factor.

Yet another aspect relates to the growth of population. Since we started planning, the growth rate of population has been on the increase. It was 15-8 per thousand over the period, 1951—56, and according to projections made by experts is likely to go up to 21-4 per thousand in the Third Plan period. That is a considerable increase. One consequence is that in order to secure given targets in terms of *per capita* consumption, now Rs. 120 to Rs. 125 will be required as against an investment of Rs. 100 before. If we could have provided work opportunities to all the people and if we could have utilised the man-power fully, then in a sense it would not have been a great handicap. But today the position is different.

Sir, now in regard to our planning effort, we are asked as to why certain targets have not been realised and what has happened to the price level. It is to be remembered that we are operating in a mixed economy in which the scope and area of State controls and regulations over production and distribution activities are limited to the minimum necessary. I believe we have been able to reconcile these factors to a considerable extent, but we are still confronted with the problems which arise therefrom.

Another factor concerns the federal structure of State. We are supposed to formulate and execute the plan at various levels, including the Centre, States and local bodies. Again, I think it is not entirely a disadvantage but certainly in the co-ordination of the various processes of planning and development, certain difficulties do arise.

One fact which I would like to Taring to the notice of hon. Members, which has a very important bearing on the course of progress is that we have set before ourselves several objectives and these are competing objectives at least for the time being. Our main objective is that the tempo of development should increase to ensure better standards of living to the people. This is one objective. Another objective which we have placed before ourselves is that we should be able to maintain a certain rate of growth of the economy. To achieve this we should rely on ourselves as far as possible, and not be dependent on others. That is one phase of economic independence. We have got that objective before us. Then there is the third objective which we have set before ourselves and that is a very important one for any community and in any plan, that is, full employment. The fourth objective concerns social justice which we cannot ignore. We have to ensure that social and economic disparities do not increase, on the other hand, they are to be narrowed down and the com-

mon people enabled to improve their standards of living.

These are the four objectives which we have to achieve

through the Plans. In the first case, there is the difficulty that if we want to increase the level of investment, how is this to be done without asking the people to stint more? Therefore, the conflict between consumption and investment arises. Then a further conflict arises, when we try to go ahead with our programmes which will enable us to achieve economic independence or a self-sustaining or self-generating stage. This means that capital-intensive projects will have a larger share in the whole scheme of development. Therefore, the employment potential will be correspondingly less. Thus, the development of heavy industries comes into conflict with the goals of employment, and those who view the course of development from the point of view of employment only advise us against industrialisation. They say that at least the proportion of investment devoted to industrialisation should be reduced and the allocations for the labour-intensive schemes which will provide larger employment should be raised. Now, there again a balance has to be struck, because it should be realised that over a period, it is only through a higher scale of investment in industries, particularly of the basic type, that opportunities for employment can be multiplied.

The question arises about social and economic disparities. This aspect has come up again and again before the House. We have to try to achieve that objective, but I must make a very frank admission that at least in the earlier stages of development, if there is too much of preoccupation with these other aspects and production does not rise adequately and development suffers, I do not think, even the cause of social justice will be served thereby.

This is the background, but the I past achievements have to be judged. I And these factors, I have mentioned

[Shri Gulzarilal Nanda.] will have a bearing on the course of development over the next five years and even later on. I feel considerable optimism that, in view of what we have been able to achieve over the last 10 years, our capacity to step up the rate of investment has been strengthened. The difficulties in regard to trained personnel have been removed to a large extent and we are now in a position to cope with the tasks ahead much more effectively. In the matter of trained personnel also there is a distinct improvement. It is in this context that we have to go forward in dealing with the tasks that arise out of the Third Five Year Plan.

I would like, Sir, to indicate briefly how we are going to advance in the course of the Third Five Year Plan towards the realisation of these four objectives. I would not take the time of the House in repeating the facts and the figures which are given in the Draft Outline. I am only raising some particular, general considerations.

The first objective is to achieve a rapid rate of economic growth. One method of judging it is in relation to the growth of national income in a country. Now, what is current rate of growth of national income and per *capita* income, and what is the aim for the future? When we started planning, we set before ourselves a very modest goal, that is doubling of national income in 22 years and of per capita income in 28 years. In the Second Five Year Plan we revised our estimates and projections. According to these projections incorporated in the Second Plan, the stated aim was doubling of the national income in 18 years and of the *per capita* income in 24 years. It was found that the conditions had improved somewhat and it would be possible to attain the increases in the national income in a shorter period than what we had visualised earlier. And, Sir, it is

in that context that we have to consider the objective of raising the national income by 5 per cent, annually, assigned to the Third Five Year Plan. It is not a very ambitious objective. Now, there are a number of things to be considered in predicting the increase in national income. If the capital-output ratio improves, it should be possible with a given magnitude of investment to generate a higher rate of increase in national income. If this ratio worsens, the rate of increase in national income would be less. Therefore, the question of the efficiency of investments is basic to the progress of the economy and the success of our Plans. Efficiency in planning is desirable both in the construction as well as in the operational stage. We have to set ourselves so that we maintain the rate of investment-output and even with the same size of investment we get a better return. In this connection it is relevant to consider the investments which are locked up in a bad period and mature only afterwards. If the proportion of such investments to the total was the same in all the Plans, it would not make any material difference. But over the Second Plan, we had to make large investments which have a relatively long, gestation period.

A very important factor in considering and assessing national income is the place that agriculture occupies in Indian economy. Analysis of the various components of the national income will show that agriculture still constitutes nearly half of the total national income. It has gone down a little bit during the last ten years, but it continues to occupy a predominant position. Its share in 1958-59 was 47.7 per cent, as against 49 per cent, in 1950-51. The shares of other sectors show a steady growth. That is, year by year not only the level rises but the rate of advance also is accelerated. In the case of agriculture the position is very different. It fluctuates. The weather influence is of a very large consequence. Therefore,,

while doing our best to increase agricultural production by various methods, one bad season may bring us face to face with a situation that the next year is going to be worse than this year. But if you see the whole trend over a period of years, it is a rising trend and that is the important thing. We have the experience of the last year, the fourth year of the Second Plan. We have found that because of a fall in agricultural production, the rise in the national income in 1959-60 is going to be nominal, *i.e.* about half a per cent. These are quick estimates. It may be when we get the final figures, the position may be better. That usually happens. Therefore, the average increase over the four years is going to be less than what we had thought of and yet there is the hope that we may very nearly reach the level that we had visualised at the end of the Second Five Year Plan. This can happen, if 1960-61 turns out to be a good year. Moreover, efforts are continuously being made to increase the level of agricultural output through various means. Sir, I thought this matter should be brought to the notice of the House because recently this figure of half per cent, increase in national income had been announced.

Turning to the pattern of the Plan and its structure, a number of questions arise. Are the targets that we have placed before ourselves adequate in relation to the requirements? Is the sectoral balance being achieved, that is, what are the prospects of securing balanced development from the various allocations that we have made on a tentative basis? Of course, the financial allocations are there, but these are only a means to achieve the physical targets. In relation to physical targets, the important question is the availability of real resources for that purpose. Then the question arises, how are we to meet all those needs which now stir the imagination of the people in this country? Is enough food being secured? What

about the adequacy of industrial raw materials whose shortage has hampered progress in certain directions? All these questions have to be answered by the Plan proposals.

[MR. DEPUTY CHAIRMAN in the Chair.]

I would like to touch upon some of the issues that have arisen in relation to the pattern and structure of the Plan. One important issue is, whether enough is being done for agriculture as compared to the other sectors. In industry, whether we are concentrating *too* much on heavy industry and not doing enough for consumer goods. That is another issue which has to be explained. Then there is the question which has been raised in the Lok Sabha by many Members that we are not doing enough for social services, particularly for education. There is a very considerable increase of expenditure under Education but I must admit that we are not in a position to meet all the needs that emerge before us. The reasons are obvious.

In the matter of provision of ancillary and basic facilities, such as power, transport, etc., there is hardly a difference of opinion. They have to be adequate in order to meet the requirements of production and distribution. So far as we have been able to judge, adequate arrangements have been made for those purposes, namely, power, transport, etc. But there are still certain questions in that connection to which there does not seem to be any satisfactory answer at the moment. For example, road development has not received adequate attention and for ship-building we have not been able to make sufficient provision. These are some of the lacunae but broadly speaking so far as the needs of the economy are concerned, we have tried to meet them as best as possible.

There is yet another question relating to pattern of the Plan, that is, the respective shares of the private sector and the public sector in the

[Shri Guzarilal Nanda.] Plan outlay. This depends on the capacity of the two sectors as it has been judged in relation to the objectives of the Plan and I believe a fair balance has been struck in this matter.

We have also to take into account the consumption requirements and the need for exports. There is the question whether various targets laid down provide adequately for exports in case of certain items in order that we may not be faced with serious difficulties regarding the balance of payments.

Then there are certain broad questions. Firstly, about agriculture, really there is no conflict between agriculture and industry. They are mutually dependent. Industry occupies a central place in the Plan. But then the question arises, where does agriculture stand? I believe that agriculture is not a matter of priority

at all. All the needs of agriculture have to be fully met before we come to decide the priorities. Agriculture is the whole foundation of development and as far as I have been able to judge the position, sufficient provision has been made for agriculture. Of course it is true that agriculture is expected to make a much better showing than in the first two Plans. In the Third Plan the targets laid down for agriculture are very much bigger than before and we have to ensure that the requisite resources are also provided both in financial and physical terms, like irrigation facilities, fertilisers, improved seeds, etc. Now, there is a much greater consciousness regarding improved agricultural implements and proposals have been made to ensure that these needs are met in a proper way. There is also the problem of creating the necessary organisation because it is not so much a question of providing resources in financial terms. That is of course important, but the organisational part is more important. The organisation is being improved in many ways. The Commission

Development Organisation has been for some time more attention to agriculture. There are also certain other changes in the picture like the organisation and revitalisation of the panchayats and the cooperatives. Great attention is being given to the development of these organisations. The institutional arrangements have been improved so that we could get better results in this field. The question is, have we provided enough funds for agriculture? What are the prospects of raising the production of foodgrains? The answer is, yes, sufficient attention has been given to achieving better results. In regard to jute, cotton, oilseeds, etc. also we have tried to ensure that not only the needs for internal consumption are met but also that some surplus is available for export. This is the position regarding agriculture. Since this question is very much in the minds of many hon. Members, as to whether we are going to do justice by agriculture, I have explained the position.

In the matter

of industry, we have done fairly well. The annual rate of increase of industrial production has been very good. Recently it has registered further improvement and here also, the main thing is that we provide enough consumer goods in relation to the basic needs of the community e.g., cloth, vegetable oils, sugar, gur, etc. I say that good care has been taken to ensure this. Then the major question is, what are we doing for the capital goods industry? Sufficient provision has been made for the purpose which, I think, is capable of taking us much farther in the course of the Third Plan towards the stage of self-sustaining growth. The question arises about village and small industries and large-scale industries. We have, in the Second Plan, increased the allocations and expanded the activities under these two heads. The organisation has been improved and in the Third Plan the provisions have been increased further. Obviously, there is scope for much greater activity in these fields.

I have already mentioned about social services that steps are being taken to ensure that in the course of the Third Plan schooling facilities are created for all children between 6 and 11 years. We have calculated however, that 80 per cent of them will be in the schools by the end of the Third Plan. That is a big advance in this direction.

All these activities, more of agriculture, more of industries and other things, add up to a big total in terms of both money and effort. This means a corresponding increase in the size of the Plan. I would like to mention that the investments in the Third Plan will be practically as much as the total of investments during the First and Second Plans put together. Some doubts are raised whether we would be able to manage this. Also, there are doubts as to whether what we have indicated in the Plan is adequate. I may straightway inform the House that in the Draft Plan itself, at various places, it has been stated that in some directions we will have to consider the possibility of increasing the tentative provisions made under certain heads. Some of the needs are indeed very vital, but maybe, we have not yet got the properly-worked-out schemes for those sectors. There may be other reasons also. Therefore, some revisions will have to be made in certain directions. It follows that the efforts that have to be made may be larger still. There again, as I said before, it is a question that is related to the efficiency with which various schemes can be implemented and also how far the size of the Plan can be maintained without affecting the targets.

Sir, next I come to the resources for the Plan. The question of the size of the Plan is naturally linked with the resources. I will not go into each item that enters into the scheme of our resources, which has been presented in the Draft Outline. But there is one fact which gives considerable satisfaction and it is this. Persons

who are detached observers, competent persons who can judge, have found that the whole pattern of our resources and the separate elements in it, are reasonable and can be realised. If circumstances are more favourable, even better results can be obtained. That is the general position. On broad economic considerations also it can be said that in the context of the anticipated increase in the national income what we propose to take out for investment purposes is only about a fourth of the additional incomes generated. Therefore, it should not be very difficult for the community to raise the resources of this order for the purpose of the Plan.

In the same connection, Sir, the question of prices also arises, because the size of the investment has a bearing on the price level, on account of the inflationary pressures that may be generated as a result of large investments, if adequate safeguards are not provided. Sir, this question of price level is very much in the minds of the people and rightly so. There should not be any complacent view about the level of prices already reached. An appreciable increase in the price level is something which cannot be contemplated with equanimity. These are many dangers there and the Plan itself may be in jeopardy. How do we raise the necessary resources, if the prices go on rising? Our balance of payments position would become difficult if we are not able to maintain a rising level of exports. Moreover, economic inequalities would be accentuated if the price level is not stabilized. All these considerations are there. Therefore, it is very important that steps are taken to maintain a stable price level. If we fail to do so, there may be social and economic instability. Therefore, I submit that we are determined that all possible measures should be taken to stabilise prices. What exactly or precisely these measures will be, depends upon the situation and the circumstances. Some:

[Shri Guzarilal Nanda.]

of these are evident. It is imperative that the greatest attention should be paid to those articles or commodities which enter into the consumption of the mass of the people. We have to ensure that the mass of our people do not suffer because of the rise in the prices of the articles which form part of their family budgets. It may be that certain other commodities which fall in the category of luxury or semi-luxury goods may have to bear certain additional imposts for the sake of raising the resources but that may not cause much worry to us. We have to ensure that the money expended, the investments that are made, lead to quick production. If production is halted or delayed, then these dangers are aggravated. Therefore, here again, it is a question of the efficiency of the arrangements, existing and to be made for the implementation of the Plan. That is extremely relevant here. This is a positive step in the right direction.

We have also to see that the total size of the Plan and therefore of the investments is not too big. If the resources are drawn out in such a manner that inflationary pressures become inevitable, then no amount of other safeguards are going to help us in keeping down the price level. So far as the structure of this Plan is concerned and the scheme of resources, it will be evident from the pattern of outlay and the targets laid down, that the intention is to see that there are enough consumer goods available in relation to the increased demands following the rise in incomes.

A factor which operated in the Second Plan period in raising the price level was the amount of deficit financing being out of relation to the

increase in the level of production.

In the Third Plan, calculations have been made as to the likely increase in the money supply which may arise as a result of deficit financing and its effect on the inflationary situation in the country. Necessary safeguards in

the shape of positive steps have to be taken. It may be that over a period, certain investments are made, but the expected increase in production does not materialise. Stresses and strains may arise and we may have to take suitable steps including regulatory measures to meet the situation. In this context the question of taxation is very very relevant. The amount of purchasing power that we can draw out of increased or new incomes that may arise should help us in curbing the rise in price level. That would serve two objectives. One is that we would get additional resources and secondly, it would reduce the purchasing power in the hands of the people and to that extent we would be in a better position to hold the price line.

I had mentioned in the Lok Sabha about the need for developing a net work of cooperatives. There were some comments to the effect that this was not an easy thing to do. If it is so vital that we do not want to have retail rationing for each individual, then there is a way out and that is to develop the co-operative organisation.

SHRI SUDHIR GHOSH (West Bengal): Will the Minister throw some light on the external resources. We have assumed that we shall get Rs. 3,200 crores from outside out of Rs. 10,200 crores. Will the Minister throw some light on this assumption?

SHRI GULZARILAL NANDA: I shall say a word. A substantial proportion of the Plan expenditure is accounted for by external assistance. I think it is about 30 per cent. It has been rising steadily. It stood at a certain figure in the First Plan; it was more in the Second Plan and it will be still more in the Third Plan. We are now importing mainly capital goods. The proportion to the total imports was of the order of 30 per cent about five years back and now it is about 36 per cent. We are not importing large quantities of consumer goods but of capital goods, and with the help of the additional production capacity

created in this manner we will some day, soon enough I think, be free from dependence on external assistance. That is the position regarding external assistance.

I was dealing with the question of prices, and I mentioned the co-operatives in this connection. Government have to assist when big programmes are undertaken by the cooperatives themselves, but largely the effort has to be of a voluntary and non-official character. This is a thing in which people can find something worth-while to attempt and to achieve. I hope that this matter would be taken up in a big way by the people. Even if 30 per cent, of the distribution is in the hands of co-operatives, it will have sufficient impact on the price level.

I have already dealt with one of the main objectives, that is, the increase in national income. I had earlier mentioned three other things, employment, self-sustaining growth and social disparities. Now, I shall say something about the other three aspects. So far as employment is concerned, hon. Members perhaps will complain that we have not done enough in this matter and that the backlog is bound to increase in the Third Plan. That may be so, but it should also be remembered that in the course of these 10 years, we have been providing more and more funds every year and consequently for more of employment than before. Still, we have not come to a stage when all the new entrants to the labour force would be provided for. Maybe, if the population increase had not been on this scale, *i.e.*, around 2 per cent., the Third Plan would have entirely met this vital requirement, but it has turned out otherwise. "We are still thinking of taking up other programmes in order to ensure that not only the fourteen millions of fresh entrants but also the additional one million for whom no provision has been made in the Third Plan are somehow given employment. For this purpose, several directions have been indicated. We have made certain

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studies and we find that by a more intensive use of all the possibilities at the district and block level, by utilising more fully all the opportunities that exist today, and by increasing the skills of the artisans, etc., we can, without much increase in our financial commitments, increase the employment level. Certain pilot schemes are being taken up, and I hope this will be a very hopeful way of increasing employment opportunities. The pattern of the Plan cannot be very much changed but within that pattern matters can be improved. I am aware of the fact that in a number of projects machinery is employed, instead of human beings. The machines are used not because there is a marked difference in the costs and return but simply because it is easier to use machines. It is necessary that all possibilities of extending labour-intensive activities should be explored and utilised more fully. As hon. Members know, we are thinking of another approach to this question of employment. In the rural areas, there is enormous scope for work and on the other hand there is idle manpower. Why can't these two be brought together by means of simple equipment? Maybe that we cannot pay the workers adequately it will have to be subsistence wage, but the economy will benefit and new assets will be created. These possibilities are being explored. I was told that we have mentioned this thing only in a general way in the Draft Outline. It is true but then a lot of experimentation will have to be carried out. pilot schemes will have to be pushed through, before we can say something definite and concrete. I hope something good will come out of the experiments that are being carried out.

Then there is the other question regarding creation of a self-sustaining and self-generating economy. Now, this can be interpreted in many ways, but what we mean in this context is that we do not depend upon outside aid in the matter of resources or capital goods and equipment. It is

[Shri Gulzarilal Nanda.] not that we should not import anything at all but the idea is that the bulk of the goods should be produced here. This is one big aim in the Third Five Year Plan. Considerable progress has been made in this direction in the Second Plan period. I need not bother hon. Members with all the figures of advances made by the machine-building industry and in the manufacture of railway equipment, stores, etc. We are going to make further progress in these directions in the course of the Third Five Year Plan. For that purpose, we have to train more people. The technical know-how is important, also research. Further, it is necessary to create designing facilities within the country so that we are independent of foreign collaboration. These are some of the steps in attaining a stage of self-sustaining growth. There are other aspects also; for example that our domestic resources should be raised to such a level that we do not have to depend on external aid. The balance of payments position has to be watched carefully. This is a kindred aspect. We should be able to export more so that we are in a position to pay for imports without asking for foreign assistance.

Lastly, I want to touch upon the objective of reducing social and economic disparities. We have been told, as I indicated in the beginning, that we have neglected this aspect. I do not think this aspect is being neglected. It may be that we are not sure as to what is happening. That is true and, therefore, the Prime Minister declared in the Lok Sabha that he will have some kind of an expert enquiry made. This is very shortly to be initiated but I might clear some misunderstanding that has been created on this score. It is not, as somebody pointed out, a kind of witch-hunt to find scapegoats. It is going to be an enquiry in economic, statistical, scientific terms on the basis of data. Whatever results the enquiry might yield, it is not aimed at any particular sec-

tion of the people. This assurance is necessary because some comments have been made which might create misunderstanding.

We have also been told that we have not done anything for the common man. We have heard this complaint so often. It may be that we have not been able to create any spectacular change in the living conditions but many of the things on which moneys are being spent, for example, health programmes, education programmes, the welfare of backward classes, social welfare, etc., are all programmes which benefit the common man. One evidence of the fact that people have improved their economic position is the pressure on the supply of goods. If it were that all the incomes were concentrated in the hands of a few rich people, there would not have been great demand for all these things and there would not have been any danger of inflation. We must see things in the proper perspective. We have to do much more in this direction but it cannot be said that this aspect relating to reducing disparities has been totally neglected. The health programmes and the rise in the expectancy of life are indications that the level of health has been continually improving.

1 P.M.

Now, what do we propose to do for the future? In this connection I would like to say two or three things. It is not so much levelling down as levelling up, that is required. We must consider the needs of all sections of the community. A national minimum has to be established in the matter of environments in the rural areas, slums in the urban areas, the needs of artisans, so that they satisfy the basic needs in respect of nutrition, clothing, housing, education and health services. That is the programme which has to be mapped out, not in general terms but for each section and different areas, and concrete measures have to be taken to secure these ends. Equality of opportunity

has to be created through our educational programmes. One other direction about which I am very keen is that those people, who are not engaged in any genuine economic activity, should not reap very large rewards. What is the proportion of income going into their hands, I cannot say, but I believe it is considerable. I am sure nobody will be hurt—nobody who need not be hurt will be hurt—by this step. Even businessmen are honest people generally and they will feel happy that we are *going* to do these things.

Sir, the aspect of regional justice has been before us and there I find that from each State claims are made for bigger and bigger-sized plans for development in their area. That is a symbol of the pressures that are being created of the large needs in different areas in each State. The States have got their backward areas and everybody wants something to be done and therefore large demands arise. Although it may not be possible to meet all those demands in one plan, that is the Third Five Year Plan, we have to take very great care that these imbalances are rectified, that those who are left behind are helped to catch up and go forward. This will of course, be done to the extent that it is feasible in relation to the distribution of available funds for the different regions and areas.

Lastly, I shall refer to just one aspect which has attracted considerable attention in the whole country. The Prime Minister mentioned in the Lok Sabha and drew pointed attention to the aspect of implementation. And that, was taken up all over the country and that shows how much interest has been roused. It is a fact that there is a fair amount of suspicion that the implementation is not adequate, not quite successful; that is there are many lacunae and many flaws. And I think it may be true to an extent. But it has to be admitted that some improvement has occurred in the course of the last ten years

in many directions. Formerly, there was no organisation in the rural areas at all, no extension service but now we have got about 30,000 village level workers. There was no organisation for village industries and small industries but now new institutions and boards have been set up and similarly in the case of running of public enterprises. We have had many difficulties but we are improving the organisations for the running of these enterprises. There are other aspects also and particularly I would like to mention about the training of personnel. That is a key factor, the training of man-power, and in that direction too, I think, we have made very good progress. Compared with the position ten years ago; now the intake in our engineering colleges is more than three-fold; in polytechnics it is fourfold. And in the matter of craftsmen training four years ago there were 59 training centres where 10,000 persons were trained and in 1961 we will have about three times the number of centres and over four times the number of persons who will be receiving training. This is a very healthy sign of progress in a direction where we were not meeting the retirements satisfactorily before.

Now, what is to be done in the future? It is really not so much the resources that are going to influence the course of progress as the policy. The question is whether we have adequate organisation, adequate administration and procedures. Another question is, what is the people's part in the implementation of our programmes; that is, to what extent the people's participation is secured at every stage, at the stage of planning and at the stage of execution? This is the broad picture about implementation. We are now taking steps and having more and more managerial talent developed, the administration streamlined and the procedures set out clearly. In particular so far as costs are concerned, we find that if it is possible to reduce costs of construction by 15 to 20 per cent, there can be substantial economics in the

[Shri Gulzarilal Nanda.] costs of construction and execution of various projects. It is possible to reduce the cost by better planning, by having more precise estimates and by having a check on the expenditure at all stages. These things are being evolved.

There is one more aspect relating to implementation which is of importance and that is evaluation. The Prime Minister referred to this aspect concerning efficiency audit. To some extent this idea has already been applied in practice. The Committee on Plan Projects has looked into several projects and their investigations have resulted in an increase of efficiency and more economy. This process can be extended very greatly but to a large extent evaluation has to be built—in, of course. Processes have to be evolved so that everybody should know what is happening, including the Government that investments are being applied effectively and efficiently. But I think there has to be a larger evaluation also for which I think we have made much larger arrangements and provision in the Third Five Year Plan.

Sir, I have taken a good deal of more time than I thought would be necessary for me. I feel that for this big endeavour before us, we will be able to rise to the occasion and though it may not be possible for me immediately to give answers to every question that may arise in this connection, in the course of the next few months we are going to review the whole position. The consultation with this House and the people of the country will help us to deal with any deficiencies that may be noticed, any lack of certainty that may be existing in connection with the various proposals that have been made. There is also the question of finding the resources for the Plan. There are certain intangible elements in the situation but what is far more important for the success of our Plans is the unity and solidarity of the nation, the faith of

people and their enthusiasm. It is not a matter for the Government alone; it is for all of us that we try to create confidence and enthusiasm among the people towards those objectives of our Plan—economic and social objectives—which are set out in the Third Five Year Plan. I hope that with the help of all the people in the country these objectives will be realised.

Thank you.

The question was proposed.

MR. DEPUTY CHAIRMAN: DR. Kunzru will speak after the Defence Minister makes a statement.

STATEMENT *RE* SHOOTING DOWN OF I.A.F. AIRCRAFT BY NAGA REBELS

THE MINISTER OF DEFENCE (SHRI V. K. KRISHNA MENON): Sir, there has been a local recrudescence of action by Naga hostiles in a remote corner of Kohima District.

Our post at Purr manned by the Assam Rifles was fired upon on the 25th August, injuring personnel of the garrison, one of whom died as a result. The post which had to be supplied from the air took necessary defensive action. The incident did not assume more serious proportions till the next day.

On the 26th of August, some 500 hostiles using rifles and light machine guns, closed in on the post from all sides from 2-30 to 3-50 A.M. The post held out against heavy odds but was running short of water and ammunition.

Two Indian Air Force Transport Planes were assigned the task of dropping supplies for the post. One of them was able to drop some water but neither was successful in helping to replenish the post with the necessary food and ammunition. Naga hostiles used their rifles and Light Machine