DEPARTMENT OF AGRICULTURE NOTIFICATIONS RE FERTILIZERS

SHRI M. V. KRISHNAPPA: Sir, I also beg to lay on the Table, a copy-each of the following Notifications of the Ministry of Food and Agriculture (Department of Agriculture): —

(i) Notification G.S.R. No. 805, dated the 30th August, 1958, fixing the maximum prices at which certain fertilisers may be sold by a manufacturer or a dealer to cultivators in the State of West Bengal.

(ii) Notification G.S.R. No. 804, dated the 30th August, 1958, fixing the maximum prices at which certain fertilisers may be sold by a manufacturer or a dealer to cultivators in certain areas in the State of West Bengal.

(iii) Notification G.S.R. No. 806, dated the 4th September, 1958, empowering the Secretary (Development) Delhi Administration to exercise the functions of the Controller in respect of clauses 4 and 21 of the Fertiliser (Control) Order, 1957, in the Union Territory of Delhi.

[Placed in Library. *See* No. LT-942/58 for (i) to (iii).]

MESSAGE FROM THE LOK SABHA

THE INTERNATIONAL FINANCE CORPORATION (STATUS, IMMUNITIES AND PRIVILEGES) BILL, 1958

SECRETARY: Sir, I have to report to the House the following message received from the Lok Sabha, signed by the Secretary of the Lok Sabha:—

"In accordance with the provisions of rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose herewith a copy of the International Finance Corporation (Status, Immunities and Privileges) Bill, 1958, as passed by **Lok** Sabha at its sitting held on the 24th September, 1958."

Sir, I lay the Bill on the Table.

ALLOTMENT OF TIME FOR CONSIDERATION OF THE MOTION RE KADAM DAM

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 one hour for the consideration of Shri V. Prasad Rao's Motion in respect of the damage caused to the Kadam Dam in Andhra Pradesh.

MOTION *RE* THE APPRAISAL AND PROSPECTS OF THE SECOND FIVE YEAR PLAN—*continued*

SHRI MULKA GOVINDA REDDY (Mysore): Mr. Chairman, Sir, I would like to offer some remarks regarding the reappraisal of the Second Five Year Plan. We are already in the third year of the Plan. The First Plan was not a Plan in its real sense. It was a collection of post-war developments and projects which were mostly framed by the then bureaucracy and which were in operation then. In the First Five Year Plan, an agricultural, bias was noticed. In spite of that, the agricultural production in India did not come up to the expectations. In spite of the fact that crores of rupees were invested in giving better seeds, fertilisers and other facilities, agricultural production did not go up because radical agrarian reforms were not undertaken and price fixation was not adopted, so that we are again suffering with the same chronic disease of shortage of food. As long as **the** country has to depend upon the import of foodstuffs from foreign countries, I am afraid we will not be able to achieve much.

Regarding the Second Five Year Plan, when the Plan frame was released for public discussion, a genuine attempt no doubt was made. But a protest was registered by the vested interests and, therefore, the Plan .Frame had to undergo a change *so* much so that the allocation of funds for the private sector was more or less equal to that for the public sector. The physical targets that were placed before the country to be achieved during the Plan period are not going to be achieved because the internal resources that they wanted to raise are short. The deficit financing that was resorted to by the Government has already gone up to Rs. 900 crores, and inflationary trends or pressures are acting upon the market with the result that the prices of all commodities have gone up. Therefore, the cost of construction of a dam, the cost of construction of a plant or the cost of construction of any project that has been contemplated will naturally go up, so that the physical targets that were placed before the country are not going to be achieved. Further, they have tried to reduce the Plan expenditure by Rs. 300

' crores, from Rs. 4,800 crores to Rs. 4,500 crores. Even though they have tried to reduce that and placed it under Part A, they will not be able to achieve the targets because of the shrinking of internal resources. The taxation measures that were adopted by the State Governments as well as by the Centre have already reached the saturation point. I am afraid, the people are not in a position to bear any more taxes. I could very well understand if the Government were really taxing the rich. But the indirect taxation that has been resorted to has reached the maximum limit and the people have to protest very emphatically against further taxation. Some of the State Governments have fulfilled their

' targets with regard to taxation, with regard to the internal resources that were asked, though some other State Governments have not come up to Ihe expectations.

Again, Sir, as long as we receive foreign aid, we will be mortgaging our future to them. With whatever motive or laudable ideas or ideals the foreign countries might come forward to give us foreign aid for the execution of the projects under the Plan, there is an ulterior motive behind it and especially the foreign aid that we are accepting from the so-called democratic countries, the Western democracies, is always coupled with strings. By accepting foreign aid from such democratic countries, we will be linking our fate with the sinking capitalist economy. We have pledged ourselves to achieve a socialist order of society, and, therefore, our approach must be to reach that goal. In order to reach that, we must see that larger sections of people are associated in the execution of the projects under the Plan. Sir, we must depend more on our own internal resources; we must depend upon our own people. People are the biggest capital that we have in India. If we really harness their resources, if we really harness their man-power, if we create that enthusiasm in them necessary for the execution of this Plan, if we mobilise their total efforts, then there will not be any reason for us to feel despondent or complacent about the future of the Plan. During the last 7£ years—during the First Five Year Plan and during the last 2J years of the Second Five Year Plan—the Government have not been able to create that enthusiasm among the people and harness their man-power for executing the projects under the Plan. As has been admitted by the Minister, nearly 60 per cent, of the irrigation potential has not been utilised. Why blame them? Are the people to be blamed or the Government? I accuse the Central Government as well as the State Governments for this ignominious failure where a potential has been created, but not utilised to its maximum extent and only a part of it has be'en utilised. It stands to disgrace that the Government should plead before us thai they

[Shri Mulka Govinda Reddy.] have not been able to utilise the irrigation potential that has been created. We have to harness our own resources. How can we do it? There are ways if only we have the mind to do it. We should pursue it. We can raise bur internal resources by tightening up the taxation machinery. The evasion of tax, I understand, is to the extent of Rs. 500 crores and arrears to the extent of Rs. 300 crores have not been collected. Further we must unearth the hidden gold, hidden in the form of jewels. Some drastic measures have to be taken by the Government, if necessary, by legislation to get back that gold and I am told that it will be to the extent of nearly Rs. 2,000 crores and if such latent things that are there are not utilised, then we will not be able to raise any financial resources for the successful execution of this Plan. Both internal and external trade should be under the control of the Government. Foreign trade brings crores of rupees to the exchequer and the internal trade will also bring crores of rupees to the exchequer. If both these things, both foreign and internal trade, are undertaken by the Government, then there will not be any dearth for financial resources.

Secondly the Government should nationalise textile, coal, sugar and other important industries and they will get enormous profits which can flow back into the Plan and we will be able to raise the finances for completing the projects under the Plan. The Planning Commission has not done its duty properly. It has not been fair to all the States concerned. Where States were undeveloped, are undeveloped, where States are backward, allocations should have been made more generously. I am sorry to state that the Southern States have not received that much of attention, that much of care, that much of consideration that tliey should have rr.f<>ived from the Planning Commission. Only 10 per cent, of the allocations under the Plan have been made to the Southern States. It is really unfortunate that the Southern States have been neglected. The Mysore State and the Government have made repeated representations to the Planning Commission and the Central Government that the Sharavati Valley Project should be undertaken immediately. We are already having power shortage and if this project is not taken up in Mysore, then there will not be any future for the Mysore State. Its industries will have to suffer, its agriculture will have to suffer because applications for power supply, for irrigation purposes etc. have not been receiving proper attention. They are not being complied with because there is power shortage. I, therefore, urge that the Sharavati Valley Project, which will be the life-line for the-State of Mysore, should be immediately included under the Plan. So also the developmental activities with regard to the Railways have not been properly planned. In the Southern States we have mostly the metre-gauge, not the broad-gauge. It is unfortunate that we have been neglected in this field also. Not only in the field of Railways but in affording facilities to ship our products also, the Government have not done well. They must take up the construction of ports at Malpeh, Mangalore and other areas. I have brought these only to illustrate that the Planning Commission has not been discharging its duties properly. Further the composition of the Planning Commission is itself not proper. Some of them who had training under the British, who have a mental outlook of bureaucracy, are not suited for the present period, especially under conditions in which they are to work. I, therefore, urge that the Planning Commission is so-reconstituted that young-blood is infused into it and that experts, who have had expert knowledge and experience where these Five Year

Plans were conducted or executed as in China and other socialist countries, should be taken into the Planning Commission and their rich experience should be utilised. I would also urge that instead of linking our plan Economy to the Western democracies, we should try to make a departure and see that help without strings, from wherever it is coming forth, should be taken note of and should be utilised. I, therefore, urge that the Government have ignobly failed and the Planning Commission have not done their duty properly by the Plan and they are trying to tinker with the problem. I would urge that more seriousness and more enthusiasm should be infused into the activities of the Planning Commission.

MR. CHAIRMAN: Mr. Sinha, 10 minutes for you and 10 minutes for Mr. Nair and then the Minister.

श्री अवधेश्वर प्रसाद सिंह (बिहार) : सभापति महोदय, आज़ादी के बाद सन् १९५० में हम लोगों ने प्रोविज़नल पार्लियामेंट में प्लानिंग कमीशन को बनाया था और मुल्क ने इसको कबूल किया था । सन् १९५६ में हमने सेकन्ड फाइव इयर प्लान को कबूल किया और अब हम इस वक्त पीछे नहीं जा सकते हैं । इस बीच प्लानिंग कमीशन ने जो काम किया वह यह कि फर्स्ट फाइव इयर प्लान पूरा हुआ जो कि हमारे सामने है । अब सेकन्ड फाइव इयर प्लान में जो काम हो रहा है वह भी हमारे सामने है । प्लानिंग कमीशन द्वारा फर्स्ट और सेकन्ड प्लान में जो काम हुआ है उसको हम शानदार समझते हैं, देश को आगे बढ़ाने वाला समझते हैं । और जो थोड़ी बहुत, अधिक तेज आवाज तो नहीं है, लेकिन एक धीमी आवाज़ देश में, पार्लियामेंट में, थोड़ी बहुत फ्री इंटरप्राइज की तरफ़ से आ रही है, वे प्लानिंग कमीशन को देख नहीं सकते, प्लान को डेवलप होते हुए देख नहीं सकते हैं, तो हम इसको एक दकियानूसी चीज़ समझते हैं । हमारा देश आर्थिक दृष्टि से पिछड़ा हुआ देश है और अगर हम यहां पर प्लान्ड तरीके से अपना विकास नहीं करेंगे तो हमारे देश का नुकसान होगा । इसलिये हम फ्री इंटरप्राइज वालों की बातों की तरफ़ नहीं जा सकते हैं । जो लोग यह मानते हैं कि इकानामी पर कंट्रोल हो परन्तु प्लानिंग कमीशन की जरूरत नहीं है, वे लोग इस बात को नहीं समझते हैं कि इकानामी पर कंट्रोल तो गवर्नमेंट व कैबिनेट के करने की चीज है और जहां तक प्लान का सम्बन्ध है जब तक उसके लिये एक सैपरेट बाडी न हो तब तक कैबिनेट उसकी फंक्शनिंग इफिशियन्सी के साथ नहीं कर सकती । प्लानिंग कमीशन को पार्लियामेंट ने सन् १९५० में मंजूर किया और उस समय जो चीज़ बनी वह आज भी मौजूद है । हमें देश में डिमोक्रेसी और सोशलिज्म लाना है, हमारी गवर्नमेंट ने सोशलिस्टिक पैटर्न आफ़ सोसाइटी को माना है और जिसको प्लानिंग कमीशन ने भी कबूल कर लिया है । अगर हम यह समझते हैं कि प्लानिंग हमारे देश के लिये जरूरी है और हमको उसकी तरफ़ चलना है तो कुछ बातें हैं—माननीय नन्दा साहब माफ़ करेंगे—कुछ बातें प्लानिंग कमीशन के फंक्शनिंग के विषय में ऐसी हैं जिन्हें मैं कहना जरूरी समझता हूं ।

अभी रेड्डी साहब ने कहा कि प्लानिंग कमीशन अपने काम में फेल कर गया है । यह गलत बात है, इससे देश में गलत धारणा पैदा होती है । मैं कहता हूं कि प्लानिंग कमीशन ने बहुत शानदार काम किया है और आगे भी बहुत शानदार काम करेगा । लेकिन उसकी गलतियों को, उसकी खामियों को भी देखना होगा । इसीलिये वह एप्रेजल, रिएप्रेजल निकाल रहे हैं और फिर निकालने वाले हैं । तो वहां (प्लानिंग में) कोई ऐसा आदमी नहीं बैठा है कि सारी चीज़ों की देखभाल करने पर भी जरा भी गलती न करे । वे इंसान हैं

[श्री अवधेश्वर प्रसाद सिंह]

गलती कर सकते हैं । हमें गलतियों को जानना और भी जरूरी है और इसीलिये सबसे बड़ा फंक्शन प्लानिंग कमीशन का यह होता है कि एक प्लान बनाये, उसके बाद सेन्टर और स्टेट मिनिस्ट्री की तरफ से जो रिएडजस्टमेंट की जरूरत पड़ती है उसको करे । श्री नन्दा साहब जरा इसको ध्यान से सुनेंगे कि सभी को प्लान में रद्दोबदल की जरूरत पड़ती है । किन्तु, प्लानिंग कमीशन में रिजीडिटी सी आ गयी है और काम करने में बड़ा टाइम लगता है, इसको नन्दा साहब रोकें ।

दूसरी चीज यह होती है कि प्लानिंग कमीशन किसी चीज पर जिद्द सी कर जाता है । कभी ऐसा मालूम होता है कि वह किसी जिद्द पर कायम है । तो उस जिद्द को उसे छोड़ना चाहिये ।

अब मैं आपको दो तीन चीज फूड और एग्रीकलचर के बारे में बतलाता हूं । जिसके बारे में मैं ज्यादा इंटरेस्टेड हूं उसी को बताना चाहता हूं । श्री नन्दा साहब अशोक मेहता इन्क्वायरी कमेटी की रिपोर्ट की किताब के पेज ५३ को देखें जिसमें लिखा है ।

;[MH. DEPUTY CHAIRMAN *in the Chair.]*

उससे पता चलेगा । चैप्टर ४, पैराग्राफ ४२ देखिये । यह सारा पैराग्राफ मैं पढ़ना नहीं चाहता, आखिर में यह है :

"And it was the same policy that Shri Kidwai's successor has sought to continue."

और नीचे दिया हुआ है :

"The relevant documents in this connection are:

.Shri K. M. Munshi's letter;

Food and Agriculture Ministry's letter;

The Deputy Chairman's letter; Shri A. P. Jain's letter."

यह सब चीजें हमारे सामने नहीं हैं लेकिन यह साफ है कि बुनियादी बातों पर फूड मिनिस्ट्री और प्लानिंग कमीशन में डिफेंस था । आज जो वाकयात हमारे सामने हैं उनसे पता चलता है कि फूड मिनिस्ट्री अपनी जगह पर ठीक थी और प्लानिंग कमीशन गलती पर था । लेकिन यह बात भी गलत हो सकती है क्योंकि पूरे कागजात को हमने देखा नहीं है । इसलिये मैं नन्दा साहब से निवेदन करूंगा कि पेज ५३ पर जो डाक्यूमेंट्स नीचे दिये हुए हैं उनको हाउस की मेज पर रख दें । २७ तारीख को पार्लियामेंट का सेशन है और उसके बाद सेशन नहीं है । इसलिये मैं यह प्रार्थना करूंगा कि यह सारा रेफेंस और डिप्टी चेयरमैन का लेटर जो बहुत ही इम्पार्टेंट है हम लोगों के सामने २७ तारीख को रख दिया जाय ताकि चीज साफ हो जाय ।

दूसरी चीज यह है कि एग्रेजल में पेज ४२ पर यह बताया गया है कि मेजर इरिगेशन, फर्टिलाइजर्स ऐंड मैन्योर्स, और लैंड डेवलपमेंट, इन तीनों से वे एडीशनल उपज बढ़ाना चाहते हैं । इन फिगर्स को थोड़ा सा देखा जाय तो मालूम होगा कि मेजर इरिगेशन से ३०.२ लाख टन उपज बढ़ाना चाहते हैं, लेकिन रिएग्रेजल के पेज १५ पर आप देखिये तो वे कहते हैं :

"It is anticipated that in place of the additional irrigation of 12 million acres envisaged in the Plan, large and medium projects are likely to provide additional irrigation of the order of 10'4 million acres."

अब इस बात को वे कहते हैं । इसी तरह से फर्टिलाइजर के बारे में यहीं पर फूड मिनिस्टर साहब ने कहा था कि हमारी डिमांड १५.५ लाख टन की थी लेकिन सप्लाई सिर्फ ८.५ लाख टन की हो सकी यानी ५५ पर सेंट सप्लाई हुई और ४५ पर सेंट नहीं हो सकी ।

जहां तक लैंड डेवलपमेंट का सम्बन्ध है, यह एलान हो गया है कि ट्रैक्टर आर्गेनाइजेशन बन्द होने जा रहा है। ऐसी दशा में यह निश्चित है कि १५.५ मिलियन टन उपज नहीं बढ़ेगी। यह कहते मुझे दुख होता है लेकिन इतनी उपज होने नहीं जा रही है। रिएप्रेजल के पेज १४ पर कहा गया है :

"there is no inherent reason why the effort should fall short of promise and the targets of agricultural production as revised in 1956 should not be realised."

इसी को मैं कहता हूं कि जो कुछ कहना चाहते हैं कह रहे हैं, रीजन हों या नहीं, वाक़यात हों या नहीं। यह मैं प्लानिंग कमीशन से उम्मीद नहीं करता। मुझ को इस बात का बहुत दुख है। इस समय नन्दा साहब नहीं हैं, इसलिये मैं डिप्टी मिनिस्टर साहब से प्रार्थना करूंगा कि अब दिसम्बर में जो एप्रेजल निकालने जा रहे हैं उसका "रि-एप्रेजल" नाम रखिये और उसमें जो कर सकते हैं वही कहिये। जो आप कहेंगे, अगर वह नहीं होगा तो देश को शॉक लगेगा, गवर्नमेंट को शॉक लगेगा, और कांग्रेस संस्था जिसकी गवर्नमेंट है उसको शॉक लगेगा। इसके साथ-साथ आप अपने को इस तरह धोखा देंगे। मैं यह नहीं कहता कि जानबूझ कर धोखा देंगे, लेकिन ऐसे काम से धोखा होता है। इसलिये ऐसा टार्गेट मत रखिये जो आप पूरा नहीं कर सकते हैं। महात्मा जी ने भी हमें यही सिखाया था कि जो कहते हो, वह करो, और जो करते हो, वही कहो।

तीसरी चीज मैं यह कहना चाहता हूं कि श्री मन्नारायण अग्रवाल जी और टी० एन० सिंह साहब ये दो नये मेम्बर प्लानिंग कमीशन में आये हैं और हम इनका स्वागत करते हैं। ये योग्य व्यक्ति हैं और हमारे साथ पार्लियामेंट में रहे हैं। मैं इनका ध्यान इस ओर आकर्षित करता हूं कि कभी कभी जब यहां डिबेट हो तो वे आफ़िशल गैलरी में आयें और हम लोगों के दिल की बात सुनें। इसके अतिरिक्त वे प्लानिंग कमीशन और सेंट्रल मिनिस्ट्रीज और स्टेट मिनिस्ट्रीज के सम्बन्ध को सुधारें और ऐसी कोशिश करें जिससे प्लानिंग कमीशन में और एफिशेएंसी आये और काम जरा तेज हो।

इन शब्दों के साथ मैं अपना भाषण समाप्त करता हूं।

SHRI PERATH NARAYANAN NAIR (Kerala): Mr. Deputy Chairman, when we discuss about this Plan there is one significant fact which we cannot afford to forget, that the people of our country have paid over Rs. 900 crores in additional taxes to see that this Plan is carried through. They pay over Rs. 100 crores more than the planners ever expected them to pay and they are paying it in taxes, in the rising prices and in the growing penury. And what do they get in return? They get cut in education allotments; cut in social services generally and cut in health services, no land reforms, no effective price controls, no administrative reforms worth the name and no stringent measures against the tax-dodgers and tax-defaulters and profiteers. And when you asked the people to pay, remember you made these promises to them. I do not think the people will forgive you.

•Take the question of prices. The Planning Commission did foresee that there would be inflationary pressures. They did realise that in planned economy all your calculations will be upset unless you are prepared to hold the price line and the Planning Commission laid down clearly in their Report—I am quoting their words—

"There must be preparedness to adopt physical controls and allocations." and they further point out that these controls cannot work unless they form an integrated system. And then they I go on to add:

[Shri Perath Narayanan*, Nair.]

"Controls are administratively cumbersome, but the lack of them, it has to be remembered, may create inequalities and hardships to the prejudice especially of classes who need protection most."

Now, I want to ask the hon. Minister for Planning what he has done to implement this clear directive laid . down by the Planning Commission. Take the price levels. I will not refer to rice and other foodgrains, but I will take only the prices of construction materials. The price of coal has risen by 30 per cent over the 1952-53 price. The price of pig-iron has risen by 54 per cent. I am quoting from the figures of the Reserve Bank bulletin. The price of iron and steel manufactures has risen by 45 per cent, and that of non-ferrous metal products by 43 per cent, and cement by 43 per cent. Some of these commodities are statutorily controlled and you have been going on increasing the prices to placate the big money just for the mere asking and there are commodities like non-ferrous metals which are entirely in private hands. I am not suggesting that there should be rigid control at the retail level. But it is absolutely necessary that some machinery must be devised to have some control at the wholesale level not only in regard to food, not only in regard to major construction materials but also in respect of major industrial raw materials. I want to ask the hon. Minister whether he is prepared in this connection and also whether he would seek the co-operation, of the States in implementing these things because, in a planned economy unless you hold the price line, the whole thing will go awry. There is no doubt about it.

My second point is about our steel projects. The hon. Minister yesterday emphasised the importance given to our basic heavy industries especially to the topmost priority given to the steel plants but, Sir, the way in which these three major steel plants are being worked, managed and constructed in my opinion demands an immediate enquiry into the whole thing. The cost of the plants has gone up from Rs. 353 crores to Rs. 479 crores and it is mounting up. The cost of one single rolling mill in Rourkela has gone up from Rs. 43 crores to Rs. 73 crores. The whole of the estimates have been prepared in such a haphazard manner. I have not got the time to relate the sordid tale at length. In the agreements, there are clauses which work to the detriment of our interests. There are bonus clauses but there are no penal clauses and tier upon tier of foreign technical consultants are coming. You have ICC, ISCO, Gamon and then Technical Adviser Pineau but then, Sir, there are Indian technical consultants who have had experience of working under TCM. I ask the hon, Minister why it has not been found possible to engage these Indian consultants even for a second advice. I do not have the time otherwise I would have read the whole thing. These foreign technical consultants are the suppliers of machinery. There is absolutely no top co-ordination in the management there and no training facilities which have been agreed to are there. You will be surprised to learn, Sir, that carpenters are being exported from Germany. Now, my whole point is that the way, in which these steel plants work, demands an immediate enquiry. If you delay it, conditions will force you to do it. Already we hear a lot of campaign being raised against our steel plants in the public sector. These plants have not gone into production but Messrs. Tata, Biren Mookerji and the World Bank have come out openly against this. I understand their motives; it is that these should be given back to them. It is our patriotic duty,' our national duty to see that these plants are worked and managed properly in the best interests of the country. I want the hon. Minister to say, in view of the press reports, in view of the facts that have come

before responsible Committees of Parliament, what he is going to do about this thing. This is a pivotal thing in our Plan; we have to have these steel plants completed to schedule.

I have only one more point to refer to. The Memorandum circulated by the Planning Commission regarding the review of the State Development Plans and the progress made by the States is what I want to refer to. In the chapter relating to Kerala, there is some observation made by the Planning Commission to the effect that it will be—I am roughly quoting their own words—almost imposi-sible for the State Government to utilise the balance of the Plan allotment in the course of the next two years. I have to point -out that this observation is not warranted by the facts of the situation. I have referred to this particularly because this observation has been made use of by interested parties to decry the Government of that State. I have just a few figures—for want of time I cannot go into the whole lot of them—to convince the House that during the last eighteen months at any rate the tempo of development advanced in the State of Kerala and lhat has been striking and marked. If this tempo is kept up, there is no reason why the whole allotment for the Five "Year Plan and something more, if you can give them, will not be utilised for the Plan. I will take the allotment under the comprehensive heading Agriculture and Rural Development. It is a fact that in the First Five Year Plan, only 43 per cent, of the allotment was utilised. I think Kerala was far behind all the other States in this particular respect but, Sir, in the first year of the Second Five Year Plan, the utilisation percentage rose up to 52:8. Again I have got the figures in lakhs. In the second year of the Second Five Year Plan the percentage has gone up to 68 per cent, and the figures -with me relate to the planned expenditure in the first quarter of this year and the expenditure in the first quarter of 1957-58. Whereas the expenditure in the first quarter of 1957-58 in Kerala was • 89 decimal something lakhs, the expenditure in the first quarter of this year is 227 lakhs of rupees. This is the tempo of advance and without taking these facts into consideration, just to say that it will be almost impossible for them to utilise the allotment and thus give a handle for interested parties to carry on propaganda against the State is not called for in my opinion.

Shri Pattabiraman yesterday referred to the Kerala State eating up the Central resources because of their commitment in regard to the revision of pay of the lower grade employees. After all, the Kerala State Government has done nothing new. Even the Central Government itself has been suggesting that the income of these low paid employees should be increased and Shri Pattabiraman must know that in regard to these things the Central Government only meets a proportionate share. The State Government have to raise their own resources and Shri Pattabiraman also must know that the Planning Commission in their review have themselves admitted, that the taxation efforts of the Kerala Government in recent times have been most satisfactory.

That is all that I have to say. Thank you, Sir.

TH-E MINISTER OF LABOUR AND EMPLOYMENT AND PLANNING (SHRI GULZARILAL NANDA) : Mi'. Deputy Chairman, at the beginning, I would like to say that I value very much the useful material that has been thrown up in the course of this discussion in regard to the Plan and the progress of the economy of this country. Sir, challenging questions were asked and some very real, cru-cial, fundamental issues affecting Planning were brought to the fore.

[Shri Gulzar.lal Nanda.] I shall try to give precise answers to some of the specific questions asked, to as many of them as possible, but I may not be able to give complete satisfaction to the Members concerned mainly because of the limitation of time.

With regard to certain broad issues discussed here I might indulge in some loud thinking also and I hope that I will not be misunderstood.

I first take up the question of the role of the Planning Commission, the responsibility of Government and to an extent of Parliament itself. These matters were raised by some of the hon. Members.

Shri Bhupesh Gupta is not here. He took the stand that the Planning Commission may be good or bad; the Planning Minister may be good or bad, that they were not concerned with that. They were concerned with the responsibility of Government, and according to him that responsibility is indivisible. Sir, I agree with this observation of the hon. Member. Government is responsible for all the agencies which it creates. The Planning Commission, it is true, gives advice, but it is up to Government to accept that advice, or to reject it for whatever happens. Government is responsible ultimately—that is true. But let us take the position of the Planning Commission itself, its set up, I mean as it is constituted to-day. It has a limited function; it can advise; it can caution, but it is no part of its duties to take a hand in the execution of schemes or in carrying out its own advice. The Planning Commission is however answerable for the quality of the advice which it gives, the kind of advice which it offers, and Parliament is free to have its own appreciation of the contribution of the Planning Commission in this respect. Shri Rohit Dave did very well to bring out this distinction very clearly. I may not agree with him and with Professor Gadgil regarding their pronouncements on some of the activities of the Planning Commission. That is another matter, but I must point out in this context that I do not take the stand that because the Planning Commission is responsible for certain limited spheres, there is nobody else responsible for the other things. Government is responsible, Sir but I may add that Parliament itself has a measure of responsibility. When Parliament adopted this Plan, it was after a very close examination and prolonged discussion; the Plan was not presented to Parliament just in outline; the document had plenty of details in it. And now, Sir, Parliament cannot step aside and throw all the blame on others. I realise that Parliament is not in a position to go into the merits of every scheme and every programme, that is not posible for it to do. but Parliament takes upon itself to determine the direction of the Plan, its structure and key targets. For example, Sir, if Parliament agreed that it was desirable and necessary that we should have a 25 per cent, increase in national income in the course of five years, certain consequences flow from it. Now Parliament agreed that a certain additional capacity was to be created for production of steel, coal, power, cement etc. It also indicated that there should be so much more of education, housing, health etc. These are broad things on which Parliament gave a very clear and pronounced opinion and direction—these goals are embodied in the Plan and worked out. Then, naturally Parliament should accept responsibility for the consequences, which flow from these decisions.

Hon. Mr. Bhupesh Gupta talked about policies. He said: "We are not responsible for these policies of Government and these policies of Government are responsible for whatever lack of progress is now being experienced." Sir, I may point out that the Plan also incorporated certain policy decisions, namely, land policy, industrial policy, food policy and policies in certain other vital spheres. Now Parliament cannot seek to dissociate itself from these policies if now these

policies do not seem to yield the expected results. Maybe, Sir, that there may be some policies of Government which the hon. Member and his Party may not agree to. But certain policies were examined in various committees and panels and were dealt with here, and to the extent the Plan and its progress depends upon such policies, they are equally committed to these policies. Of course they can say: We had accepted these policies but Government has not implemented them vigorously or properly. Well, then the blame would squarely rest on the shoulders of Government.

SHRI JASWANT SINGH (Rajasthan): It is with regard to the execution of this Plan that most of the things have gone wrong, and that is where we have objection. Parliament adumbrated the general policies, and so far as they are concerned, they are embodied in the Plan and we have got no objection, but in regard to the execution, we feel that most of the things have gone wrong and there we have got the objection and therefore we blame the Government.

SHRI GULZARILAL NANDA: That may be what the hon. Member has in his mind. I have to deal with the questions raised by other hon. Members also. I was referring to a particular question which the hon. Member whom I have mentioned very vehemently asked.

Sir, with regard to the Planning Commission, just a word more. The kind of issues which Mr. Rohit Dave raised^ are quite relevant, the way the PlannirJg Commission functions, for example, the quality of the results it produced at the technical level. Now there is a point which emerged from the quotations read out by the hon. Member from a lecture by Professor Gadgil. That is one type of question. And there is another type of question regarding the quality of the work of the Planning Commission, the question which the hon. Member, Shri Kunzru, raised about underestimation or over-estimation of resources. Well, these questions do raise a doubt regarding the competence and objectivity of the Planning Commission.

Sir, regarding the first part of the observations made by the hon. Mem-. ber arising out of the comments of Professor Gadgil, as I remember, there were three points, firstly that the Planning Commission had not developed appropriate criteria and secondly that it had not worked out the annual plans with appropriate breakdowns. These were two things, and then there was another question about the Planning Commission mixing up with the policies of Government and not giving proper advice, or submitting to wrong policies and also that the Planning Commission did not watch the progress of the Plan even in its broadest elements.

These are fairly grave charges. It is up to the Planning Commission to say what answer it fias for these things. Regarding annual plans and break-downs. Sir, hon. Members here are familiar with the annual plans and that the Central and State Governments base their annual budgets on annual plans, after a very careful examination of all aspects and after discussions, prolonged discussions, between the States and Central Ministries. All the material that is available is pressed into service. To that extent Professor Gadgil's charge is not correct. About criteria, will the complaint, may be true, it is true, to an extent, because it takes experience time and technical tools to deve-lop the criteria and the yardsticks Though we have made some progress in this direction since the First Plan was got ready, I do not think that we can be or should be satisfied with the progress that has been made.

Regarding the other thing, the question of watching progress by the Planning Commission, even In general terms and that it was not able to check certain gross errors and distortions that may be taking place well, I cannot vouch for the Planning Commission having done its part in this respect adequately and correctly.

[Shri Gulzarilal Nanda.] because I have in mind a certain aspect of the duties and responsibilities of the Planning Commission about which there cannot be complete justification for example on the question of foreign exchange resources. There was the question of import licences which were issued, regarding which some hon. Member said that they had been issued on a lavish scale over a certain period. It is quite true, and a statement was laid on the Table of this House about these licences and an explanation was given. But even that explanation did not deny that somebody was responsible for doing things in a manner in which they should not do in a planned economy. We may say that it was the responsibility of the Finance Ministry or the Commerce and Industry Ministry but the res-1 P.M. ponsibility of the Planning Commission cannot entirely •be disowned. This is something which I have in my mind but I also know hundreds of things to which the Planning Commission diligently applies itself, watches, informs and conveys its advice on many matters. It does so from day to day. What Prof. Gad-gil has said about the Planning Commission may be partly true but not largely so. And regarding the kind of polices it is a debatable ground. It may be that with some policies Prof. Gadgil agrees and not with certain other policies. Therefore when the Planning Commission aligns itself with certain policies of the Government or helps the Government to formulate policies in a certain manner if those policies somehow do not coincide with the viewpoint of a particular person, for him to say that the Planning Commission has succumbed or has subordinated its judgment is not a good and correct thing. It really is throwing doubt on the integrity of the Planning Commission. That is not right.

Sir, the hon. Member Mr. Dave quoted from an article by Prof. Gal-braith and observed that *Xhe* socialism to which this Government is committed in this country is illusion. He is not a protagonist of socialism himself and he explained—the extracts also brought out—those aspects, that is, w# here in India have much less of regulation of the economy than is the case in countries which have no plans at all. That we are unable to direct our economy even to the extent as is being done in countries which do **not** lay any claim to socialism. That i* the main content of Prof. Galbraith's article. For what purpose he **said** that, that is not the question here. He said that in advanced countries they have tools and instruments for controlling and directing the economy on lines compatible with certain objectives. It is true that we have not got all these tools and instruments sufficiently well developed in this country The hon. Member Mr. Dave said **that** fiscal and credit regulation won't suffice for fulfilling plans of this size, magnitude and complexity. That is perfectly true. Not that we have no instruments; we have some instruments but as far as I can judge,'they are not adequate. On the other hand when Government applies some of these instruments and tools there are shouts from a number of people against whatever regulation we introduce and practise. Then a cry goes up, 'well, you are regimenting the economy and you are taking away our freedom, liberty airid all that.' I personally believe that in a planned economy there will have to b* much greater regulation, guidance and direction. There is no escape from it. Planned economy cannot function without mechanisms and controls of this kind. I do not have in mind rationing; thaf> is a minor question in a way; at any rate, it is not a major question in a consideration of the necessary intruments for a planned economy. But the real point is that a Government and a Planning Commission and those who are entrusted with the charge of fulfilling a Plan should not throw up their hands in despair and say "well, we cannot do anything; prices are running away with the Plan and the whole economy

is taking a turn away from the track that we laid out for it.. Certainly, it is not for them to say that. Then what is to be done? I think we have to develop the necessary tools and instruments, compatible of course with democratic forms, with the spirit of democracy on the *one* hand and our social and economic environments on the other. And that is where the difficulty comes in. We will have to work with and through the agency of the people in these matters of guidance and management of the economy in the interest of planned development. That means the instruments of the kind with which we are familiar, *i.e.* panchayats, co-operatives and other non-official organisations. But what, is more important still or equally important is that there has to be some kind of a dynamic change in various directions, in the sphere of administration and also in the way political leadership functions here. And of course the people's own outlook has to be changed. There is to be a change in outlook all round and side by side there is need for radical changes in our institutions, in our methods, in our organisation in rural areas, and in our industrial organisation, if we have to achieve these objectives. Maybe, we find that something which looked quite feasible when we started has not been achieved in a full measure and we are coming up against impediments. It is because some of the things attempted here did not go far enough or the right kind of preparation psychologically, socially and organisationally, had not been made. Not that those objectives and targets and aims otherwise could not be realised. There are too many elements in our social and economic structure and in our political organisation which retard progress. It is true that changes to reform the whole system are being introduced continously but they are slow because conditions are difficult. It is a question of transformation of the social economic and political institutions. My hon. friend—I do not know whether he is here—Dr. Ray pointed out that we are changing the economy and society from one type to wholly 72 RSD—4.

another type. A transformation of this kind is a slow, difficult matter. No doubt, it can be hastened if we take more vigorous measures, if the whole country wakes up to that realization and everybody co-operates in achieving these objects. At every level it can be done but it is in any case a difficult matter.

There is another thing which he said. He referred to the experiment that we are making—we call it adventure or whatever it is. We have no experience, contemporary or older experience, here or outside, which can guide our steps and therefore it is quite possible that we will make mistakes. We will have to learn from those mistakes. If something happens, if something untoward occurs or if there is lack of success on some front, if we just shrink from the objectives that we had placed before ourselves, well, I do not think there can be much hope for any real progress in this country So we have to examine these things in the light of certain fundamental facts. As I tried to point out in the other House, we are face to face with reality, in the sense, that there is what is called a dilemma of development in the case of under-developed countries particularly under democratic conditions. And the contradictions that arise are these. On the one side, we have to raise the investment levels and this implies that consumption is to be restrained. On the other side, we find that already consumption levels are extremely low for large masses of the people. Where is it then that we have to restrain them or push them down further? That is one part of this dilemm. We have to pursue the goal of industrialization and develop our heavy industries which require external resources. For that we must develop our exports, which means we reduce the availability in this country. This results in a pressure on available supplies, pressure on prices, etc. If we want to facilitate our exports we may have to reduce export duties and other imports and *thereby* reduce internal revenues. And wa want more internal revenues to finance

[Shri Gulzarilal Nanda.] our development schemes. These are some of the aspects of this matter which indicate how difficult things are. It is in the face of these difficulties that, in concluding my speech yesterday, I said that it is not a matter here for joining issue and debate. It is really a serious matter for the nation as a whole and these problems are to be tackled at the national level. It is in that spirit that these things have to be considered.

Then, Sir, the question of centralisation was raised. It was pointed out that planning in this country is centralised and it should be decentralised. I think there is some kind of a confusion about this matter. There is the process of planning on one hand and the question of implementation on the other. Now I agree that in regard to implementation of the plan there should be largely decentralisation. In our country the whole political structure is such that there is a demarcation of functions as between the Centre, and the States, down to the panchayat level. Recently we have taken a decision in the name of democratic decentralisation. That spirit has to pervade throughout the administration before its impact can be felt in the field of development activities. I agree that there should be as much decentralisation as possible. But in the matter of planning, on the other hand, it has to be a centralised approach for the reason that in the first place data about the economy has to be assembled and then, an integrated view has to be taken of the needs of the economy as a whole and of different regions, in particular the backward areas. A view has to be taken about the financial and other resources necessary for planned development. It is the essence of planning that an integrated view should be taken of all faccets of economy and of different aspects. This cannot be done in a room here, in one of the buildings in Delhi. The material originates and arises from the village level upwards. The people have to be taken into confidence. They have to make up their mind regarding the effort involved in planning for the nation as a whole. Attention has to be given to the felt needs of the people, down to village level and what in their opinion is going to promote their happiness. May be that they will need advice and guidance in these matters. But there is really no room for conflict on these matters and I am sure we are proceed-: ing on the right lines.

There was a complaint made. Hon. Member Mr. Shiva Rao mentioned that a group of Members waited on a Minister who said, regarding a particular scheme, the execution of which would help the development of a certain area, that it could not be accepted because the Planning Commission said 'no'. Well, now what was the implication? Does it mean that the Planning Commission should not say 'no' to anything that a Minister says? If the Planning Commission has any responsibility for a certain size of the Plan, for a certain magnitude of resources, etc., then, it has to say that a certain scheme cannot be brought into category 'A' of the Plan. Otherwise, as has been pointed out by the hon. Shri Kunzru, if we go on admitting schemes which any Ministry brings in, then the Plan will not be for Rs. 4,800 crores or Rs. 4,500 crores. It may as well be for Rs. 6,000 crores.

SHRI BHUPESH GUPTA (West Bengal): But the trouble is the other Ministers speak about the Plan and its future before the Planning Minister opens his mouth. That is the problem we have been facing.

SHRI GULZARILAL NANDA: I did not follow the question. If it deserves an answer, Sir, I may like to know it

MR. DEPUTY CHAIRMAN: The other Ministers speak before the Planning Minister.

SHRI GULZARILAL NANDA: I shall proceed. The point simply is that, unless I have missed the purpose of the statement made by the hon. Member, if a Minister points out that a certain scheme was not admitted into the Plan, I think it is neither here nor there. Several schemes may not be admitted. Then, where does the Planning Commission come in here. It may say 'no' at a certain stage. But the decision is not that of the Planning Commission. It can only give advice. It can only throw out a suggestion. A Minister can go to the Cabinet and say: This is an essential scheme, an imperative scheme and without that his work will suffer. It is the responsibility of the Cabinet to say 'yes' or 'no' to any scheme. It may be that the particular Minister has not got the confidence that a certain scheme will meet with the approval of the Cabinet. I am saying it only in a general, abstract way. I do not know what scheme was involved or whicli Ministry was concerned with this particular case.

I find there was another type of suggestion made here that the Planning Commission should have the power to enforce its views. That goes too far. That is inconsistent with the whole conception of planning here. Such things may be possible in other countries. They are not possible here, because they militate against the whole concept of democracy that we have adopted here.

Now, I come to another aspect, the size of the Plan. And the very first thing that I want to acknowledge is that this document on the re-appraisal of the Plan well, with whatever good intentions it was brought out, has landed us in difficulties. And, therefore, judging by the results I should say now and acknowledge that it was not a very, very wise thing to bring out this brochure, and particularly to call it a 're-appraisal' when actually there was no re-appraisal, except in the sense that there was a **fresh** view taken **of** the vital needs, new needs which had emerged lately and to which if we had the resources we would say 'yes'. These schemes are very necessary and any delay regarding them i_s going to hurt us. In that way, in order to bring this fact to the notice of the country we gave this information. If we had the additional resources we should like to go ahead in certain directions and to help the nation in its economic advance, but we have not got them at the moment. Cannot we try? That question was what was put forward before Parliament. The hon. Member drew attention to the anxiety of the people and of the Parliament. If there is anxiety, on account of this figure, I admit we should have tried to avoid that anxiety. The effort of the Planning Commission has been to take the people and Parliament into confidence regarding all the facts and then leave it to their judgment. There was no intention however of putting forward any new proposals to enlarge the size of the Plan beyond Rs. 4,500 crores. I need not labour this point, because if the impression is that it has created some kind of an expectation, then it was wrong to have allowed that impression to arise at all. So, I may definitely say here—I have said it three, times already—again finally that there is no further Rs. 150 crores at all. That is, so far as the Plan is concerned, it stands at Rs. 4,500 crores and even regarding that figure I must admit that it is not on sure ground at all. This Rs. 4,500 crores depends on filling of the gap of Rs. 240 crores. It depends on raising of certain taxes, on the raising of additional loans on certain economy measures. These are all contingent things.

SHRI BHUPESH GUPTA: On foreign assistance.

SHRI GULZARILAL NANDA: Foreign assistance too, of course. The hon. Member's mind runs always in foreign directions. Therefore, when the hon. Mr. Shah said that we might

[Shri Gulzarilal Nanda.] have to cut down the Plan to Rs. 4,200 crores, I am not, on my part going to say that it will not be less than Rs. 4,500 crores. It will be something very unpleasant, very embarrassing and very painful indeed if that happens. We should avoid that course. But nobody can be very sure that it will be possible to collect additional Rs. 240 crores over the remaining period of the Plan. In a way this may get linked up with deficit financing- If we are not able to raise the necessary resources in order to complete a Plan of Rs. 4,500 crores, a further addition to the deficit financing might be contemplated. The figure was placed originally at Rs. 1,200 crores. At some stage it was suggested that it should be Rs. 900 crores, but at a later stage the present Finance Minister said that it would not be less than Rs. 1,200 crores. These are all different assessments. Nobody is sure what is going to happen. But one thing is clear. If deficit financing goes beyond certain limits, then it creates risks for the price levels, and that should be avoided. If certain essential schemes have been started they cannot be stopped half-way or three-fourths of the way towards the end of the journey. On that account more expenditure has to be incurred, whatever may be the consequences of that. Our efforts should however be not to do anything which will raise the price levels. I agree there. It will be straining the economy of the country too much.

SHRI H. N. KUNZRU (Uttar Pradesh): Do I understand the hon. Minister to mean that the limit of deficit financing has not been fixed yet? Does it mean that it may go beyond Rs. 1,200 crores even in the present state of things?

SHRI GULZARILAL NANDA: I would say that it should not even reach Rs. 1,200 crores, if in coming up to Rs. 1,200 crores level, there will be risks involved.

SHRI MULKA GOVIND A REDDY: I would like to know whether it has not already created risks and inflated the prices. The deficit financing that has been undertaken so far has already created inflationary tendencies and the prices have gone up.

SHRI GULZARILAL NANDA: Such rise in prices as has occurred is attributable more to other factors than to deficit financing. It is due to the very prominent fact that agricultural production in a particular year showed a marked decline because of nature, because of bad seasons. Maybe, we should have prepared ourselves against that contingency by having bigger stocks and through higher production. But the fact is there, and there were, of course, other circumstances which were beyond anybody's control.

SHRI J. S. BISHT (Uttar Pradesh): The Food Ministry has consistently held that rise in prices is due to deficit financing.

SHRI GULZARILAL NANDA: These economic matters are rather complex. Then the Chinese example was given that they were able to do better by way of agricultural production.

SHRI BHUPESH GUPTA: Therefore these high prices.

SHRI GULZARILAL NANDA: Some patience may reward the hon. Member. "We are not going to equip ourselves in a large military way. Therefore, why do we need all these things, why should the burden of the future generations be borne by us now?" That was the kind of reasoning on which was built the argument that we might as well do with plans of a smaller size. Mention was made of the fact that the First Plan went smoothly because it was of a moderate size. I have my own views about democracy. Democracy does not simply mean that every few years we get elected to Parliament and run the Government and talk here. If democracy has to work in terms of social welfare, welfare of the people

and promotion of social justice, then democracy alone is going to stand. So, for the sake of democracy, much more has to be done. For bigger plans and better plans, bigger efforts and more sacrifices are required. You cannot save democracy by having smaller plans. I am absolutely sure of that.

When we entered on the Second Plan we began with a beck-log of unemployment. I mentioned unemployment because the hon. Mr. Kunzru— I was not present during his speech but I have read it—blamed me for not mentioning unemployment. I had said that any curtailment of the Plan will mean very undesirable consequences. I did not elaborate that point. The consideration of time was there, but I might possibly have had some kind of an inner reluctance to mention un-employment, because I am very unhappy about the unemployment situation more than anything else. I will say something about that aspect later on. Therefore, if we find no scope for taxes or for something else, resources have to come in any case, whether it is by way of surplus of profits of public enterprises or whether it is by way of loans or small savings. We have to choose what forms suit us better.

The Plan is bound to have an impact on the redistribution of incomes in the country. An hon. Member said that he was one of those who wanted a smaller Plan, but he wanted that the incomes of the low-paid people should be raised. He said: what after all this Plan is going to mean to the lower income groups, if their incomes are not raised? Now, how many are the low-paid people or rather those who are economically at a low level and how many are people with large incomes? If the level of incomes of these large masses has to be raised, there is no other way except by raising the national income which means through larger investment? What is the other way?

SHRI BHUPESH GUPTA: Social justice.

SHRI GULZARILAL NANDA: I have already mentioned social justice without any prodding from the hon. Member. Then on the question of the size of the Plan there were some special aspects mentioned—regional aspects, hill areas, and so on. If I go on entering into the details of everything, it will take much time, because there are still five or six points before me to answer. We realise that not only the hill area but every area which is backward, which has so far been neglected or which has remained behind, must receive prior attention. We are taking steps to look into these problems. But on the other side there was the plea that weightage should be given to those States which have helped themselves by raising more resources, as compared with other States which lag behind in this respect. Now, this is entirely out of accord with the previous approach. Those States which have larger revenues will have larger plans anyhow, and they will be able to fulfil their plans on a better scale. The question of weightage arises if an area has not enough resources. In that case it should be given some special consideration. How else is poverty going to be eliminated or at least reduced if this disparity in .resources is not reduced? We want that our nation should advance and move further so that the disparity between our country which is underdeveloped and the more advanced countries should diminish. It should be very much more so inside our own country. We want the disparity between some areas which are backward and others which are relatively better off should be reduced.

I now come to the question of resources. First of all I want to take up the point about over-estimation and under-estimation of resources. If there was anything of that kind done deliberately, well, it would mean

[Shri Gulzarilal Nanda.] that the persons who are responsible for that are not honest people. But I do not think that was in the mind ...

SHRI H. N. KUNZRU: May I remove that misunderstanding? When I made that criticism, I certainly did not mean to charge the Planning Commission with that bias. What I meant to say was that in its desire to make the Plan as large as possible, it ignored the possibility of the expenditure going up and the revenues coming down, and that the Plan was, therefore, so tight that there was no possibility of any financial adjustment in it.

SHRI GULZARILAL NANDA: I accept this very fully. I know that the hon. Member could not have the other thing in mind. I agree with him. But regarding the inference which he has drawn from this, I differ from him to this extent. Maybe, when we started planning, the pressure of the demand from the States, from various Ministries and other sources was there. We set our mind on a 25 per cent, increase in the level ot national income which was supposed to yield certain results by way of resources among other things. We want to reach that level and we get for the size of the Plan a figure which will yield those results. There was another fact regarding the; working of First Five Year Plan. It did not cause much strain to us, but it did create some sense of complacency. Therefore, we thought that just as we had implemented the First Plan smoothly, we might be able to repeat the performance in the case of Second Plan. Possibly, sufficient care was not taken in working out the estimates of revenues and expenditure. And as an hon. Member pointed out, there was no cushion left for increase in non-development expenditure and expenditure outside the Plan. They were certainly tight estimates. Regarding the figure of Rs. 4,800 crores again, there was a mention in the Plan itself that we had not made full provision for certain items of an essential nature. That was not of a very large magnitude. But still, as we go ahead, we thought we will try to adjust those things, for example oil and . . .

SHRI H. N. KUNZRU: I think the sum was fairly large.

SHRI GULZARILAL NANDA: Maybe. The intention then was that, as we proceed, there will be room for adjustments on the principle that the Plan was flexible, that certain things could go out in favour of other things which were more important and that through our annual plans and various adjustments, we might be able to match the expenditure with the resources. So, there was no intention of putting anything in a false setting. It may be that, when we see that a certain thing should be done and we also have a view that it can be done, we go further and assume that it will be done. But there are several hurdles between 'can' and 'will'. And this has happened in a way. Other things have emerged which, though they were taken notice of, were not fully provided for or allowed for. The question arises that while making our estimates, did we take into account I in a practical manner the resources that could be raised and the fact that prices had already started rising? In the matter of internal prices, the position at the time of the preparation of the Second Plan was that there had been, previous to that, a very abrupt and heavy fall in prices. Our attitude had been determined by experience and there was a very keen anxiety to see that the prices rise to a fairly reasonable level, Therefore, that period of rise in prices was accepted as a kind of rectification of the previous imbalance. Maybe at that time it was not fully appreciated that the situation might gel worse. Similarly, as regards the resources to be raised by the States at that time we looked into the posi-

non as well as we could. But the fact that larger expenditures will have io be incurred under certain heads was not known and it only came up after the new Budget. The Planning Commission was not in a position to do anything better in that respect.

Now, I come to another question and that is about the structure of the Plan and the imbalance in achievement in the different sectors. Have we done too much in one direction that there is too little available in another direction? The question arises: Is it a balanced structure? Is it a structure capable of fulfilling the objectives that we had set before ourselves? The main issue which has been raised in regard to this aspect is the question of the relative emphasis on agriculture and industry. It has been asked, "Why do we not slow down industry for the sake of agriculture?" I may make it very clear that the Planning Commission and the Government have given agriculture the highest priority. Yet I can say that agriculture and industry do not come into conflict with each other in the sense that it is not necessary to slow down industry for the sake of agriculture. We have tried to explain it. Allocations have been made for agriculture. A good deal in connection •with agriculture can be carried out without too much money. It is far more important to have a much larger volume of green manure, composts and organic manure. It is not merely a question of so much more money. Seeds can be multiplied with not too much cost. There is enough provision made for seed farms and all the facilities have been made available. Credit is an important element. For that provision is being made outside the Plan. Irrigation is of great importance but whatever is already there, has not been fully utilised. Is it a question of allocation or is it a question of something else which is lacking? But the question, of allocations ceiling comes in in respect of fertilisers. The hon. Mr. Shiva Rao asked me whether the Planning Commission has also the same obsession in regard to fertilisers as the Agriculture Ministry, meaning that he did not attach much importance to fertilisers. I do not hold that position. I think fertilisers have a role, they have a place in agriculture and the place of the organic manure is much bigger. We should have an adequate supply of fertilisers about which I made a statement in the Lok Sabha the other day, that we must try to do more about it. Therefore, in regard to the outlay, if the Agricultural Ministry now says that they might not be able to complete the revised target of food production, it is because there are certain things which are not adequately provided for. The revised targets of food production were based on major irrigation reaching a certain level among other things. If major irrigation projects did not reach that level which was contemplated, to that extent, less production will come out of major irrigation. But this short fall is relatively of less importance as compared to other things which can be achieved by mobilisation of local resources and the enthusiasm of the people. Their efforts are of far greater impqrtance than these things, though they have their own importance.

SHRI SONUSING DHANSING PATIL (Bombay): What was the difficulty in putting agriculture On a par with industry in the planning?

SHRI GULZARILAL NANDA: Each thing has its own place. Agriculture should be extended to its fullest possibilities. To realise them it is not necessary to cut down the provision made for industry. If industry has to be cut down, it may be for other reasons. It has not to be cut down either for the purpose of employment. It is true that cottage industries—and I am a cottage industry-walla—will provide more employment opportunities. But for a large population, for an increasing population, an increasing working force, if we merely rely on cottage industries, there may be employment

[Shri Gulzarilal Nanda.j for everybody but it may be employment which will not give even two square meals a day if there is no advance on the industrial front. That is, heavy industry today may absorb a larger part of our resources giving less employment at the moment but it will enable us to develop the industrial structure of the country, its capital base, its capacity to produce goods more cheaply, larger quantities of consumer goods and other goods that will enable us to have more employment later on. That cannot be denied. But regarding employment, let the position not be misunderstood. Today if we simply invest all our money in the capital intensive activities, the question will be asked and I have been myself asking the question all the time, what is going to happen to the crores of people to whom you cannot provide the necessary equipment because you have only limited resources. Here the capital employment ratio comes in; much more resources are needed, relatively speaking, to provide additional employment through large-scale industries. What are we to do? Therefore a balance has to be struck. A good deal of attention has to be paid to the development of cottage industries also. There was another point raised regarding small plants. That is, we should not have too many big projects and should go in for small plants for steel, cement and fertilizers etc. There is some objection to that on the ground of the optimum economic size of the plant. There may be certain economies in a'larger plant. That is true for resources are limited and they should be put to the most effective nse, but I am in favour of dispersal of industries of smaller size for one important reason. Although it may cost a little more 'relatively of course' that increased cost will be offset by transport advantage etc. But there is another big reason. How are you to develop all the vast areas of the country and give them new life and new dynamism unless you bring some industry there around which new life can develop? Therefore in the interest of balanced development of the whole country, it is necessary that we should have that kind of approach.

There was a suggestion about irrigation being developed in an integrated way or in a planned manner. An illustration was given. We bring in canals in places where just previously we have done some new minor irrigation. Some areas have too much irrigation and some too little. Now these things are to be avoided and we are now working in a proper way. Maybe in some earlier stages, there might not have been that much of integrated approach.

Now I come to the question of the overall assessment of the Plan**.** Sir**,** is there anything else coming up? I will need 15 minutes more.

MR. DEPUTY CHAIRMAN: You can go on.

SHRI GULZARILAL NANDA: Thank you. Before I take up other points, I have to go back and deal with another matter i.e. external resources. The point was raised by several hon. Members particularly Shri Kunzru about the balance of payments deficit:[1] was it Rs. 1700 crores or Rs. 2000 crores? Nobody at the moment can say what the figure is or what it is going to be because it ariees out of numerous transactions, exports and imports over the years that are to come and therefore it is only a kind of estimate and there are several other transactions which enter into these figures. Because of the limitation of time, I cannot go into all the details. The essential fact about it is that the figure is bigger than has been given. Not that it was known to be bigger before but because, as we find now from various sources of information, that it is going to be— it may not be Rs. 2000 crores but it may be—Rs. 1900 crores or Rs. 1850 crores. It is not possible to say precisely but it is going to be larger than Rs. 1700 crores. The calculations which the hon. Member made bring

the figure to Rs. 2,000 crores. This has got certain drawbacks in reaching an approximate figure because it partly depends on how much foreign aid remains unutilized, how much of our commitments will remain outstanding at the end of the Plan period. There are several other complications. The real point is the figure that had been mentioned by the hon. Member is nearer the truth than the earlier figure given in the Planning Commission's Report. The question of repayment of the huge foreign liabilities that are being created was also raised. It was said that we are mortgaging the future of this country. That is the charge. The answer is that we are not doing anything wrong so long as the investments being financed with the help of external assistance are capable of giving a good return or dividends in terms of progress and development of the country, in terms of filling up the gaps in our economy which now compel us to import goods from outside. So what we incur today in the form of debt reduces our dependence on foreign resources later on provided we make the best use of the assets thus created. That is the main question. The word 'mortgaging', had another kind of reference. It was that because we are getting money from abroad therefore, we are making our selves liable to accept the advice of those people and that advice is couched in certain terms which are repugnant to the hon. Member.

SHRI BHUPESH GUPTA: I hope I would not be misunderstood. I also meant in an economic sense and I tried to explain it. I think the hon. Minister would understand what I meant because this has been said by others also.

SHRI GULZARILAL NANDA: That is what the hon. Member now thinks. Whatever it may be, he had said that influence will be exercised by those people. It was not correct to say that the World Bank had given a certain advice, that if we get all this money we will have to behave in a certain manner. We will take expert advice from every possible source and we will be grateful for good advice. But we will follow our own way here in this country, that is, whatever we believe is good, right and proper. Nobody is going to dictate to us.

SHRI BHUPESH GUPTA: Ask, you are Finance Minister.

SHRI GULZARILAL NANDA: I am speaking on behalf of the whole Government.

SHRI BHUPESH GUPTA: You can speak certainly for yourself.

SHRI GULZARILAL NANDA: I was referring to an over-all apprecia tion of the state of the Plan and the economy of the country. It has been described by one or two persons as a total failure but I think the hon. Member who said it does not believe in it. It was said that the Plan was not a sufficient success. That is true but everybody expected us to do more almost in every direction, more of social services, more of irrigation and every kind of thing while blaming us in another context for trying to have a very ambitious plan. Now the main points that were made were about industrial production, food and employment. About employment the position has been stated in this docu ment and it is not a very rosy picture at all. The figures, which have been given in this document are not very cheerful. The hon. Member's point was that because private sector is not able to do its full part, therefore, employment opportunities are going to be curtailed is not true because the employment figures were worked out on the basis of the entire economy—public and private sectors taken together. So any shortfall on one front *i.e.* the private sector does not necessarily mean that any more unemployment has been created.

SHRI H. N. KUNZRU: If the hon. Minister will have the facts verified, he will find that the Planning

[Shri H. N. Kunzru.]

Commission has said that its estimate of employment on the basis of the present figure of expenditure rests on the assumption that employment in the private sector will remain at the level which it was expected to reach.

SHRI GULZARILAL NANDA: I have not before me the break-up of all these calculations. But I have the latest information, that we have got, before me and on the basis of that information I can explain the position to the House. In the expenditure in the private sector there may be a shortfall of about 20 per cent, or so. That may have some effect on the employment situation. But let us see what the position is as regards employment in the entire industrial structure. The position is that industry by itself accounts for a very small proportion and so as a result of investment in the private sector going down there cannot be a loss of employment potential of four or five lakhs, as the hon. Member mentioned. I may point out that the Planning Commission has estimated an increase of the order of 7-5 lakhs for the entire industrial sector, including minerals. Of this roughly 2-5 lakhs was the share of the minerals. How could there be a shortfall of four or five lakhs be a employment potential because of a small cut in investments in the private sector? Of course, the question still remains that for the sake of employment we will have to consider this matter, because I regard employment as the most vital issue. For the sake of employment we have to consider what are the things that we have to do in this country. We are talking of high incomes and low incomes, and here are people with no incomes at all or people living on the incomes of others. The employment exchanges also reveal rather high figures of unemployment. Of course, we should not lose sight of the fact that the number of employment exchanges in the country has increased of late and their efficiency has also increased. Therefore the figures on the live registers are not a true index of the increase in the volume of the unemployed. But still it is a disturbing fact, that we are not making adequate provision for the new entrants in employment markets. Of course, at the start there was a back log and with the original Rs. 4,800 crores Plan and with the higher physical targets, there still remained a million or so to be put on agriculture, not agriculture in the sense of working on land only but in the rural areas. So it is a matter for which I have not got any clear-cut answer, except that the same difficulties and obstacles which come in the way of the success of our development programmes—not enough effort, not enough hard work, no sufficiently high level of efficiency— operate here also. And rf we succeed on these fronts we may be able to improve the position in this respect also. This is about employment.

About industrial production also, it was said that industrial production is declining. It is not so. It is the rate of increase that is in question.

SHRI BHUPESH GUPTA: Yes, that is what I said—the rate of increase.

SHRI GULZARILAL NANDA: That is true, but the rate of increase cannot go on stepping up every month. We have to consider this over a certain period. The hon. Member will remember that the index of industrial production today is very much loaded by the larger weight attributable to textiles. If the textile production increases, then the index automatically goes up and if production of cloth declines, then the index falls too.

SHRI BHUPESH GUPTA: What about steel?

SHRI GULZARILAL NANDA: It has not decreased. It has gone up.

SHRI BHUPESH GUPTA: No, it has gone down.

SHRI GULZARILAL NANDA: If in Jamshedpur there is a strike and therefore for a brief period, there is stoppage of production, then certainly for that period production will come down. Also because of the difficulties in the textile industry and closure of a number of mills, production went down and that was reflected in these figures. But industrial production has increased in the fields of engineering goods. Recently there were some difficulties in the matter of obtaining industrial raw materials, spares etc. which came in the way. But these are temporary difficulties. By 'temporary' I do not mean that necessarily within a month or two they will disappear, but they may not last more than a year or two. But it is absolutely clear that all the things we do now, though they may cause some strain, some dislocation and unemployments they will stand us in very good stead later on, and as I said elsewhere, we will be thankful for all that is being done for which we are now in for a lot of abuse. These are the main aspects of the overall situation.

Regarding food, I need not take up the time of the House because it has been discussed at great length.

SHRI H. N. KUNZRU: May I interrupt the hon. Minister to say that the statement I made with regard to unemployment will be found on page 26, paragraph 58, of the Appraisal and Prospects of the Second Five Year Plan?

SHRI GULZARILAL NANDA: Sir, I have given some reply and if that reply is incomplete, I will try to make it up. I cannot now read all that. If there is anything in these calculations which requires to be re-examined, I shall do so and I shall inform the House and inform the hon. Member also.

Lastly, Sir, I come to the question of public co-operation. Various hon. Members brought up that matter time and again. The point is that the enthusiasm of the people is the biggest asset for the success of our Plan. It was also said that this enthusiasm is not available in am adequate measure, that it is lacking. Why is it so? It may be because people are not satisfied with the results of some of the activities that are in progress in the field of development. Maybe because they are not able to see as yet the fruits of the efforts that are being made. There is a time-lag and when things materialise, they will have a better appreciation of these efforts. There is a heavy burden of taxes, I am told. It is true. It is also said that the administration in this country is not sufficiently responsive, sympathetic, quick and efficient. Well, all that may be true also. And there is also the fact, which has been repeated by many persons the point about corruption. But corruption is not a thing restricted to one place or one sector. There are all these things happening all over. Let Us not exaggerate them. But whatever exists is enough for the purpose of damping the enthusiasm of the people and we should try to eliminate those sources of discontent.

Then there is another factor which depresses the people and that is the way politics functions in this country. When they find that political leaders, distinguished persons, for whom they had given their vote, they are quarrelling and fighting—I will not characterise that in any particular way— then certainly it has a bad and depressing effect on the people.

2 P.M.

Actually the Plan has to be carried out by the people. All that we have got here to do is to help them by better administration, by better managing things on their behalf and doing things in a more efficient way. Ultimately it is they who are the masters. Mr. Sapru gave a suggestion. It may not be in that form

[Shri Gulzarilal Nanda.] necessarily because the National Development Committee is constituted for a different purpose. There should be other ways of bringing all the parties into close consultation in a regular and proper way. I am not making any proposal but I am only thinking aloud. The Consultative Committee of Parliament is not enough. We are all Indians, whether Socialists or Communists or otherwise. I think the hon. Member Mr. Sapru pointed out that there was basic unity of the people. That basic unity has got to be reflected in the effort for the Plan more than in anything else and all the other attitudes have got to be held in abeyance. Measures have to be thought of by which we can get the fullest co-operation of everybody.

This reminds me of the point mentioned by my hon. friend opposite, about his experience of the District Development Committee. I was alarmed at what I heard. I asked my colleague, Shri S. K. Dey, "What is this? How can there be any differentiation between a Member of the ruling party, that is, the Congress and a Member belonging to some other party?" If you want co-operation you have to create the conditions for that co-operation and the answer that I got from the Ministry of Community Development is this: "Members of Parliament become Members of District Development Committee and of Block Development Committee by right, regardless of their individual Party affiliations. There is no question of any discrimination made between Members. If departures from this practice could be brought to the notice of the Ministry, the Ministry will be very happy to take proper action and to see that such things do not happen". This is my answer and I hope this difficulty will not continue. He may be thinking that he alone has the experience but it is not so. So many complaints have come from Members on this side of the House also. So, there is no partiality in this matter.

I have exceeded the additional quota of time and I do not want to take up any more of your time. There were several points about foreign investment etc. and I have got the material with me but I will convey the information to the hon. Members on another occasion.

SHRI BHUPESH GUPTA: I have heard most of the reply but the hon. Minister has not said anything about why there should be a cut of the order of Rs. 135 crores in social services, education, health, backward classes welfare, labour welfare, etc. What will be the effect of this? I would like to know from him as to whether this cut was absolutely unavoidable.

SHRI GULZARILAL NANDA: The hon. Member does not want a cut in agriculture; he does not want a cut in social services and he does not want any cut anywhere at all and yet he complains that the prices have risen with all other consequences. What is one to do about that? We cannot provide for everything. I confess that I did not hear this question properly.

MR. DEPUTY CHAIRMAN: He said that there is a cut of the order of Rs. 135 crores in social services.

SHRI BHUPESH GUPTA: You yourself said just now that social welfare is very important. Then, why have you cut the allotment for education, health, social welfare, labour welfare, backward classes welfare, etc?

SHRI GULZARILAL NANDA: Will the hon. Member kindly suggest a way out? Will he point out some other way? Should we increase the Plan? Let the hon. Member answer it.

SHRI BHUPESH GUPTA: I will answer that. I want to put one question, Sir.

MR. DEPUTY CHAIRMAN: Please sit down, Mr. Gupta. You can ask him afterwards.

SHRI BHUPESH GUPTA: Kindly allow me to put a question, Six. Usually, after the debate questions are allowed, *one or* two. You do not allow the Opposition Party to put a question.

MR. DEPUTY CHAIRMAN: The question is:

"That at the end of the Motion, the following be added, namely: —

'and having considered the same, this House is of opinion that: —

(i) the programme of food production is much behind the schedule' owing to the halting land reform policy and the absence of effective steps for the proper utilisation of existing irrigation facilities and the availability of cheap finance to the cultivator; and

(ii) the Government has not been able to create the required administrative machinery at the district level for the successful execution of the Plan.' "

The motion was negatived.

MR. DEPUTY CHAIRMAN: The ■discussion is concluded.

MESSAGE FROM THE LOK SABHA

THE APPROPRIATION (NO. 4) BILL, 1958

SECRETARY: Sir, I have to report to the House the following Message received from the Lok Sabha, signed by the Secretary of the Lok Sabha:

"In accordance with the provisions of Rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose herewith a copy of the Appropriation (No. 4) Bill, 1958, as passed by Lok Sabha, at its sitting held on the 25th September, 1958.

2. The Speaker has certified that this Bill is a Money Bill within the meaning of article 110 of the Constitution of India."

rS'ir. I lay the Bill on the Table.

REQUEST FOR SUPPLY OF THE REPORT OF THE WORLD BANK MISSION TO MEMBERS OF PAR- " LIAMENT

SHRI BHUPESH GUPTA (West Bengal): Sir. I have a submission to make. The Session is coming to a close. We see press reports about the Report of the World Bank Mission that came to this country. It has a great bearing on the Plan. I would request you to request the Government to see that this Report is made available to all of us, Members of Parliament, before we disperse. We consider this very important.

MR. DEPUTY CHAIRMAN: Aft right. We will consider it.

The House stands adjourned till 2-45 P.M.

The House then adjourned for lunch at six minutes past two of the clock till forty-five minutes past two of the clock.

The House reassembled after lunch at forty-five minutes past two of the clock. Mr. Deputy Chairman in the Chair.

THE MERCHANT SHIPPING BILL, 1958—*continued*

Clause 21—*Indian Ships—continued*

MR. DEPUTY CHAIRMAN: Before you begin, Dr. Kunzru, let me tell the House that we have to finish all the stages of the Bill by 4 O'clock and take up some other business. I hope Members will be brief in their speeches.

SHRI H. N. KUNZRU (Uttar Pradesh) : If you will let me know how many minutes you can give me I shall try to cover all I have to say within that time.

• MR. DEPUTY CHAIRMAN: Two or three minutes more.

SHRI H. N. KUNZRU: I am afraid I have to say something that will occupy more than that.