

## RAJYA SABHA

Friday, 1st September 1956

The House met at eleven of the clock, MR. CHAIRMAN in the Chair.

### RESOLUTION RE. SECOND FIVE YEAR PLAN—*continued*.

THE MINISTER FOR FINANCE (SHRI T. T. KRISHNAMACHARI) : Mr. Chairman, at the outset, I would like to apologise to the honourable House for intervening in this discussion at this stage. I have not had the good fortune of being present when the discussion of the Plan was taken up and I had, therefore, to largely depend on the text of the speeches of hon. Members, which I have gone through reasonably carefully. Many hon. Members may feel that I have missed the emphasis in their speeches, but I would again say that I would apologise to them. A number of hon. Members have dealt with certain aspects of the Plan, about which I would like to say a few words before the Prime Minister speaks finally. I shall confine myself to the remarks that fell from hon. Members in regard to the problem of resources, problem of deficit financing and foreign exchange and price policy. To some extent, these points have been covered by my hon. colleague, the Minister for Planning, but after he had made his speech, I think three hon. Members in particular laid emphasis on certain defects in the Plan in regard to these matters as it appeared to them. The hon. Pandit Kunzru and Dr. Zakir Hussain approached the Plan from two different aspects. Both were sceptical about the outcome. In the case of Dr. Kunzru he said that the Plan was ambitious. I think that is the general impression that one got. In the case of Dr. Zakir Hussain, he felt that the Plan has become truncated and, therefore, is not likely to deliver us those objectives that we have in view.

Sir, in the matter of planning for five years ahead. I think there is room for scepticism both ways. It is quite possible for some people to feel, well, this cannot be done. It is also possible for some others to say, this is not enough. And the very fact that there have been two hon. Members, eminently respected outside this House and also in the House, who have postulated two different view-

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points is the justification for the targets that we have fixed in the Plan.

The question was raised by these 1 on. Members about the results of the First Five Year Plan and about the fact that we have not placed before this House a precise evaluation of the result of that Plan and I think they supported this charge by quoting from the World Bank Mission Report, which has *inter alia* mentioned that statistical information in regard to the working of the First Five Year Plan is not available. I must plead guilty to the fact that we have not placed before this House an accurate account of what we conceive to be the results of the First Five Year Plan; but that does not necessarily mean that we should not go ahead with the Second Five Year Plan. We see broadly the trends of the First Five Year Plan and we have drawn from that experience in assessing what we feel ought to be the Plan for the future. In fact, in any matter of assessment of the future, I think there can be no precise yardstick and there must be difference of opinion. Supposing we take this question of assessment of a particular type of consumer goods or services that we have need for in the future, the man who is doing this work will necessarily depend on certain facts as they exist, certain demands that have been created, and project his mind into the future and make an assessment. A statistical evaluation only gives you what the trend is. It cannot really determine what is going to happen in the future and, therefore, if there are imperfections in the Plan, as they might appear to hon. Members. I think they are inevitable. If, on the other hand, we make bold to make a claim that this Rs. 4,800 crores that we have envisaged is the last word and within this Rs. 4,800 crores we must achieve all the targets that we have set for ourselves, I think any hon. Member, even a tyro in economics would get up and say—what utter fools the Government are in taking such a view which is avowedly teleologic, without being aware of the conditions and limitations that would come into being over a period of five years and asserting that this is what they will do, no matter what might happen. I do not suppose the Government would easily fall into that pit, even though the suggestion is made. That, Sir, makes me feel that scepticism generally about the Plan is not a correct thing. The Prime Minis-

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ter would be able to tell the House about our ambitions and aspirations in regard to the Plan and I do not propose to labour on those points.

To come to some of the items enumerated by the hon. Pandit Kunzru, he has taken the question of the allocation for the steel plants for which a provision of Rs. 350 crores has been made. And he envisages that there would be a gap. I agree that there is a gap. In fact, originally we thought that the allocation that we needed would be Rs. 425 crores. Maybe it has to be stepped up by another Rs. 60 crores now, partly because of the fact that the capital goods that we need have gone up and also, to a larger extent, because of the fact that civil engineering cost in India has gone up and is likely to go up. In fact, when we were assessing the needs of civil engineering in regard to the steel plants round about July last year, we took the basis of costs on the basis of what the railways have done. Their base is 100 for 1939, and their evaluation of the cost of civil engineering, particularly in so far as it affected them, would be somewhere about 260 or 270 or between that. We now find it would probably be nearer 320. So, civil engineering costs have gone up and it is an inevitable fact. If we did not make any cushion in the Plan, the cushion is implied. If prices rise there must be some consequences following from that. Maybe that we cannot raise resources to that extent and the Plan will have to be shortened. On the other hand, the very fact that there is an increase in prices in certain sectors might itself generate conditions for us to tap. And so, speaking for myself—though I am only a few days old as Finance Minister—I would make bold to say that what appears to me today is not so much the paucity of internal resources for the fulfilment of this Plan, but rather other conditions which might perhaps make it difficult for us to achieve the targets set for ourselves in this Plan, namely, the question of foreign exchange, the question of prices all round. These factors are somewhat more difficult to handle, to envisage, to deal with than a mere matter of raising resources. I do believe in a country like this with 377 millions of people, provided we enthuse the people—and we hope to—for the Plan, we shall be able to raise the resources. In any event, a Plan of the

extent and magnitude that it envisages here—both in the public and the other sectors—will, in the course of about two or three years, generate a certain amount of resources more than what we have anticipated and provided for. In many cases, the resources that we can tap, which have been indicated in the Plan, are rather conservative, and, therefore, if that is the charge that my hon. friend, Dr. Zakir Hussain, has made, of our being conservative in the estimates, I plead guilty. It is better to be conservative, to know exactly to what extent we can go and where the cushioning is, rather than to go to the extreme extent and plan. And if that charge is made. I should plead guilty.

It is true that, in so far as these steel plants are concerned, there will be a gap between the Plan figure and the money that we will need. My own feeling is that, if by spending a little more on the steel plants, say Rs. 10 crores more, we can accelerate production by two months, I will be willing to do it, because within the Plan period I will be able to raise resources from the production of the steel plants. I am mentioning this question of industrialisation at this stage because I think it probably fits in with the idea that the Plan itself might have to be enlarged in so far as its expenditure is concerned in terms of rupees, annas and pies.

Well, the charge was made by Dr. Zakir Hussain that the plan as it was envisaged in the Plan Frame had been cut down on an arithmetical basis and that the public sector industries have been to that extent badly affected. Well, may be that he draws these conclusions because of certain facts and information which have come into his possession, but if he is merely giving these ideas on the figures that we have given in the Plan, I would say that in so far as the basic or heavy industries are concerned, we have not said the last word, though, if I am going to draw on the results of the working of these basic industries, it would not be during the Plan period: it will necessarily have to go to the Third Plan. We are at the moment very seriously engaged in exploring the possibilities of setting up a heavy machine building plant and some basic industrial plants which on very rough estimates, in so far as the schemes that I have with me and which I had the privilege of working on during the last few weeks, are concerned, might probably require Rs. 100 crores. That is why I would like to tell my hon.

friend, Pandit Kunzru, that he is right every time when he says that Rs. 4,800 crores do not cover all the things. I am conscious of it, and I am not telling people that I would be able to deliver everything lock, stock and barrel, if they provide me with Rs. 4,800 crores. We will need more, and as I have said, I would like to underline once again that the problem is a problem not so much of internal resources but a problem of foreign exchange, a problem of finding the personnel, a problem of maintaining prices.

Pandit Kunzru mentioned this fact of foreign exchange. He said that our estimates of Rs. 800 crores happen to be an exaggerated estimate of what we would be able to get. In his opinion, only Rs. 500 crores will be available. I would like probably to speak on this question some time later when we come to the question of what we are doing with regard to foreign exchange resources. After we had time to sit down and take stock of the present position and evolve a policy, that will be the time when I should come before this House and tell them what I propose to do, but at the moment I would tell my hon. friend, Pandit Kunzru, that, if it is a mere matter of guessing—may I put it to him very humbly—I am in a better position to guess than the hon. Member. I can also tell him that the gap is not Rs. 800 crores. It is going to be much more, and we are now thinking in terms of Rs. 1,200 crores. Well, how am I to bridge it? There are certain possibilities, certain directions in which we are already proceeding. Some of the trade agreements that we have concluded with those countries which have trade connections with us for supplying certain things to us have been so arranged that our obligation to pay for the value of the goods that they supply in terms of foreign currency is obviated. We pay in rupees. It means that they purchase goods in this country to a large extent. Any hon. Member who is an economist like my hon. friend, Mr. Kishen Chand, may get up and say, "Would it not be denying to our own people the goods and services that we are going to supply them? Or would you change your pattern of trade? Where is the question of foreign exchange saving?" I am expecting—may be it is not a correct expectation—that the bulk of the goods that we will supply to these countries in return for the goods that we will get from them will be additional to our

export target as it exists today, but even so, after providing for all this, if I can still say that the gap is only Rs. 800 crores, I shall be happy. My hon. friend, Pandit Kunzru, mentioned about the recent agreement that we have entered into with the United States of America under what they call Public Law No. 480. I would certainly like to say that we are very grateful that this has been done. It saves us foreign exchange to the tune of Rs. 160 to Rs. 170 crores, but from that Pandit Kunzru has been deducing a figure. I am only concerned now, as I said, with the foreign exchange aspect of it. It gives me Rs. 160 to Rs. 170 crores. Its consequences on our internal resources are a different matter altogether. I am not adding it to our internal resources *in toto*. It may be that I have to give a certain portion of it for the expenditure of the American Embassy here, and it may be that I have to give some portion of it to the private enterprise so-called. That incidentally, might save me from providing finance for certain sectors of private enterprise like small-scale industries. But it is not a matter which, in my opinion, is vital. But the arithmetic of it is to be found more or less in what it gives me in terms of foreign exchange, and therefore I welcome it, and we are indeed grateful to the United States Government for having made it possible for them to give us this help primarily, in the matter of foreign exchange and secondarily, in the matter of foodgrains and other essential commodities.

PROF. HUMAYUN KABIR (West Bengal): What repercussions is it likely to have on our export of foodgrains from India?

SHRI T. T. KRISHNAMACHARI: We are not exporting any foodgrains now. I do not anticipate that in the measurable distance of time we will be exporting foodgrains. If that contingency ever happens, by that time the agreement for import would have more or less exhausted itself, and if we are in a position to export, say, after 1959 onwards, this agreement is not likely to hinder us very much.

All that I can tell my hon. friend, Pandit Kunzru, is that we realise that there are weaknesses in the Plan. There must be weaknesses in every plan when the plan is being operated in a dynamic economy; but things are changing. In fact, sometimes we are rather happy

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that things change because it shows that the economy is sound. If we find that our targets are falsified as we are finding in many categories, it is not for me something to regret but a matter for me to enthuse about. Of course, it raises the problem for me to find the goods and services necessary, but nonetheless, it is a challenge to our ability to meet this situation rather than to make us depressed.

Prof. Humayun Kabir said that we are probably under-estimating the resilience of our economy. Well, if the Plan gives the impression, expounds the view, that we are under-estimating the resilience of our economy, let me tell my hon. friend that I will ask the Planning Commission to expunge that portion. In fact, I am a great believer in the resilience of our economy. I am in complete agreement with him that there is enough resilience that gives room for hope, on which we can build, but at the same time you should not assume something for more than what exists, but there is room for difference of opinion.

I now come to Dr. Zakir Hussain's criticism which is completely revealing and which is singularly reminiscent of many things that I have heard during the last one year. I went through the speech of my former colleague and predecessor in my office, Mr. Deshmukh, in the other House and I say that he had to face the same problem: that is to say, the charge that was levelled against him as one of the architects or draftsmen of the Plan was that the Plan Frame idea had been given up, that the targets envisaged in the Plan Frame had been subordinated to certain other targets and the Plan that was presented to the public was a lopsided effort intended specifically to benefit certain classes.

I am afraid the source of information or the literature that my hon. friend Dr. Zakir Hussain had, must have been more or less the same as that used by hon. Members in the other House. But if I may be pardoned for using a bit of an economic jargon in this connection, though I am not quite competent to use it, the plan-frame is a sketch. It is a pencil drawing before an architect thinks of what the final shape is going to be. May be that when a man draws a pencil drawing on a board, it resembles more like Epstein's effort, than anything which is very

clearly and precisely delineated, which looks beautiful. It is massive, it is huge in shape and is something mysterious. I would, therefore, claim that when we, as a Government, accepted the plan-frame, we intended it to convey nothing more than what Epstein's work conveyed to the man who sees it. The plan-frame is again an attempt at what is called 'macro-planning', a word which my predecessor used in the other House, that is, a plan in a big scale leaving the details out, the details in various degrees to be filled up after precisely evaluating each sector. If in an attempted macro-planning, we presented a particular picture and thereafter we started chiselling it to give it a proper shape, I don't think we can be blamed for it. Besides, there was no positive or definite attempt to depart from the basic fundamentals. So far as the objectives are concerned. There was no question of alteration of the plan. What we had in mind was hon. Members like Dr. Kunzru, a competent critic who tore the plan to pieces and said that it is farther away from realities as they existed today and how they will eventuate tomorrow and the other fact mentioned by Dr. Zakir Hussain is an illustration of his thesis that the plan is largely an arithmetical evaluation and therefore an arithmetical pruning. I should say that in regard to transport, Dr. Zakir Hussain said that industry has suffered and transport has benefited. If industry suffers and transport benefits, who benefits by it? It is private enterprise. So far as I am concerned, I have no particular fondness for private enterprise nor have I in the present circumstances, enough time to think of private enterprise as something formidable for which I must make a place and provide against some contingencies that might eventuate in the private enterprise swallowing me up. I was telling my Chief, the Prime Minister, the fact that, as I read Dr. Zakir Hussain's speech yesterday, it reminded me of a book which a friend of mine who has written it presented to me some months back and he has told us something about socialism. I am not going to quote but I would like hon. Members to read Strachey's book, the concluding portion of his book, on 'Contemporary Capitalism' where you probably would find a more or less evaluation of socialism in the modern context of events than anything that can be put in a plan-frame of this measure or that can be imagined by anybody in the context of a total plan.

I can agree that a plan-frame, or some variation of it or perhaps a plan which should not be changed to any great extent, is possible in the context of a total plan, but it is not possible that we can think of total planning today in a democratic set up. I would like only to say to Dr. Zakir Hussain that as he himself found, while he complained of the allotment made for transport practically every hon. Member that spoke on transport in this House and even in the other House, blamed us for the paucity of funds allotted for transport. Again, may I claim the easiest way of escape in a matter like this and say "Well, we have done reasonably wisely and taken the line of the golden mean"? I admit, and I am sure my hon. colleague the Railway Minister will admit, that administratively the Railway equipment today might be able to yield better results or relatively better results but at the same time it will be wrong on his part or on anybody's part to accept that physically the resources are available for us to carry the increased tonnage that we will have to carry; and it is not a question of starving private enterprise or starving the private traveller but it is a question of meeting the needs of the people. Today, in the context of what the private enterprise does, we realize that those instruments of production in the hands of the private enterprise, produce goods for the benefit of the common man whom we serve or whom we seek to serve. Merely by the fact that private enterprise is somewhat benefited, you cannot say that I am not providing the common man with something that he needs or ensuring that he gets it. Therefore, the argument that we have trimmed the plan in such a way that we have taken away the basic industries which will take us on to the Third Five Year Plan and put us in a better footing and have given more to the Railways is not correct; nor is it correct that we have heavily leaned in the direction of private enterprise.

It is undoubtedly an extreme process and certainly a captivating argument to say that if you produce steel, who uses it? Private enterprise. But is not the blacksmith who uses it for producing some articles for the common man belonging to that private enterprise? If that is private enterprise, we want that private enterprise, but if it is somebody who wants to make money and exploit the people, we don't want that private enterprise. Certainly we will control that and see to it that somehow

or other the exploitation carried on by the private enterprise is completely eliminated even if it happened that a proportion of private enterprises will have to go. Therefore, if you say private enterprise is benefited. I say incidentally many people benefit. If I produce an article, the man who carries it, benefits by it. The man who produces the raw materials for it, benefits. I will tell the hon. Member an experience that I had 2½ years back when I went to Mysore State to see the Bhadravati Iron Works. I was going up a little further away to see the Jog Falls and I had to stop at several towns on the way. There was a great amount of enthusiasm in the minds of the people living even as far away as 50 miles from Bhadravati, in regard to the expansion of the Bhadravati works. It may be that the particular works is owned by the Mysore Government. It might easily have been owned by private enterprise but the people were very enthusiastic about it and everybody wanted to know if there was going to be expansion there because the hamlet of Bhadravati which had only a few huts at one time, has become a prosperous town which feeds, both in regard to raw materials for the industries and otherwise, an area going as far as 50 miles further west and therefore, it is not correct to say that something is being done for the private enterprise, but incidentally that benefits the private enterprise also. I will agree that incidentally many people to whom we don't want the benefits to go, get the benefit, but it is not intended, certainly not our intention in this Plan, that private enterprise should benefit. If private enterprise has utility as it undoubtedly has in the present context of events, in the present context of things, we are going to make use of it largely because of the fact that the existing apparatus of production must be maintained.

The Prime Minister often used to say that when we think in terms of the Revolution, we should not think in terms of the gap between the conditions that existed before the Revolution and the conditions that we want to exist after the Revolution. The gap has to be bridged and the bridging of that gap is the philosophy of the socialism that we think of or that we want to follow. We want no gaps in our progress. I was reading the other day a very interesting article, though perhaps hackneyed in some parts of it, by

[Shri T. T. Krishnamachari.] an economic historian, Professor Rastov, in the Economic Quarterly. There was a very interesting survey of the takeoff in the economic growth in regard to many countries. Of course the last two places came to India and China. Both these countries have the year 1952 as the period for their take-off but if we take-off, as we have more or less successfully, and if we want to fly higher and higher, there is no point in our destroying all the landing grounds, because on something we will have to land. Therefore, we keep the landing ground till such time as we can build more efficient ones. That is my answer to Dr. Zakir Hussain both in regard to private enterprise and in regard to the changes made. Therefore, we planned in such a manner that we are providing not so much as what people wanted, not so much as what the Railway Board wanted, but in larger quantities, for the purpose of railway development which, to me, is a very necessary thing. It is easy for critics to tell us that this can be done and that can be done. I undertook, about two and a half months back, a personal inspection of the ports, not because I was in charge of ports, but because I wanted to see the condition of the ports and their capacity to meet the demands of the Five Year Plan. We found that the estimates that we had made of the ports' needs and the allotments we had made did not really coincide and we probably had to find a little more for them. That is another argument for Dr. Kunzru. For the ports you have to find another Rs. 15 crores. Yes, we have to do it. That is also a reply to Dr. Zakir Hussain. When we took up the Plan Frame we took it up as a basis on which to proceed and we have no other option except to proceed in the way in which we have done. We are not in any sense, forgetting the fact that basic industries have got to be developed. I would like to add in this connection that so far as industries are concerned ' we have started thinking towards them in terms of perspective planning. Our thoughts are proceeding towards the Third Five Year Plan, because there is no gap between the Second Five Year Plan' and the Third Five Year Plan. It is all one continuous process so far as industrial development is concerned. As a matter of illustration I can tell you that we are at present trying to grapple with the possible estimate of steel consumption during the Third Plan and our economists and statisti-

cians are quarrelling between the figures of 12 million tons, 15 million tons and 18 million tons. Anyway, that will give you an idea that we are thinking in terms of three times or at least twice the present economic progress. It may be three times. In any case, we do not propose to fall below that of double the present rate of investment in this particular Plan.

The other question that I would like to deal with is the question of resources. I have already mentioned that so far as resources are concerned, broadly my fears are essentially with regard to foreign exchange and also with regard to certain factors which are indicated generally by the price levels rather than because of the fact that we cannot increase the resources internally to meet our Plan needs. I cannot indicate at this moment—I think it will be imprudent and it is never done, at least in detail—what type of resources we are thinking of raising. This can only be dealt with from time to time. Broadly the Plan provides the frame and it indicates the resources from each particular sector that we are thinking of getting. The criticism, therefore, that the Plan does not lay down concretely how the resources under each head are to be raised, is somewhat off the mark. The important thing is to ensure that the required resources are raised in adequate measure and at the right time. I would like to tell this hon. House that it is the intention of the Government to pursue this path steadily and relentlessly.

Reference is made in this connection to the report submitted to Government by Prof. Kaldor. Government is giving most careful consideration to these proposals. A team of experts was sent abroad to study the administrative and other aspects of these proposals and the matter is being gone into further. But it must be remembered by hon. Members who perhaps feel that this Kaldor Report and the recommendations made therein indicate the possibilities in respect of resources, which are fairly rosy and optimistic, that the proposals that Prof. Kaldor has made are of a far-reaching character, and they involve, if I may use the word, a revamp of our present tax structure. Nor am I in a position to know or confirm that hon. Members who have been speaking about this Kaldor Report and the proposals contained therein do understand the proposals and the rationale behind them. The basic approach of Prof. Kal-

dor is to strengthen the incentive to work, save and to take risks and to equalise the burden of taxes on the salaried and the propertied classes. I would like hon. Members to mark the particular emphasis that Prof. Kaldor has put on the salaried and the propertied classes. The normal conception that we sometimes have and which has developed in us an allergy against the salaried classes is notoriously conspicuous by its absence in Prof. Kaldor's proposals. On the other hand he has emphasised the fact that in a type of economy that we envisage the salaried classes will have a large part to play and therefore, some encouragement will have to be given to them. The annual tax on wealth is not a proposal to tax wealth as such. Its purpose is to tax the incomes derived from wealth at a higher rate than the incomes derived from work. If I or somebody else propose a tax of this nature, hon. Members will have to admit that its statistical value is greater than its real value.

Prof. Kaldor also proposes that the present income-tax rates must be reduced, that the maximum marginal rate should be 45 per cent as against the present rate of 92 per cent, in order to accommodate the expenditure tax and the tax on wealth. I do not know how many hon. Members will support a proposal of that nature, even assuming that we have the complementary proposals ready, because what will appear to the eye will be the reduction and not the complementary tax which should bring in more money. Anyway, we realise that it is not a thing that we can accept straightaway, because immediately it would mean an advantage to the salaried classes of the higher income brackets. Therefore, it is necessary to consider carefully how far reduction in income-tax rates is possible at the present stage. We have not made up our minds whether or not Prof. Kaldor's proposals should be accepted and if so, in what form. The significance of these proposals should be understood very clearly. The central issue is the manner in which Government should raise the resources required to be invested in the public sector. We are trying to increase the Government's share in the total investment. Resources required for this investment may be found in two ways, one by way of public savings or by the transfer of private savings to the public exchequer by borrowing, or by deficit financing.

Prof. Kaldor's main point is that any attempt to increase public saving beyond a point by more and more progressive income-taxation is self-frustrating in the sense that the direct gain to the exchequer is more than offset by the indirect losses to the community in terms of the impairment of the incentive to work, to save and to invest. Essentially Prof. Kaldor is in favour of encouraging savings in the interest of investment in both the public and the private sectors. His quest is for techniques which will minimise the need for confiscatory and inefficient taxes. This is an approach which certainly deserves attention. But it is not possible to announce in advance, Government's decisions on Prof. Kaldor's proposals. All that one can say is that these proposals are under examination.

Hon. Members have also suggested that additional taxes should be mainly by way of direct taxes rather than by indirect taxes. There can be no quarrel with the idea that the incidence of new taxes must fall on the better-off classes. But I would like to refer hon. Members to the Taxation Enquiry Commission's Report which has emphasised that our indirect taxes are mildly progressive in their incidence. And in regard to the future, broadly in regard to the providing of the goods and the services to the common man, where the production of these goods fall short of the demand, we have increasingly to use the device of indirect taxes, perhaps to inhibit consumption. Import duties may be effective and if they are, they should be used to that effect. Excise duties also have to be used for that purpose in relatively mild doses.

I come next to the question of deficit financing. Sir, the sum of Rs. 1,200 crores that has been mentioned in the Plan is considered by many as being excessive. In fact, economists in this country are vying with each other in attempting to put out stories or putting out bogeys of possibilities that will ultimately or eventually arise, so far as the economy is concerned, when inflation gathers momentum because of this deficit financing.

But I would not be in a position now to say precisely what would be the amount of deficit financing that would be necessary and that would be safe. The figure of Rs. 1,200 crores does not represent a target or something which we will do or must do. It is quite open to us to revise our attitude to

[Shri T. T. Krishnamachari.] deficit financing if circumstances so require and it must also be remembered that some portion of this deficit financing will be neutralised by withdrawals from accumulated Sterling Balances or other types of foreign exchange that make available to us goods and services without sending goods and services in return from this country. The first Plan gathered momentum only towards the middle of its course; even so, we had a deficit of approximately Rs. 175 crores in 1955-56, as against the planned expenditure of Rs. 580 to Rs. 600 crores. The average expenditure on the Plan per year in the Second Five Year Plan comes to Rs. 960 crores, that is 60 per cent, more than the level reached in 1955-56. A Plan of this order would inevitably cause some strain on the economy, apart from deficit financing. Even if we get foreign aid and pump in that money, still the result will more or less be the same, because economy will start creeping unless there are compensatory factors found and strengthened in the economy; but it is a risk which we have inevitably to take in any case. Our endeavour will be to implement the Plan even if a smaller order of deficit financing appears warranted in the light of the circumstances then prevailing. That brings me to the key to this question of deficit financing. In the other House, a challenge was put to me by an hon. Member whether we want in this Plan to restrict consumption. I think that is adverted to by the hon. Dr. Zakir Hussain also, indirectly. May be, we will have to restrict consumption, what goes into the consumption of the lower income brackets, because, that is exactly the main purpose in the Plan and I would like, Sir, again to refer to the enigma behind our planning. The enigma behind our Plan is the same—democratic planning has got the same enigma—as democratic socialism because in democratic socialism we have to define the exact point at which freedom ends and regimentation starts and regimentation has always got to be such that it could be accepted freely by people, voluntarily, and that is also the enigma so far as democratic planning is concerned. In a country which is ruled by a democratic system, where a Parliamentary democracy functions, I know, hon. Members will tell me before long, "Oh, you put up these taxes but what is to happen to the people who are going to ask, 'why are these taxes put up?'"

That, Sir, represents the basic defect or rather a difficulty in democratic planning. We have always to keep an eye on what the people think about these things and how far we can make them tighten their belt. I hold the view,—Sir, that is my personal view, not the view of the Government or of the Planning Commission,—that so far as this country is concerned, austerity in terms that is interpreted in certain quarters is a luxury that only the rich can afford; the poor man who has already got his belt tightened cannot tighten his belt any further. Therefore, we have to think in terms of certain articles to be provided for them but I agree certainly with hon. Members who say that food and clothing must be provided for them. At the same time, there is the other thing for which I am not alone the guilty party—I share the guilt with a number of other people—which has resulted in there being a certain—what you may call—elbow room in certain industries. We should learn from the lesson and, therefore, we will have to provide for these interests and this has a bearing on our price policy. It has also to be found precisely when a rise in agricultural production or a rise in industrial production, which is broad-based and the benefits of which reach a large number of people, will reflect itself in savings like the marginal propensities; the marginal propensity to consume in our people is very pronounced and there are gaps. If an agriculturist has some money surplus he takes some time to know how to use it; he may buy something if he goes to a festival but ordinarily it is postponed consumption and that gives both the strength and the weakness of this economy and that is because, the rate of marginal propensity to consume is very high in this country and, therefore, the elasticity in consumption standards is high. That, as I said, is a strength because you can do without certain things. If I am thinking of import control, I can stop many things which ordinarily in any other country will fall within the non-luxury and the necessary bracket because the necessities in our case are not many but it has also a weakness; we are primarily concerned with raking that level. Otherwise, planning will have no meaning. Therefore, Sir, in the regimentation that we have to impose, both in regard to diversion of resources and in regard to regulation of production from the public sector to the private sector or *vice versa*, whether it is a question of



inhibiting imports and expanding exports, whether it is a question of taxation for the purpose of inhibiting consumption, all these matters ultimately revolve on what we are going to give to the common man which will make him enthusiastic of the Plan and I think that the basic needs are that our price policy has to be very carefully watched. We shall use all resources that are available to us to see that prices are at levels which are reasonable, where consumption is to be inhibited, it is inhibited only for a period of time—this is necessary because it will take some time, a matter of eighteen months to produce cloth. People must know that any inhibition that we introduce by means of taxes or the price policy should necessarily have to be temporary because I cannot tell the people that for five years they will go without cloth or for five years they will go without bicycles, or for five years they will go without houses. I can tell them that they should go without these things for eight months or ten months or eighteen months. That is a possibility and that is our main objective today. We should maintain a price policy so far as the necessities are concerned—and that brings me practically to the end of my story—but for that purpose inevitably we will have to have some controls. Our method of controls is not physical, nor is it total, and we are not accepting total planning for the reasons that I have mentioned before. We are not accepting total controls because of the inevitable conflict that that will engender between the State and the public but we are thinking in terms of strategic controls. The whole industrial set up that we are envisaging is to get hold of the strategic products. Dr. Zakir Hussain said that we give steel to the capitalists to fabricate but at the same time, I can say, I hold the steel and I can divert it to the small men to manufacture things which are necessary and the capitalists might be denied that steel. We are thinking in terms of strategic controls. We will have to impose strategic controls in regard to some of the necessities of life in order to maintain a price policy.

This, Sir, practically brings me to the end of the story. We believe, what hon. Members think that we have practically exhausted our resources by assuming a target of Rs. 4,800, is not correct. May be Sir, this is not a very fine mechanism that we have: it is not one of those modern diesel engines, it may probably

be the old steam engine with a number of leaks in its boiler which takes away its efficiency but what we propose to do is to add a number of supercharges to take off the steam that comes out and then put it back again so that the mechanism will move so that the engine will run, and we hope to take that engine, Sir, to the point of destination in 1960-61 when, I think, people will feel that they have been better off than before, and then take it to the next period of the Third Plan when, we hope, this country will be one of the most advanced countries of the world.

THE PRIME MINISTER (SHRI JAWAHARLAL NEHRU) : Mr. Chairman, Sir, my colleague the Finance Minister has dealt with a number of very important aspects of this Plan and this discussion, and thus my task is much the easier. Nevertheless, when I think of this Plan and the many points that have been raised in this discussion, I feel a little difficulty as to what I should talk about. My own mind is filled with excitement when I think of this Plan, not that there is anything in this particular Plan by itself. It is a kind of a skeleton if you like, of what we expect to achieve, but it does not appear to me that it is merely a skeleton. But I suppose my mind fills it with flesh and blood and various other things which make a healthy body, and when I think of that, the variety of India's activities that will go to make up that result come up before me and I could talk perhaps sometimes not very relevantly but certainly continuously about so many aspects of this Plan because they have been all of interest.

Now my colleague in the Sahitya Akademi Mamasahab Warerkar, spoke here with warmth and earnestness about the importance of song and dance and literature and other cultural activities.

SHRI V. K. DHAGE (Hyderabad) : And the theatre.

SHRI JAWAHARLAL NEHRU: And the theatre. Well, I entirely agree with him, as I agree with many other things, and I wish him all success and I should like to help him where I can. But then I am to pull myself back and to put that—not very important though—aspect of a nation's life to some kind of a perspective in the Plan. I do believe that all the material progress that we might make will be sadly lacking in real foundations if we do not advance on the cultural plane and in the cultural plane I include and give a very im-

[Shri Jawaharlal Nehru.] portant part to song and dance and the theatre. I am not a person who wants individuals or our people to be deprived of the joy of life, to live dry lives having no pleasure and wanting others to take no pleasure at all in life. Therefore I am entirely with him, but I do not wish to discuss this matter now and take up the time of the House. I would say this, however, that during the last few years, since our independence, it has rejoined my heart to see the progress we have made, may be we have not put up great buildings, great national theatres and the like, but I have no doubt that there has been tremendous progress among the people, and I have no doubt that this will bear fruit

Now again Dr. Zakir Hussain and Professor Kabir referred to various aspects, chiefly the education aspect about which they know a great deal and much more than I do. But I do not propose to talk about education here. It is obvious that the more we can afford to spend upon it the better. It is obvious also that we can only spend upon it by spending less on something else, and we have to balance these things.. But it is my belief that while education in India requires money, it is not the money aspect that is the most important but other aspects, and I think that even without any large increase in our money allocations we can and ought to improve the quality and the quantity of our education.

Now Dr. Kunzru began his speech, ] believe, by a remark which surprised me, that is to say, he dealt for sometime with his criticism of what he thought was Government's attitude in regard to the dislike of criticism of this Plan. I really do not know where he has got this idea from. I asked my colleague the Planning Minister. He repudiated this allegation vigorously, but leave out what he said. What I say is: Look at the history of the past few years, how we have dealt with the question of planning, whether it was the First Plan or the Second Plan, whether it was the first preliminary Plan or the second one, how we put it out for criticism for months and months and months or the Second Plan again put out for criticism before it was more or less finalised, and of the period in between—the amount of criticism we have had of this, the amount of criticism we have invited from India, all over the world you may say, has been prodigious, colossal, unprecedented and

I am quite surprised that anyone should say that we discouraged criticism of this Plan. After that we are continually criticising it ourselves quite apart from others for, six months ago or thereabouts, when we had this Plan, more or less finalising it in the present form, even then we said that there was no finality about it; we have to work according to some plan; we shall work, but we shall consider this. We shall revise it from year to year, periodically, and I am quite sure that, if we sit down to-day six months after, if we sit to write it, it will be somewhat different from what it was six months ago. The figures will be different, may be other things will be different. There is no finality except the determination and final determination to go ahead. That is the finality and that is the determination by which we shall hold. There can be no finality about this, not 'only because of the numerous factors which change in India but also in regard to other factors outside India. Let us suppose that some developments take place, let us say, in regard to the Suez Canal. It may powerfully affect our planning. I hope no untoward development takes place and I am not hinting that it might take place. I merely mention that for this reason that, apart from other dangers, if our goods cannot come here, our machinery cannot come here easily, even the foodgrains that we have indented for cannot come here at the fixed time, well, we have to think again. We have to think again and may be we have to revise every plan, may be we have to take all kinds of special and emergency measures to meet that situation. We believe in a changing situation all the time, and I want this House to consider this always from a dynamic point of view, not static point of view, even this Plan.

Now it would serve a little purpose if I started a discussion of the broad aspects of the Plan, not in the sense where this factory is-put or that. We come to decisions after careful consideration, may be those decisions might have been different if some wiser head was applied to it. But the main thing is, in discussing this Plan, the broad approaches, broad trends, and even in regard to those, we can and we should vary them when we think they should be varied. We have said that our objective is a socialist structure of society, and sometimes we have been accused of being vague about that, and sometimes we are told that we have

stolen the phrase from others who consider it their monopoly. Now I accept the fact that we have used that phrase vaguely, and deliberately so, because we want to escape that horrible contingency of becoming slaves to our slogans and prisoners to all kinds of phrases, and we often find this happening to others. It is a dangerous thing in a dynamic world to become just tied up as a prisoner to some phrases and slogans that we have been using. The world changes and we remain with the slogans left behind.

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What is socialism? Well, I am not going to define it. But there are various aspects and my colleague, the Finance Minister, referred to a definition which has appeared in Mr. John Strachey's recent book, an interesting definition. No doubt, socialism certainly means an approach to an egalitarian society, equality of opportunity and the like, but socialism, I would venture to say, does not mean an equality in poverty, an equality in a very low level of existence. I do not call that socialism. Socialism, the very word practically came into existence with the coming of the industrial revolution. It came into existence when the capacity of man to produce more came in. Before that certainly there have been societies, well, even what might be called, societies of some kind of primitive communism; but nobody calls that communism because at that stage the level of the social framework was so low—the level of production—that nobody had anything; it was at a low level; nor when you talk about communism do you think of, let us say, the picture of some kind of communist society that the great Plato envisaged. You discuss these terms as they grow, not in their historical and dynamic concept. Socialism thus grew up with the idea of the industrial revolution. Marx came a 100 years ago and thought and wrote about the development of the industrial revolution in England at the beginning of the nineteenth century. He was a great man, Marx, and everybody can profit by his deep thinking but am I to be told that what he said about 100 years ago about England, or 150 years ago, is going to apply to India or to any country? It is simply fantastic and completely unjust to Marx, if to nobody else. Marx is reported to have said: "Save me from the Marxists."

So the position is that the idea, the whole conception comes in when a new

factor comes into the world and I submit that this new factor came in 200 years ago, if you like 250 years ago, with the industrial revolution. Before that, the capacity for production in the world was so low that there was no possibility of any real advance on that material level. Well, advance did take place. When that came in—this rapidly increasing production—then one could envisage a measure of equality with higher standards and people began to think first about what is called some kind of a Utopian socialism, and then, what was called, the scientific socialism and the rest. The scientific socialism of Marx, in a large measure, is completely out of date today. Why do I say so? Not because of the ideas of Marx, but because things have changed. That very science about which he talked, the technological aspect which he considered, has changed in such a tremendously rapid way that the conclusions he drew do not apply today. Take the United States of America and the colossal apparatus of production that they have built up. Forget capitalism and socialism; think of it in terms of technology because it is technology that governs the picture, not these terms and phrases of ours. It is the development of that technology, the power resources and technology that has come to the human being, that has changed society. So we may say that in order to use those power resources and that technology, this is a better method, the socialist method or the other method. That is a perfectly legitimate argument but the basic thing is the technological changes that have occurred and changed the world and the basic thing is, the Soviet Union after its revolution concentrating on becoming something like America in the technological field because America was most advanced and they looked to America. They may not like America in other ways but they looked to America as the country to be followed in the technological field. Now, they have gone ahead of course very greatly. In fact it was this industrial revolution, or rather if I may put it this way, it was the use of higher techniques of production that first released humanity from the bondage of poverty. Or it anyhow tended that way and people began to think on those lines and it is in the measure that man has greater power resources and higher techniques of production that we go towards equality in the world, not merely by cutting people's heads off and bringing them to a dead low level of

[Shri Jawaharlal Nehru.]

existence. It is because of that that you might say that if properly, used technology is the most powerful agent for bringing about equality in the world. Equality, apart from individual regional equality, means that power can go easily from one place to another; it means that the Sahara desert can be converted into a garden because power can be brought easily, the technique of production and the one hundred and one things. I am venturing to mention these matters to put this conception of socialism etc. in a proper perspective. To many of our friends, socialism appears to mean, say, a continuous process of nationalisation of this industry and that industry. Now, undoubtedly socialism believes in the State owning the principal means of production in order to use them for the advantage of the public and so that they might not be exploited for private advantage. True; but the fact of nationalising this industry or that industry does not mean socialism; it has to be seen in the larger context and larger perspective.. It may actually in effect be harmful. For the time being when you do it, you do it whether it is profitable or not. We talk about capitalism and socialism and we naturally dislike and ought to dislike the big distances that exist in India between the very rich and the poor. It should hurt every sensitive person. There is this element apart from other things. There it is and we should try and naturally our whole process and our whole approach should be to remove these disparities. Nevertheless in the act of removal of those disparities if we succeed in doing something which prevents our going ahead as a people, then we have not served the people or served the cause of socialism. If in the act of doing that the productive apparatus suffers, the wealth producing apparatus suffers, then we have done it in the wrong way. What we have done may be right but we have done it in the wrong way, producing wrong results. We deal with land and in India today we must remember, what do we aim at in land? I take it we aim at in land small holdings, peasant proprietors, whatever the size may be. It should not be much too small and uneconomic but anyhow that, of course, shows that the essence of private property is the small holding in land.

There is nothing socialistic or communistic about it. It is obvious. We talk about small industries, cottage industries

and the like. That is the essence again of private property. It is not socialism or communism. But our conception of socialism or communism begins to attack some big industry. It comes to that. Does it not? We do not see the entire picture. Our whole picture is based on land, on small and cottage industries, or on private industry. Of course, that private industry you can turn in a particular direction, and you ought to turn it in a particular direction. I must mention that presently. So that when we talk about socialism etc., we begin to think only in terms of what is called the big industry. As a matter of fact, the big industry in India is hardly developed. It is developed only in a very small way. It is big only when compared to the other puny things that exist in India. In fact, it is not big in any sense of the word as compared to any other country. We have got to make it big. Now, instead of setting about making it big, we spend all our time in knocking out some chimneys here and some chimneys there. I do not understand this logic at all of putting up a hundred more chimneys by the State or by anybody. Why should I waste my resources in going about getting a few odd chimneys and a few odd petty machines, and thus feeling satisfied thereby that I have nationalised this textile factory or that textile factory? If it is necessary from our economic point of view to do it, we shall certainly do it. But the main thing is to increase\* the public sector, and to increase it in regard to the basic and strategic industries which govern the entire situation, and to leave a field, not only leave a field, but to encourage the private sector to function in the other fields. Our country has not got the capacity to take up every field today. If we strike out all the private industry from India at the present moment, it does not mean that that is going to be replaced by the public industry all over. That does not necessarily follow. Some people seem to imagine that by a stroke of the pen we can convert everything private into public. And certainly it does not necessarily follow that the production will go up. We have to increase our production, and we have to increase the industrialisation of our country. There is an enormous and a wide field, and a basic field, which can be set aside for the private industry. There is another enormous and important field which the State proposes to take in hand predominantly, though

under certain circumstances, it will allow the private industry also to function. The House knows our Industrial Policy Resolution. I do submit to the House that there is some vague talk about capitalists etc. Casting the blame on somebody and the cartoonist showing a man with a pot-belly—a capitalist—absorbing all the money in India may be pleasing to us. But that is rather ridiculous, rather childish and puerile. Of course, there are capitalists who are social menaces, and, of course, there are industrialists who have misbehaved, and perhaps will misbehave. But gradually, we are trying to build up, first of all, the structure of public sector—State-owned industries, State-owned banking system, State-owned insurance, and State-owned so many things—which is a basic structure and a steel-frame which prevents, well, too much misbehaviour by a person who is capable of misbehaving. Secondly, we actually have other controls also over that matter. The public sector grows and grows, and we want this change to take place always, so that our productive apparatus expands and is not restricted. That is the main test, and I believe that it is not merely a question of resources, or of buying over and giving compensation. I believe that it is desirable from every point of view—even from the point of view of our public sector being kept up to the mark—that there should be a private sector functioning in the other domain. I want that competition between the private and the public sectors. Gradually, of course, as I have said, the public sector should, both absolutely and relatively, become bigger and bigger, and of course occupying all strategic points.

Now, I think, Dr. Kunzru referred to the Ambar Charkha. Now, Sir, I want to make it fairly clear that there is on this subject, in our people, a variety of approaches in regard to the emphasis on this particular point. There is a difference of opinion in regard to emphasis. But basically I do not think that any person is going to hold to the argument that we must carry on with lower techniques of production, unless there is some special reason or some special consideration to do so. The whole progress of humanity depends on higher techniques. We hold to that argument. We do not believe in lower techniques of production, whatever they may be. But lower techniques become necessary for various periods, because the adoption of a higher technique

might lead to certain social consequences. That is an entirely different position from accepting the lower technique as something essential. The lower technique is never good as compared to the higher technique, unless, of course, some human problem is involved. Therefore, we aim at using every higher technique. When we say that we shall use atomic power, well, that is the latest and the highest technique available to man, or likely to be available in the near future. That is not a low technique. You may be having textile mills and other things, but they are all things of yesterday, they are not things of today or of tomorrow. If the Ambar Charkha is a thing of yesterday, so is the mill today of yesterday, because something else is taking its place. But the Ambar Charkha can play a very important part, provided it is technically capable of doing what is expected of it. And I believe, to some extent, it can improve things and it can play a very important part at the present juncture in increasing our production. But that does not mean—so far as I am concerned—that we should put a barrier to the production of cloth by other means. I am quite clear about that. Let us help the Ambar Charkha, and let us help the handloom weaver fully. But we have seen and we are seeing today also how this increasing cloth consumption—it is a good thing, of course, because it means, in a measure, increasing prosperity of our people, not of everybody, but of certain sections of our people, but nevertheless, it—leads to higher prices and it leads to inflationary tendencies, if we do not produce enough. Restricting production merely to help a lower technique for a long time is not, therefore, a right policy at all, and I have no doubt about that.

Now, may I mention that I do not claim that our planning is, in any way, near-perfect? We are very conscious of its deficiencies. This is our second attempt. No doubt we shall improve from time to time. When I say 'we', I do not mean myself, but those who do it, and they will certainly improve by experience. But it may interest hon. Members to know that a very eminent economist of Poland, the other day, mentioned to his Government in Poland: "Why not follow the Indian example in the matter of planning?" Not entirely of course, because the conditions there are different. But he drew attention to our broad approach to

[Shri Jawaharlal Nehru.] planning. Why? Now, Poland is industrially a more advanced country than we are, in many respects. I am not comparing it, but as the House knows, there was some trouble in Poland some months ago, some industrial trouble, and the rest. Perhaps, it was due to over-emphasis on industrialisation at the expense of other factors. Whatever that be, it was not for me to judge things there.. But there was this imbalance there, as there has been in some other places. So, the whole process has to be adjusted in a balanced way. But it was an extraordinary thing for this very eminent economist of Poland—who had been here too, and who in fact helped us to some extent in discussing our planning programmes—advising his people and his Government to learn something from Indian planning although one would have thought that they are far more advanced, but in their enthusiasm, they had gone further ahead in one direction and therefore upset the balance. They will recover the balance no doubt. Now, the whole question of planning, apart from priorities, becomes an idea of the objectives to be aimed at, the distant objectives and the near objectives. It involves having some kind of picture in perspective, not of what we are going to do in five years but of what we are going to do in the next ten, fifteen or twenty years, and then gradually working towards that. Of course, the picture might change from time to time. In doing so, you have to see that your Five Year Plans do not come in the way of that longer perspective and adjust them from time to time. What is the essence of planning? Of course, we want to have higher standards of living. That is our objective. It becomes a question of balancing the heavy industries with light industries, of capital goods with the consumer goods. All these balancing factors are vital to ; people's needs and people's growth. You have sometimes to deal with things in a somewhat restrictive way in order to allow for growth tomorrow, to have a surplus. You have to balance all these things. If you deal with consumer goods, you may supply the needs of the public today but it is obvious that you do not advance at all, because you are not dealing with the capital goods, with the industries which are going to produce those goods tomorrow. We have to balance these various factors, heavy industries, cottage industries, agriculture, etc. in our plan. That planning has to be continuously adjusted; it is not a permanent plan. It will have to be looked into and adjusted this way or that way. For the first time in this Plan we have laid great stress, as the House knows, on certain basic industries being set up in India, steel plants, etc.—machinery for making machinery. Without that, of course, we can have no industrialisation at all. We cannot industrialise by buying machines from outside. In the course of this Plan we hope to set up machinery for making machinery so that in the subsequent Plan, the Third Plan, we should be able to make, let us say, about 70 per cent, of our steel plants in the country; I hope even more but I cannot say, at least about 65 or 70 per cent. Of course we will be making other machines. I am talking of steel plants because it is a big type of machine. Small type of machines we are making. That is a very costly thing and a very difficult thing. Costly, of course, but the greater difficulty is having the men to work these. We must always remember when we talk so much about resources in regard to money, that the resources in regard to trained manpower are far more important and far more difficult. Somebody said the other day that you can put up a steel plant in a certain period of time. It requires double that to produce the metallurgists to run the steel plants. You can set up an atomic reactor in a certain period of time. It requires five times that period of time to produce the atomic engineer who can run that plant. So, the question of training people in this work is of far greater importance. Otherwise you simply cannot do it. You have to import people from other countries and that is not the way to industrialise this country.

That leads to the question of manpower. More and more we are getting tied up with this question of manpower, *i.e.* trained manpower. All kinds of Committees have been recently formed to consider this. The Ministry of Natural Resources has put up a special Committee. I think the Cabinet Secretariat is putting up some organisation. The Planning Commission is setting up a special Division. We knew about it, but this whole question has come with rather tremendous force and suddenly, that if we do not get moving now, we shall not only not implement the Second Plan but we shall not be ready for the Third Plan even, because it takes time to train people. This is a

problem of utilisation of man-power. As a matter of fact, my colleague, the Minister for Planning and Irrigation and Power, who deals chiefly with engineers etc., has been thinking about his man-power needs. His Committee has made certain recommendations. His Committee or somebody else's Committee have calculated that we will require 4,000 engineers per annum—3,500 or 4,000—and about 5,000 to 6,000 engineering diploma holders, 18 additional engineering colleges and 62 engineering schools, and so on and so forth. They have made all those calculations. We are again thinking that they are totally inadequate. It is extraordinary. If we compare it with what is happening in some other countries, it is really about a quarter of what other countries like India are doing. The question of resources turns more and more on the question of trained material that you produce and not so much on money, although money does certainly play an important part.

I now come to the question of food production. There has been some argument about it, and I think Dr. Kunzru referred to the matter and criticised my remark that food production should increase even though more money will not be given to it. I want to make it clear that more money will not be given to it. When I say that, I do not mean minor adjustments and all that. What I mean is that, when the Food Ministers from the States sit down and calmly say, 'we want Rs. 110 crores more', with all respect to them, I say, well, they are not functioning on the practical plane at all. It is some kind of idealistic plane that they are talking about as if there is an inexhaustible supply of hundreds of crores of rupees to be doled out. It is my firm conviction that we can make very considerable progress on the food front without additional expenditure of money but with an expenditure of a little more brain power and muscle power, and it is this static habit of thinking that everything will flow down from the Central funds that has come in the way of our making much more progress on the food front than we do. I want to sneak in terms of great respect of our State Governments, because the burden falls upon them, but I shall have to say this that in most State Governments, the poor department or portfolio of agriculture is considered the least important. Many other portfolios are considered much more important and motivated. I think I would submit fo

them that they should begin to think that agriculture is of importance and of very vital importance. When I talk about the importance of our industrialisation, of higher techniques, of heavy industries etc. in India, to be put up—and I attach great importance to them—I don't want the House to forget that our basic prosperity depends upon agriculture. I would go a step further, that our industrialisation depends upon the prosperity of our agriculture. If our agriculture is not in a flourishing condition, if our agricultural production is not geared up, we just have not got the resources to go ahead fast, quite apart from the other factors, quite apart from the food for the people, quite apart from the fact that we must not import food and spend foreign exchange, that of course is saved, but even apart from this, we want additional production in agriculture to have the surplus and the resources to go ahead with industrialisation. Therefore, from every point of view it is of the highest importance that agricultural production should go up. When my colleague, the Finance Minister, talked about resources or other Members talked about them, the biggest resource is from agriculture. If the average yield per acre in India goes up, let us say by about 30 to 35 per cent well, that means a vast additional sum of money for the country. Apart from the higher standards, it means greater resources for our industrialisation programmes so that this, from any point of view, whether it is from the agricultural or from the industrial, the additional yield from agriculture is of the highest importance. How are we to achieve this? First of all let us remember\* that our average yield in India is almost the lowest in the world. Why is that so? I refuse to believe that the Indian cultivator does not know his job. May be, that he may be using a bad plough, may be he is using bad seeds. I refuse to believe that the land of India is bad. It is not. Why is it that we have come to this static condition of terribly low yields when every country, almost, if I may say so, from China to Peru or Timbuc-too or whatever you like, yields more? look at the picture in India a little more carefully. We have very high yields in places, as high as anywhere in the world. It is not that high yields cannot be obtained here. The highest yield in China is comparable to our high yields here. They are not higher but the difference comes in that their lowest yield is much higher than our

[Shri Jawaharlal Nehru.] low yields. The gap between their high yields and low yields per acre is not so great as in India. Therefore because we can produce the high yields here, there is no reason why we should not increase the area of higher yield. I don't say the area should jump up to 200 per cent, or 100 per cent. Even in India you can have very high yields in selected plots but there is no reason why the average yield of India should not go up by 30 or 35 per cent., in five years' time. China is aiming at, I think, 8 per cent, per year increase of yield on an average. It means about 40 per cent, in five years. Now we should think much more in terms of intensive cultivation not so much of fresh land etc. If we get fresh lands, well and good, but I would rather want the country's mind to turn to intensive cultivation because every little increase in the yield by intensive cultivation can be multiplied by millions and millions of acres immediately rather than your getting, let us say, 100,000 or 500,000 acres of fresh land. That is not so important to my mind. It is a very expensive process of heavy tractors and this and that. If that can be done, it can be done but I think we should have concentrated much more in the past on this intensive cultivation rather than in reducing the jungle to cultivable lands. Now we have instances, we know, it is no pure theory that where we have proceeded with intensive cultivation, you have got good results, certainly with the use of fertilizers. The use of fertilizer is good but dangerous. Too much reliance on the chemical fertiliser is not only bad but I am quite sure dangerous for the\* land as well as for the cultivator. It is an easy way of trying to get more out of the land for a year or two or three or four years. Therefore they must think more of green manures and other types of natural manures which unfortunately we waste today. A tremendous advantage that China has got over us in this matter is that they don't go and waste an ounce of anything including human excreta or anything. There everything is used for this purpose. Unfortunately our social customs come in the way; not only about that, but with regard to all kinds of animals roaming about and eating up the crops and legislations are passed to encourage this business of more and more animals becoming wilder and wilder and eating up our crops.. If we cared a little more in India for the human being, perhaps it

would be good both for human beings and the animals. As it is, if you go on caring too much for certain species, of animals and less for the human beings, both will suffer.

So in our Community Projects and N. E. S. schemes, naturally we have been dealing with agriculture—not that Dr. Kunzru made a point of this but I want him to appreciate that the great emphasis in these projects has been and I think rightly has been, thus far on general development programmes, on enthusing the people, on making them feel that they have got to do these things themselves, and all kinds of things—building a road, building a school, a little hospital and so many things and also of course, dealing with agriculture. That is, energy is being spread out over these aspects of rural problems. There is no doubt that that has yielded good results. It has enthused them. I don't mean to say that in all the vast number of projects that we have got—how many projects that we have got now, the latest figure is, there are 1,160 blocks of Community projects and N. E. S. all over India and in the course of the next month or 3 or 4 weeks, we shall have 311 more blocks,—all this will cover a population of 110 million in the villages, that is about a third of the population of India—I don't mean to say that all this area is developed in the same way. But it is true that the standards of development are relatively high—in some places it is very high—and that we have built up a magnificent organisation which can take the message, any message that you give right down to the cultivator in these areas and these areas will increase, of course and by the end of the Second Five Year Plan we hope to cover the whole of rural India. You have got this. Now we propose to divert the attention of these Community Projects and N. E. S. Blocks more to this intensive agriculture. But I wanted to make it quite clear that I attach the greatest importance to their continuing their other developmental activities. I do not want to make them feel that they are merely meant for the agriculture and not for other activities." But about 75 to 80 per cent, of their attention and energy should go towards intensive agriculture. If that is done, I have not a shadow of doubt that the yield per acre in all those areas will increase very greatly. Even without this being done, the yield per acre is 25 per cent, in the Community Projects in the last period. If it is 25



per cent, then I see no reason why it should not go up by at least 10 per cent, and become 35 per cent, or even more and in some areas 40 per cent. but one thing is essential and that is the closest co-ordination between the workers in the Agricultural Ministries and the N. E. S. and Community Projects. Obviously, that is essential and I have a feeling that there has not been that close co-operation in the States. There has been some fine co-operation. After all, it is the State's responsibility. The States have to run the Community Project schemes. Usually the Chief Minister himself takes interest in it. The Development Officer is the seniormost officer probably in the State. I am not complaining about it but I still think that the Agriculture Minister of the State has not taken that interest in the agricultural aspect of the programme there as he might have done. Now, it is necessary that this should be done and he should take that interest and the activity should be coordinated. Of course it should be coordinated at the top here. Of course, they have been co-ordinating, but we have to co-ordinate them still further with the work of our community projects and national extension schemes and in the Food and Agricultural Ministries so that they may function together.

Another aspect of this—and an essential aspect—is the development of cooperatives, agrarian co-operatives. You can only carry on with your peasant farmers, I think, in the future, if you have co-operatives. I have no doubt in my mind that if you cannot develop co-operatives our peasant farmers will go to pieces.. They will not yield the results that they have got to yield for the prosperity of the agriculturists or the good of the State. I say this with emphasis because I have heard it said that co-operatives or agrarian co-operatives do not suit the temperament of the Indian farmer. I do not understand this argument at all. Probably it does not suit the temperament of the person who puts forward this argument, and that is why he has said so. I cannot understand it. You may as well say that planning or industrial development does not suit the temperament of the Indian farmer and therefore we shall not have any advance. Or we shall not have any railway trains because they do not suit the temperament of the peasant. You don't say so and he does go in railway trains instead of in bullock carts if he can get a train. 2—29R.S./56

So we have got to increase our agricultural production, thereby increasing our resources for the Plan, apart from the other things. We have got to do it through the States Agricultural Departments being considered one of the most important and vital of the State Departments. We have got to do it in close association with the other Departments and with the Community Projects and the National Extension Service schemes. And of course, the Food and Agricultural Ministry at the top here is generally directing these operations. I would not give any figure for this increase, I do not know whether I should put it at 30 per cent or 40 per cent, but I think 30 per cent should be the minimum figure for our achievement; it should be more, if possible. And I do not think this requires any large additional sums of money. If we are making progress in that direction, I am sure some sums of money can be found, for when one sees good resulting and the thing actually yielding profit, then money will not probably be lacking.

Well, I do not propose to take up the time of the House any more. I should like to express my appreciation, as my colleague the Minister for Finance has done, about the recent agreement with the United States of America and what is called Public Law 480, in regard to agricultural commodities that we shall get from them on terms of payment in rupees and long-credit etc. which are very helpful, from the point of view of foreign exchange. And as the Finance Minister has said, there are many things that we are getting in the shape of machinery from the Soviet Union or some other countries round about, for which we are arranging to pay in rupees, which is a great advantage.

So we have tremendous difficulties to face in regard to resources, if you like, and even more so in regard to trained manpower. But oddly enough, the more progress we make, the more problems and more difficulties we have to face. In fact the measure of your progress is the measure of the difficulties that you have to face. And all I can say is that I do not feel nervous at all about the future of the Second Five Year Plan. Essentially I say so. You may say and you can argue about it, because it is possible to argue either way about the future. Nobody can be certain about what will happen. We made this Plan. We made this Plan

[Shri Jawaharlal Nehru.] with as much thought as we could give it, with as much consultations as we possibly could have. There were months and years of consultations, consultations with all kinds of groups, and panels, with individuals, and economists, engineers, educationists and planners in India and with many from foreign countries, Communists, non-Communists, anti-Communists, and all kinds of people. We are completely openminded in this respect. And having consulted all these people, we came to the conclusion and oddly enough many of those who came from abroad also came to the conclusion that—it was perhaps best to chalk out our own path and not to copy others. That is patent, because that is the scientific approach. In science you ideal with the situation that you find, you don't deal with somebody else's situation. It is an unscientific way. It cannot at all be called the scientific approach. So oddly enough, these experts and others who came from abroad, came to the conclusion that while we can, of course, learn from other people's experience, our problems are our own and we shall have to find our own solutions for them. So we put forward this Report. Having finished that, the moment we signed that Report, immediately fresh vistas and fresh difficulties opened out for us. And we are beginning to think more, as I said, of the fifteen years' perspective planning, because, after all, what is going to be the next step unless we are prepared for that next step? And that leads to all kinds of statistical approaches to this problem. Not that statistics is an infallible test, but after all that helps us and we are proceeding on those lines of perspective planning, man-power planning and all that. But inevitably there are so many uncertain factors in all this and nobody can be dead sure. But in the final analysis even a plan, and any major effort that one puts forth, is an act of faith and an act of faith fundamentally in the capacity of the Indian people. f A ll I can say is that I have that faith in the capacity of our • people, and it is in that faith that we | should go ahead with it. And may I say that I do not dislike criticism? Far from deprecating criticism, we invited it. But there is such a thing as an attempt to create an atmosphere to deprecate that faith, to make the people doubt their own capacity, other people's capacity to make an effort, rather to sneer at other people who are working, and that is not a good thing I am

not accusing anybody here. I am nobody here to do that. But I say some people take up that attitude. One of the major differences in the atmosphere that you might find in China and in India is this.

If you go to China, everybody will tell you, and rightly that the country is full of enthusiasm. It is so and one is impressed by that enthusiasm and the co-operative effort that is being put in but it is also so that no voice is or can be raised even in criticism of what is being done. Now, we do not want to suppress any voices because our system and outlook is different. It is so, nevertheless, there can be no doubt that creating enthusiasm in a country is tremendously helpful in a task of this kind and every person who comes in the way of that enthusiasm, who creates an atmosphere of discouragement, despair, doubt, really is striking a blow at the accomplishment of that task. Therefore, I would like to appeal to this House and to others to accept this; criticise it, do everything in a hundred ways but accept this major effort as an act of faith and let us all live up to it in that faith.

MR. CHAIRMAN: The question is:

"That for the original Resolution, the following be substituted, name-ly:-

Having considered the principles, objectives and programme of development contained in the Second Five Year Plan, this House is of opinion that definite and concrete steps be taken to accelerate the process of diminishing regional disparity; and towards that end new industries be set up in under-developed States, with a view to change the occupational structure by drawing away excess of work force on land to industries".

The motion was -negatived.

MR. CHAIRMAN: The question is:

"This House records its general approval of the principles-, objectives and programme of development contained in the Second Five Year Plan as prepared by the Planning Commission."

MR. CHAIRMAN: The Ayes have it; there are no Noes.

The motion was adopted.

**PAPER LAID ON THE TABLE****TWENTIETH REPORT OF THE PUBLIC  
ACCOUNTS COMMITTEE**

**SHRI R. M. DESHMUKH** (Madhya Pradesh): Sir, I beg to lay on the Table a copy of the Twentieth Report of the Public Accounts Committee (1955-56) on the Delhi Road Transport Authority {Bus Section}.

IMR. DEPUTY CHAIRMAN in the Chair.]

**RESOLUTION RE. CONTINUANCE OF  
PRESIDENT'S PROCLAMATION IN  
RELATION TO TRA-VANCORE-COCHIN  
STATE—**

*continued.*

THE MINISTER IN THE MINISTRY OF HOME AFFAIRS (SHRI B. N. DATAR) : Sir, on the 4th September 1956, I moved the following Resolution:

"That this House approves the continuance in force of the Proclamation issued by the President on the 23rd March, 1956, under article 356 of the Constitution, in relation to the State of Travancore-Cochin and approved by resolutions passed by the Lok Sabha and the Rajya Sabha on the 29th March, 1956 and the 24th April, 1956, respectively."

As you are aware, Sir, under the Constitution, from the last date on which the Resolution was passed by either Houses of Parliament—in this particular case by the Rajya Sabha on the 24th April 1956—the Proclamation or the administration taken over by the President would continue to remain in force until the 24th October, 1956. Now, this Resolution has been brought forward for purposes of continuing the administration by the President of the rule in Travancore-Cochin for a further period. In effect, according to law, the further period would be six months but, Sir, in view of the reorganisation of States and the emergence of the Kerala State from the 1st November 1956, it is a matter for consideration as to whether a new Resolution or a new Proclamation will be necessary and the tentative advice that we have received is to the effect that when a new State comes into existence from the 1st November 1956, there will have to be a new Proclamation issued by the President. If a new Proclamation is to be

issued, then naturally, the effect of the present Resolution would be to make the President's Rule valid for a further period of one week only.. Whatever it is, Sir, under the Constitution it is necessary that every time, after six months, the Proclamation is to be further extended, an opportunity should be given to the hon. Members of the two Houses so that they can know how the administration is being carried on and how it has been carried on during the last six months. This would enable them to consider the question as to whether it would be advisable or necessary to extend the period of the Proclamation by a further period of six months. It is for this reason, Sir, that a provision has been made in the Constitution in consonance with which this Resolution has been placed before the House. In order to enable the hon. Members to understand how the President's Rule has been carried on, a pamphlet has been published which gives the information relating to the last six months. Now, Sir, when the President took over the administration, naturally there were certain problems of a peculiar nature. I am not dealing here with the political problems but only with the administrative problems as they existed there. After the Adviser took over charge, naturally he had to devise certain measures for purposes of bringing the administration to a very high level of efficiency. That is the reason why the Adviser issued a statement immediately after he arrived in Trivandrum on the 26th March 1956. I would read the very short but important statement that he made because that would indicate to this House the lines on which under the guidance of the President, the Adviser has carried on the administration during the last six months. This is what it says:

"The President's rule, which is necessarily of a temporary character, will give the people a short respite from politics and will provide an administration, impartial, absolutely above party, above caste and above creed, and I hope efficient. It will be my special endeavour to implement the schemes included in the Second Five Year Plan and to create employment for some at least of our educated unemployed."

He has made a further appeal for co-operation so far as the public is concerned and for harder work so far as

[Shri B. N. Datar.]

the officers are concerned and thus, Sir, he has taken under scrutiny all the acts that have been done by the various departments under the overall supervision and has pointed out how, to a large extent, the administration has become fairly efficient and how he has given his attention to various problems.

Now, the first and naturally the most important problem that has to be taken into account is to what extent the first Five Year Plan has been implemented and to what extent the Second Five Year Plan has to be placed on a sound footing. Naturally, therefore, these are the two circumstances which we have to take into account because ultimately, all the acts or omissions, if any, will be judged by this particular target, namely, to what extent the President's Rule has succeeded in implementing the Plan. After all, you will find, Sir,—as the Adviser has rightly pointed out—that the President's Rule has had to come into existence under exceptional circumstances. Now, even if there are certain exceptional circumstances, it is absolutely essential that the continuity of the progress of the nation has to be maintained and, therefore, it is not merely an administration in the routine sense of the expression but we have to carry on the various welfare schemes as they have been envisaged in the first Five Year Plan to the extent that they remain unfinished and in the Second Five Year Plan so far as they are highly material.

Therefore, Sir, I would invite the attention of the hon. Members to what has been done in this respect so far as the First Five Year Plan and the Second Five Year Plan are concerned.

1 P.M.

MR. DEPUTY CHAIRMAN: You may continue after lunch. The House stands adjourned till 2-30.

The House then adjourned for lunch at one of the clock.

The House reassembled after lunch at half past two of the clock, MR. DEPUTY CHAIRMAN in the Chair.

SHRI B. N. DATAR: Mr. Deputy Chairman, I was dealing with the pamphlet issued by the Adviser regarding the various schemes that he has undertaken and the manner in which the administration is carried on. I would

not like to take a very long time for going over this, but I would briefly point out that we have been trying our best to do things which are absolutely essential so far as the various schemes undertaken by the former popular Government were concerned, and that is what I was pointing out, that the First Five Year Plan has been completed and the Second Five Year Plan is naturally being implemented. So far as the First Five Year Plan is concerned, that was naturally mostly under the popular Governments and therein Rs. 30 crores had been placed, had been put as the total outlay for the programme under the First Five Year Plan and I am happy to note here that Rs. 25-87 crores have been actually spent. That means, the target has been almost nearly reached.

Then so far as the Second Five Year Plan is concerned, Sir, now the figure put down, the total outlay, would be Rs. 75.63 crores minus a small margin of cut, which the Planning Commission had recommended in all cases, so that the Travancore-Cochin Government would have to spend under the Second Five Year Plan Rs. 71.20 crores now. Naturally after the reorganisation something more will have to be done also. So I would submit that so far as the implementation of the First Five Year Plan is concerned, that was completed more or less in a satisfactory manner by the popular Government and the President's regime had to carry on things in such a manner that, when the popular Government comes into office again, then they would have the advantage of the commencement of the Second Five Year Plan so far as the schemes thereunder are concerned. That is the objective, Sir, which the administration has kept in view, and therefore I am happy that things are being done. Whatever is necessary is being done and the popular Government that will be coming into office next year would have the advantage of things more or less fairly facilitated in respect of these.

Then certain other things also have been attended to, which I shall briefly pass over.. Now some attempts have been made to decentralise the administration from secretariat level to district level. That was also essential. Naturally, as you are aware, Sir, there was a time when there was considerable centralisation. Now, under the Second Five Year Plan in particular, we are anxious to have things taken down to the district

level so that people would come directly into touch with what is necessary for their interests, and their interests would be properly taken into account and generally their desires would be reflected especially when the schemes are worked out at the district level. That was the reason, Sir, why the Adviser has taken up this question of decentralisation specially for the purpose of a proper implementation of the Second Five Year Plan schemes.

Then there has been a fairly satisfactory improvement so far as the collection of revenue is concerned and then, naturally, office buildings had to be constructed here and there, that too for the purpose of a more speedy administration and not for any other purpose at all. Some objection was raised that these buildings ought not to be constructed at this stage. But, after all, we have to take into account that it is not merely an ordinary administration that now we have to carry on, we must have an administration which is to be completely geared up for the purpose of the establishment of a welfare State, and therein also it will be found that, so far as these buildings are concerned, naturally you have to take a long range programme. You must have offices at various centres, and I would point out to this House, Sir, that the Travancore-Cochin Government has been paying rents to the private owners or lessors to the extent of about Rs. 3 lakhs a year and therefore, Sir, some measure of building programme had to be undertaken and this consists of two particular divisions. One is the construction of buildings at three headquarters and the second and more important, Sir, is the construction of police quarters. Here I would point out that mainly the task has been not for the purpose of constructing big buildings or very palatial houses, as it was stated by some hon. Member of the Opposition there in the Lok Sabha. These are the constructions meant, as I have stated, for the purpose of the lower class of officers, sub-inspectors and a very few inspectors, but mostly they are for the constabulary. That is what one has to understand, and I would point out that so far as this aspect of the construction work is concerned, it is done not merely for the purpose of providing residential quarters, but if you give proper residential quarters, Sir, it has a certain bearing on the law and order situation also, because sometimes these officers are required, these constables

and others are required to be present at very short notice, and therefore it is always better, it is more advisable to have proper buildings constructed, not for big officers, the Deputy Superintendents or the Superintendents of Police, but for those officers and Government servants at the lower levels. That should be kindly understood, Sir, and I would also point out that all the Governments including the Central Government are interested in having proper housing facilities afforded to these lower classes of officials in all the States and therefore there has been a programme under which the Central Government are giving grants by way of loans to the various State Governments and naturally this Travancore-Cochin Government also have undertaken a scheme for the purpose of providing for housing accommodation so far as the lower class of officials, the constables and head constables, are concerned.

Then, Sir, my colleague the Minister for Heavy Industries, Shri M. M. Shah, visited Travancore-Cochin only a few days ago, and the industrial possibilities of the State are being examined and the preliminaries also have been undertaken.

Then, Sir, the question of unemployment is naturally a very big question and its solution naturally must extend over a number of years but still, to the extent that it is possible, this question also has been undertaken, and one of the items to which attention has been paid is the proposal to train about 3,000 matriculates for absorption in production centres.

Then so far as the question of legislation is concerned now, before the President promulgates any ordinance, we have a parliamentary consultative committee. That committee met only a few weeks ago and we have accepted the proposals as suggested by the consultative committee. They would become law very soon as the President's Act, and another meeting of the consultative committee will also be held very shortly for the purpose of considering other legislative measures, specially on the lines on which they were taken into account by the State Legislature before its dissolution. Then, Sir, about foodgrains also we are trying our best to see that prices do not increase very much, but even where they do, we are trying our best to see that the articles are sold, foodgrains

[Shri B. N. Datar.]

especially, are sold at very cheap and modest rates, and for that purpose 155 wholesale shops have been opened and 2,113 retail shops have been opened. Then I pointed out that we have housing schemes in respect of the poor, and certain colonising schemes also have been undertaken.

50 houses under the subsidised industrial housing scheme and 35 applications out of 320 have already been sanctioned and more would be sanctioned for the low income group. 130 houses under the settlement schemes have been completed, and 388 landless agricultural families are going to be settled near the Alleppey-Changanacherry Canal. 120 families will be settled in Devikulam and Peermedu taluks on an area of 6,000 acres. 831 have already been settled in further implementation of the programme under the First Five Year Plan.

I may also point out that there was a desire expressed that there ought to be some outlet so far as Travancore-Cochin agriculturists are concerned. Now at Bhopal we have got a colony. Certain complaints were made by my hon. friends on this side as also on the other side. We are looking into the complaints and the Chief Minister of Bhopal has assured us that all complaints or grievances would be duly met. Especially some complaint was made so far as drinking water facilities were concerned. That complaint has been fully satisfied.

Then, certain other proposals are under consideration.. In respect of one of them I answered a question in the other House just today, namely, that there ought to be some outlet for the landless agriculturists in Travancore-Cochin. The Second Five Year Plan has considered this question of settling certain families from one State in other States.

Travancore-Cochin Government was anxious that there ought to be some such outlet so far as the Travancore-Cochin agriculturists were concerned, and a proposal is now under consideration under which 1,000 landless families have to be settled elsewhere in India, and the Travancore-Cochin Government have suggested that they might be settled either in Mysore which is a neighbouring State or in Assam where we are told that the conditions

are more or less of the same nature as in Travancore-Cochin. This scheme is likely to cost about Rs. 39 lakhs and we are in correspondence with the State Governments and we might in the course of some weeks give further shape to this proposal. Any way, I would inform the hon. House that Government are trying to solve all the problems in as best a manner as possible so that when the popular Government comes into office, they will naturally have the advantage of the work being carried on in a proper manner and further they will take the work of further development of the State in their own hands. So far as this State is concerned, though it is a small State, it is an extremely beautiful State, it is rather the best part of India, and I would assure the House that we are anxious to make it also a very good State industrially. That is the point which naturally we have to take into account because we are proud of the high rate of literacy in Travancore-Cochin, it is almost the highest in the whole of India except perhaps our Delhi State. In Delhi State also the percentage of literacy is fairly high.

These are the circumstances that I have placed before this House, and I am confident that you would agree that this extension is absolutely essential. Ordinarily extensions of the President's rule may not necessarily be considered as the best. But on account of certain circumstances which I need not reiterate here—the House had had a number of opportunities for considering this question—all that is now to be taken into account is that the period has to be extended because the period will expire on the 24th October 1956. So far as the general elections are concerned, all the State Governments including the Government of Travancore-Cochin are taking all proper steps to see to it that the elections are duly held, and I am confident that when the general elections are held in the new State of Kerala there will be a party with full strength and that we shall have a long regime of a popular Government in the new Kerala State. Let us wish well of the new State because it has got the potentialities as also the capacity for making it a highly successful one from all points of view.

MR. DEPUTY CHAIRMAN : Resolution moved:

"That this House approves the continuance in force of the Proclamation issued by the President on the 23rd March, 1956, under article 356 of the Constitution, in relation to the State of Travancore-Cochin and approved by resolutions passed by the Lok Sabha and the Rajya Sabha on the 29th March, 1956 and the 24th April 1956, respectively."

SHRI PERATH NARAYANAN NAIR (Madras): Mr. Deputy Chairman, I rise to most strongly oppose this Resolution..

SHRI AKBAR ALI KHAN (Hyderabad) : Oppose or support ?

SHRI PERATH NARAYANAN NAIR: You are going to be mistaken in other respects also. The hon. Minister has referred to certain administrative problems. No doubt administrative problems are of importance to us and I have something to say on those things. But this problem of the extension of the President's rule in Travancore-Cochin is essentially a political problem, and if you discuss this question purely from its administrative aspect divorced from its political context, it will not be realistic. So I think before dealing with the administrative problems in which I am very much interested I must also refer to the political aspect. The hon. Minister, when he replied to the debate on this motion in the Lok Sabha the other day, admitted that good government is no substitute for self-government. It is good that he admitted that. It put some hope in me also, for it was a maxim which the National Movement in this country taught me in the most impressionable period of my youth. Ever since those early years, since 1926, when Pandit Motilal Nehru was the Leader of the Opposition at the Centre in what was known then as the Legislative Assembly and later on, when Shri Bhulabhai Desai was the Leader of the Opposition and for long years our own Home Minister was the Deputy Leader of the Opposition, the inside of this Parliament building used to reverberate with that dictum, with that maxim, that good government is no substitute for self-government, and I think the words of Mahatma Gandhi must be ringing in the ears at least of my friends opposite. Mahatma Gandhi never conceded that British rule was good. He had occasion to call it satanic. Granting that Mahatma

Gandhi called it good, he told the British people and the British Government at the Round Table Conference that even if it be good rule, the people of India would not be satisfied with good rule. They wanted self-rule. Self-rule meant the right to commit mistakes, and in the name of the people of India Mahatma Gandhi told the British people that India wanted the right to commit mistakes. That is our national tradition, Mr. Deputy Chairman, but now the times have changed. Our Home Minister who was such a valiant champion of self-rule and self-government in those days has sought to modify that dictum in his own way. He said in his reply the other day that an occasional dose of good administration may not be to the detriment of the people. He even went to the extent of saying that an occasional dose of good government was good in that that good rule prepared the people to self-rule. Now, the particular dose of administration which has been administered to us in Travancore-Cochin today, whether it is good or not, I will go into that presently. But when the Home Minister and the Government of India think of applying a certain dose, they must be sure of the diagnosis. They must be sure that they are applying the dose to the correct patient.

Now, I am not going into this in any partisan spirit, but let us have an objective and realistic view of the situation in Travancore-Cochin. The hon. the Home Minister said that the disease of political instability had been there in Travancore-Cochin for a long period. Yes; there has been political instability there, but who is to blame for that? What were the factors which contributed to that? Are the people to blame? I will not take much time of the House but I will just mention a few details.

The Home Minister referred to this long period of years; at least from 1948 onwards, this political instability has been there as a disease in Travancore-Cochin. But then, in 1948, just after the transfer of power, when Travancore and Cochin were separate, before the merger, we had elections and the people elected the Congress Government, almost cent per cent. They were in absolute majority. There was only one single Communist; of course there were a few independents but they had absolute majority in both Councils. Still they had no stability; why? Inside the Congress Party they began to plot

[Shri Perath Narayanan Nair.] against each other; there were intrigues and internecine disputes. They never quarrelled over major policies; they never quarrelled over what particular land legislation they wanted to have or over what particular industries they wanted to set up in that State. No; they quarrelled over smaller things, as to which man should be given which post or as to what contractor must be given what amount and so on. They quarrelled over these little crumbs and fought among themselves like cats, if I may say so. Now, it is not the fault of the people. The people returned them in absolute majority. And within ten months, Pattom Thanu Pillai who was then a Congressman and Chief Minister was pulled out of office. You cannot blame the people for that; you have got to look into the conditions prevailing inside your own party. After another ten months, a new Chief Minister, again a Congress Chief Minister—this time it was Mr. T. K. Narayana Pillai—was pulled out and the same thing got repeated. It was not a question of the Communists or the P. S. P. creating any trouble for the Congress Government.. The trouble was within; they could not agree among themselves. There was again, intrigue and plotting and they were pulling in different directions, and after another eighteen months, Mr. Narayana Pillai was pulled out. Meanwhile this merger came and the Cochin representatives also came in and then under that veteran Congress leader, Mr. Kesavan, a third Congress Ministry was formed but it also could not endure. You must see what is happening inside your own party before penalising the people for the sins of your party. The third Ministry under Mr. Kesavan also fell as a result of plotting and intrigues. Then we had elections in 1952 and again the Communists were not even in considerable numbers. There was the Congress and also the T. T. N. C. people who owed allegiance to the Congress and who accepted the same broad principles. But then they could not agree and Mr. John came into power and then came Panampalli Govinda Menon who became Chief Minister. Sir, it is a long story. But the fact is, several Congress Ministries were pulled out of office not by the Communists or anybody, not because the people refused to give them absolute majority—even in the 1954 elections, if the Congress had accepted the T. T. N. C., they would have been in a majority—but because

of their own internal weaknesses. Sir, the Home Minister referred to political instability. It was there no doubt, but the people are not to be blamed for that. Instead of penalising the people, instead of scrapping the Constitution, instead of denying to the 15 million people in Kerala the right of self-rule, he ought to have looked into the affairs of his own party, what bungling and what inefficiency there had been. He could have sent somebody from the High Command to set matters right there. Sir, I am glad that the Congress leaders are here and I would be obliged if these facts are admitted on the floor of this House. Instead of taking action against the members of your party, instead of dissolving that party, instead of sending somebody from the High Command to set matters right there inside your own party, you take recourse to an easy method and you scrap the Constitution.

SHRI K. S. HEGDE (Madras): What became of the United Front ? At the time of elections you had a United Front.

SHRI PERATH NARAYANAN NAIR: People never gave us a majority; they gave you a majority; they gave **the** Congress people a majority.

SHRI K. S. HEGDE: So your complaint is against your people?

SHRI PERATH NARAYANAN NAIR : But can you deny that only because of your internecine disputes and quarrels you have brought about this state of affairs? Sir, I am not happy over these things. I am only saying that if the High Command and the Government of India had taken an objective view of the situation they could have avoided taking recourse to this step. After all, the principles of democracy are involved and there is need for creating healthy precedents. They could have acted differently. Now, the Home Minister referred to the conditions there and said that he was not happy over them. He said he was helpless to improve matters; under no law in the Constitution could he make a change in the present system. If only the Constitution had not been suspended, some thought could have been bestowed upon creating a new sort of an Assembly. It is a fact that the Constitution has been dissolved there but who dissolved it ?  
(Interruptions.)



SHRI KISHEN CHAND (Hyderabad): It is the Assembly that has been dissolved'.

SHRI PERATH NARAYANAN NAIR: Article 356 is there; it is a pretty long article and there is provision for taking over all the powers of the State. Of course, the particular word 'dissolve' is not there.

Now, why did the Home Ministry do it? It could not have been due to thoughtlessness or oversight. We can not charge such an efficient Ministry functioning here at the Centre with thoughtlessness or oversight.. Sir, a large section of the population in Kerala feel that that was done out of deliberate design because they know that this was promulgated on March 25th or so. At that time the draft of the States Reorganisation Bill was already before the people and they knew that there was this likelihood of these two portions joining together and forming a new State and they knew also that in that new set-up conditions would change. At any rate the possibility of a stable government was worth exploring. That was there, but why did not the Government of India do it? Having deliberately dissolved the Assembly, just to come here and to say that if only it had not been suspended .....

SHRI A. DHARAM DAS (Uttar Pradesh): What do you mean by 'deliberately'? Every action is taken deliberately depending on the circumstances.

SHRI PERATH NARAYANAN NAIR: I mean with political motive; nothing more.

SHRI A. DHARAM DAS: Was it against the Constitution?

SHRI PERATH NARAYANAN NAIR: They took a certain action, certain political action, under a particular article of the Constitution.

Now, Sir, under that article other methods were also possible. But you chose this particular thing. Therefore, I say that there was some motive which was a political motive in doing so.

SHRI A. DHARAM DAS: You think that only your opinion is correct and all other opinions are simply motives.

SHRI PERATH NARAYANAN NAIR: Sir, in this House of democracy we are entitled to hold our opinion, although I know that our opinions for the time being, will not prevail because of the majority here. Sir, I never went out of my way to cast any aspersions on anybody. My whole point is that if only they had visualised the coming into existence of this new State, then naturally they would have adopted a different course, which would have resulted in a happier solution under the present circumstances. That is my whole point.

SHRI K. S.. HEGDE: On a point of information, Sir. Is it not a fact that both the Parties, the R. S. P. as well as the K. S. P., differed from the Communist Party and brought into existence the United Front?

SHRI PERATH NARAYANAN NAIR: Mr. Deputy Chairman, I am concerned with the major ruling party there, I will come to the R. S. P. and the K. S. P. later on. Kindly don't try to derail me from my argument. Of course, you have succeeded to a certain extent..

Sir, I do not accept their legalistic approach to this question. Of course, they have dissolved the Legislature, and it may not, of course, be possible to resuscitate that position. But we are not asking for resuscitation of that position. We are only asking for a new Assembly. Article 3 of the Constitution empowers Parliament to create any new States. That is not disputed. And article 4 empowers Parliament to make laws containing provisions for the amendment of the First and the Fourth Schedules and supplemental, incidental and consequential matters. Parliament has got powers to do all these things. Sir, when I raised this point the other day, I was told "Yes, you want the new Assembly with old Members?". I say 'yes'. What is wrong about it? The old Assembly failed in its collective capacity. No disability or no disqualification attaches to the Members individually. Now my suggestion is, let them function in the new set-up. According to me, Sir, there is no disability which exists there. So, I do not think that it is constitutionally impossible to do so. Let us not discuss these things purely from the legalistic point of view or from the constitutional point of view. After all, we have to

[Shri Perath Narayanan Nair.]

realise that the interests of 15 million people are involved. They are getting the new State and they are getting all sorts of new opportunities, and we can utilise their creative energies to further our social objectives. My point is only this that the hon. Home Minister is looking at the whole question purely from the legalistic point of view. I submit, Sir, that all possible avenues must be explored and the people must be given some opportunity to exercise their best judgment. It is quite likely that they may commit mistakes, but if they commit mistakes, would you scrap your Constitution or your democracy? No. In the initial stages, Sir, you have to take a realistic view of all these things. So, I do not think that constitutionally it is impossible to do so. After all this Parliament is supreme, and it will not be beyond the resources of our Home Minister and our Prime Minister to find a happier solution for the problem confronting the people of Travancore-Cochin, which will be in consonance with the democratic principles which have been accepted. That is my point. I therefore hope that the hon. Minister will try to enlighten the people of Travancore-Cochin on these points.

Now, Sir, I come to the administrative problems, which are undoubtedly very important. We are told that Mr. Rau is an expert and experienced Administrator. We do not deny that. We have no prejudice against him, although I do not know about his reputation and all that. But from what I have heard of him while he was functioning in the Damodar Valley Corporation, the things have not been appealing to me. Anyway, that is all beside the point.

SHRI J. S. BISHT (Uttar Pradesh): He was in PEPSU.

SHRI PERATH NARAYANAN NAIR: Before that he was, I think, in the Damodar Valley Corporation. After all, Sir, he was nurtured in the best traditions of the British days, and all these I. C. S. people are masters in the realm of files and papers. Our experience has been that papers and files begin to move. But are the problems actually solved by that way? Do the people begin to move actually? That is where these veteran Administrators fail. I can quote an instance also. In the realm of building offices and other

things they are no doubt masters. Mr. Rau is now earning the title of being a 'Builder.' We are not against buildings being constructed more and more. But he could have paid a little more heed to establishing certain canons of public finance. And he has not done that at all. He has done some other things even by discarding Parliament. And that is not a healthy precedent. That is my complaint. Sir, I am unable to go into all these details for want of time. Of course, he has done some things there in regard to decentralisation etc. We have no objection to that. But in a publication of this kind he has written something which lowers the morale of the entire people. There are comments with regard to the six Congress Ministries which were functioning during the last seven years there. Sir, in a publication of this kind, he could have avoided saying things which are likely to lower the morale of the people. That is my personal opinion. We are not against something which he has done. We recognise it. But he has failed to find proper solutions for the problems confronting the people there. I would like to illustrate what I have said, although I won't generalise it.

Sir, Mr. Rau did a very good thing immediately he went there, and that was in regard to the plantation labour there. There was some trouble hanging fire for about three years or so. He went there and with the help of some machinery he got that thing settled. People are quite conscious of what he did in the matter, and the labourers actually responded to that. In this brochure all these things have been recognised. Whenever there is a human touch coming from such Administrators, there is always sufficient response from the people there. But, Sir, we cannot understand why he says that there was shouting of slogans etc., when his own experience there is that whenever he took any step of accepting the legitimate demands of the labourers, he found the best of response from them.

3PM HE know that the man hours lost there during the last so many years are negligible. 'Negligible' is the word used by Mr. Rau in this brochure. But he goes on and says that the labour leaders there are quite unreasonable and because of their unreasonableness, investors from outside do not come in. Is it a correct picture to draw? His own experience is there. When he tackled a problem—I know that he and Mr. Subramaniam

had gone to certain factories and sought the conceding of some demands by the proprietors—it was all to the good and there was appreciation. When this has been his experience, he says that it is the labour discontent that stands in the way of capital flowing in. This is not a fair thing to say. My complaint is that you do not understand the aspirations of the people. The hon. the Home Minister said in the other House and the hon. Mr. Datar has said here that he has done pretty well. He has done something, and I am not complaining, but there are the major problems. Everybody in India and in this House knows that unemployment among the educated and among the masses is the most important and pressing problem there, but what is it that he has done? A pilot project for three thousand matriculates. Does it touch even the fringe of the problem? So many Committees have been appointed and they have submitted their reports. So many suggestions have been made. In reply to my question I was told the other day that the recommendations are very good recommendations, that they have been referred to a study group, they will make recommendations and then we will do something. Even the other day the Home Minister was saying that for some clerical posts 46,000 applications were received. That shows the magnitude of the problem there. Can you say that you are solving that problem? Are the people of Travancore-Cochin to be enthused over this? Is the Administrator going about this problem of unemployment very seriously? Do you really expect some of us to give good chits to him for this? No. Then, there is the question of land reform. The Congress Committee, all the M. Ps. and all the M. L. As. were united. The Communists, all the parties, the friends of Mr. Hegde, the R. S. P. and all people are agreed.

SHRI K. S. HEGDE: They are your companions, not my friends.

SHRI PERATH NARAYANAN NAIR: We are all agreed that we want land legislation on the lines, with slight variations of the Bill introduced in the previous Assembly and reported upon by the Select Committee when the Kerala Congress Committee called upon them to do so. What stands in the

way of doing it? Is it for this that the hon. the Home Minister wants us to give a good chit to Mr. Rau? No.

Of course, he has done a good thing for the cashew nuts industry in Cochin involving some 50,000 workers. It is a seasonal thing, but still it is helpful. But having done that, you did not take the next logical step and prevail on the management to make some provision for lay-off. You appoint a Committee to go into the question of standardisation of wages. If only that is done, the problem will be solved. There again, he has failed.

The coir industry is most important from our point of view. In two taluks, 26,000 or so are organised in small factories, but just about 4,000 only have been brought into the framework of the co-operative movement after three or four years. Do you expect us to give you a good chit for this? I am not making any complaints, but these are the problems which vitally affect the people. Now, the hon. the Home Minister said something about the Five Year Plan. No doubt, the State has made some progress in the First Plan. I do agree. But I come from an area where there was a project called the Cheerakuzhi project. It was included as an independent programme in the Second Plan, but in reply to a question the other day, the Minister said that it has been held over. Why? There is absolutely no justification for it. My own feeling is that the cement and other things required are wanted for some other purpose. I do not want to go to Malabar; there might be another occasion.

In regard to industrialisation also, the major things have not been taken up. If only you follow salutary democratic principles, there is some possibility there even now; a better approach, a different approach, will yield more fruitful results.

In regard to administration, no doubt administration is being carried on, but unless you solve the major problems, you cannot expect people to enthuse over you. Mr. Rau cannot claim to have solved them. I do not mean matters of high policy and other things but things like land reform, village industries, coir, cashew, etc. Even with regard to these, he has not done well.

[Shri Perath Narayanan Nair.] Even after hearing the Home Minister, I am convinced that I must oppose this Resolution.

SHRI N. C. SEKHAR (Travancore-Cochin): I want to dwell only on one subject. My predecessor has dealt with certain important subjects, besides the political one. I want to bring to the attention of the hon. the Home Minister one burning issue, which is hanging fire for the last several months. I mean the question of university teachers. In the administrator's report, which has been circulated to Members, he has devoted one or two pages to his activities in the education field. Here he has referred to the achievement that he has made in this short period of five months. There remains one achievement still to be made, *i.e.* the question of increase in the pay of university teachers. The Radhakrishnan Commission has stressed the fact that the teachers of Travancore University are among the lowest-paid category in the country and that must be rectified.

In all other Universities in India, they are highly paid as compared with the pay given to these people. The University Grants Commission made certain proposals very recently to increase the emoluments of these teachers which the Travancore State either did not care to take up or refused to take up for implementation. In view of that glaring fact, the University Teachers' Association submitted a memorandum before Mr. Rau soon after his arrival there but nothing has happened so far. I am told that his view is that since the constitution of the Travancore University cannot be changed or has not been changed, he could not do anything on this question. But I am made to understand that to increase the emoluments of these teachers who come to about 350 in number it needs no change in the constitution at all. The University Grants Commission has offered about 80 per cent, towards the increase of their pay. The State has to pay only 20 per cent, namely, Rs. 86,000 per annum, but they refuse to pay that in order to meet the crying need of these teachers. Mr. Rau claims through this brochure that he has done so much in the educational field like changing the syllabus, curricula etc. But the important centre that produces capable intelligentsia in our State, or in any State, is the University and there the teachers who coach up these people

should be properly maintained and enthused by making their surroundings an easy one. Here these teachers are paid as if they are factory labourers. This is ignominious on the part of a Government, particularly of this Administrator before whom the responsible organisation of the university teachers, which has no political affiliation whatsoever, which has only affiliation to their own interest, submitted a memorandum. So far he did not give an iota of thought to that. Nothing has been mentioned about their problem in this report too. From this it is understood that the Administrator, who is responsible to the President as well as to the Rajpramukh of that State, did not care to take up this problem and solve it though it can be solved as easily as possible. Without solving this burning problem of pay to University teachers which has been hanging fire there for the last 2 years, does the Home Minister feel that the University coaching will go ahead on the desired line? So my earnest request to him is that he must ask the Administrator to look into this problem immediately. I am not going into the question of whether the Administrator's rule is desirable to be continued or not. I am not interested in that but am interested in this, a most important question particularly since it is in the educational field and the Home Minister should look into it and advise the Administrator to take up this problem and solve it so that the University teachers can go to their colleges and teach their students in a contented circumstance. This is the one aspect which I have to bring to the notice of the Home Minister. With these words, I conclude.

SHRI K. MADHAVA MENON (Madras): Mr. Deputy Chairman, the question that we are discussing now is whether the Proclamation issued by the President in the 23rd March taking over the administration of the Travancore-Cochin State should be extended. That is the only simple question here, namely, whether we should approve the extension of that Proclamation. The question whether the administration during the time of Mr. Rau was good or not is absolutely not very material at all to the question of whether the Proclamation should be extended and whether there are sufficient grounds for normal administration not being possible and so necessarily we have to continue the President's administration.

Incidentally this gives an opportunity for us to discuss whether the administration has been good or bad but the question of whether originally the action of the Government or the President by the Proclamation on the 23rd March was right, does not arise here now because that has already been approved by both the Houses before. Most of the arguments about the previous Governments and the instability of the previous Governments are irrelevant to the point here. But when something is said about them or if I may use the saying, if mud is slung, something sticks if not washed. Even if washed, something still sticks. One of the previous speakers—Shri Narayanan Nair—quoted Mahatmaji. Often times I was reminded of somebody quoting the Scriptures. He said that Mahatmaji said when he went to the Round Table Conference that he would prefer self-rule better than foreign rule.

SHRI PERATH NARAYANAN NAIR: Do you deny it?

SHRI K. MADHAVA MENON: My friend asks me whether I deny it, as if the President's administration is a foreign rule in Travancore, as if my friend wants me to believe that the administration of the State by this Parliament is foreign rule. In fact the administration is done by the Parliament. It is the Home Minister's Government. It is the Home Ministry of this Government that conducts the Government there. In fact it is the administration of the President—not the Home Ministry's nor that of the officers appointed by them. Are they foreigners in the sense that Mahatmaji said that he does not want?

SHRI PERATH NARAYANAN NAIR: Not the public of Travancore-Cochin.

SHRI K. MADHAVA MENON: The Parliament represents the whole of India and it is the Parliament that is governing. If you only look into the Constitution, you will find that it is Parliament's administration. The Budget is passed by the Parliament. It is the Parliament that is asked whether the President's Proclamation is to be continued or not. So that, the comparisons are often odious and this comparison, particularly that Mahatmaji said to the British Government that he would rather prefer to have a self-rule than a

good rule was absolutely odious particularly in this case. My friend spoke about the instability of the previous Governments. It is perfectly clear to me that it was not very relevant but certain remarks were made that the Congress Party had been in absolute majority, that they quarrelled among themselves over this appointment and that and about whether a contract should be given to this contractor or that contractor etc. Making vague allegations like this are easy. Short of it, it is a scandal. My friend should have given some examples of things like that. But mere generalisations that we quarrelled over this or that is, I say, a scandal. It is sufficiently bad to start a scandal. Much worse to use the forum of this House to publicise it. Has not the Conservatives a majority? Did not Mr. Churchill give way to Mr. Eden to come in? The leaders of the Congress Party changing two or three times does not mean the instability of the Congress to continue to govern. It is only when the Congress had no majority that they resigned and did not stick to the office. My friend's Party was disorganised absolutely and it comes in ill-grace from my hon. friend. What was the other possibility? The President asked the Leader of the Party to which my friend belongs, Comrade Thomas, to form a Government. When the Congress Government resigned, the President asked him to form a Government. Coolly he withdrew and said 'I cannot. Please call Mr. Pattom Thanu Pillai to form a Government.' He called Mr. Thanu Pillai to form the Government and what all happened during that fortnight in Trivandrum we know—a most dirty, undersirable, demoralising alliance was sought in those days.

SHRI PERATH NARAYANAN NAIR: You know it better.

SHRI K. MADHAVA MENON: I know it very well—that is why I say that you could not form a Government but you wanted a most unholy alliance, a most dirty alliance and demoralised politics altogether and tried to get it through sneaky ways and that was not possible. That was a political necessity. There was no party in power. The Communist Party was offered but they could not form. Shri Thanu Pillai could not have a majority and it went on demoralising—a sort of purchasing people or trying to capture people and the whole place was demoralized and

[Shri K. Madhava Menon.] the whole country heaved a sigh of relief when the President's Rule was announced.

In fact there was a sigh of relief in the whole of the State when the President's rule was announced. I am not concerned with the administration of Mr. Rau. I wish he had not published that pamphlet at all. You know, in the days of the British here, there used to be speakers just to speak about the benefits of the British administration

SHRI PERATH NARAYANAN NAIR:  
Association of ideas.

SHRI K. MADHAVA MENON: And this thing looks like that. There was no necessity at all. There was no question whether Mr. Rau had done this or that. It is a political situation and has that political situation changed now? That is the question. Within one month, the Proclamation will expire and in another three or four months the new elections will come. On the 1st of November the new State of Kerala will come into being. Within this period how is the State going to have normal government? That is not possible and therefore I say the extension of the Proclamation is absolutely inevitable in the interest of the country. Certainly, there are certain advantages in a one-man government, but we certainly prefer the normal democratic administration and let us all try to work for it and let us pray that that will come up as soon as possible, and there will be no further occasion to extend this Proclamation at all.

Sir, I am not here as an advocate for Mr. Rau, but I certainly do not feel that the comments made about that administration are fair. He has done as well as an administrator under the circumstances could do. My hon. friend said that from an experienced administrator like Mr. Rau he expected a lot and he was disappointed, that Mr. Rau should have done better. He also said that buildings should have been put up without impairing the priorities of more urgent projects. Sir, I do not think that building quarters for the officers or building offices to house the offices is of the lower priority than anything else. Suppose there is, for instance, the construction of a dam, as the Bhakra Nangal or the Tungabhadra Dam. The very first thing that the engineers do is to construct quarters for the officers

to live and work in, and construct quarters for the labourers to live. Similarly, if you want these officers to carry out the work of government, and if you want good administration, you must provide them with quarters. If you do not do that, if you do not give them buildings for their offices I do not think they will be able to do any work. The building of the necessary quarters is one of high priority and Mr. Rau cannot be condemned because he had done the right thing.

As I said, the question is not whether the Administrator had done well or not. The real question is whether there is any other way now open to us, except to extend the Proclamation. For the reasons that I have mentioned above, it is not possible to have the elections immediately. The new State is coming on the 1st of November and the new elections in February next. Even if it were possible, it would be a waste of time to have elections now in that State and so there is no other way but to continue this President's rule in this State, and therefore on these grounds. I whole-heartedly support this Resolution.

JANAB M. MUHAMMAD ISMAIL SAHEB (Madras): Mr., Deputy Chairman, one may congratulate the Adviser to the Rajpramukh of Travancore-Cochin. One need not grudge such congratulations on whatever success has been achieved during the period he has been in office in the State of Travancore-Cochin. After having said this. I would also join those who say that efficient government and even beneficent government is no substitute for popular government. This is an universally accepted fact. My hon. friend, Mr. Madhava Menon, said that the people of Travancore-Cochin are having today a Government which cannot be said to be a non-popular government, because they are directly under the Parliament and so it cannot be called a non-popular government.

SHRI PERATH NARAYANAN NAIR: I never called it a foreign Government.

JANAB M. MUHAMMAD ISMAIL SAHEB: That is not the question here. The question is about popular government and the present government that is going on now in the State of Travancore-Cochin. If Mr. Madhava Menon is satisfied with the present form of

government there, I would only ask him one question. Will he agrees to introduce an amendment in the forthcoming Constitution (Ninth) Amendment Bill to say that the new State of Kerala would be a Centrally administered State because it will be directly administered by Parliament? That will be a popular government and Mr. Madhava Menon and his class must be satisfied. That is the question that I would like to put him in this connection.

Sir, there is this additional point which I want to submit. So far as Travancore-Cochin is concerned, you may argue that that State had done certain things to merit the present position. But Malabar District and the Kasaragod taluk are going to become parts of the new Kerala State on the appointed date, the date fixed in the States Reorganisation Act.. Therefore, they also are deprived of these democratic rights which the Travancore-Cochin State is not enjoying today. But this territory of Malabar and Kasaragod has not done anything to merit this loss of democratic privileges or the privileges of a popular government. They have not done anything. They have all along been part of the Madras State. They have done nothing to justify the inauguration of the President's rule for them. The period may be short. But the question is an important one and it has not been considered sufficiently. That is an important point.

It is reported that the hon. Minister, Mr. Datar gave an assurance in the other House that the people of the State will be associated with the administration as much as possible. We have not been informed as to what steps they propose to take to fulfil this assurance that he is reported to have given. The Consultative Committee which is in existence may be referred to in this connection. But this Committee was in existence even when Mr. Datar gave his reported assurance. Therefore, I would like to know from him what steps will be taken. I do not know whether he made this point clear in my absence. But I would like to know whether the Government is going to take any steps in that direction, that is to say, in the matter of associating the people with the administration, and if so, what are those steps that they propose to take?

Next I want to refer to an ordinary matter. The hon. the mover of the Resolution as also the previous speakers referred to the housing schemes and the building programmes of the present regime. In that connection, I want to ask one question.

Now, Ernakulam is the seat of the High Court of Travancore-Cochin and I am sure that it will be the seat of the new Kerala State as well, because it will be more or less the central place of the new State when it comes into being. Therefore, the High Court will continue there and when the High Court continues there as from the appointed day, a number of lawyers who have been practising in the Madras High Court but hailing from Malabar and Kasargod will come to Ernakulam. There will be an influx of not only these lawyers but also a substantial number of litigant population. When this new immigration into Ernakulam takes place as from the appointed day, there will be hardship in regard to accommodation and all that. I want to know whether any attention has been paid to this matter at all. I referred to the notes that have been circulated to the Members regarding the Adviser's regime but I have not been able to detect any indication about this matter. This is really an important matter that deserves some consideration because lawyers form part of the judiciary and they are an integral part of public life also. The number of the litigant population coming to Ernakulam also will be increased. I want to know, therefore, whether any arrangement has been made in this connection, so that there is no inconvenience to the people already there in Ernakulam and also to the people who will be coming there after the appointed day.

SHRI K. S. HEGDE: It will be a common problem with all the re-organised States, not a particular problem for Kerala. It is a problem for all the States.

JANAB M. MUHAMMAD ISMAIL SAHEB: Every State must solve its problem and I want to know whether this administration by the Adviser has paid attention to this in advance. Thank you, Sir.

SHRI B. N. DATAR: Mr. Deputy Chairman, a number of questions were raised by my hon. friend opposite. He

[Shri B. N. Datar.] contended that this was entirely a political action and, on that basis, he went into facts existing before the last Ministry was dissolved. I have no desire to go into the question as to whether a Ministry could have been formed then or not though I would point out, inasmuch as he has raised that question, that when there was a departure of about six Members from the Congress Party, then naturally the question had to be considered. The Rajpramukh tried to find out whether any alternative arrangements could be made. At that time, as my hon. friend, Shri Madhava Menon, pointed out, this group which was next to the Congress in the matter of strength could not form a Government at all and it expressed its absolute inability to form a Government. So, that fact has to be borne in mind. Even though the Congress had a larger number, even after the departure of the six Members, it felt that it was not in a position to carry on the Government. This fact should be noted. I need not try to refute here whatever my friend has said about the Congress, because that is not my purpose here. We are trying to discuss the question at the Government level and the Government level would come only for the purpose of seeing as to whether an alternative popular Government could have been formed. The Communist group could not form a Government at all. Secondly, what this group did was to suggest that Shri Thanu Pillai should be approached and Shri Thanu Pillai depended on the Communists also. Now, the Communists never stated that they were prepared to join Shri Thanu Pillai. That fact should kindly be noted. Under the circumstances, even Shri Thanu Pillai could not muster up sufficient strength because by that time certain persons on whose alleged promise he had relied had resiled from that assurance. Under the circumstances, it was not possible to form an alternative Government and, therefore, naturally with the greatest reluctance, Government had to consider the question of President's rule. This point may kindly be noted. The moment we decided this particular question, then we further do not take into account the political aspect of the Question. The political aspect ceases to be when, for example, the President takes over the administration. This was the situation. I would not like to go into the political aspect of the question at all.

Certain other questions more or less of an academic nature were raised by my friend opposite. He quoted from Mahatma Gandhi. We accept that principle but I would like to point out to my hon. friend that under the Constitution, there is no scope for any undemocratic Government at all. That is a point which has to be understood very clearly by my friends. Under the earlier Act, we had the Section 92 rule according to which a Governor who was not responsible to Parliament or any Legislature, could take over the Government. I would like to point out to my hon. friends that they should not take into account nor\* even compare what is now possible under the Constitution with what was being done under the earlier Government of India Act. When a Governor or the Governor-General took over the administration, then it was surely a further undemocratic act because the Governor himself or the Governor-General himself was not responsible to the people of India. Under the present Constitution, what happens is that we have the President's rule but again under the Constitution, the President is answerable to Parliament so far as his administration is concerned and I fail to understand why my hon. friends opposite should always say that this is not self-Government, that this is undemocratic and all that. It is an entirely wrong position to take and I want to say that though the Adviser is carrying on, he is responsible to the Government of India or the President and we, Sir, are responsible to you. This matter is being taken up a number of times by the hon. Members of this House and the other House. This House is the sovereign democratic body in India. Under these circumstances, I fail to understand the propriety, much less the relevance, of this argument and, therefore, Sir, I would not go into the further points so far as this academic question is concerned. This is raised very often. Let us, for all times to come, disabuse our mind of any notion that the President's rule is an undemocratic rule. In fact, as I stated, when there is President's rule, then the Government of India or the President is responsible to Parliament and, therefore, Sir, this argument should not be brought in and this has no validity at all.

Then, Sir, I would go on to other matters which are important. I would point out to Shri Madhava Menon that this pamphlet was published because we



do desire to place before the Houses as to what is being done. This has not been published for purposes of parading what the Adviser has done because, in the ultimate analysis, the Adviser is the servant of Parliament and, therefore, whatever we do, so far as the President's rule is concerned, we consider it as our obligation to place before the hon. Members of Parliament whatever has been done or achieved. Whatever is done ultimately is done on behalf of Parliament and, therefore, there is no desire for parading the President's rule at all. Therefore, I would submit that we have placed before this House whatever has been done, whatever could not be done and whatever is proposed to be done.

Therefore, so far as this aspect of the matter is concerned, I would submit, Sir, that whatever has been done is in furtherance of the highest democratic principle that we have to follow, namely, that whatever we do should always be subject to the scrutiny of Parliament.

Then, Sir, some other questions of an administrative nature were raised. One was to the effect that the university pay scales have not been increased. Now that is a question, Sir, which is often raised in this House and was raised in the other House also, and hon. Members are naturally entitled to know what the real position is. Now so far as this question of the university teachers' pay scales is concerned, I would point out that here in Travancore-Cochin we have a university which is more or less an official university. It is not a university like the other universities. Now here in this case, when certain pay scales have been fixed by the Travancore-Cochin Government, naturally whenever there are any pay scales, then those pay scales have to be considered as a whole. Take for example any other university, which is established by a particular statute. Then in that case what happens? Naturally the university is an autonomous body and it is perfectly open to the university to consider the pay scales and to give such pay scales to its teaching staff as it pleases. But here, Sir, in Travancore-Cochin we have to take into account this fact that they are Government servants and therefore, whatever is done so far as the raising or enhancement of the pay scales in one department is concerned, that will have naturally, its repercussions on other departments.

That is the reason, Sir, why even though the Government of India or the University Grants Commission, are prepared to bear the expenses, the additional expenses so far as the pay scales are concerned to the extent of 80 per cent., still two questions arise. The State Governments have to find funds to the extent of 20 per cent. That is one. And secondly the State Government also has to take into account the effect on the other Government servants having a similar pay scale. That is the reason why we have to consider this question very carefully. As the House is aware, Sir, when, for example, there was the integration of services so far as the All-India Services were concerned, we were naturally faced with certain problems according to which we had naturally to give the pay scales of the I. A. S. and I. P. S. officers, but those who were not taken into the I. A. S. naturally they remained at the pay scales which the State Governments had, and therefore there was considerable disparity, and Travancore-Cochin State is one of those States where the disparity is fairly great. Sir, a number of questions were asked by the hon. Members as to why we were giving different scales of pay for the same kind of work, the same quality of work that was done by a State Service Collector and an I. A. S. Collector, but as we have pointed out, it is our desire, Sir, to see that the scales of pay become generally uniform, and that is the reason, Sir, why the present Government, the Adviser, has been examining the question of the salaries of the professors and also the salaries of officers occupying similar posts. Take for example the posts of Secretary or the heads of various departments. Now the pay scales are very low, and if we increase the pay scales, say, to Rs. 1,200 or Rs. 1,250 or as the University Grants Commission would desire us to do, we have to take into account its repercussions. Only the other day a committee had been appointed and the last popular Government had taken a decision that the highest pay should be about Rs. 1,000. Now if Rs. 1,000 was to be given to one of the highest officers under the Government and if Rs. 1,250 were to be given to a professor in a university, specially in an official university, then the House can imagine what its reactions would be and how there would be a lot of discontent so far as this question is concerned. This is a case where different pay scales are interlinked. Unlike others, this university cannot be

[Shri B. N. Datar.]

separated from the entire administration of the State. Therefore, the two questions have to be understood separately and only one question cannot be solved, perhaps to the detriment of the claims of others. But I would point out that we are anxious to consider this question as early as possible and we are desirous of having a solution that would be satisfactory to the claims of all concerned, that is, so far as the pay scales of the university teachers are concerned.

Then so far as educated unemployment is concerned, as I have pointed out, we are taking a number of steps. Naturally this is a problem which cannot be solved overnight. It is to be a graduated course extending over a number of years and in addition to what I have told the House I may point out here that the Government have planned six workshops and one of these would be inaugurated, it is believed, in the last week of this month by Shri Nandaji. Then three industrial estates are also planned and they would be opened very soon. Then I would also point out that we are taking certain steps not only for relieving unemployment among the educated unemployed but also others as well because they are also entitled to some consideration in this respect.

So, these are the various points, Sir, on which some reference was made by some hon. Members. My friend, Shri Ismail has raised larger questions, Sir, regarding the reorganisation, regarding what is going to happen so far as Malabar is concerned, as to how public opinion has to be associated with the administration during the short period after the formation of the Kerala State and the introduction of the popular Government after the general elections are held. So far as all these questions are concerned, I should like to counsel patience Sir, because we have to consider all these questions not separately but as parts of a joint whole. All these questions are being considered and I would point out to the hon. Member that attempts would be made, Sir, to avoid all hardships to the different persons concerned or the categories of persons concerned except to the extent it is unavoidable, and at the proper time, Sir, it would be clear to the hon. Members or to the others as to what the Government propose to do so far as the association of public opinion with the administration is concerned.

That also is only for a short period, Sir, and naturally at the end of it the elections would be held and, as I have stated, a popular Government would come in, and the moment the popular Government comes in, we shall be extremely happy to hand over the reins of administration to the first popular Ministry in the new State of Kerala.

Thank you, Sir.

MR. DEPUTY CHAIRMAN: The question is:

"That this House approves the continuance in force of the Proclamation issued by the President on the 23rd March, 1956, under article 356 of the Constitution, in relation to the State of Travancore-Cochin and approved by resolutions passed by the Lok Sabha and the Rajya Sabha on the 29th March, 1956 and the 24th April, 1956, respectively."

The motion was adopted.

#### THE INDIAN POST OFFICE (AMENDMENT) BILL, 1956

THE MINISTER IN THE MINISTRY  
OF COMMUNICATIONS (SHRI RAJ  
BAHADUR): Sir, I beg to move:

"That the Bill further to amend the Indian Post Office Act, 1898, as passed by the Lok Sabha, be taken into consideration."

Sir, as the House may be aware, section 7 of the Indian Post Office Act, 1898, empowers the Central Government to fix the rates of postage and other sums to be charged in respect of postal articles sent by the inland post, by notification in the official Gazette. The limitation prescribed by the section is that such rates shall not exceed the rates set forth for each class of articles in the First Schedule of the Act. With the passing of the Indian Coinage (Amendment) Act, 1955, these rates of postage will stand automatically converted in terms of the decimal system of coinage with effect from 1st April 1957, the date for the introduction of the new coinage as notified by the Government in Notification No. S. R. O. 1119, dated 11th May. The effect of the new coinage is that 16 annas, 64 pice or 192 pies will