

[Shri Sadhan Gupta]

amendment, perhaps, I may say why we should vote against this amendment. Now that the time has passed when the system of principal agents could be enforced, I would argue that it should not be enforced retrospectively once it has expired. I would say that these principal agents are really controlled by the same authorities as those which control the insurance companies, in most cases. For example, in Ruby General, the principal agent is Birla Brothers. It is the same family which controls both. What happens in such cases is that there is considerable scope for rebating however much we want to avoid, because the agent enjoys a certain amount of commission out of the premium. Now, you can rebate at least to the extent of that commission and that is not a very inconsiderable sum. Therefore, to stop these evils, I think, once the right of the principal agents to function has expired, we should not continue this and we should not retrospectively enforce this law and enable this malpractice to continue when, as a principle, we have not accepted the necessity of having principal agents in future.

**Shri B. R. Bhagat:** The hon. Member is a seasoned lawyer. But, I could not understand his logic here. The principle has been agreed to. Through this amendment.....

**Mr. Speaker:** He was not successful then. He wants to succeed so far as this interim period is concerned.

**Shri B. R. Bhagat:** Even without this amendment, this would come into operation from the day it gets assent. The only thing is that we wanted that this period should not be there. That is the only point. It is not a substantive amendment. It is a grammatical error.

**Mr. Speaker:** That was passed only on the 4th of September. We could have made the amendment here. That does not matter.

I shall now put the motion to the House.

The question is:

"That the following amendment made by Rajya Sabha in the Insurance (Amendment) Bill, 1957, be taken into consideration.

'Clause 1

That at page 1, line 5, for the words and figures "It shall come into force on the 1st day of September, 1957" the words and figures "It shall be deemed to have come into force on the 1st day of September, 1957" be substituted."

*The motion was adopted.*

**Shri B. R. Bhagat:** I beg to move :

"That the amendment made by Rajya Sabha in the Bill be agreed to."

**Mr. Speaker:** I shall now put the motion to the House.

The question is:

"That the amendment made by Rajya Sabha in the Bill be agreed to."

*The motion was adopted.*

**MOTION RE: SECOND FIVE YEAR PLAN IN RELATION TO CURRENT ECONOMIC SITUATION**

**The Minister of Labour and Employment and Planning (Shri Nanda):** Sir, I beg to move:

"That the Second Five Year Plan in relation to the current economic situation be taken into consideration."

There is a general feeling that owing to certain unfavourable developments in the economic situation in the country, the Second Five Year Plan has come up against certain difficulties and is not running a smooth course. This feeling has been

voiced frequently in this House and is shared by many outside. Questions have been repeatedly asked in this House as to what are the implications of this unfavourable turn in the economic situation for the Plan; how is the Plan faring; is there going to be any curtailment of the Plan; what will be the consequences of such a step; what are we doing about this?

Any precise answer to these questions is not impossible. When the economy of a whole country, a huge country is concerned, it is not easy to state in accurate terms how a changing situation would affect the Plan. In quantitative terms, if an answer is to be attempted, a vast amount of data is to be assembled and serious tasks of interpretation and analysis are involved. But, the Planning Commission has been engaged in such a study. It has been making efforts to secure some kind of an objective appraisal of the situation. Although I cannot say that we have a complete picture, today,—in fact, this business has to be continuous—there is a kind of a rough picture available and I shall place it before the House, the picture as we in the Planning Commission see it.

It has been said that this Plan is over-ambitious. I am referring to the persistent criticism in some quarters that the Plan is over-ambitious, that it ignores the realities of the situation, particularly in certain directions, for example, in heavy industry, it has laid excessive emphasis. Let us have a look at the Plan again. If we were to frame it now, given the conditions and the circumstances in which the Plan was formulated in the first instance, I believe, it is not going to be very very different. The basic goals, the objectives, we all agree, are quite sound. The directions in which the Plan seeks to channel the endeavours of the people are accepted as right. I do not think there is much of a quarrel about the priorities and structure of the Plan.

But, the question is, what about the size? Are we sure about that aspect?

Is the Plan not over-ambitious there? I admit that the Plan is ambitious in a sense. It is ambitious in this sense that it seeks to increase the scale of outlay by a fairly large proportion from just over Rs. 2,000 crores to Rs. 4,800 crores in the course of a five year period, 138 per cent. increase. Investment will increase from Rs. 3,100 crores to Rs. 6,200 crores, double; similarly, the rate of investment from 7.3 per cent to 10.7 per cent of the national income in the first Plan and the second.

There is one particular feature of the Plan about which all of us are very much pleased—steel. It is symbolic of industrial development. We hope to raise our output of steel from 1.3 to 4.6 million tons. That is a 261 per cent increase. That is one side of the picture.

There is another side of the picture. What are we attempting to do. Our scheme of development aims at increasing or doubling the per capita income of the country by 1973-74—17 years from now. Now, let us compare the national income of some other countries. India's per capita income is half of Egypt and Ceylon; one-third of Japan, one-fourth of Brazil. When we compare ourselves with western countries the position is this. West Germany's is 8 times that of India, 12—14 times in France and U.K., 30 times in U.S.A.

Similarly, there are figures of the UNO statistical year-book for 1951: showing steel production:

India	1.7 million metric tons.
USA	108.0 "
USSR	45.3 "

It goes on like that. In China it was 2.9 million tons but we know that by now it is nearly five million tons.

We have also to be conscious of this fact that when we are trying to step-up our investment and raise the tempo of development in the countries which I have mentioned, they would

[Shri Nanda]

not be standing still. They are advancing at a considerably higher rate than we have set before ourselves.

In recent years, what has been the experience? The gap between developed and undeveloped countries has tended steadily to become larger and larger instead of diminishing. That is the other side of the picture. In this country, we also attach a great deal of importance to the aspect of employment. With all the proposed investment and our idea to absorb the new entrants into the labour force, out of about ten million, specific provision is made only for eight million.

I must humbly point out in this connection, that Parliament accepted the Plan and the country welcomed it. It was widely agreed that any smaller effort than this will not make any appreciable impact on our important problems of poverty, unemployment and under-employment. We have before us certain aims. We are not content with the status of under-development. We want to introduce into our economy a measure of dynamism and that minimum measure of dynamism will require certain level or rate of investment in order that we may ensure some kind of a self-sustaining process of growth. I do not think that we are doing anything more than that minimum.

When we have done that and thus increased our investment in steel and other basic industries, we have to increase the production of food and raw materials and that entails larger investments in agriculture and so on. Thus one gets linked up with another and we have to maintain a certain kind of balance. The scale of outlay therefore, considering that basic thing to which I have referred, is about the minimum.

I also recall the fact that when this Plan was being discussed in this House, one hon. Member after another stood up and pointed out that it was deficient in one respect or another. They all wanted to enlarge it and in

several directions. That is the measure of our need.

But the Planning Commission has another function. It is to assess our capacity, resources and means and possibilities. The Second Plan was formulated in a certain economic climate. It was based on certain assumptions and certain forecasts as any other Plan. It is true that the economic climate has changed considerably; it has changed to the disadvantage of the Plan. Any forecast of economic events is a difficult matter. It is not easy particularly in the conditions of this country because of so many uncertainties—our dependence on seasons and monsoons and also the fact that a considerable part of our resources has to come from outside, regarding which there is no kind of assurance as to the time and the rate of flow. Then there is the international situation which affects us as much as it does others. We are, because of the struggle through which we are passing, exposed to the effects more.

Again, we are attempting all this in democratic conditions, in a free society. I do not want to say that it is in any way inferior to any other kind of regime. Over a long period, if the latent powers of democracy are roused and developed, it will excel in performance any other kind of regime. But, in a democratic society, there are limits to the economic actions. When the State can undertake to secure certain things and regulate the economy, we have to operate within these limits.

It was also recognised at that time when the Plan was formulated that it involved such a large stepping up of investment and that its fulfilment was not going to be easy. It was also clear that in view of the special pattern of investment, the call for external resources was going to be very much heavier. It is on account of this awareness of the magnitude of the difficulties that there was a greatly increased emphasis on agricultural production. At the final stages of the formulation of the Plan, the targets of agricultural and food production were

very much stepped up. An important assumption of the Plan was, and is, that production and consumption would grow at a certain rate, that resources for investment will be gathered at a certain rate and that investment will gather momentum at a certain rate. These are certain assumptions, and it was also at that time when the calculations were made for the Plan, assumed that the expenditure, non-Plan expenditure, expenditure outside the Plan would stay at a certain level. It was then recognised that the realisation of this achievement, of these aims that we have before us, was going to mean special efforts and we are open to be judged, but we still maintain that the expectations that we had then entertained were by no means excessive or unreasonable.

The call for external resources, as I have said, is somewhat large, but this country has tried its utmost on its side, has not spared any efforts. At any rate, we know that recently in this session a very big effort has been made on our side. We are trying to build up the economy of the country from its foundations. Therefore, is it unreasonable for us to expect that we shall have the necessary accommodation from the large surpluses of the world? It is no unreasonable expectation.

There was another factor which we had always in mind. There has been insistence on the aspect of flexibility in the Plan, because we were aware of the inherent uncertainties. Then it was visualised that adjustments and readjustments would be made in course of time in terms of annual plans, and we would, therefore, be able to keep a certain kind of balance between the growth of demand and of supplies in the various sectors.

There is one feeling in my mind. I am thinking of the time when we sat down and worked out the basis of the Plan, its various estimates. We were doing it in the background of the experience of the First Plan. That experience encouraged us somewhat to venture forth with greater courage,

greater confidence. It is quite possible that we were disposed to apply that experience to the problems of the Second Plan without making certain essential reservations. We find now, looking back, that the First Plan gave us an increase in output rather large in relation to the investment, and there were certain very favourable circumstances on which we cannot count from year to year. The utilisation of idle capacity is one factor which had its own contribution, but the major factor was a large increase in agricultural production because of good seasons, and it is also true that during period consumption did not increase relatively on a very large scale.

I have stated the position so far as relates to the basis of the Plan, to the size as it was then accepted, and the reasons and the conditions in which it was done. This resolution aims at an examination of the current economic situation in relation to the Plan. The Finance Minister has during recent days here dealt at great length with various aspects of the situation, the internal aspect and the external aspect. One thing is very plain. We see all around us the emergence of inflationary pressures. We are also painfully aware of the fact that our balance of payments position has become difficult. It is not simply difficult, I think the position is more serious than that, and there has been, during recent weeks and months, some kind of an adverse, seriously adverse, turn in connection with the balance of payments situation. The bare facts of the situation are that prices have risen by some twelve per cent. since April 1956 and we have used up about Rs. 460 crores of foreign exchange.

We have taken various corrective measures with which the House is already quite familiar. The country has been called upon to shoulder new and heavy tax burdens. The credit policy has been tightened up. Imports have been cut drastically and fresh commitments, even for capital goods and equipment, are being cut to the minimum. The economic policy in all its facets is thus being

[Shri Nanda]

reorientated towards control of inflationary pressures and a correction of the balance of payments situation.

We may be, of course, familiar already with what is behind and beneath this change in the trend. Partly it is due to factors which lie outside our economy, which operate from outside. We know about the Suez crisis, the rise in freights on that account etc., but the major explanation is not that. It is what we have done ourselves. It is the steadily gathering momentum of the Plan and something for which we were not quite prepared. I do not know whether we should have been or we should not have been prepared. It is the increased burden of defence expenditure which we have to take to reluctantly but inescapably.

On the other side, there has not been a corresponding increase in domestic output. Industrial production has been going up steadily, approximately at the rate of eight per cent. Agricultural production also has increased, though so far as food is concerned the overall production has not kept pace with the requirements. In 1954-55 and 1955-56 it was lower than in 1953-54 and it barely reached the 1953-54 level again in 1956-57. But, on the other side, between 1953-54 and the current year, Plan expenditure has risen to about 2½ times, and in the private sector, investment in the organised industries which was Rs. 44 crores in 1953-54 is estimated to have gone up to Rs. 100 crores in 1956-57. These increases in investment and the further increases which are required for implementing the Plan call for a much higher rate of productivity and savings than we have now.

The situation ultimately is summed up in the fact that there is a rise in prices, there is a rising trend in prices, and there is only one meaning of both the rise in prices and the deterioration in the balance of pay-

ments position. It is that domestic savings are insufficient in relation to the scale of investment. Investment is increasing, but resources are lagging behind. Such a situation cannot last long without having very undesirable consequences, consequences which have been described as disturbing the economy of the country, disrupting it, causing economic instability etc., whatever you may call it.

We want this investment, all of us want it, because all of us want the Plan to succeed, but this increased investment that we need has to be matched by our own resources. It will be a very temporary satisfaction if we, on investing without doing the other part, because at the next step our efforts will be neutralised by a rise in prices. We are not thinking only of this year and the next year, we are thinking of the end of this Plan and the end of the Third Plan. It is a continuous process.

13 hrs.

We have to do nothing which will queer the pitch for subsequent phases of development. I am saying all this in view of certain warnings which are *being given to us*. We are well aware of the problem we are facing. We are aware of the urgency of resurveying our resources, of redoubling our efforts and to an extent, the need to readjust our Plan. I am saying this to convey to the House that this overriding importance of keeping inflationary pressures under control is very fully present before our minds, and we are attempting a rephrasing of the Plan in the light of these considerations.

While these steps are being taken, efforts are also being made to keep prices in check by overall fiscal and monetary policies. When this kind of overall control does not suffice, one thinks of direct restraints on consumption. There may be strategic controls; there may be other controls. We are quite familiar with the kind of vexatious controls which the country has had experience of for some years

in the past. My own feeling is that such controls will not function satisfactorily in the conditions of this country. But I would make it clear that whatever else we may think, we regard the maintenance of food prices and cost of living at a reasonable level as a necessary pre-condition of any approach to the rephrasing of the Second Five Year Plan.

I have to give, as part of my duty, certain figures; I do not want to tire the House, but I hope that they want that information. I shall give information first about the cost of the Plan. A number of factors has combined to raise the cost of realising the physical targets set out in the Second Plan. It was necessary first of all to ensure that in a few instances in which the provisions made in the Plan feel short of the estimated requirements at the time of implementation, the amounts needed should be provided. The provisions needed for coal and oil exploration and development are instances in point. The rise in prices, both internal and external, has also increased the cost of the Plan. On the basis of licences approved by the Capital Goods Committee, increase in import prices is estimated at about 33 per cent. Our demands for equipment and machinery from abroad have been intensified at a time when in several of the supplying countries in the West there have been strong forces pressing towards higher price levels.

For the three steel plants, the provision made in the Plan of Rs. 350 crores was less by some Rs. 50 crores than the amount estimated at the time. Including the cost of townships and the provision for training schemes and on account of the higher cost of machinery and the increased cost of construction at site, the present estimate for the three steel plants is about Rs. 497 crores.

In a growing economy, the possibility of including additional items as the Plan proceeds cannot be ruled out, especially when these are essential and a measure of assistance is available. The urgency of transport programmes, for example, is widely recognised.

Foreign exchange plays a significant part in this field. Thus, with the rise in the cost of ships, for the outlays provided in the Plan barely one-half of the target can be achieved. The cost of carrying out the port development programme has also gone up substantially. In his speech on the Railway Budget, my colleague, the Minister of Railways, drew attention to the possible increase in the financial requirements of the Railways for enabling them to carry the full amount of traffic which is likely to develop by the end of the Plan. It will thus be clear that since the Plan was drawn up, there has been new factors in the situation which have added in a marked degree to our difficulties.

We have been asked again and again as to what it all adds up to. No prices figures can be given at this stage. Some rough estimates have been made in one sector or another. It may be that it may be Rs. 600 or Rs. 700 crores, a little more or a little less, as a result of all these things which I have mentioned. But let not the impression be created that this means that the Plan gains so much more. Even when we put out this Plan, there was implicit in it that some of the provisions had not been made on a full scale. What was the meaning of it? It was just this, that instead of increasing the financial scale of the Plan, we estimated that there would be certain shortfalls and there would be readjustments to accommodate all these things. So that it does not mean that if there are to be any increase in cost here or there in estimates etc. therefore to that extent the Plan stands at a higher level.

Now I go to the progress in the last year and the current year. I should like at this stage to review briefly the progress of the Plan in 1956-57 and 1957-58. In 1956-57, the Centre and the States had budgeted for a Plan outlay of over Rs. 800 crores; the revised estimates show an outlay of Rs. 760 crores. The anticipated actuals would be lower—perhaps about Rs. 720 crores. This level of outlay necessitated deficit financing of the order of Rs. 240 crores, which was

(Shri Nanda)

Rs. 60 crores more than in 1955-56. For 1957-58, the budgets of the Centre and the States provide for play outlays totalling Rs. 965 crores and if these outlays were all to materialise, they would involve deficit financing approximating to Rs. 400 crores. We expect, however, that the outlay for 1957-58 would work out at Rs. 860 crores which on present calculations should, therefore, mean deficit financing of the order of Rs. 275 crores. The House is aware of the substantial tax effort being made at the Centre this year. This is estimated to bring in about Rs. 100 crores in a full year. Taking into account the tax measures adopted in 1956-57, the Centre will have raised tax resources amounting to some Rs. 800 crores over the plan period. Nevertheless, resources are short relatively to our growing needs.

The Planning Commission is studying the prospects for the remaining three years. But, broadly speaking, it would appear that taking into account the outlays for the first two years totalling, on the calculations just mentioned, Rs. 1,580 crores and the extent to which resources can be raised hereafter, the balance of outlays feasible for the remaining three years, should be around Rs. 3,300 crores. Over the five years, it should thus be possible to attain a level of outlay such as was originally envisaged. An outlay of this order in financial terms would, it must be added, be feasible again on certain assumptions. These assumptions are that the State will make a substantial tax effort; that the receipts from loans and small savings would, in spite of the present unfavourable trends, come up more or less to the initial expectations; that deficit financing of the order of Rs. 1,000 crores (as compared to Rs. 1,200 crores in the Plan) would be feasible and, finally that external assistance for the Plan in the public sector would be available to the extent of Rs. 1,000 crores (as compared to Rs. 800 crores in the Plan).

It is naturally difficult to say how far these assumptions will be borne out by subsequent events and by internal and external economic developments. As

the House is aware, one of the most important conditions for implementing the Plan is progressive increase in food production. To achieve an increase of about 24 per cent. in food production and 28 per cent. in agricultural production as a whole, calls for a massive effort to reach the agriculturist, to help him to produce more through the fuller utilisation of water supplies, the use of improved seed, conservations of local manurial resources and improvements in agricultural practices and techniques. Along with these, we have to implement fully the programme of land reforms and co-operative development. Another basic condition for the fulfilment of the Plan concerns the raising of internal resources.

While efforts are being made to raise taxation, I should point out that the response in the matter of loans and savings has, so far, been much behind schedule. For the two years 1956-57 and 1957-58, the total cash subscriptions from the public to the loans floated by the Centre and the States add up to about Rs. 160 crores only, as against the plan target averaging Rs. 140 crores a year. The stringency in the capital market is thus affecting the resources of the public sector adversely.

In regard to small savings, as against an average annual target of Rs. 100 crores indicated in the Plan, the net collections in 1956-57 were Rs. 65 crores and—what is more disturbing—they amount to Rs. 10.87 crores only for the period, April to July this year as compared to Rs. 23.55 crores in the corresponding period last year. Some steps have been taken to promote small savings and the States have been promised a share of two-thirds of whatever they collect. Small savings are, or at least ought to be the mainstay of our capital programmes and this is a field in which the State Governments have a special responsibility. They must give top priority to the small savings drive.

First and foremost, the Plan requires more effective mobilization of domestic resources, and it is little use talking of rephasing the Plan until we

have assessed fully our capacity to improve upon our internal resources. This operation of rephasing which is being talked about, it far more complex than it looks at first sight, and the foreign exchange bottleneck, to which I shall come presently, makes it extremely difficult to draw up anything like a definitive picture at the present moment. Beyond a point, the attempt to raise domestic resources also comes up against either the need for maintaining incentives or against the need for keeping prices in check. Nevertheless, there is, as I have indicated above, need and scope for raising more of domestic resources, especially if we wish to ensure that we maintain employment at a high level through increased domestic expenditure in substitution of some foreign exchange expenditure which may have to be cut.

I now turn to external resources. The Plan envisaged a balance of payments deficit of about Rs. 1,100 crores over the five years. In 1956-57, the very first year of the Plan, the deficit (net of official donations, i.e. foreign grants) was about Rs. 325 crores. For the first half of 1957-58, (upto Sept. 6, 1957), the draft on foreign exchange resources has been Rs. 184 crores. Altogether, even with a stringent import policy for the rest of the Plan period and some pruning down of foreign exchange outlays on the development programmes both in the public and in the private sectors, the likely deficit in the balance of payments over the Plan period, as a whole, will, on very rough estimates, be of the order of Rs. 1,600 crores. As against this, external assistance promised or committed since the Plan began works out at Rs. 450 crores. There is a carry-over of Rs. 135 crores of external assistance authorised in the First Plan period, and we may assume that there will be a carry-over of more or less the same order at the end of the Second Plan. We have already financed about Rs. 460 crores of our deficit from our sterling balances and the I.M.F. credit. It will be necessary to draw down sterling balances

further by how much it is not possible to judge precisely in advance. Part, at least, of the I.M.F. credit will have to be repaid before the end of the Plan period, and it would be desirable in the later stages of the Plan to rebuild at least part of the further drafts we may have to make on our sterling reserves in the coming months. On the whole, then, we have yet to find resources of the order of Rs. 700 crores from agencies like the World Bank and from friendly foreign countries.

Reference has been made in the course of discussions in Parliament to what has been called the core of the Plan. The term 'core' refers to a group of related projects—the iron and steel projects, mining, transport and ancillary power.

These programmes in the Plan are vital for meeting the immediate needs of the economy no less than for further development. Together they involve more than a third of the outlay under the Plan and more than two-thirds of its foreign exchange expenditure. They have to be seen through to the utmost of our capacity. In any rephasing of the Plan at a lower level of outlay, they have the first priority. Naturally, considerations relating to various balances in a Plan when it is formulated have also to be observed when, as far as possible, any rephasing is undertaken. Whether the period be five years or three or even one, it is always essential to try to preserve a degree of balance between different sectors. From the aspect of foreign exchange commitments and requirements for projects of key importance which have been taken in hand, the Planning Commission is at present engaged in re-examining the Plan. It is not possible yet to present a picture in any detail, but it is clear that the core of the Plan together with the other commitments already made and the minimum essential programmes to be carried through calls for substantial additional foreign exchange. While our minds are preoccupied with the problem of foreign exchange, we should recall the fact that the demand for more foreign exchange not for ob-

[Shri Nanda.]

taining consumer goods and luxury goods, but for buying machinery and industrial raw materials to build up the economy, is itself an important index of development. For many years to come, we shall not only use all the foreign exchange that we can earn, but shall need to supplement our own resources from other sources to the maximum extent possible.

The problem of foreign exchange should, therefore, be seen in perspective. The supreme need for the moment is, however, to conserve foreign exchange in every conceivable way, to earn more foreign exchange and to secure additional foreign loans and investment. In the matter of imports, a carefully framed restrictive policy will have to be maintained for almost the entire period of the Plan. On exports, it will be necessary to adopt definite targets and to accept the consequential cuts in domestic consumption. The Government are at present considering the recommendations of the Export Promotion Committee which reported recently and the intention is to spare no effort to raise exports and thereby enlarge foreign exchange earnings. The extent of adjustment required in Plan outlays and the degree of rephasing necessary will depend, obviously, on the success we achieve in these efforts.

Before I leave this question of resources and investment programmes, I should say a word about the progress of investment in the organised industrial sector. The Plan had proposed an outlay on industrial projects (including the N.I.D.C. projects) aggregating to Rs. 720 crores—Rs. 570 crores by way of new investment and Rs. 150 crores for replacement. The foreign exchange needed was estimated at Rs. 350 crores, Rs. 30 crores for N.I.D.C. projects, Rs. 250 crores for new investment in the private sector and Rs. 70 crores for replacement. For fulfilling these targets, a few of which have been revised, the overall investment required is now estimated at Rs.

825 to Rs. 850 crores and the foreign exchange requirements are placed higher by about Rs. 100 crores. Private industrial investment has been rising markedly over the last three years, and in 1956-57, it was of the order of Rs. 140 crores. Large commitments have also been made for the next one or two years, and it is estimated on the basis of foreign exchange released and committed so far, that with further allotment of Rs. 40 crores or so, about two-thirds of the industrial plan in the private sector would have been implemented. The needs of the private sector will decline thereafter, and it may be expected that the investments already undertaken will bear fruit earlier than was expected initially. While this is satisfactory, these developments in the private sector highlight the need for careful phasing of investment programmes in that sector equally with those in the public sector.

There is another aspect of the problem of rephasing the Plan to which I should like to refer at this stage—the impact of such rephasing on employment. The employment target in the Plan, as I said earlier, aims at providing employment opportunities just sufficient to absorb the new additions to the labour force. It would be most undesirable to reduce this target. To the extent that investment in the economy has to be curtailed in view of the paucity of foreign exchange, there is bound to be some adverse effect on the employment potential of the Plan. It will be necessary to examine to what extent additional labour intensive and quick yielding schemes can be taken in hand to make good the short-fall in employment opportunities as a result of the readjustments of the Plan. This, again, depends upon more effective mobilization of domestic resources.

Sir, I have stated the position. As I said, the rough picture which we have with us is now placed before the House. In conclusion I have only to

say just one or two words. There are many aspects of the Plan, besides resources and investment, which are important and which need to be discussed. But at present our attention is concentrated on crucial problems of the moment, about which I have said all the significant things that we have in our possession, all the facts and figures.

We are passing through a difficult phase, that is true. It is an anxious situation. But we are not facing any kind of calamity, we are marching forward. We may, in the course of our progress, come up against difficulties and obstacles, and we may have to slow down. But all the time we are moving forward. I am sure that at the end of the Second Five Year Plan we will find that we have gone ahead, considerably ahead, of where we stand now. At the end of the Second Plan period we will find ourselves in a much stronger position to push forward our progress in the later stages.

I have just to make one observation before I conclude. One of the strongest features, one of the most helpful features of the First Five Year Plan was that it reflected the common mind of the people of the country and of Parliament. We, all of us, fully shared in the making of it and in its adoption. Now that the Plan has come up against difficulties and a challenge is being made, it is a challenge for us all. Let us all face it together. Let any change that has to be made in the Plan, if at all any change has to be made, be again passed by common consent. The greatest strength of the Plan lay in the fact that it had the backing of the whole nation. Therefore, any change that has to be made in the Plan should also have the backing of the nation. Then, Sir, this difficult period can be tidied over with confidence and courage.

**Mr. Speaker:** The motion is now before the House. A number of amendments have been tabled to this motion. I will admit all the amendments except one portion—I have no objection to admit that also—of Shri S. L. Saksena's amendment suggesting: "If ultimately the resources are found

insufficient, some of the projects in the Plan may be extended to be completed in six years instead of five." Very well, let all that stand. I shall treat all the amendments as moved.

Now, the time will be 20 to 30 minutes for leaders of groups and 15 minutes for others.

I will find out whether the hon. Members who have tabled amendments are present here. I will score off those amendments where the hon. Members in whose names they stand are not present in the House. I shall only treat those amendments as having been moved where the hon. Members in whose names they stand are present in the House at this moment.

**Shri S. A. Dange (Bombay City-Central):** Mr. Speaker, Sir, the Plan is again under discussion, but this time the discussion cannot go into the basic features of the Plan for the simple reason that the Plan has been accepted by the House, and the core of the Plan has got to be fulfilled. The difficulties that the Plan is facing have got to be met and, as I said, the core of the Plan has got to be fulfilled. But that does not mean that we accept all the features of the Plan as correct, whether in the matter of execution of policies or their details.

13 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

I will turn to one aspect of criticism of the Plan. For example, there is the criticism that comes from the 'Right', as I call it, without adding the word 'reactionaries'. I simply say 'criticism from the right'. That criticism says that the Plan itself was wrongly conceived, it is over-ambitious and that it should be revised and pruned in almost such a way that the Plan does not remain a Plan. I do not agree with that kind of criticism. I do not agree with the criticism from the 'Right'. The Plan, as the hon. Minister has said, is over-ambitious. Well, let it be. I agree with him that the Plan should be ambitious, and that ambition should be fulfilled.

It was correctly said by some of the leaders in the country, parti-

[Shri S. A. Dange]

cularly the Prime Minister when he said, we are carrying out a silent revolution. The only criticism now is that that silent revolution is now facing a condition of things in which it will be completely silenced, or it will become a dead silence. We ought to avoid that. Therefore, I would not give any quarter to a criticism that would fundamentally alter the Plan, or almost destroy its whole basis.

I agree with the structure, and I think the structure should be maintained. If that structure is given up we shall have a national calamity. If the Plan as such fails due to the crisis in the economy in the capitalist world and in our world here, then in that case everybody is going to suffer. Some people may have the pleasure later on of saying: "Did not we warn you that you are going to fail and that you are trying too much?" Such a pleasure would only be a malicious pleasure at the expense of a national calamity. For example, the other day I heard somebody saying that the economists who dissented from the panel of economists have been proved correct prophets. If the dissenting economists proved correct prophets, there is then the greater need for national development as we have conceived in the Plan and, therefore, again I say that I do not approve of the criticisms from the 'right'.

Then I have a criticism from the 'left', and that criticism is of policies and concrete deeds of the Party in power which carried out the Plan in the first phase and is now carrying it out in the second phase.

What is my criticism? I am taking the criticism only on some points. Balance of payment difficulties are facing the Plan. Let us be concrete on the whole question. Yes, balance of payment difficulties are facing us. Whom shall we hang for this? Well, in the balance of payment difficulties, I should say, the criminals are two. The main criminal is the imperialist economy, which does not like underdeveloped countries to carry out in-

dustrial development. To a backward economy this is the central feature of the difficulty in the balance of payments. It is not due to merely a jugglery of export-import figures. Of course, for that certain Ministries are responsible, the private sector is responsible and certain speculative interests are responsible. But the main difficulty in balance of payments arises from the desire of the monopolists of England, monopolists of America, monopolists of France and partly of West Germany and Italy. They do not want to provide capital goods at stable prices to a backward economy, because they do not like it to be industrialised. A vast chunk of the underdeveloped areas have fallen off from their orbit of political slavery and, therefore, they want them to be brought back under the economic slavery. That is what they are trying in South-East Asia, that is what they are trying in India, they have been trying that in the Middle East and we find that they want to force it on Arab nationalism. As we know very well, that attack on Egypt, for example the attack on the Arabian countries, the attack on Viet Nam, the attack on Indonesia, all these are indices to show that the monopolists of those countries, whose economy rests on capitalism which exploits backward economy and gets cheap raw materials, do not want to develop heavy industries, machine goods industries and others in the backward countries. They want these countries not to go out of their orbit, but we are going out of their orbit. Politically, we are out of their orbit. Already, the Arabian countries,—Egypt, for example,—have fallen out of the orbit. The Africans are falling out of it. The Latin Americans are going out. But when they want to try to develop their national economy on an independent basis, naturally they are faced with the problem, where to get the capital goods. The capital goods are with those countries. Though you politically run away from their orbit, they say "economically we will dictate our terms and see that you remain as

under-developed countries as before though nominally you may be a sovereign country". This is the real source of the trouble of the balance of payments and foreign exchange. They would not supply steel plants; they would not supply heavy machinery plants at stable prices, at normal prices, and they would rather provide the private speculating interests rather than the State sector which develops national economy in a given direction. Therefore, as I was saying, the question of balance of payments is a political question. Of course, the balance of payment question is certainly a money question and a question of imports and exports and the structure of the Plan and all that kind of thing, but essentially, at the base, the balance of payment position, in so far as it depends on the supplies of capital goods to an under-developed country in the form of heavy machinery goods, steel plants, electrical goods and so on, becomes a political question of monopolist imperialist powers who would not build an Aswan dam in Egypt—who would rather invade it—and would try to seize Suez, try to seize the oil resources in Arabia and Persia and who would want the oil resources in Assam and Bengal and Pakistan and everywhere. Therefore, they are creating these, what are called, balance of payment and foreign exchange difficulties, by refusing to supply capital goods to develop an under-developed economy of colonial peoples, so to say, who were formerly their slaves and are now independent.

When they fail to influence this country to join their ranks, what happens? We have maintained a policy of neutrality; we have maintained a policy of peace. We refuse to align ourselves with their manoeuvres, but when the monopolists are more powerful than we are, what do they do? They create pockets of war. For example, they created a pocket of war in Korea. Some of our people at that time perhaps liked the Korean war. There was an American lobby somewhere here, as it was reported in the Press, which wanted India to side itself with the American in order to

get capital investment and capital goods. Fortunately, we did not fall into the trap of the American lobbies and the Washington patriots here, but they were thinking that India would like to join them, for getting help. Yes, help was given in the first Five Year Plan period from the Reconstruction Bank and so on. But we remained neutral. We refused to give in, but we agreed to trade with both the blocs, with the American bloc or any bloc, anybody who gave us goods for development and we were going to pay them for it, at stable prices. If it was stable prices, it was so much the better. If it was in rupee terms, it was still better. But of this policy of neutralism, they were rather afraid and rather displeased and their policy changed in the second Plan. In the first Plan, they tried to utilise the neutrality in order to draw us into their orbit. When they failed, they said, "Then we freeze the aid. We give aid by disturbing the price market. We will give aid only on certain conditions". So, the balance of payment difficulties have come about and these monopolists, by trying to create war pockets around us, are trying to beat down our economic development as you already know and as everybody sees.

The other day, the Prime Minister said that from one hand they give us economic aid, but that whole aid is washed out because they arm some neighbour of ours and we have to sink our money in defence. The economic aid for development is lost in defence purposes and defence efforts. What is this policy, if it is not a political policy of an imperialist group in order to suppress the economic development of a backward economy?

Therefore, I was saying that the balance of payments difficulty should not only be attributed to the Minister in charge or to the Congress Party in charge or to any particular group, but that difficulty is fundamentally and essentially a difficulty created by the imperialist powers who would not allow Asia, Africa, Arabia, etc., to develop.

[Shri S. A. Dange]

But that does not absolve the Ministry from all blame. No. They ought to have managed the export-import trade properly, and therein lies a solution for the balance of payment difficulty. Therein, the second criminal comes. It is a minor criminal. (*Laughter*). I am sorry; no personal reference was meant. It is what, in a Sanskrit drama is called *Patakasthan*, where some party enters and a sort of coincidence takes place. This is just like that. However, as I was saying, the export-import question certainly has been badly handled. What can I say on that? The difficulties are there. The imports were just carried out without any foresight. Just because you had some balances you spent them I do not want to go into the details. Gramophone records, refrigerators and a thousand luxury goods, this and that, —all these were imported and these have disturbed our balance of payments quite a good deal. I am not going into the figures, because the hon. Minister has given enough figures and it has been admitted here in the previous debates that the export-import trade has not been handled properly. So, the second criminal, as I would say, is certainly the policy of export-imports as was carried out in the last two years in which we did not pay attention properly to the perspectives of the Plan. We just imported goods which should not have been imported. Anybody could have seen that.

The other day, I mentioned the export scandal and the trade in export licences. Here now I have got from the *Times of India* dated the 14th August, an extract about import licences. It says:

"Applications are being made in hundreds for the conversion of the 'established importers' licences" into such items as will bring the licence-holders the maximum premium. And generally the desired items are those about which the applicants have no trade knowledge whatsoever. The "licence exchange" seems to be exceptionally active and fat pre-

miums are being paid and realised. For instance, is there any justification for a conversion application from woollen hosiery to ferro-vanadium unless the applicant has a past record in the latter."

The complaint is that licences for conversion are now becoming a speculative trade in the markets. Export and import has been a subject of the very vicious influence of the speculative world. What has to be done? What is the remedy? As I have mentioned the criticism and the evil, I want to suggest the remedy. The remedy is very simple. I do repeat that the remedy lies in the fact that the State should take over, into the sector of state trading, the export and import trade completely. If, to begin with, they cannot do it completely, let them take it bit by bit, but not at the rate at which they are doing and which is very slow.

A few years ago, the panel of economists discussed the Plan and the principles of the Plan. I would mention that later on. Some of the difficulties are due to the fact that the principles laid down by the panel of economists have been blown up. The fundamentals which they laid down are not being followed. Only the figures and the structure are being accepted in some essential parts and the rest of the principles are kept down. About imports and exports, the panel of economists said that jute trade should be taken over by the State. They do not want to take it over. Of jute, they are afraid. I know why they are afraid. Similarly, imports and exports, heavy machinery and capital goods required in the private sector have gone beyond the Plan as is already admitted. Why is it that this has taken place? It is because of the fact that the import-export trade cannot be simply governed by licences. The import-export trade must be taken over solely by the state sector as part of state trading. In how many stages you take it is another matter. But no socialist economy in any part of the world was ever built with export-

import trade being left in private hands. There is no such example in history, and India cannot be an exception to that, because the laws are inevitable here. Export-import trade is another vicious sector wherein we have been ditched by the speculator, and the wrong policy of the Minister in charge. How to correct it? Criticisms have been there and I do not want to go into its details. So, the balance of payments, the imperialist policy and the question of export-import—these are the three things to which the planners should pay attention in greater detail. If they do it, then something could be done about foreign exchange.

I now come to some internal factors. I am not giving very detailed solutions. Of course, they will not be accepted and so I will not take the trouble of doing it. But if they are going to be heard, certainly we can sit round again in a committee of possible to consider the difficulties of the Plan.

Coming to internal sources, the difficulties are inflation and prices running high. The question would be, what is your solution to that? We have already said that in the internal situation, to find out the remedy we must first find out where are the sources of evil. I will put down the main sources of evil. The whole food policy has gone wrong. There has been some increase in food production and it is admitted. But that increase is sometimes not really increase in food production but it is increase in food statistics which is not actually food. For example, in the first Plan, it was said that there was a terrific increase in food production in Rajasthan. What was the reason? Formerly there were no returns from Rajasthan. The Plan asked for the returns and the returns came and suddenly food production went up. Rajasthan did produce food even before. It did not appear in the statistics before, now it appears in the statistics. That cannot be called increase. Therefore, food production and its increase is the main core of inflation.

The question is, how are you going to get that food production increased. The panel of economists laid down a simple proposition: Land reforms must be essentially carried out. That is exactly what has not been done. Therefore no solution of the food problem is possible so far as that thing does not take place. I read in the Press that the All-India Congress Committee, the A.I.C.C., discussed this problem and criticisms came from the Congress benches also about ceiling, redistribution of land to landless labourers, the question of landlords still taking rent by dubious means, etc. It is not being resolved and food production is still in a crisis. The food production will remain in a crisis as long as land reforms are not carried out. Land reforms by the slow pace of gram dan are very difficult, because the whole State machinery, when it is influenced by landlords in various sectors, stands against translating these reforms into law. What can the moral approach of gram danis and seva gramis do? Nothing can be done?

Of course, some results might come out of the new Mysore conference which is being proposed, all parties agreeing to discuss this problem. But I think this cannot be cured unless and until the landlord influence is dissolved and dislocated from the State machinery. Till then land reforms will not be carried out. Otherwise, the peasantry will have to act. If it acts, certain things will move, but the suffering also will be more than if the Ministry were to introduce the land reforms. If the food crisis is resolved, the inflation crisis gets resolved to a large extent. Inflation can be traced back to the question of consumer goods, 50 to 60 per cent of which is food. Therefore, to resolve it, land problem is the main problem and land reforms become the central slogan in order to overcome the dangers of inflation.

Secondly, there are monopoly profits. What can I say on this? They are all there. You know that tax evasion, high prices and monopoly profits are the slogan of the private sector in this

(Shri S. A. Dange)

country, sailing under the name of Plan. They all say that they want to develop the country and the Plan. They want to develop it for their own pockets. Where their pockets are not filled by the Plan, then they blow up the Plan, as far as they can. Therefore, investment of private capital is not planned in such a way that essentials are first fulfilled. As I was saying, there are many lines in which no private capital should have been sunk. I do not want to go into many details. I do not understand why plastics and rayons of every variety should be so encouraged as to endanger a section of our foreign balances. There are many other goods whose names I can put down later on if necessary, but everybody knows that unreasonable and unplanned investment in the private sector is also one of the causes of disturbing the allocation of funds in our economy. How to cure that? That is another question.

For example, it has been admitted here that food has been the subject of hoarding and hoarding was possible because the banks made advances. Unplanned investment in private sector does take place, because the banks spend their funds as they like without much reference to the central structure of the Plan or the objectives of the Plan. Rs. 700 to Rs. 1,000 crores of money in the hands of the private banks are being utilised at the pleasure of the bank directors, who are not interested in the national development or the Plan, or anything of the kind. They are interested in their 30, 40, 50 or 100 per cent dividend. For the purposes of morality, they say it is only 5 or 6 per cent. Everybody knows that it is never 6 per cent. Everybody knows that what they show in the balance sheet is never correct. Over and above that, they evade the taxes and carry out corruption in private industries.

We had a wonderful debate three days back, when the State, the Railway Board and many amiable gentlemen were shown to be party to giving prices for locomotives for the State

sector, which were not commensurate with the labour cost or anything of the kind. It was just sheer robbery of the State funds for the profits of a company or individual. When that individual does it in this way with the State support, he gets the certificate of being the most efficient manager in the whole country, most efficient manager managing his own profits through the Tariff Commission and the Ministers concerned. There was that "straight forward" TELCO case to show how the private sector expropriates State finances for private gain.

There is another case of the Vizag Harbour. The whole scandal was there for ten years and it was so slowly corrected, so that even the ship-owners protested. Secondly, there is the case of the Hume Pipe Company in Bombay, where they get allocations of steel at control prices and sell it in the black market, swallow the wages of the workers and do all sorts of things, which have been enquired into at the order of the Bombay Government. But the Bombay Government dare not act against the Hume Pipe Company Limited and its corruption methods. Any number of examples like that can be found. Of course, not all of the enterprises are corrupt. There are certain exceptions, no doubt. But when you find the most renowned company getting into the channels of what I may call moral swindling translated into terms of money for locomotives, then what can you say of others? Because of the monopoly profits putting up high prices, because of the higher margins that they want, because of the corruption that they carry out, all these endanger the internal resources of the Plan. The question of money supply, the question of finding capital for the Plan in the State sector, becomes endangered because of these monopolists.

What should be the corrective for that? My proposal is that the big banks should be taken over by the State. Without that, you cannot check hoarding, speculation and unplanned investment of funds. Unless this is done, there will be no improvement

and you will not be able to solve the crisis. Of course, the Ministry may say: that is as usual our pet slogan. That is not as usual. You have to do it. Five or six years ago when we called on them to take over the Imperial Bank, they would not take it over. Afterwards, they found it necessary to take over and make it the State Bank. They said that they would not take over insurance. Then they took over insurance. Not only have they taken over insurance in the State Sector, but they have utilized the small savings of the innumerable people in the private sector; sometimes for speculative purposes. I certainly object to the insurance sector going into speculative transactions—buying and selling on the stock exchange. Within one year they have invested rupees ten crores in the private sector in under-writing scrips, which is not proper. When the State sector is itself running short of funds, is it correct to take the money of the insured people lying in your hands, and invest it in the stock exchange for buying securities, preference shares and debentures? Is that correct morality? Is that correct politics? Is that correct economics? On the one hand you say: give us your bonus, invest it in small savings and life insurance and, on the other hand, you hand it over to the speculators in the stock exchange. What kind of morality is it? What kind of economics is it? Is this planned economy? This is planned speculation and not planned economy.

Therefore, in the monopoly sector, in the sector of finance, the first thing that should be done is that State sector ought to be enlarged. The criticism from the right—my hon. friend from the right is not present here today; it is his favourite criticism—is: contract the State sector and let the private expand. That is just the line of the Anglo-Americans also.

When our Finance Minister visits America, most probably he will be confronted with such proposals as that the State sector should contract, the oil-bearing areas should be hand-

ed over to them, that some of the industries which cannot be properly managed should be handed over to them in return for which 500 millions dollars will be given. Now that he is going there, let him make up his mind that he does not enter into such agreements, getting 500 million dollars, by mortgaging 5,000 million of our own. It would be a very bad exchange and the balance would be disaster for us. It would be a balance, not for us, but against us.

After landlordism and food problem, comes the question of monopoly profits and private sector. Therefore, my proposal is that banks should be taken over—big banks—credit be controlled, investments be controlled and internal resources be controlled. Then tax evasion will become impossible because it is through the banks that a large part of tax evasion is carried on. If that is taken over, there will be no private bank capital and you can give them compensation in 50 year bonds. They will get a living wage of Rs. 450 plus D.A. without any difficulty and we can manage the finances very well.

Coming to some of the major industries well, I am not just now discussing that problem. But there is another thing which I want to suggest so far as savings are concerned—pruning of the savings. The correct word is pruning. Where should the plan be pruned? Not in iron and steel; not, certainly, in irrigation. But it can be pruned in the sector of power houses. There is no necessity just now to electrify all the villages. Let us first feed the public sector and plan for the necessities and then, later on, talk about electrification of villages. Even America has not got electrification in the villages. Then, why should we electrify our villages when we have no machinery of our own and when we have to import thermal engines and hydro-engines to supply electricity to the villages? Build irrigation and hold over the question of electrification to a later day. We propose postponement of

[Shri S. A. Dange]

certain schemes for a period of two years only. By then the international capitalistic economy has either to do something "to save" itself or it is bound to crash. One of the "major savings" would lie in war troubles. Another is going towards a certain socialist order and rearranging their economy. If they do not do it, I do not know what will happen. In any case, until 1959 our plan is going to be in a difficult position, until the three plants go into production, out of which one is a heavy machinery plant. When the plants go into production, then we shall be a little bit free from the dictation of the imperialist capital.

Therefore, I would ask: could you not hold back for two years rehabilitation of the textile industry. The money to be spent on it in the Plan is Rs. 40 crores. What is the necessity? I don't think it is necessary. For our internal supplies and our exports it is not necessary. So, I would suggest that the Rs. 40 crores that you propose investing for cotton textile rehabilitation should be held over. You propose investing Rs. 30 crores for jute rehabilitation. I suggest that it should also be held over. You will say that it is necessary for exports. No Jute goods can be exported at competitive prices if monopoly margins of profits were cut down. The Jute Mill Owners Association must be taught a lesson that they must support the dictates of the plan and the needs of the country. There is a tremendous margin of profit. The prices can be brought down in the case of jute goods without any further investment. Then, you propose spending Rs. 24 crores on rayon. Please hold it over. It should be held over for a period of two years. I do not say for all time, but only for two years. You have to rephrase them. If the expenditure on these several items could be held back for the time being, it will save us about Rs. 150 crores or so.

Then, there are several items on which I would propose a sort of

pruning. I am referring to certain internal schemes. I am sorry to say that some of the welfare schemes are just bogus schemes. There is no welfare to anybody except the organiser, who goes to the village and draws Rs. 200 from either the State sector or some other sector. Some of the N.E.S. development schemes are just bogus schemes. Some of them do good work, no doubt about it. But a major part is mere show. A major part of it is subsidising the Congress officials and others. Let us stop this subsidy. We are spending for the welfare schemes Rs. 149 crores. That should be pruned. For N.E.S. we are spending Rs. 200 crores. That can also be pruned. There are any number of village schemes going on. I think the leakage in the whole project will be about Rs 1000 crores—leakage through non-productive channels—those that are going to non-productive channels are leakage. It will be of the order of 30 to 40 per cent. So, I say that some of the projects can be cut down. I would even say that a 50 per cent cut would not harm anybody except the gentlemen who want to utilize these schemes for their own welfare. That will give you a saving of at least Rs. 600 or Rs. 700 crores.

If you do this, taxation on passenger fares and other taxes which we are imposing on essentials would not be necessary and you would not be disturbing the welfare schemes of the villages or village industries. If you just stop the leakage, you would save several hundreds of crores. Then the rephrasing of rehabilitation of certain of these industries and rephrasing of the lay-outs would give you about Rs. 600 crores and they will not cause any crisis in the economy. In fact they will solve the crisis.

Having said that, the third point I have to mention is the corruption that prevails in the State sector. I do not want to go into details. You know, everybody admits that. But how to curb it? If we are to set an example to the people, then let all the minis-

terial ranks in the State sector be above suspicion. I do not want to attack any person. If you find that a Minister who; at the beginning had not perhaps more than Rs. 10,000 or Rs. 50,000 as his own property, has, at the end of five years as a Minister, property worth a crore of rupees, then how is it to be explained? In five years' time he has accumulated property worth a crore of rupees or Rs. 50 lakhs from Rs. 10,000 or Rs. 20,000/- certainly a big jump even for the speculators. Then, nothing is more patent. Is it not a subject matter of investigation? Is it not a subject-matter of investigation that the Burmah-Shell Company employ innumerable people connected with the Ministers with a car, Rs 400/-, a house and all allowances paid in order that its rates of oil and such other things may be influenced in a better direction? Is it not a subject-matter of investigation? Why should it not be a subject-matter of investigation? For example, there are many 'amiable' gentlemen, about whom press reports appear, connecting their names with Ministers, not in any honest official way, but in some other way.

Can this corruption not be checked? What is the use of finding fault with Secretaries and Additional Secretaries, clerks and chaprasis and bringing them to book and having files and files of complaints about them when in the Bhakra-Nangal case the chief culprit gets away scot-free and other officers get an imprisonment of six months? This sort of running the State administration should not be allowed. Let us look into it. Certainly, with our moral philosophy which is good, we should be able to correct this aspect of the matter and improve the State sector and its functioning on the question of economy and personal behaviour.

So far as the people are concerned, peoples' sacrifices are well-known. I can give you one instance. Today our steel worker works so hard, but he is paid so less that Indian steel is sold about Rs. 200 to Rs. 300 lower than

the British or American steel. What better example do you want of my worker and his productivity? How are you able to sell steel Rs. 200 below the international market price, if it is not on the basis of the low wages that you pay and the high productivity that you get?

As far as sacrifices are concerned, do not mention that. The working classes and the peasantry are sacrificing continuously. But if their sacrifices are not rewarded in terms of wages in order to meet the high cost of living, then let me tell you in this year and the next year there is going to be a very strong pressure for strikes. You know it, but I can tell you from my own experience that there is tremendous pressure for strikes and strikes which are justified. But the working class today is willing to restrain itself in order to develop the economy on the understanding that it gets certain concessions and certain benefits when the cost of living is rising. Therefore, strikes can be held back, but not for all time. From our part, from the side of trade unions we will try to negotiate, we will try to settle as far as possible, but not at the cost of leaving everything that the worker has got. And if settlement is not done quickly, properly, and if agreements entered into are not translated into practice then there will be no other go expect to strike and strikes will take place. Therefore in order to save the Plan we are prepared to do our best, but we cannot agree to a wage freeze, or strike freeze. But the worker has no hope of getting anything for himself unless he moves into action. But that action will be preceded by negotiation, by attempts at settlement and so on.

I have no much time of suggest alternatives. There are many alternatives. But in regard to oil, let me make a suggestion for the Minister to work out. Why should there be a monopoly purchase from the Burmah Shell and the Standard Vacuum? In 1928 when a rate war started between two companies a third company

[Shri S. A. Dange]

brought in Soviet oil from Baku and the country gained Rs. 4 crores. Today in Bombay City two petrol pumps supply Soviet oil which is six annas cheaper than the Burmah Shell price, but when they want to increase the number of petrol pumps they do not get permission, they do not get land from the municipality. From the Government side petrol tanks are denied to them. If it is cheaper by six annas per gallon why should not Government import oil on their own account from alternative sources. Why should we pay the Mexican Gulf parity price which, the Prime Minister admitted, was a nonsensical basis. Why should we be afraid that they may go on strike and we may get no petrol? There is no reason for such fear. They too have to sell oil and make profits. Just as we have to buy they have also to sell.

When the Western nations were not prepared to come forward we did get an alternative steel plant from the Soviet Union. Then the other nations came forward with their offer. Why not use that? If you want to play between two policies and hold on to neutrality of a peculiar type, why not have it in oil also? But it is not being tried and we are losing heavily on that account, which is causing serious difficulty in our balance of payments. There are so many examples to cite for which I have no time.

I would again say that in regard to external balance of payment, the main culprit is the policy of the imperialist countries and their monopolies. The second is our export import policy being not a proper policy, which lacks the perspective of the Plan, which is vitiated by private profits which are alive in the Ministries in the States as well as in the Centre. The third are the landlords, the fourth the monopoly interests and the fifth the State machinery. All these combined together have put this Plan in a crisis.

My submission to them would be this. Follow some of the suggestions

which I have made. Let us sit down and try to save the core of the Plan upon which everybody is agreed except some people who want to see the private sector rampage for their own profits. Most of the people are agreed on this. If we sit down and try to revise and prune it in a proper way we shall find a solution. Some of the solutions may be to the dislike of many people, taking over the big banks, nationalising the jute trade and nationalising the minerals. For example the panel of economists suggested that nationalisation of minerals is a key to the fulfilment of the Plan. But it is not being done. We are now finding ourselves in difficulty with regard to coal production.

The whole thing amounts to this that the perspective is not being carried out with a view to enlarging the State sector and curtailing the activities of the private sector to the benefit of the people. On the other hand the private sector, the monopolists, are let loose. If this is stopped we shall save the Plan even now, and I do say we will cooperate in saving the Plan if it is in favour of the people, not in favour of the landlords and monopolists. If it is to be saved for them, then I shall be the last to save them.

**Mr. Deputy-Speaker:** Shri Tyabji. Those hon. Members who have sent chits or given their names must rise in their seats to give an indication that they are prepared to speak. I have called the hon Member and I shall not change my decision. The ultimate determining factor will be who catches the eye of the Chair.

**Shri Tyabji (Jalna):** Mr. Deputy-Speaker, Sir, the Second Plan accords high priority to industrialisation and especially to the development of basic and heavy industries. This is because the Plan assumes that a "sizeable" increase of income cannot be attained without "rapid industrialisation with particular emphasis on the development of basic and heavy industries."

The Planning Minister suggested that we are all agreed on this. But speaking for myself I submit that it is by no means clear that this assumption that rapid industrialisation is the only method of producing a sizeable increase in the national income, is well-founded.

Mr. Deputy-Speaker, in our planning we have been largely dominated by the example of Russia, whether we permit such domination to take place consciously or not. It could not have been otherwise in the first place, Russia is the birthplace and the home par excellence of five year planning. Now, in her planning, Russia gave pride of place to the development of heavy industry, and attained what is called a "balanced economy". With this balanced economy she fought and when the most terrible war that has yet been fought. However, a balanced economy is a relative term and what may be balance in one set of circumstances may not be so in another. But granting that anything different from what Russia has attained and China is said to be in the course of attaining, is an "unbalanced" economy, the question that we must ask ourselves is whether an unbalanced economy may not, in the circumstances of our country, be advantageously made our first and immediate objective, leaving the attainment of balance to some future more auspicious time, perhaps in the fourth or fifth year plan periods. We must remember that Russia's first objective was the attainment of self-sufficiency in defence, for there was nothing of which the Soviet leaders were more certain than of the impending onslaught on them by the capitalist countries. Our immediate objective is different. With all the balance that we may be able to attain in the foreseeable future, it is doubtful that we shall become such as to be able to defend ourselves unaided against an attack by a major world power. Our immediate objective is, or rather must be, to raise the standard of living of

our people and increasing the national income.

The question before us, therefore, is, can India become wealthy only by 'rapid industrialisation' to quote the words of the Plan, and the attainment of a 'balanced economy', or can our objective be reached through other ways, and perhaps, even better, through, for example, increase of agricultural production supplemented by such industries as lie clearly within our foreign exchange resources.

It can hardly be doubted that wealth can be created in considerable quantities through agriculture. If examples need be cited, we can remember Canada and Australia and Brazil. The cases of these three countries are not distinguishable from that of India on the ground that they had small populations and large open spaces. The question before us is whether sizeable quantities of wealth can be produced through agriculture.

Mr. Deputy-Speaker: The hon. Member is giving the impression that he is reading.

Shri Tyabji: not as to how many people will share the wealth when so produced.

Mr. Deputy-Speaker: More often he should look up.

Shri Tyabji: I apologise. If a certain amount of wealth is created through the processes of agriculture, say X, then, if the population of the land is large, this quantity of wealth will be shared by the population and the share of each member of the population will be small. But, the value of X itself will remain the same. In fact, there is reason to believe that in a thickly populated area, X will be larger, since agricultural processes are such that they respond best to manual treatment.

May I cite a passage from the World Bank's recent report?

"Proper application of known techniques, in conjunction with

[Shri Tyabji]

the possible expansion of irrigation and the cultivated area, could increase India's agricultural output four or five fold. By the time that has been achieved, new techniques will have been evolved and the way will be open for further progress. Results of the crop competitions organised for the Grow More Food campaign show yields about seven times higher than the local average. India's yields are at present among the lowest in the world; with the labour force available, they could be among the highest."

The whole matter may be approached from another point of view. If we settle our first objective is to raise the national income in a sizeable manner, logically, the next question is, how this is to be done and the logical answer must be, by utilising the natural resources that are most abundant in this country. The natural resources that are most abundant in the country are the sunlight which pours from the sky and the carbon-dioxide in the air, which with the help of the chlorophyll in the green leaves of the plants and trees, is turned by the sunlight into food and wood. Hence, it is clear that the principal means of creating wealth in India must be agriculture and forestry, not because India is in some sense a backward country, but because the principal natural wealth of India is sunlight and carbon dioxide as the principal natural wealth of England is coal.

The question of the production of food may be looked at from yet another point of view. According to the Second Five Year Plan, the present average consumption of food in India is 2,200 calories per day.

**Mr. Deputy-Speaker:** I have restrained myself very much, but I am compelled to make these remarks. The object of talking here is to have a real debate. When an hon. Member has a prepared speech and begins to read it, then, he does not care what has been spoken earlier. His speech

is not having any relation to what Shri S. A. Dange said. It would be better if he mentioned the points that have been made by Shri S. A. Dange, and in that way it can develop. I would make a request of the hon. Member. It is a debate that is intended here, not an oratory, nor anything else.

**Shri Tyabji:** The relevancy of the speech and the remarks that I wanted to make is that I think that the proposition put forward by Shri S. A. Dange that the structure of the Plan is correct is not so. The structure of the Plan should be fundamentally changed and emphasis should be placed on agriculture. The present emphasis on industry is wrong. The present emphasis on industry has led us into these difficulties of foreign exchange. We can create wealth through agriculture. We need not follow the example of Russia. The following of the example of Russia and trying to create some kind of a balanced economy has led us into a mess. We have to get out of this mess and increase agricultural production. I quoted from the World Bank statement saying that very vast increases in our agricultural production can be made.

I now want to go to my next point. Actually, it is wrong to say that increase in food production and increase in food consumption has some kind of lower priority than capital goods for this reason. The Second Five Year Plan says that the average consumption of food in India is 2,200 calories. The Second Five Year Plan also says that the minimum required for proper nourishment is 3000 calories. Therefore, an average Indian, today, is in a chronic state of hunger. This is not the only result. The productivity of an Indian is many times less than that of an European or an American even allowing for the implements which he has. Nor is this all. The average expectation of life in India is only 33 years whereas the average expectation of

life in England is 65. What is happening is this. Because of this lack of food, our human machine not only produces less, but it lasts only for one-third of the time that it ought to last. What would people say if an industrialist purchases an expensive machine, which is capable of 45 years' service, but then refuses to supply the necessary lubrication oil so that it is useless after 15 years? They would call such an industrialist insane. That is exactly what we are doing to our human machines. I leave entirely all questions of humanity out. Here is your greatest capital asset, your labour; you are starving this to death in 15 years when it is capable of 45 years of continuous production. Therefore, it is very wrong not to put the greatest emphasis on agriculture. This is the point that I want to make. I submit that these are very compelling reasons for recasting the Plan.

Agriculture. I say, further must include forestry. According to the National Forest Policy Resolution that has been passed by this House—after having been passed by this House, not much seems to have been done—33 per cent ought to be under forests. We have not only 22 per cent under forest. Even this 22 per cent that is said to be under forest in India is forest only in name as any one who has walked in the well kept and well tended forests of Germany and who has walked in our forests which are often more scrub than forest can see. Most of the trees in our forests are neither good for timber nor for fuel. But, even this 22 per cent is not there in all parts of the country. In Marathwada area, where I come from, where according to the Ramayana, Rama and Seeta walked through dense forests, you will find that there is only two per cent. And even this two per cent of forest land is just bare rock. Forestry is one of the most important things for our country. It must be remembered that the lack of forests is having very serious effect on our production also..

The Minister of Co-operation (Dr. P. S. Deshmukh): We are going to destroy Dandakaranya also.

Shri Tyabji: I welcome this interruption. I say it is one of the most serious things that is being done—destruction of forests for the sake alleged rehabilitation of refugees. We only destroy some of our most valuable assets.

Recently, the Vice Chairman of the Planning Commission has pointed out that the mere increase of chemical fertilisers is not of much use. What is essential is that this should be used along with organic manures. We cannot have them unless we have leaf-mould and compost. For this reason also, forests are necessary.

I have pointed out that the production and consumption of food is in a very real sense the accumulation of wealth since it prevents the rapid deterioration and depreciation of our principal capital goods; human labour. With forest also, it is the same. Not only is it necessary to save it. In forests also, the income investment ratio is almost hundred per cent, for until the tree matures, 20 or 30 years hence, all the increment goes into the tree itself.

For all these reasons, I say that the Plan should be recast. Great stress must be placed on agriculture and forestry. Although forests are so important for our country, only Rs. 47 crores out of Rs. 4,800 crores have been allotted to forests and even this sum is merely for increasing the salaries of some staff and for making a few forest roads. Practically no provision for afforestation has been made. I, therefore, submit that Rs. 500 crores be allotted for agriculture and afforestation, more than the present provisions. We are not going to spend all the Rs. 7,100 crores in both the private and public sectors. That is the way in which we can save the Plan; there is no other way.

**Mr. Deputy-Speaker:** The following are the amendments which have been indicated by the Members to be moved:

- 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12,
- 13, 14, 15, 16, 17, 18, 19, 20, 21,
- 22, 23, 24, 25, 26, 27.

**Shri Panigrahi (Puri):** I beg to move:

That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that in view of the practical shortcomings experienced in carrying out the Plan programme as envisaged, priorities be fixed and agreed to."

**Shri Sanganna (Koraput—Reserve—Sch. Tribes):** I beg to move:

(1) That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, approves of its policy, programme and objectives in the larger interest of the country and the Nation."

(2) That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that special consideration may be given to the solution of the socio-economic problems of the Scheduled Tribes and the Scheduled Castes while implementing the Second Five Year Plan."

(3) That for the original motion, the following be substituted namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that every effort may be made to enable the Scheduled Tribes and

the Scheduled Castes to take part in the intellectual and understandable objective discussions of all the forums of the socio-economic plans and programmes of the country."

**Shri Jadhava (Malegaon):** I beg to move:

That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that enough emphasis should be laid on agriculture so as to bring about a balanced development of industry and agriculture without which the successful implementation of the Plan may not be possible."

**Shri Mahanty (Dhenkanal):** I beg to move:

That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, disapproves—

- (i) indiscriminate resort to deficit financing which has corroded the base of internal economy;
- (ii) functioning of the public sector in the heavy industries which has created new problems for the Second Plan;
- (iii) lack of co-ordination among the various departments and agencies of the Government in implementing the Plan;
- (iv) failure of the Government to correct the imbalance in the economy due to rising food prices; and
- (v) growing disparity among the various regions of the Union in regard to development and per capita income".

**Shri U. L. Patil (Dhulia):** I beg to move:

That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that the Government should review the fundamental postulates of the Second Five Year Plan and adjust it to our available resources. This House feels that to this end it is imperative that—

- (i) the Plan should be spread over a longer period;
- (ii) the projects that can be left to private enterprise such as those concerning production of cotton goods, silk, sugar and soap, but have been put in the public sector in the Second Plan, and have not been taken in hand so far, be dropped;
- (iii) top priority should be given to the production of foodgrains and other necessities of life;
- (iv) development of small and cottage industries should be made the basis of our industrial policy; and
- (v) intensive efforts should be made to revive the spirit of Swadeshi movement."

**Shri Bishwa Nath Roy (Salempur):** I beg to move:

That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that the inclusion of the Rihand Dam in the core of the Plan is absolutely necessary for the development of Eastern Uttar Pradesh, a very backward and scarcity area."

**Shri Yadav:** I beg to move:

That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that in the First Five Year Plan—

- (i) prices have risen disproportionately;
- (ii) the investment in the private sector has exceeded the entire plan target and flowed outside the plan;
- (iii) foreign exchange reserve have depleted without prospect of replacement;
- (iv) the Government has shown vacillation and lack of unity of purpose; and
- (v) the living standard of the people has already fallen beyond tolerable level.

In order to correct the situation and to correctly develop an economy, the House is of opinion that the Plan must be basically changed."

**Shri Raghunath Singh:** I beg to move:

That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that the amount allotted to Shipping and shipyard is inadequate and that proper steps should be taken to help the industry so that the tonnage of Indian Shipping is increased"

**Shri Tyabji:** I beg to move:

That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that steps be taken to improve the

[Shri Tyabji]

position regarding foreign exchange and to avoid deficit financing".

**Pandit D. N. Tiwary (Kesaria):**  
I beg to move:

That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that priorities should be given to such schemes which require no foreign exchange or very little of foreign exchange in execution"

**Shri Naushir Bharucha (East Khandesh):** I beg to move:

That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that the Plan should be re-phased in relation to the available resources within the country and to the extent it is feasible to raise credit abroad, and to this end, this House recommends to the Government—

- (i) to make a clear-cut category-wise statement as to what projects in various fields are finally to be included in the re-phased Plan and what are to be postponed;
- (ii) to announce by way of a policy statement that a two-year breathing time will be given at the end of the Second Plan to the nation to recover from the stresses and strains of the Two Five Year Plans;
- (iii) to announce by way of a policy statement that deficit financing will not be permitted to exceed Rs. 800 crores and that even the core of the

Plan, if necessary, would be re-phased to keep within the limits of Rs. 800 crores of deficit finance;

- (iv) to make strenuous efforts to prevent rise in food prices and articles of domestic consumption;
- (v) to give all-out aid to hard-currency earning exports; control credit facilities; encourage flow of foreign investments; and
- (vi) to assure the nation that during the remaining Plan period there will be no fresh major tax imposition on the middle and poor classes."

**Shri S. M. Banerjee (Kanpur):** I beg to move:

That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that special consideration be given to the expansion of defence industry"

That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that full co-operation of the political parties in particular and public in general be sought for the successful implementation of the Plan."

**Shri Manabendra Shah (Tehri Garhwal):** I beg to move:

That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic

situation, is of the opinion that steps be taken—

- (i) to improve the position regarding foreign exchange; and
- (ii) to adjust, recast and rephrase the available resources for the Second Five Year Plan in such a manner that an equitable development of all the regions of the Union takes place."

**Shri Surendranath Dwivedy** (Kendrapara): I beg to move:

That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that the failure of the Government to take prompt and adequate measures to check the deteriorating agrarian situation and its vacillating policy in regard to the foreign exchange reserve, has created difficulties for the successful implementation of the Plan"

**Shri Lladhar Kotaki** (Nowgong): I beg to move:

That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that the Second Five Year Plan be re-phased with a view to give top-most priority to increased production of food so as to make the country self-sufficient within the Second Five Year Plan period taking into account all factors of production of food and that re-allocation of funds on various schemes under the Second Five Year Plan be made accordingly."

**Shrimati Ila Palchoudhuri** (Nabadwip): I beg to move—

That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that the private enterprise and communications can play a vital role in the country and therefore sums allocated for these purposes should be reconsidered and more stress given to these two aspects of planning."

**Shri M. D. Mathur** (Nagpur): I beg to move:

That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion, that while fixing the priorities of the programme due consideration and weightage be given to undeveloped and under-developed States."

**Shri Rami Reddy** (Cuddapah): I beg to move:

That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that top-most priority should be given to the agricultural development and that in regard to industries, steps should be taken to achieve balanced industrial development in different parts of the country."

**Shri T. Subramanyam** (Bellary): I beg to move:

That for the original motion, the following be substituted, namely:—

"This House having considered the Second Five Year Plan in

[Shri T. Subramanyam]

relation to the current economic situation, is of the opinion that—

- (i) the production of foodgrains should be given top priority and be placed as on a war-footing, by the full utilisation of the facilities provided by the various major and minor irrigation schemes, and the use of improved agricultural devices; and
- (ii) steps should be taken to provide food and cloth at reasonable prices”

**Shri B. Dasgupta:** I beg to move:

That for the original motion, the following be substituted, namely:—

“This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that—

- (i) more emphasis should be laid on agriculture,
- (ii) cottage industry should be given priority; and
- (iii) emphasis should be laid on organising Village Panchayats.”

**Shri S. Ghose (Burdwan):** I beg to move:

(1) That for the original motion, the following be substituted, namely:—

“This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that priority should be given for reconstruction of Ahalya Bai Road connecting Calcutta to Madras for National interest.”

(2) That for the original motion, the following be substituted, namely:—

“This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion, that priority should be given for construction of a railway line

from Santragachi to Bishnupur via Radhanagore, Arambagh, Kamarpukur.”

**Shri D. C. Sharma (Gurdaspur):**  
I beg to move:

That for the original motion, the following be substituted, namely:—

“This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that while the underlying policy and objectives are very worthy and adequate, the programme of execution should be kept constantly under review so that the plan is fulfilled within the stipulated period.”

**Shri S. L. Saksena (Maharajganj):**  
I beg to move:

That for the original motion, the following be substituted, namely:—

“This House having considered the Second Five Year Plan in relation to the current economic situation, is of the opinion that it is too early to declare that the Second Five Year Plan shall not be able to obtain the necessary foreign exchange and therefore no essential part of the Plan such as steel plants, the Rihand Dam, Jalkundi dam on river Rapti and other flood protecting measures etc should be dropped. If ultimately the resources are found insufficient, some of the projects in the Plan may be extended to be completed in six years instead of five. The dropping of projects already begun would mean the dead loss of all money spent so far which might run into several hundred crores.”

**Mr. Deputy Speaker:** All these amendments are before the House.

**Dr. Melkote (Raichur):** Mr. Deputy-Speaker, one has to look at the Plan, especially in a country like India, from the employment aspect. We have a large population which today is subsisting on a sub-standard diet.

So, any Plan which we prepare for the people should ensure immediately if not in some long-drawn period certain things which would give them this necessary basic living condition.

What is the basic condition that we are asking for people living in our country? Many of them live in hutments which cannot be called a dwelling place. People could get on; they have lived like that for thousands of years and can very well get on like that for some time to come. That is not the essential factor.

If a man has to live, he necessarily needs three essential things: air, water and food. Nature has provided us with these three things. Air is absolutely necessary. It is there everywhere in the world. It is not a thing which one needs to purchase.

Second in importance is water. If a man is deprived of air for two minutes or five minutes, he cannot survive. That is why it is very important. Equally, man cannot live without water. I do not know how many people understand this problem. One cannot live for more than five or six days if he is deprived of water. In India we find our womenfolk, sisters and mothers, going long distances in the village sector, miles sometimes, to get a bucketful of water. Water is needed not only for drinking purposes but for growing food. To the extent we provide people, particularly in the villages, which form the backbone of India, with this water for their consumption, for the cattle and for growing more food, to that extent you are raising them from the sub-standard condition. I will revert to the subject again at a later stage.

The third necessity is food. Man has lived on earth without any kind of food for nearly sixty or seventy days. That is the story of Potti Sriramulu in India. There is the story of Maxwini in Ireland, who lived without any food for 70 or 72 days. But, after all a man needs food. We have to look at the Plan

from this point of view so that man gets water, so that he may grow food, he depends upon them.

That should be the primary criterion. Any Plan which curtails this fundamental right of man to exist, to that extent we will be depriving that man from the necessities of life. That is why it has been said that the major irrigation schemes should in no sense be curtailed. That is what Shri Dange himself has said and I would like to modify it in this particular manner and say that we have in this country for the past five years major irrigation schemes whereby there is plenty of water. Water is so much that there are plenty of crocodiles so that we cannot swim in them. That water is not being utilised. Crores of money had been spent on major irrigation works but no grain is coming out of that, it is a very serious defect. Therefore, in the Plan, whatever money has to be spent in developing the land should be spent immediately; money should not be stinted there.

Shri Dange suggested that the power projects might be deferred for a little longer. I entirely disagree with him. It is very important not merely from the point of the growth of major industries. It can be given to minor and cottage industries as well. Water flows from a higher gradient into a lower gradient. But, power, wherever it is generated, can be made to flow up. Wherever we have these major projects, we have got to plan in such a manner that people living in the territory through which the river flows should get benefit thereby. Because water flows down, it should be given to the villages and people lower down the dam. But power which can be generated should be made to flow up to benefit the people living higher up. Because dams are constructed in particular places, those people are deprived of the benefits. It is, therefore, necessary that in the benefits that accrue by all these works, people in the lower areas

[Dr. Melkote]

should get water while people higher up should get power. The power that is given to them need not necessarily be utilised for burning lights in their houses but for lifting water from the sub-soil surface.

In India we get plentiful supply of water. There are good monsoons. Water not merely flows down into the river and then into the sea; it soaks into the sub-soil. If we can tap this water by cheap power, it could be used. There may be diesel engines for the development of agriculture. But diesel oil is not manufactured in our country and it is a costly process to do it. It is a very costly process. That is why, wherever agriculture is developed by means of diesel engine, it becomes costly, but if we give cheap hydro-electric power it can be utilised for lifting water from sub-soil, so that in every village we could have sufficiency of water. This water is important for a very simple reason. It is said that if we give manure to an ordinary dry land in sufficient quantity, food production increases by nearly 10 per cent. If we give better seeds, we increase the production by another 15 per cent, but I have seen it with my own eyes that wherever adequate water is given to the land, it gives us an additional yield of 200 or 300 per cent. Therefore water is very necessary.

Our ex-Finance Minister has said in one of his speeches in Madurai that our Plan has failed today because we have failed in the agricultural sector, because agricultural production has not kept pace with the Plan. If we have to do that, we have to have more irrigation sources, not necessarily by letting the water flow down alone, but also by taking up the power up. Hence power has to be developed wherever there are potentialities.

Of course, the core of the Plan has to be kept, but I feel that industries

which require raw materials from outside need not be encouraged. For instance, even if more spindles have been ordered, they need not be put into commission as they require raw material in the form of Egyptian cotton from outside which means foreign exchange. On the other hand, if we can use power for the development of not only the big industries but also cottage industries, it will give more employment, because, after all is said and done, the capacity of big industries to provide employment is very limited. Shri Dange was speaking of the imperialist countries. Whether the machinery for industries is imported from the imperialist countries or from behind the Iron Curtain, machinery is very costly. If we invest a crore of rupees in the construction of a factory, it is said it can give employment only to about 1,000 persons, that means we have to spend on an average Rs. 5,000 to Rs. 10,000 to give employment to one individual. But, if the same amount is invested in the agricultural sector, in the construction of medium-sized tanks, in the repair and construction of minor irrigation sources, many of which have still not been repaired after ten years of freedom, food production will greatly increase. If such facilities are offered, people would take to it immediately and there will be immediate results. The amount of money to be spent on these sources will not be more than Rs. 100 or 150 per head as compared to Rs. 5,000 or Rs. 10,000 in the case of big industries in order to give employment.

If the Plan has to be changed, let it be changed in such a way that we become self-sufficient, and one of the main factors of self-sufficiency is adequate food production. If this has to be tackled and tackled immediately as it deserves to be, we have got to develop all these minor sources of irrigation, and also the small scale industries with the supply

of power, so that consumer goods may be manufactured in the village sector.

I must say that I do not like the pruning of the Plan. It was said that the felt needs of the people must be reflected in the Second Plan. The felt needs of the people were taken into account and it was found that the total sum required would be Rs. 13,000 crores which the country could not find. Hence it was cut down to Rs. 4,800 crores in the public sector and another Rs. 2,400 crores in the private sector making a total of Rs. 7,200 crores in the Second Plan. When it was thus cut down, people like Shri Dange went to the people and said: "Look here, here is the Government which asked for the felt needs of the people, and they have now curtailed it." Recently in some of their speeches they have criticised the proposed pruning of the Plan. Here they come forward and say it should be pruned in a manner which would affect the employment potential of the rural sector which sustains the economy of the country. I, therefore, feel that if the Plan is pruned to affect the agricultural sector and if the agricultural sector fails there will be more strikes. So, whatever is done, let it be understood that ours is a rural economy, and let not the pruning be done at the expense of the village sector, but at the expense of the industrial sector. If food production goes up, I am sure we will be able to find the resources to fill the present gap, the workers would co-operate with the Government, and the next three years would make the Plan a success.

I, however, personally feel that it is not possible to spend this Rs. 4,800 crores even if we get it within our own country for the simple reason that in the First Plan the shortfall in expenditure has been quite enormous due to the elections, the reorganisation of the States etc., and now in the second year of the Second Plan we are still considering what

to do. There is also acute shortage in essential materials like iron and steel, cement etc., which hamper us. We should, therefore, today assess the potentiality to which we can work up the Second Plan, and I am sure the pruning will not exceed the likely shortfall in expenditure due to the reasons I have already mentioned, and hence we can still make the Plan a success.

**Shri Sarendranath Dwivedy:** The Minister while making his motion tried to give us a picture about the pruning of the Plan, but he himself was not clear about it. Unfortunately an impression has been created as if the Plan is going to collapse because of this slogan of pruning the Plan in the highest circles.

The House may remember that when this Second Plan was discussed in this House, Members from our party criticised it and pointed out that the approach was unrealistic and that priorities had been fixed without taking into account their possible effect on the masses as a whole. But, since Parliament has given its approval, it is up to the Government to carry it out. But before the second year of the Plan is out, they themselves, become shaky and raise this slogan of pruning the Plan.

The basic assumptions of the Plan were wrong, still we want that this Plan should not fail because it will create a bad precedent. After all, this is the first democratic experiment in planning in the world. Therefore, we do not want to obstruct it, nor is it my intention today to say that we are going to oppose this Plan. Nor do I feel that the Plan is over-ambitious or that the question that we have to decide today is whether the people in our country are prepared to undergo sacrifices. I am certain the masses in our country want to be active partners in all national efforts.

But really the trouble is that our rulers today want to build up a structure over the dead bodies of the masses. Therefore, the present

[Shri Surendranath Dwivedy]  
difficulties have arisen. I hold that the present difficulties confronting us would not have arisen had the Government been alert and consistent in its actions.

With a little bit of foresight and thought, probably the present difficulties would have been minimised to a very great extent. Instead of shouting for the pruning of the Plan, I should have expected that at this stage the real slogan should have been 'pruning of all unnecessary expenditure'.

It is a fact that we are faced with a very grim economic situation. What is that situation before us? Difficulties are mounting up. There is rise in prices, there is inflation and there is foreign exchange shortage. This foreign exchange shortage is also of our own creation. I would not deal with this point elaborately as my hon. friend, Shri S. A. Dange, has given us a detailed picture of the whole thing. I will only mention to you what an eminent economist of our country, D. R. Gadgil, has said. He has said:

"During the last 18 months, foreign imports have been allowed at a rate almost double the average rate of such imports provided for in the Plan".

Even today, imports are of a higher order than exports. But it is expected that owing to the stringent import restrictions, probably the position may improve. But to the extent that the Plan was dependent on foreign aid, it has collapsed, it has failed, and we have to depend entirely on our domestic resources.

I do not know whether the Finance Minister would be able to negotiate a loan with the U.S. But let us take it for granted that if at all foreign aid comes, it will not be available to us in time or it will not be available to us in adequate quantity. So we have mainly to depend on our domestic resources, and it will not be true to accuse the

people, our countrymen, that they have not responded to our call.

What is the position? Between 1954 and 1957, there has been an increase of about 25 per cent in our Central revenues. Bank credit extension which was Rs. 8 crores in 1953-54 has now increased to Rs. 148 crores in 1955-56. Deficit financing also has been greater in 1956-57 than it was in the whole of the First Plan period. The position of money supply has been favourable. In March 1955, it was Rs. 1921 crores, while in April 1957, it is Rs. 2358 crores. That means an increase of 22 per cent. But as against this, our industrial production has certainly gone up, that is 24 per cent. But the fact remains that agricultural production has gone down by 3 per cent. The Minister was reluctant to admit it. He was always telling us that agricultural production did not reach to our expectations, but he did not want to admit that it has really gone down.

Before I come to agriculture, I want to ask this question: having this increase in Central revenues, how have we utilised these funds? It is already admitted in the budget discussions that a large portion of this amount that is available to us by extra taxation would go for the normal expenditure and then defence expenditure has also to be met. This is rather an unfortunate development. Still, in spite of all these difficulties, what concrete steps have Government taken to see that wasteful, unnecessary and unproductive expenditure is curtailed?

We hear the slogan 'voluntary cut'. The austerity drive has resulted in voluntary cuts by some Members of Parliament and some Ministers. The Home Minister was giving the figure the other day as some lakhs. That is the only thing that has been achieved, although Government want to rush through everything here. So far as these questions are concerned, they always invoke—I think perhaps they

do not really follow him—Gandhiji. They give a different picture by saying 'voluntary cuts'. They do not want to touch privy purses even at this time when they say there is an emergency. Still they carry on by saying that there are constitutional guarantees and promises which are to be honoured. They only appeal for voluntary cuts. What is the result of this austerity drive?

At the same time, I should have thought that if they had sincerely decided for a socialist pattern, they should also have decided on the ratio of income and wealth. That is an important aspect. The Taxation Enquiry Commission of course suggested 1:30. But to me that is also a very high figure. I want to put it at 1:10. I want to know whether any serious attempt has been made to take into account the recommendations of the Taxation Enquiry Commission. Government is very hesitant in these respects. But I would say that only if we take the positive step, will the capitalists in this country know that they can accumulate wealth to this extent and no further, and they will also act accordingly.

I do not want that the Government should scale down any of the productive projects. I would never agree to that. I would also not like that schemes already commenced or in which considerable amounts have already been invested should be withdrawn at this moment. But let us know where we are really going to cut. Various members of the Planning Commission are visiting different States. Probably, the obvious purpose is to discuss with State Governments how far the Plan should be cut down. I have come across a press report that Shri Neogy, a member of the Planning Commission, visited Orissa and there was a discussion with the State Government. And what was the result? Ultimately, it is reported, they have decided to cut down, not to proceed with, the Delta irrigation scheme! That is a scheme for which already money has been

invested, work has started, and that is a scheme which is going to give flood protection to people along with irrigation facilities. At the same time, as a result of this scheme, we would have more food production.

I think if we are cutting down the Plan in this way.....

Shri B. S. Murthy (Kakinada—Reserved—Sch. Castes): Pruning. 'Cutting' and 'pruning' are two different things.

Shri Surendranath Dwivedy: Pruning the Plan, as he says, in this way, it would create a bad precedent.

Dr. P. S. Deshmukh: Cutting the tail.

Shri Surendranath Dwivedy: Therefore, there will be a sense of frustration. Employment opportunities are available under this Plan more to our people in these small sectors than in the big sectors. Therefore, if you cut down schemes like this, it would necessarily mean a deterrent to employment.

I would suggest that Government stop investment in all non-productive projects. Stop wastage in expenditure and in development projects and introduce economy in administration. If you do that, then only you can really get through these difficulties.

In a recent study of the Reserve Bank of India, a report of which has appeared in the papers very recently, they clearly suggested that if the State Governments are to be saved from a crash, immediate steps should be taken to reduce public expenditure and people at all levels must feel that every rupee that they give is properly utilised. It is not the physical achievements that matter. The direction in which we are moving, that is important for the people. It does not matter whether the national income is double or treble after the end of the Second Five Year Plan. As Shri Vinoba Bhave would put it, how much money out of this enlarged national income would be available

[Shri Surendranath Dwivedy]

for the poor and the needy, is the test of the Plan. Have we been able to create such an atmosphere in the country in the way we are proceeding?

Then, I come to the question of agriculture which, I think, is a most important aspect.

**Dr. Ram Subagh Singh (Sasaram):** Impotent?

**Shri Surendranath Dwivedy:** You may mean impotent; I mean important. According to the Planners it may be impotent; for me it is important.

Agricultural products are also foreign exchange earners. According to our ex-Finance Minister, Shri Deshmukh, the agricultural commodities contribute nearly half of our national income. Any shortcoming in this is bound to make itself felt in the totality of our resources. And, when we are talking of the core of the Plan, we talk of steel, iron, this and that and no mention is made of this. I say that food is also the core of the Plan and that has to be maintained.

14.52 hrs.

[SHRI C. R. PATABHI RAMAN in the Chair]

**Shri B. R. Bhagat:** It is the base of the core.

**Shri Sinhasan Singh (Gorakhpur):** It is the best of the core.

**Shri Surendranath Dwivedy:** The Planning Commission has given a very minor position to agriculture in the present Plan. The allotments made available for agricultural development is only Rs. 170 crores as compared to Rs. 195 crores in the First Five Year Plan. The Planning Commission originally expected that agricultural production in the Second Five Year Plan period would be about 15 per cent more. But, suddenly, our Prime Minister insisted that it must be 40 per cent. When this matter was discussed at Mussoorie, the State Ministers wanted more money if we really wanted to increase food production. But the Prime Minister

threw the suggestion out and said: No, within the limited resources you have to do it. I am surprised that the Planning Commission also agreed to it. I do not know whether their earlier estimates were based on economic factors or whether they really base any of their decisions on economic factors or they only rationalise the whims of politicians like the Prime Minister. But, they really agreed that 40 per cent increase would be there within the limited resources. But, what do we find today? We find there is a downward trend.

About this, even the First Five Year Plan had given us sufficient warning. I just mention this because although in the First Five Year Plan period agricultural production went high up because of good monsoons and other reasons. We always say it has taken a natural turn. That is how we calculated the entire thing. But, in this report it is said:—

"While the general trend of food production would appear to be upward, it must be admitted that favourable seasons have played a notable part and there are substantial elements of instability despite the evidence of growth of agricultural production during the first five year plan. The experience of the first five year plan suggests the need for each State to undertake a critical assessment of the various factors which have operated in relation to its agricultural production trends during the past few years. From the overall production trends of the country as a whole only cautious conclusions may be drawn."

Sufficient warning was given here. In spite of that we relegated agriculture to a very minor position. There is no stability in prices. My hon. friend, Shri Dange has already referred to the urgent need of land reforms. A Land Panel was appointed and they made some recommendations. The Planning Commission

changed them though it was unanimous. The Planners threw that out and made all sorts of pleas. Even the recommendations of the Planning Commission have not been implemented in any of the States and there is not going to be any ceiling. It is my belief. There is not going to be any ceiling on land so long as the Congress Governments are there in the States.

**Shri B. S. Murthy:** No, Sir.

**Shri Surendranath Dwivedy:** That has to be proved by deeds and not by words.

There is no stability in the agricultural prices. You want to earn foreign exchange. The Government is consistently refusing to give minimum prices to commercial crops like jute. The peasants are anxious to work and to grow more. But, unless they are given a minimum price level, how can you expect them to work?

I come to another factor. My hon. friend, Shri Dange suggested that the power projects should be cut down. I do not know whether he included in that irrigation also because our projects are multi-purpose projects including irrigation and power. Certainly, I would not agree to a proposal which would cut down irrigation facilities.

Several times in this House, this question of irrigation facilities has been raised. We have been pressing from all sides of the House that why is it in spite of the fact that irrigation facilities for more acres have been provided in the First Five Year Plan, the peasants are not utilising them. We must see whether the peasants are in a position to pay the water rates and the betterment charges at the prevailing levels. Nothing serious has been done in this respect. I will again refer to the Reserve Bank Bulletin which discussed this. They say that in view of the fact that an appreciable proportion of the newly created irrigation facilities is not being availed of by the cultivators, it would have been useful to know whether the prevailing level of water rates and bet-

terment levies in the various States is also one of the contributing factors preventing better utilisation of irrigated areas.

I would put it to the Planning Commission that if at all they are serious that the agricultural production should go up, to take up this question immediately and find out a practical solution so that the peasants who are anxious to get water are also able to utilise the water that is available to them. My definite charge is.....

I do not know for how many minutes I have spoken. I should have 25 minutes I because I am the only Member to speak from my party.

**Mr. Chairman:** The hon. Member has gone up to 20 minutes. I know that he is the only Member from his group.

**Shri Surendranath Dwivedy:** Even with regard to the fertilizers, the report says we have provided fertilizers. But they have not reached the people (*Interruption*). They might have increased production but the price is also increased and it does not go to the people. But nobody seriously looks into the matter to see why it is happening. We are really talking of big things but we do not really want to know what is happening.

My definite charge is that as a result of the new policy, the rural sector has become subservient to the urban sector and the per capita income of the people in the rural sector, during the last 10 years, has gone down considerably. Therefore, what I would suggest in concrete terms is that agrarian economy should be recognised on a par with industrial development. There should be parity of prices in agricultural and manufactured goods, land armies should be organised with a view to reclaim fallow lands and rehabilitate people on those lands, introduction of crop insurance schemes to provide safeguards to peasants against the hazards of occupation, rents should be on a uniform and equitable basis, ejection from land should be stopped and land should be

[Shri Surendranath Dwivedy]

distributed on some equitable basis. If all these steps are taken within a stipulated time—it is no good to go on proclaiming that we will do this and do that, a time limit must be there—then we are sure to meet with success. If we feel that there is an emergency, if we feel that the Plan is in great difficulty, let us treat it as an emergency, and let us do these things within a year. Then alone I feel that we would be able, probably, to tide over the difficulty to a great extent.

I will conclude my speech by referring only to one aspect of the question, and that is about the regional disparity. You will find, Sir, from the amendments that there are amendments which have raised this question of regional disparity. You know there is a feeling in the neglected areas—neglected not within the last ten years, but neglected even during the British times—that sufficient attention is not being paid to those areas, especially States like Orissa and Assam feel it very acutely. I know that this matter has been realised at very high quarters. The other day the Prime Minister expressed his full sympathy. But it has no meaning

Just see the movement of oil refinery in Assam. It should not be treated as a regional movement. I should think it is an outward expression of a long suppressed feeling of neglect and injustice. In spite of the fact that we have mentioned these things in the Plan, a person like the Chief Minister of Assam stated some-time back, over a year ago, that no substantial development of industries has taken place there during the First Five Year Plan. Coming to the south, you hear the Chief Minister of Mysore saying that certain areas derive the double benefit of having hundreds and hundreds of miles of railways and also major industries. If these are the feelings of eminent persons and administrators, you can very well realise how the masses in those areas, the public at large would be feeling about this Plan.

Would they have any enthusiasm to give their support to a Plan like this? Therefore, when you are discussing the entire thing again, I would like you to take this matter also into consideration, re-shape it and remove those feelings, not by words alone but by deeds.

I only want to say, if we proceed on right lines, if we really move with a view to attain our objective of a socialist society, I have no doubt, whatever the difficulties and obstacles either from foreign quarters or from inside—let it be strikes, strike threats or anything of the kind—that the country would not fail to give you all support. But, are you, I want to know, prepared to take that support? Are you prepared to take that bold line? Do you deserve it?

**Mr. Chairman:** Shri Ranu Reddy.

**Shri Rami Reddy rose—**

**Mr. Chairman:** Just a minute. I am following a list already prepared. It has been recorded here as Shri Rami Reddy.

**Shri Rami Reddy:** I am Rami Reddy. There is no other Rami Reddy.

**Mr. Chairman:** I think it is better to give two or three names on the list, because I find that two or three persons are missing. So I would request Shri P. V. Raju to be ready, as also Shri Wodeyar and Shri Manabendra Shah after that.

**Shri Jhunjhunwala (Bhagalpur):** Is it not necessary, Sir, that we should stand up? The hon. Member there stood up and you called him, and now you show a list.

**Mr. Chairman:** Order, order. I have been given a list by the Speaker and by the Deputy-Speaker written in their own hands. I came only later on and I am not aware of it. But most people will have a chance today. The list goes on. It has to be one or two from the Congress and one from the opposition. I am following the

list with me. I shall endeavour to keep other names also in mind.

**Pandit D. N. Tiwary:** Just now the Deputy-Speaker said that those who have sent their names must also stand up and catch his eye. Now it is said that a list has been prepared. May I know what is the correct procedure?

**Shri Radha Raman (Chandni Chowk):** If you read out the list, Sir, it will be convenient.

**Mr. Chairman:** Order, order. What actually happens is, Members are waiting for their names to be called. They go out and then their names are called. Like that two or three persons have gone out. I will bear them in mind.

**Shri S. L. Saksena:** Is there no need to stand up now?

**Mr. Chairman:** Shri Ram Reddy may now proceed.

**Shri Ram Reddy:** Mr Chairman, Sir, my amendment is No. 21 to the effect that steps should be taken in regard to industries by eliminating regional disparities, and that top priority should be given to agricultural development.

First of all I would like to deal with the question of regional disparities in regard to industrial development. That should be removed. My complaint against this Ministry is that there has been no proper allocation of funds. It has been admitted by all the persons concerned that there should be proper balanced regional developments in the different parts of the country. The Planning Commission and the National Development Council have laid down that there should be an even development of the country. The Industrial policy resolution also states that the pattern of investment shall be so devised as to lead to balanced regional development. I would also say that industrialisation has to benefit the economy of the country as a whole disparities in the

levels of development between different regions have to be eliminated and concentration of industries has to be avoided. The special needs of the less developed parts of the count should receive due attention.

I submit that unless you achieve regional development there could not be any national development. Therefore, my submission is that regional development shall form part of the national development.

Oftentimes the spokesmen of the Government, persons in authority, have all stated that they will take necessary steps by removing this regional imbalance in regard to the location of industries, in regard to allocation of funds etc. But the Government has miserably failed to observe this principle in practice. The planners have failed to do justice in the matter of elimination of disparities and developing a balanced economy for the various parts of the country.

Taking the instance of my State—I come from Andhra—I have got a bitter complaint. It is my painful duty to mention that a lot of injustice has been done to my State, Andhra Pradesh. The people of Andhra are very much discontented at the way the Centre is handling Andhra Pradesh. We strongly resent the way the Central Government is treating Andhra. Your treatment of Andhra is most unfair. The preamble to the Second Plan lays down that to the greatest extent feasible, balanced development of all parts of the country shall be secured. Andhra is industrially a very backward State. I shall give a few instances to show how callously the Central Government is neglecting Andhra.

Andhra Pradesh is the fourth biggest State in the country with a population of 33 million people which forms 9 per cent of the total population of India. But when it is a question of allocating industries, developing mines, location of technological institutes, setting up of industries or fertiliser factories or opening of

[Shri Rami Reddy]

medical colleges etc., or anything for that matter, Andhra State is totally neglected. Her share of the Plan, to give one instance, is Rs. 174.12 crores which works out to roughly 3.6 per cent of the total Plan outlay. I ask the Government whether it tends to remove the regional imbalance. Take the case of industries and mining. A sum of Rs. 2559 crores is reserved by the Centre to meet the States' Plans and to finance its own schemes and projects in the industrial sector. But only a meagre sum of Rs. 27 crores out of this amount of Rs. 2559 crores is proposed to be spent in Andhra. While, on the basis of population, at least Rs. 230 crores ought to be spent and allotted to Andhra. Is this the way to eliminate regional disparities?

Then, in regard to transport and communications, Andhra's share is only 6 per cent; it is not even one per cent of the total allocation for this item. Coming to the setting up of industries, can anyone say that there are no facilities in Andhra for starting any major industry there? No one can say that there are no facilities there. The raw materials such as coal which are necessary for industries are more readily available in Andhra than in many other parts of the country. The State is very rich in mineral resources, electrical energy, water, inland water transport, and in all the things necessary and essential for the development of major industries. They are all available in the State, but the Centre has not so far agreed to locate any industry there. The State Government has sent proposals for the setting up of a fertiliser factory and a low temperature carbonisation plant; also a heavy electrical equipment factory and a steel fabrication plant besides many other industries. When the question of setting up a fertiliser factory came up, the Central Government told the Andhra Government that the latter will have to choose as between Kothagudam and Bezwada for the location of the factory. They did decide, and said that Kothagudam was ideally

situated for the location of the factory. But what happened? It was removed to a distance of 500 miles away towards the south. The Andhra State is essentially an agricultural State. Fertilisers are in very large demand there. Coal is readily available there. At Kothagudam water supply is there. Rice-producing areas are all around Kothagudam. Then the Andhra Government stated that taking all these things into consideration Kothagudam is ideally situated for the location of the factory. But then the Central Government said that the experts have decided the other way. The Andhra Government also stated that long before the Neivel project could go into production, if the factory is situated at Kothagudam the fertilisers could be produced and made readily available. But this request of Andhra Pradesh Government is denied. Does not Andhra deserve at least a fertiliser factory? Is this treatment of the Central Government fair?

In regard to the establishment of a heavy electrical manufacturing plant, we were told that it will be located in Vizagapatam, but the claims of Vizagapatam were ignored. It was removed far towards the north. The Fertiliser Factory was removed to the south and this heavy electrical equipment plant was removed towards the north.

With regard to the establishment of diesel engine factory at Vizag, we were told that the Planning Commission had agreed to set up the factory there, and Rs. 5 crores were allotted for it. In regard to the low temperature carbonisation plant, efforts were being made for setting up a factory at Kothagudam. It is also said that the Planning Commission has agreed to this principle, but a doubt is now lurking in the minds of the Andhra people, as to whether these two factories, diesel engine factory and the low temperature carbonisation plant—may go elsewhere, one eastward and the other westward.

for one has already been removed to the north and another to the south. So, these two things may go out, one to the east and the other to the west. That is the doubt which is lurking in the minds of the Andhra Pradesh people.

I come to education. A higher technological institute was allotted for the south. A committee was also set up for this purpose. The Andhra Pradesh Government offered Rs. 50 lakhs worth of buildings and 400 acres of land and an engineering college. The committee agreed that it was a fine thing that the Andhra Pradesh Government was offering so much. They said that they would see that the higher technological institute would be located in Hyderabad. But one fine morning they took it away towards the south, towards Neiveli.

In regard to secondary education, Rs. 3½ crores were allotted in the second Plan. But what is the share of Andhra? It is only Rs. 3,31,000, whereas Assam gets Rs. 8.73 lakhs, Madhya Pradesh gets Rs. 26.78 lakhs, Madras gets Rs. 10 lakhs—which is three times that of Andhra's share—Punjab gets Rs. 64 lakhs and West Bengal gets Rs. 57 lakhs. Where is the wrong? I am not able to understand why the Centre is showing a step-motherly attitude towards Andhra. Do they not recognise that a State like Andhra exists in this country? In the view of the Central Government and in the view of the Planning Commission, it does not look like belonging to the south, north, east or west. It must be in the—

**An Hon. Member:** Trishanku Swargam.

**Shri Raml Reddy:** Exactly; in the Trishanku Swargam. That is exactly what I mean to say. Do you want us to remain backward for ever? Are we not an integral part of India? I pose this question to the Central Government. There is a feeling gaining ground in Andhra that you do not

care for the importance of Andhra or improvement of Andhra. Such feelings are expressed throughout the State of Andhra. The press of Andhra also is very much agitated about this treatment of the Central Government towards Andhra.

I come to the next point. It has been said that agriculture shall be given top priority in the second Plan. True it is that agriculture is the backbone of our country. I would only mention two points here. 85 per cent of the people live in the villages and the rural population are dependent on agriculture, and nearly 80 per cent of our national income is derived from agriculture and like pursuits. Agriculture is the premier source of India's national wealth. India's biggest industries, sugar and textiles, are dependent upon agriculture for their raw materials. Therefore, if the production of food does not increase, if the production of agricultural raw materials does not increase, the whole Plan would be upset. My submission is that the Plan must be based on good and cheap raw materials. Forgetting this fact, and without realising that there is much strain that the country might have to undergo otherwise, an ambitious Plan has been doubled and now many difficulties have cropped up in the implementation of the Plan. The major difficulty is one of foreign exchange. Equally difficult and more important is the improvement in the production of food. The prime need today is food. In spite of the fact that there has been 20 per cent increase by the end of the first Plan in regard to food production, there is actually a shortage of food today. The need for increased production is all the more necessary when the population of our country is increasing at an alarming rate of five million people a year. I would, therefore, submit that topmost priority should be given to the development of agriculture and rural reconstruction in general.

In this connection, I would only mention that topmost priority should

[Shri Rami Reddy]

be given to minor irrigation works. For example, Andhra, in the backward areas of Telengana and Rayalaseema, there are thousands of tanks. If only about Rs. 10 crores were allotted for the minor irrigation works, they could be renovated in a year or two. That will result immediately in a great increase in production and welfare all round. Manual labour alone will be sufficient. No machinery is needed for improving the tanks, repairing the tanks or renovating them. Therefore, there can be absolutely no difficulty for the Central Government for allotting about Rs. 10 crores for the renovation of those tanks

Again, I would also request the Central Government to bear in mind that if electrical power is supplied to the small landholder to lift water from the wells and irrigate the lands, then, there can be a greater production of food etc. In this connection, I would request the Government to take up the Sileru project in Andhra Pradesh. I am told that the cost of production per one kilowatt of energy would be about Rs. 600; so at a very cheap rate they could produce electricity there, whereas in other places it is costing the Central Government and other State Governments about Rs. 1,500 to Rs. 2,000. It will be a very cheap project. Electricity could be produced there at a very cheap rate. Therefore, I would request the Central Government to bear in mind the Sileru project in Andhra Pradesh.

**Mr. Chairman:** I will give the order of names: Shri Ajit Singh Sarhadi, Shri Vijayaram Raju, Shri Somani, Shri Shibbanlal Saksena and Shri Wodeyar. I have given the names, so that they can be ready.

**Shri Ajit Singh Sarhadi** (Ludhiana): It is correct, no doubt, that the Plan under consideration is the outcome of prolonged and profound consideration and consultation of experts,

therefore, he feels very diffident to tread that arena, but when the Finance Minister said that the Plan is to be rephased, I feel that our suggestions are called for.

I will limit my discussion only to two things, firstly the disparity between the agricultural sector and the industrial sector and secondly the disparity in the location of different industries in the different regions. Taking the first, the disparity between the agricultural sector and the industrial sector, a few Hon'ble speakers preceding me have already partly dealt with it. There is no doubt that we are in a planning era and whatever be the human activities, whether of individuals, of society or of the State, they depend upon planning. But there is one aspect which we ought to take into consideration. The fundamental basis of every planning is that it should depend on the economy of the country. Our is an undeveloped or I may say an underdeveloped country. Therefore, naturally, the fundamentals are two. Firstly, there should be increased production and secondly, there should be an equitable distribution.

While I say increased production, I am alive to the two features of production, agricultural and industrial. Considering our economy, we have got to apply the test whether in a country like ours, this Plan now under consideration deals with the two aspects equitably. My submission here in this connection is that there is disparity between the agricultural sector and the industrial sector inasmuch as not much attention has been paid to the agricultural sector. In the first Five Year Plan much emphasis was laid on agriculture. Lately, and correctly too, emphasis has been placed on the agricultural sector in this Plan also. We heard the speech of the Finance Minister who said the core of the Plan is the mines, steel, transport, etc. and the foundation of the Plan is food. When we

have a rephasing, or to take the words of the Finance Minister, a pruning of the Plan, of course, there can be no pruning in the matter of foundations, because the entire building has to rest on those foundations and that is food.

Today also, the Planning Minister was pleased to say that food is the most important basis of the planning. But we have got to see whether really that emphasis which has been put by the Finance Minister and which has been repeated by the Planning Minister today, has been incorporated in the second Five Year Plan or not. In that respect, we have to rephrase the Plan and take the suggestions. Taking the first Plan, I would not indulge in a *post mortem* of the first Plan nor would I like to have any probe into it to a great extent. But I would certainly say that in the first Plan, much emphasis was laid on agriculture. The allocation of the amount was greatly towards agriculture; yet what is the result? You find that the disparity subsists. I would like to draw your attention to certain remarks in the review of the first Plan. There it is said that over the five years of the Plan, national income increased by about 17.5 per cent. The net output of agriculture and ancillary field showed an increase of 14.7 per cent; of mining, manufacture and small enterprises an increase of 18.2 per cent. The increase in commerce, transport and communications was 18.6 per cent and that in other services was 23.7 per cent. The net output of agriculture was highest in 1954-55, though the increase from the previous years was nominal; the other sectors on the other hand registered a steady increase.

So, you will find that in spite of the fact that much emphasis was laid on agricultural sector in the first Five Year Plan, yet the agricultural sector did not put up that much of output that was essential. It would be seen that agriculture has not benefited to the extent as other sectors despite the fact that as much as 43

per cent of the Plan outlay was devoted to agriculture and irrigation and power, which were the first priorities in the Plan. Transport and communications absorbed 26 per cent expense. Yet you find that whereas the emphasis was on agricultural sector, the disparity between the agriculturist and the Industrial wage-earner in the industry accelerates and does not decrease. This was, I submit, admitted by the Food Minister in one of the conferences of the Ministers in 1956. His words are very relevant:

"Agricultural income all over the world lags behind the urban and industrial incomes. In India, as against the average per capita income of about 297 of the factory workers in 1950, the income of the agricultural labourer in 1950-51 worked out to an average of about Rs. 200 only. The second Plan provides for an increase in national production of 25 per cent, whereas the increase in the agricultural sector is only 18 per cent. The disparity in the incomes of industrial sector and of the agricultural sector at the end of the second Five Year Plan will, therefore, if anything, be greater than at present. Seven out of every ten persons living in our country derive their livelihood from agriculture and at the end of the second Five Year Plan, the vast majority of the people living on agriculture will not have bettered their lot to the same extent as those dependent on industry and trade. This aspect of our planning cannot be overlooked lightly, and should legitimately be a cause for concern."

So, you will appreciate that even in the first Plan the disparity between the two sectors increased and this disparity accelerates in the second Plan. This aspect of the second Plan has to be kept in view when either rephasing or pruning has to be done, and more attention has to be paid to the agricultural sector.

[Shri Ajit Singh Sarhadi]

I find that while discussing the second Plan, the Planning Minister said in the Rajya Sabha as follows:

"If one considers the allocations of the second Plan, he will find that out of Rs. 4,800 crores, half of the outlay is for the programme in first group, i.e. those which are intended to develop the national economy as a whole. About Rs 1600 crores will be spent primarily on rural areas and one-sixth of the total amount that is, Rs. 800 crores, on subjects which mainly benefit the rural areas."

Now, in accordance with this division of allocation, he said, whereas Rs. 1600 crores will be spent for the benefit of the rural areas only, Rs. 800 crores will be spent for the benefit of the urban areas and that Rs. 2,240 crores is to be spent to develop the national economy as a whole Industries and mining, transport and communication and miscellaneous, these three items constitute the development of the national economy. And they do not pertain to rural areas but benefit the urban areas mainly My contention is that 81 per cent of the population lives in the villages. The backbone of the country is the peasant. The strength and stability of the country depends on the strength and stability of the villages I say that you are paying very much less attention when out of the amount of Rs 4800 crores you are spending only Rs. 1600 crores on the development of rural areas only whereas you are spending Rs. 2400 crores on industries, transport and communications, the main benefit of which goes to the urban areas, and not to the rural areas, besides Rs. 800 crores on urban areas directly.

Here I might submit that it is not my intention to raise the question of *rural versus urban*, far from it. I feel that progress in industries is equally important. But yet I submit that enough attention is not being paid to rural areas. It pains me to say that the leader of a responsible

group, Mr. Dange, has suggested and pleaded before the House that the expenditure on rural areas and on the development of villages should be limited. That is most unfortunate. Our rural people have got only a little out of the plan. When more attention has to be paid on the community development schemes and national extension schemes, which benefit the rural areas, my hon. friend, leader of a very responsible group, comes forward and says that the community projects should be curtailed in the rural areas. I would say that this Rs 1600 crores allocated to the rural areas out of a total amount of Rs 4,800 crores is very much less Mahatma Gandhiji and other leaders have always said that more attention should be paid to the villages and that groups of villages should be made self-sufficient Therefore, I submit that while the Minister is rephrasing the plan, he should pay more attention to the village areas and the scope and ambit of the community development projects should be enlarged and they should be entrusted with the work of developing some small-scale industries so that these areas might become self-sufficient, and for the purpose further funds should be allotted to them

As I said, I am not against industrial development. Industrial development is very essential for our Defence and for our strength and stability But the main strength lies in the villages. We should make certain units of the villages absolutely self-sufficient for they are your backbone. This is my submission so far as the first aspect is concerned.

Now I would like to make another submission. The disparity between the agricultural sector and the industrial sector cannot be easily removed. There are certain inherent weaknesses in agriculture. However intensive cultivation you may have, the crop will be limited and land is not unlimited. So, a man who depends on land will have only limited resources.

Therefore, it is most essential that in the rural areas you should have certain occupation, certain employment, and that can only come when you decentralise industries, instal them in the village areas. I do not say that every industry can be decentralised. I do not say that you can take away a steel plant from one place and instal it in another place. It all depends on the availability of raw material. But if you can get the raw materials in the rural area, there is no reason why you should not start industries in the rural area. That will give occupation to the rural people. If the Planning Minister ask experts ( ) men who are in the know of things, they would be able to tell him how occupation can be given to the rural people.

I have got one more point and that is about regional disparity in the matter of allocation of industries between States. In reply to one of the questions, the reply that was given was that whereas the *per capita* expenditure in the public sector in the different States in the first and second plans is Rs. 49.81 for Madhya Pradesh, Rs. 19.78 for Madras, 97.63 for Orissa, 48.67 for West Bengal, it is only 13.86 for Punjab. Now, Punjab is a State of peasant proprietors. Punjabis are going outside the State simply because they are small holders. Further, it is a frontier State. So, it must be given some resources. This must also be looked into. Now there is only one fertilizer factory. I would again submit that some attention should be paid to Punjab.

**Shri V. Raju (Visakhapatnam):**  
Today the planning debate has been instructive from the stand point that, with the exception of one persistent view that has been expressed, namely, that of increasing the scope of agriculture, members in this House have not been able to place in perspective the basic norms, understand its implications and consider how, if the Plan has failed, it can and should be adequately altered. The Minister in

his opening speech was vague in many of his formulations. He told us that because of the changed situation as far as foreign resources available to the State is concerned, because of the increased defence expenditure that we have to bear, the Plan has to be modified and, in due course these modifications would become apparent but he would not be able to estimate them right now. Further, he said that during the year under review the increase of about 12 per cent. in the general price level has led to change in the estimates and has brought about a diminishing return of the expenditure that has been incurred.

It is indeed surprising that such an important debate as planning has such a thin attendance on behalf of the treasury benches. It is not merely the Minister in charge of Planning, who is responsible for this portfolio, but also the Prime Minister, the Finance Minister and the various Ministers in the Government, who are responsible for each one of their departments, that should be present because large allocations are made from this Plan for those departments. Furthermore, the approach made, as far as this planning is concerned, has been one not merely of proving economically or statistically the soundness of the outlay that is proposed. Essentially the whole plan structure has been one which synchronises with the political view point, the political moves of the ruling party. It is not surprising to know that the first Five Year Plan synchronised with the elections of 1951; the second Five Year Plan synchronises with the elections of 1957 and the statements made on behalf of the ruling party just six months back were very optimistic. They informed the country that the Plan was going forward and that if the Congress was returned to power the people would be doing no wrong. Suddenly, surprisingly, within barely six months of the General Elections we are told that even within the first year the Plan estimates have

[Shri V. Raju]

been upset and it is likely that the Plan would have to be pruned and basic economies made in the Plan.

I am afraid sufficient explanation has not been given to the people regarding the change that has occurred during the last ten months. Who is guilty of these changed circumstances? What brought about these circumstances? Is it merely defence? If so, the increase has been about Rs. 50 crores from last year's estimate to this year. If it is a question of patriotism, I am sure the country can afford an increase of Rs. 50 crores on its defence expenditure. But this is not the only amount that has become the shortfall during the one year.

Again we are told that foreign exchange has been the villain in his instance. What is the problem? As far as I can understand between 1956 and 1957 a total of Rs. 480 crores has been spent on foreign exchange. This is the figure given by the Minister. Furthermore at the rate at which we are depleting the foreign exchange—about Rs. 7 crores to Rs. 8 crores per week—the remaining Rs. 300 crores or so—I do not know the exact figure, because every day it is depleting and the figures are not given to the public—it is likely that within ten months the foreign exchange resources would be completely depleted. During the year between Rs 300 to Rs. 320 crores of foreign exchange is spent. This is estimated to be more than 50 per cent of the total expenditure that could have been put forward during the whole Plan period and if this is so how did this expenditure come about? I feel that much of this expenditure has been caused for political reasons.

The Open General Licence which is the method by which the private sector is to be regulated, the system whereby Government controls private spending, has completely collapsed during the period March 1956

and this year. The spree of foreign spending was so great that today it seems to be covered by the mere fact that the incumbent in one chair is now seated in another and there is little or no accusation that is being made. This is something that must be clearly understood.

Today is not the only day on which planning is being discussed in this House. During the Budget session on many occasions planning was being discussed. For instance, one suggestion was put forward that the capital outlay for the private sector which should have covered a five year period has been covered during the first one year itself and capital goods being what they are, the House need not be apprehensive of the fact that this is over-spending, these goods would be used by the private sector during the coming three years, and therefore, the country would essentially benefit. I am given to understand that steel to the extent of about 4,200,000 tons was imported from abroad on the basis of capital expenditure for the private sector. About 1,800,000 tons of steel were imported during the period and it is because of the Suez Canal crisis when we were unable to import into the country vast bulk of the orders still outstanding that the balance of payment is still in our favour. In other words, if all these goods had been imported into the country during the last six months or more we would have been in a financial crisis as far as our foreign resources are concerned. This is a very dangerous situation and I believe that we have to go into the question of the whole basis of the Plan, what exactly does the process of planning entail, as far as this country is concerned.

We are told very often that you cannot expect good results from the Plan because it is a democratic Plan. It is not totalitarian. By that of course we mean that the Plan can be discussed in public even though it cannot be administered by public

agencies for the benefit of the people. Because, when you use the word democratic in this country, you must not forget that you discuss merely the external forms. The bureaucracy that the Government utilises or employs for its administration is the most centralised bureaucracy in the whole world and I say, not even Soviet Russia developed such an efficient bureaucratic machine as that which has been functioning for the British imperialists during the last 150 or 200 years. Therefore, to say that our bureaucracy is not as ruthless, is not as efficient as any other bureaucracy under centralised planning is, I believe, to lessen the efficiency of the bureaucratic machine provided by the British ruler when he left this country. If it is today inefficient, it is due to the contradictions that have arisen within the ranks of the ruling party, it is because of the timidity of approach towards the problems that it has developed or this bureaucratic machine is not able to stand up to the strain of putting forward the Plan. I am sure, if it is a question of considering how ruthless this bureaucracy can be and is made to be, even yesterday, in our own Delhi State every taxi driver was asked to provide a list to the police every evening of how many trips he makes, whom he carries, from which house to which house, what was the extent and length of time and how long he remained at the place, etc. Every evening, every taxi should provide that. If that is not dictatorial bureaucracy, what else is that?

**Shri Mohiuddin (Secunderabad):** Did the taxi drivers ask and take down your names?

**Shri V. Raju:** After all, the Indian people have got some resilience against dictators. They have, after all, been fighting for their freedom for a long time. They had a strike and they have won a victory as far as this issue is concerned. They do not have to provide these lists any more.

**Shri Ferose Gandhi (Rai Bareilly):** That is only the average distance that an M.P. travels daily.

**Shri V. Raju:** I am giving this as an example. When we are trying to plan democratically,—I would accept it—if there is a genuine re-orientation of our attitude towards administration. What is the main problem? The main problem is that our efficiency has reached a point of no return. Our administrative set-up has become so top-heavy during the last ten years. About 5 lakhs, half a million new jobs have been provided to the ranks of bureaucracy alone. This may have been the cause for the dilution of the efficiency of this bureaucracy. Half a million new jobs only for quill drivers: that is the price that the country has paid during the last ten years.

**Mr. Chairman:** Are they not Indians?

**Shri V. Raju:** That is true. It is not a question of Indians or non-Indians. Even dictatorships are nations. There is no dispute of that. A point of no return has been arrived at. The chief method by which this Plan or country can go forward is to see that real and true democratic process come into operation.

When you are prepared to make vast outlays and spend huge amounts, they must be so spent that the people participate in the process of that expenditure. That is precisely what is not happening in this country today. With the pace of planning has got to be added the pace of decentralisation of the administrative machine. You have to distribute and divide the process of authority. All the strings of this puppet cannot lead to a single person in the country or a coterie of half a dozen people sitting in New Delhi, far from the centres of administration. This is a vital fact that must be considered by our Plan makers.

Furthermore, we have to go into the question of who, today, is sabotaging this Plan. If it is not the

[Shri V. Raju]

bureaucracy with its top heavy expenditure, if it is not the immature and inefficient ruling party, who the person?

**Shri M. P. Mishra** (Begusarai): Is the Congress Party even more immature than the Party you represent?

**Shri V. Raju**: You can have your opinion about that. You can say the third villain of the piece seems to be the private sector. This private sector is a flexible entity. We see examples of the private sector quarrelling among themselves within the House. We had a command performance, an extremely well briefed command performance about ten days back between those who objected to certain groups of our capitalists obtaining benefits from the State. But, when it comes to an overall picture of the various conflicting interests in the private sector, they are one in obtaining benefits from the State. It is today this section which has the press under its command, which has all the media of propaganda at its beck and call, which has started tirades that the Plan must be pruned, that the Plan must be altered and unless the Plan is altered, it is not possible to go forward. This is a very flexible private sector. It operates in a very mercurial form. When plans are put forward, it kicks up a cry or raises a cry that sufficient funds are not provided for it and therefore an imbalance between the private sector and public sector would arise and there is danger to democracy, that totalitarian forms would be ushered into the country and therefore, there should be an increase of the quota for the private sector.

In the draft of the Second Five Year Plan, originally, not more than Rs. 300 and odd crores were provided as the basis for investment for the private sector. Later on, it was raised to Rs. 700 crores, overall over the five year period. Today, in the very first year of the Five Year Plan, the same sector has spent Rs. 750 crores, during the very first year. The

whole quota of investment under the whole Plan for five years that should be absorbed by this one sector has been completed in one year itself, this sector which has been benefiting against the 12 per cent. increase of prices. After all, what is this 12 per cent increase of prices? It represents both the increased cost abroad and also the increased cost at home. Therefore, we have a situation where we are financing industry and we are also paying profits to that industry against the financing that we do to the industrial set up. Of course, the ruling party gets its return in the form of election expenses. I mean, a company like the Tatas gave something like Rs. 70 lakhs last year. This same leading industrial firm is today one of the main advisers to our Government. Let us take the advice that this firm of steel producers Tatas has given to our Government. Today, we are very keen on steel; more steel; anything for steel; the watchword is steel; if we produce steel, India will go forward. Yet, the same industrialists, what did they do with the steel structure? A little reminding is good for this House. When the Government of India wanted to increase the steel potential of this country, Tatas suggested: "There is no use in your having a steel plant, why should you produce cheaper steel in the world; the world price of steel is Rs. 640 per ton; we are producing at Rs. 380—at that time Rs. 360 or 380 was the retention price of steel.

16 hrs.

Therefore, why do you go to the extent of putting up a new factory, to the extent of incurring all this heavy expenditure. Give us the chance, and we will produce steel cheaper than any State-owned factory can ever produce it." That was their plea. Later on, the Government decided to have a nationalised steel plant. Then, the same Tatas said: "The machinery that you are going to instal is so much more modern than ours, and therefore give us the

increase in our retention price. Otherwise, we will not be able to supply steel." This is the way in which the same body, the same industrial grouping changes its attitude towards the Plan. And in effect, what is the position? Tatas have been allowed to increase their steel quota, by double. Indian Irons have been allowed to increase their steel quota, and the World Bank has given Indian Irons a loan in this connection. And today, if there is any conflict on the question of steel, it is the fact that rival concerns are not given the right of manufacturing steel in the private sector.

In this context every one knows, or is aware of the crisis that at one time brewed up in the Cabinet over the case of giving one of our leading industrialists the right of producing steel privately which, of course, for some reason or other was not granted. Therefore, in the whole process of the advice that is being given by the private sector, it continuously shifts from one of deprecation of Government's activity to one of taking advantage of the situation and making vast profits.

So far as planning is concerned, so far as the whole structure of the administration is concerned, something very strange seems to be happening. There is a very fashionable theory, a political theory that is current in this country, that the Plan is being sabotaged, being made ineffective because of unfortunate external considerations, and that within the ruling party there are differences between the right wing which is die-hard, which is bureaucratic and which supports the private sector, and the Prime Minister who is totally keen on the Plan, aware of the situation and is prepared to take the country forward. This political theory comes in and out, and is continuously put forward in this country. I am sorry that such a theory is ever expressed. I am amazed that it can even be whispered that there is no homogeneity in the Government of this country and that one Ministry or section of the Govern-

ment works at cross-purposes. But one thing must be understood. The whole question of these conflicts is permitted, not merely permitted but is tolerated and is supported by the Prime Minister because that is the technique of his Government, that is the technique of the administration in the political field today. And who is paying the price? If we go into the whole question we find that the price has been a political subvention to interested circles in this country who are supporting the Government.

**Mr. Chairman:** He has had very nearly 25 minutes. He should conclude now.

**Shri V. Raju:** May I have a few minutes more?

**Mr. Chairman:** A minute more.

**Shri V. Raju:** Therefore it is that I feel that if this planning is to succeed the first and foremost requirement is that we learn to understand what is true planning, what is true democracy. Democracy does not mean merely the right of bad administration. It must mean the right of responsibility to the people, and the measure of success will be demonstrated only if due consideration is given to the requirements of the nation and people participate in the creation of wealth for the people.

**Mr. Chairman:** I am trying to keep this order, and I hope the House will co-operate with me. I have got a long list. Two speakers from the Congress and one from the Opposition have already been called. Now I shall give the list of the other names: Shri Wodeyar, Shri Somani and Shri Shah, and then Shri Sakseña. Then I will come to the other names Shri Mahanti and Shri Panigrahi.

**Shri B. K. Gaikwad (Nasik):** May I know if there is no name of a Member of the Scheduled Castes Federation? His name has been given.

**Mr. Chairman:** It is not as if I am drawing the list. The list has been drawn already.

**Shri B. K. Gaikwad:** My name has been given in the beginning itself.

**Mr. Chairman:** I will make a note. I have no idea. I will check up.

**Shri B. K. Gaikwad:** Will you kindly look into the list?

**Shri B. S. Murthy:** There are nearly 100 people in this House consisting of Scheduled Castes and Scheduled Tribes, and not a single representative of their has been given a chance though nearly ten people have spoken so far. Is it because they do not count, their views do not count that they are relegated to the back? Even the Backward Classes Commission's Report has not been allowed to come before the House this session.

**Mr. Chairman:** Shri Murthy can rest assured that there will be no discrimination against the Scheduled Castes, certainly not in this House.

**An Hon. Member:** In practice it is so.

**Mr. Chairman:** I had been given the list when I took the Chair. I am following this as far as possible.

**Shri B. S. Murthy:** Please convey this to the Speaker or the Deputy-Speaker.

**Mr. Chairman:** Shri Wodeyar.

**Shri Wodeyar (Shimoga):** I will try to focus the attention of the House and the Government on certain problems in the country and on certain problems of an area which is very well known as Malnad in the South.

Though our country is mainly agricultural, the position of agriculture and the agriculturists is far inferior to that of the other sections of our community. Our leaders, politicians and economists wax eloquent on the role of the agriculturists in the life and economy of the country, but in actual life the position of the agriculturist in the social, political and economic life of the country is very pathetic indeed. Though they enrich the country, the agriculturists live a hard and austere life and live in filthy and dirty surroundings. They are illiterate and ignorant and are not

taken seriously by the planners. Industrialists get all the recognition by the Government and enjoy all modern amenities of life, but the real man behind the pomp and show of the city-dwellers is the poor agriculturist toiling hard in remote and outlying villages.

Government have got many schemes for the welfare of the industrial worker; even the lot of an industrial worker is much better than that of not only an agricultural labourer but also of an agriculturist. Unless our planners devote more attention to the problems of the agriculturists, who really constitute the backbone of the country, I am afraid that the Second Five Year Plan or even the Tenth Five Year Plan is not going to take us to our goal.

I congratulate the Government on undertaking and implementing certain schemes like Community Development and NES schemes for improving the lot of our villagers and agriculturists. But I am afraid that even these schemes benefit only the rich and well-to-do people in the villages where these schemes are in operation. The amount that is spent for the improvement of the villages very often does not reach the poorer section from where alone the impetus for greater production will have to come. The army of officers who are associated with the working of schemes should be made to approach the common man in the villages and study his problems and render all possible assistance instead of making superficial observations and writing long reports.

I request the Planning Minister to have a dynamic perspective and give place of pride to the reorientation of the agricultural industry. A sense of self-sufficiency should be planned through the moulding of our basic economy on agriculture. The second Plan is a bold venture in the onward march of India towards the goal of socialism. The ideals are attractive, but the tempo of action is slow. If we have to reap the fruits of this Plan, the efforts of the nation should

be manifested not in the moonshine but in the bright sunshine of the betterment of farmers' lot.

Coming to the problems of an area, that is, Malnad, which I have the honour to represent in this House, I wish to say a few words. Malnad is rich in natural resources and forest wealth and is a dollar earner. A particular region on the slopes of the Western Ghats is known by this name of Malnad in the south. Before re-organisation of the States, this area was under the jurisdiction of five States, but now happily after the re-organisation, the major part of this area has come to the Mysore State with the other portion going to Kerala.

Malnad is a very fertile area which, if properly developed, is capable of earning many dollars for our country which will go a long way for the all-round development of the land. The most distinguishing feature of Malnad is that major parts of it are covered by thick and rich forests. There are large areas of land which grow paddy, cashew nuts, coffee, tea, rubber, sandal wood, coconut, areca-nut and many other commodities which are very essential to our life. These are grown in the several valleys and hill sides. The rainfall varies from 50 to 200. The total absence of railways and roads in most of the Malnad area is a contributing factor to its backwardness.

The crying need of the area in the matter of communications is a number of new railway lines. Under the First Plan Rs. 400 crores were allotted for the expansion and improvement of new lines in the country. Actual expenditure during the First Plan period amounted to Rs. 423.73 crores. Mysore was nowhere in the picture. Since independence, 19 new lines totalling 758.92 miles were opened but Mysore was totally neglected.

Railways, routes, bridges, highways and ports are of paramount importance to the progress of Malnad. I

request the Planning Minister to take up seriously the development of Malnad, which means an important step in the development of the whole country.

A tourist branch was set up under the Ministry of Transport in 1949 and a chain of tourist offices has since been established in important cities. But I am sorry to say that Malnad is completely neglected in this respect. Malnad, though blessed by nature for scenic beauty and salubrious climate, is neglected by the tourist branch. It could become a tourist's paradise; the magnificent Gersoppa Falls, the matchless art of culture at Halebidu, Keladhi and Ikkeri, the beautiful hill station at Kemmanagundi and the splendid sun-setting scenery at Agumbe will be places of great attraction.

Revenue from the tourist traffic during the first half of 1956 in India amounted to Rs. 7.4 crores. If tourist centres are started in Malnad, dollar earnings will add to the Indian exchequer.

Lastly, I would urge upon the Planning Minister to start a separate Malnad Unit and request the Union Government and its Finance Minister to take immediate steps to establish a statutory body for the development of Malnad.

**Shri Manabendra Shah:** I have heard a lot about rephasing today. Some say that due to targets having been ambitiously planned, rephasing is required; others say that due to the foreign exchange position, rephasing may be required; still others say that the Suez Canal crisis is the cause for the rephasing, because it has imbalanced the price structure and supply position.

What I would like to impress is that as there is a lot of controversy whether the Plan should be agricultural or industrial. I feel that even if the conditions prevailing above were not there, then also we would be required to rephase and improve the Plan, because there has been a

[Shri Manabendra Shah]

basic mistake in the structure of planning in this country right from the very beginning.

We seem to have forgotten the heterogeneous topography, varied cultural and social conditions that prevail here. We have in fact only made an uniform pattern of planning irrespective of whether it be an area traditionally backward like the hilly areas or comparatively better developed plains, and irrespective of the glaring disparity in *per capita* income. Therefore, I feel that if the Plan stands as it is, we will ultimately fail to achieve its fundamental aim. An equalitarian society, a Sarvodaya of the type we cherish.

I would like, as an example, to implement my contention by citing the condition prevailing in the hilly areas, specially Tehri-Garhwal. I hope other hon. Members of the Himalaya Prant, the Prant with its tentacles right from Kangra Hills to Darjeeling Hills, will support what I say what I say, I hope, will also be true in their areas. This is an area encompassing in its span 8 million people and has been an impregnable buttress and is still strategically important. What part this prant will play in the future history of India rests with us.

The First Five Year Plan was primarily an agricultural Plan and the Second Five Year Plan, though primarily an industrial plan, lays stress upon the continuous efforts for increased agricultural production. The Centre and the States exhort the farmers to increase their output. The same theme is applicable to hills. To think that it is the theme that can apply to the hills, is wrong. If you see the statistics, you will find that a very insignificant proportion of the land can come under cultivation in the hill areas. You will also find that a very insignificant proportion of the agricultural land can be irrigated. Though the rainfall is heavy, for example, in Tehri Garhwal it is 60 inches on an average no water catchments can

be there. Thus agriculture can hardly be the means of developing the economic conditions of the hill areas. Foodgrains will have to continue to be imported in the hill areas and, for quite a long time, subsidised.

The House might be wondering as to why more land is not reclaimed. My friend, Shri Tyabji has already harped on forests. If we take more land for agriculture, we have to encroach on our rich forests. The House is very well aware of the dangers appertaining to deforestation of forests. Therefore, I will not harp more on this issue.

We are also told that, perhaps, a slogan for the hills should be horticulture, not agriculture. How far the solution given to us is genuine is debatable. When a few nurseries have been opened, no proper encouragement, publicity, planning and cheap communications have been offered to the people. It will have to be borne in mind also that if horticulture is to be given preference, more foodgrains will have to be imported in the hills; otherwise there would be an encroachment on the forests. However, I accept this slogan of horticulture because, at least, the Government has conceded that agriculture cannot be the corner-stone of planning for the hills. Today we can even add sericulture, herbiculture and small industries like the wool industry.

Sericulture is suffering from the same trouble as horticulture. Herbiculture is an item which could very well be exploited. But I find that from the District Plan of U.P. No. 93 which refers to Tehri Garhwal no provision as been made for herbiculture. Yet I find that the Forest Research institute has informed me that 16 species of herbs could be commercially exploited.

We have a lot of rivulets which could be harnessed for small hydro-electric power scheme—I would again like to emphasise 'small'. It

will not only help small cottage industries but I feel that they could also be used to work water pumps to irrigate the unirrigated areas, whether they be agricultural, herbicultural, horticultural or sericultural. Therefore, it is high time that we evolve an irrigation—cum—power—cum—water-pumps-cum-small-scale industries schemes for the hills.

I need not touch the heavy industries because planning of Tehri Garhwal has no provision for them, though if we see the list of industries in Schedule A and B, gypsum, electricity, drugs, anti-biotics and dye-stuffs would very well be used for heavy industries. However, I would like to go at once to one of the most important issues and that is communication

No balanced planning would have ignored communications so disgracefully. Can any scheme be successful without cheap communications? As an example, I would like to quote the conditions in Tehri Garhwal. It has an area of 4,500 sq miles and only 142 miles of motor road. In the First Five Year Plan, 756 miles of roads were made in UP out of which only 39 miles fell to the lot of Tehri-Garhwal. If the hon. Minister of Communications was present here he would endorse that the road then made exists without any motor vehicle, public motor vehicle, plying over it. In the Second Five Year Plan there is a provision for 2128 miles of motor road in U.P. and our share is 93 miles only. One may say that Tehri-Garhwal could not expect more. But the protagonists of this view seem to forget that in the hills there are no railways. If you give us railways, we will not ask for motor roads.

The economic development of the hills requires a lot of roads. But these roads to be beneficial should co-ordinate with the Plan and the schemes that may be prepared for the hills.

I was very glad to read the report of the Backward Classes Commission and still more pleased to read the letter written by Kaka Kalelkar to the President. He at least seems to have understood the meaning of backwardness. He has not fixed the criteria on caste but social and economic conditions which he has based on where the people live, what type of work they do, their capacity to earn, their financial resources and so on. Thus speaking the whole of the Himalayan pranth is backward area.

Unfortunately, the Government has created a ground for discontentment by artificially demarcating this hilly region into border areas and non-border areas. Am I to understand there is or will be no exchange of thought between the people living on one side of the demarcation line and the other? Are we not creating a fertile soil for subversive activity?

Before I give my suggestions, I would like, at least, endeavour to reply what I feel would be the reply that the hon. Minister may give to me. The Planning Minister may say that it is not their pigeon to work out a plan at the district level and that it is the job of the State Government to do so. Thus, I am afraid, would be shirking their responsibility.

**Mr Chairman:** He need not anticipate. The Minister will have the benefit of the hon. Member's remarks.

**Shri Manabendra Shah:** The States are also governed by the pattern prepared by the Centre. It is the Centre which is levying all these taxes. It is the Centre which is sending Ministers abroad for loans and it is this House which has sanctioned all these activities. Therefore, the responsibility rests here.

**Shri B. S. Murthy:** No Minister is so far sent abroad for loans.

**Shri Manabendra Shah:** The Finance Minister is going, I understand.

**Shri B. S. Murthy:** Not for loans, please.

**Shri Manabendra Shah:** For getting aid in any form.

To me, it appears there is only one solution. I have no two opinions about it. I suggest that a separate Hill Planning Committee—may be a part of the Planning Commission itself—be formed. This committee may comprise of Members of the Parliament from these hill areas plus the financial and planning experts. Their report should be an appendix of the Plan of the nation. This, I feel, is the only way and the only realistic way of approach to the hill conditions.

I do not propose to say any more and I hope I have been able to persuade the House that there are many cogent reasons for a separate plan, just because what is the Five Year Plan for the plains is a 7½ year Plan for the hills, due to the climatic conditions, if however, any hon. Member and hon. Minister is not satisfied they are welcome to go to Tehri Garhwal and I am prepared to satisfy them on the spot.

**Mr. Chairman:** Shri G. D. Somani. Then Shri S. L. Saksena and Shri Katti should be ready. I shall call Pandit Munishwar Dutt Upadhyay and Shri Radhamohan Singh after that.

**Shri Somani (Dausa):** Mr. Chairman, Sir, we are discussing the Second Five Year Plan today at a time when the country is faced with a very difficult economic situation, a situation which is totally different from the period when the Second Five Year Plan was originally formulated. It is very easy to criticise today about the over-ambitious nature of the Plan, and the difficulties with which the implementation of the Plan is faced today. But, if you will go into the background of the features of our economy at the time of the First Five Year Plan, then a proper assessment would be possible.

I would, Sir, in this connection like to submit that our First Five Year Plan had a remarkable success inasmuch as the total outlay under the First Five Year Plan in the public sector was of the order of about Rs. 2013 crores, that is, the outlay in the public sector was less by about 16 per cent. But, even then, certain figures of the achievements of the First Five Year Plan will show how our agricultural and industrial production increased.

The agricultural production rose during that period on an average of about 19 per cent and industrial production by 38 per cent. Indeed, the rise in the capital goods output was 70 per cent. The national income increased, at constant 1948-49 prices, from Rs 8870 crores in 1950-51 to Rs 10451 crores in 1955-56. *Per capita* income rose from Rs. 246 to Rs 272. What is more significant, and which I would like to emphasise, is this, that these achievements were made possible even without any strains on our economy. Against a targeted drawing down of our sterling balances by Rs 290 crores our actual drawings were only Rs. 138 crores and, secondly, the price level as between the beginning and the end of the period, the index of wholesale prices being 450 in March, 1951 and 387 in March, 1956.

My point in emphasising these figures is that the time when the Second Five Year Plan was formulated the country was fortunately enjoying the fruits of the achievements of the First Five Year Plan, both in the agricultural and industrial sectors. Naturally, the planners were confident that our economy would be able to take care of the size of the Plan that was formulated. But it will have to be admitted now that certain features have appeared on the horizon, which require really very hard re-thinking on the part of the planners. It is in that context, as to the nature in which this pruning, re-phasing or readjustment of the Plan

has to be attempted, that I would like to make a few observations.

I would like to make some reference to the various remarks that have been made by preceding speakers about the private sector. I feel that this controversy between the public and private sector should cease as they are both parts of the same national sector and are performing duties complementary to each other. At a time when we are faced with such a difficult situation, what is required is a spirit of understanding of the respective roles of each section of our economy. It does not serve any purpose to go on seeing one side of the picture and ignoring the other side.

My submission is that, while Members have been very forceful in pointing out the shortcoming, the defects and the deficiencies of the private sector, they have not a word to say about the very positive contribution, very remarkable contribution which has been made by the private sector to our national economy. Reference has been made to the sort of over-investment by the private sector. Here, again, it has been made out as if this rise in the cost of living is helping the industries to make higher profits. That, again, is a completely misleading picture. As a matter of fact, whatever rise of an inflationary character has occurred recently has hit the industries' profits. The rise is confined to the foodgrains or to other raw materials. To that extent the various industries have either to pay higher dearness allowances or pay much higher prices for their raw materials.

At the same time, it should be stressed that there has been practically no rise in the prices of manufactured goods. If anything, in certain important industries like textiles there has been a decline in the prices of manufactured goods. Indeed, the entire excise duty has been borne by the industry and the industry has not been able to pass even a slight proportion of that duty to the consumer.

My point in drawing attention to the remarks made is that, so far as the profits of various industries are concerned in many of the essential materials like cement or steel they are controlled, and whatever prices are paid are made after a proper review by the Tariff Commission. Therefore, it is not really fair to make any sort of allegations about any exorbitant prices being charged by the various industries.

I may mention here that the hon. Minister for Commerce and Industries recently had sought an assurance from the various industries and the Federation of Indian Chambers of Commerce and Industry, that all industries would co-operate in keeping the prices of manufactured goods under check. Active steps have been taken by the various organisations and various industries to ensure that no prices of manufactured goods will be allowed to rise without previous reference to the Ministry.

My point in making all these remarks is to say that, while various industries at present are struggling to keep both ends meet, due to the rise in the cost of living which has increased the cost of manufacturing, it is hardly correct to say as if this rise in the cost of living has in any way contributed to the increase in the profits of the various industries.

Coming to the point about the over-investment I may just illustrate a single instance. Look to the question of cement industry. We have had to import a lot of cement recently due to the shortage of that vital commodity, and we have to pay about Rs. 50 per ton more for all our imported cement. If we import about two lakh tons of cement in our country, that means we have to pay a crore of rupees more, the consumers will have to pay more to the extent of Rs. 1 crore for that commodity, over and above the total foreign exchange that is involved in importing the entire quantity. On the other hand, if we import capital goods, capital equipment for a cement plant with a total capacity of two lakh tons would cost about Rs. 2½

[Shri Somani]

crores Then you will get 2 lakh tons of cement every year. Thereby you not only save foreign exchange that is involved in importing cement, but you have a permanent advantage of having the capacity of the industry. From that point of view, this over-investment in the private sector will bring a substantial dividend to our national economy inasmuch as these capital goods will increase our production capacity all round. Therefore, to that extent, I do not think there is need for any worry about the import of capital goods, and about the drain on our foreign exchange resources which has been caused. So far as capital equipment is concerned, I think it will be in the long run very beneficial to our economy.

So far as the future repatching of the Plan is concerned, I would like to draw the attention of the Planning Minister to the United Nations Report about the measures for development of under-developed countries. That review, among other things, says that the following conditions for launching on a developmental programme in an under-developed country are essential, and among the various measures listed, I may just draw attention to four measures. Firstly, an atmosphere favourable for development *must be present*; secondly, *willingness and enthusiasm of the people for development*; thirdly, the proper allocation of the production units to the private and public sectors and fourthly, good and efficient administrative machinery, the members of which are sufficiently active and consider the promotion of general welfare as their duty. I think our Planning Commission is more or less following the conditions about which I have just made a reference. The only thing that I want to emphasise in this connection is that, instead of this controversy between the public and the private sectors being referred to at each and every stage, it is very desirable in our national interests that we should have a co-ordinated program-

me of development of both sectors, each sector being allowed to develop to its fullest extent and to contribute its capacity to the national welfare.

Coming to the question of foreign exchange, I want to make a submission. Even the fulfilment of the hard core of the Plan depends upon the availability, as indicated by the Planning Minister, of something about Rs 500 crores of foreign credits. That means, even the fulfilment of the core of the Plan will not be possible unless we are able to arrange this foreign credit for the second Plan. In this connection, the country is naturally looking forward to the visit of our Finance Minister to America where already a delegation of industrialists sponsored by the Federation of Indian Chambers of Commerce and Industry is on a goodwill visit. I hope, with the goodwill and understanding that will be created by these visits, it will be possible not only to get some sort of loan but also to attract a sizable amount of investment from the private industrialists of America. In that connection, it is necessary that the Planning Commission should take note of the report that has recently been submitted by the experts of the National Council of Applied Economic Research. They are reported to have made certain very valuable suggestions about the measures that are to be undertaken if really we are to attract foreign capital into this country. Certain steps have already been taken by the Finance Minister to attract foreign capital but the fact remains that the question of attracting foreign capital is linked with the taxation policy which is being followed. I am afraid that the policy that is being followed is hardly conducive to attracting foreign capital. Therefore, I would submit that if, as a result of the taxation policy, the Finance Minister—now that he is himself going abroad—is able to see the pulse of those who are in a position to invest and if he is convinced that there is anything further to be done not only to relax the various other

in relation to current  
economic situation

difficulties which have been pointed out in that report but also something more, by way of readjustment or revision of the taxation policy, it would be to the good of the country. I hope a realistic approach will be taken, because this is a question of getting Rs. 500 crores of foreign credit to cover the deficit. It is of such a vital importance to the successful implementation of our Plan that the Government and the Planning Commission should very closely watch the situation and should not allow things to drift where we are not in a position to attract this amount of foreign credit and where even the core of the Plan may not be fulfilled.

So far as the pruning or rephrasing of the various projects are concerned, it would have been better if the Planning Minister was able to indicate the lines on which the Planning Commission is working. What is wanted is that so far as investment in the production equipment is concerned, everything possible should be done to ensure that this investment is not curtailed. What is necessary is that the expenditure involved in non-developmental purposes should be severely curtailed. In this connection, it is significant to note that the total additional taxes that have been raised during the last two years is something in the neighbourhood of Rs. 180 crores which came mostly in the non-developmental expenditure. Of course, defence expenditure is involved in this, and nobody can take objection to the increase in defence expenditure. But steps have to be taken to ensure that the additional resources that would be raised by these extraordinary tax efforts really go into the developmental and productive purposes and are not consumed by the other non-developmental leads.

Mr. Chairman: Shri S. L. Saksena. Shri Katti will be called after that.

Shri S. L. Saksena: I have very carefully listened to the speech of the hon. Minister, telling us of the difficulties into which our Plan has got entangled. He told us that the prices

of many things have risen and so the size of the Plan would be rising from Rs. 4,800 crores to about Rs. 5,300 crores. I wish to draw the attention of the Minister to the working of a similar plan in our neighbour country, China. It has been said many times that we should be always keeping ourselves abreast of China. In fact, the western nations are interested in our adventure precisely on this account and we should be conscious of the fact that the whole world is watching whether the democratic planning in India is more successful or the Communist planning in China is more successful. So, let us try to compare our Plan with the Plan of China.

Why does not the plan of China get into difficulties? I want to tell the House. I want to give the House some figures also about China. The Chinese first five year plan began in 1953 and it will be completed this year, in 1957. That means it began about one and a half years after our plan and it will be finished one and a half years after our first plan finished. But its size is almost stupendous. The total amount which will be spent these five years will be Rs. 16,286 crores. Our first Plan only spent Rs. 1,960 crores, which means less than Rs. 2,000 crores and our second Plan, if we go through the whole of it, will cost us about Rs. 5,000 crores. That means the cost of our first two plans, in all, will be about Rs. 7,000 crores. But China is spending Rs. 16,286 crores in the first plan. And yet, that plan has not bogged down into difficulties. Why is it? They also purchase machinery from Germany, Czechoslovakia and from other places. All these things have to be carefully considered. If we carefully consider them, we will find that there is something wrong with our economy which we have to rectify.

Let us see the achievements of China in the last five years. The agricultural production of China is today 186 million tons. Our production is only 65 million tons. So, their production is nearly three times our production. Their population is about

[Shri S. L. Saksena]

1½ times ours. They are about 60 crores and we are about 40 crores. That means, on that basis, their production should have been only about 93 million tons, but it is nearly double that figure. The area under foodgrains in China is 1½ times ours. So, one of the reasons for their success is that they have been able to increase their food production to 186 million tons by producing more grain on the average per acre. Thus their average yield of rice is thrice our average yield.

Regarding steel production, they have produced 5 million tons of steel this year, which will be our target in 1961. They began in 1949 and were producing less steel than us at that time; they were producing only .05 million tons of steel. We were producing about 0.9 million tons and in the last 10 years of our freedom, we have remained almost stationary, producing 1.4 million tons, now whereas China is producing 5 million tons. That shows that they have increased their steel production by ten times, whereas we have been able to increase it only by 1½ times.

Regarding coal production, they are producing 117 million tons of coal whereas we produce only 38 million tons. From 32 million tons, we have increased our coal production to 38 million tons, whereas China is producing three times our present production. Steel and coal are the main things on which the strength of a nation depends and in these things China has advanced so fast. What is the reason?

I have tried to compare the two countries, China and India, and study their plans. One important feature in China is the utter absence of corruption. Here we very well know that more than half the money invested in the Plan goes into the pockets of the officials who are corrupt. Not all officials are corrupt, but corrupt officials are found everywhere. I can tell you in my district, there was the village-raising scheme for about 400 villages. I personally visit-

ed many villages and I can tell you that out of Rs. 1 crore, not more than Rs. 20 lakhs have been spent on the scheme and the remaining portion has gone into the pockets of the officials, and contractors. Who does not know this?

Bridges are constructed and they are washed away the very next rainy season. Why does it happen? Instead of cement, they only put sand there. That is what they do. This is the condition and everybody knows it. Cement is scarce and it is difficult to get permit for cement. But you can go to the black market and get any amount or it. Who does not know it? Does not the Government know it? Does not the Prime Minister know it? Do not the Ministers know it? Everybody knows it, but nothing has been done about it. That is one reason why your Plan will always remain unfulfilled and the money will always go into the pockets of the corrupt officials and contractors. Your Plan will never succeed so long as this corruption persists.

If you want the Plan to succeed, the first thing is, stop corruption. China did it after great struggle. They raised a movement against it. There were two movements. They issued an order to every industrialist and to every Government servant to declare their 'crimes' or 'sins' as they called it by a particular date in 1951 under these two movements named the Wau Fan and San Fan Movements. In China, they said if you confess whatever taxes you have evaded or whatever thefts you have committed by the particular fixed date, you will be forgiven if you make a confession honestly and promise never to repeat the crimes again. But if you do not make a true confession and if the public finds out that you have made a false confession, you will receive severe punishment. This method was adopted and the result was that 99.9 per cent true confessions were made and they were forgiven. The remaining persons who made false

confessions were severely punished. The result is that today in China there is almost complete absence of corruption. Unless you take some suitable steps here, unless you say, "We shall hang by the lamp post such people"—that was the slogan given by our present Prime Minister during the freedom struggle—this Plan will never succeed. Corruption is the root cause of everything and until corruption is removed, your plans will not succeed.

The second reason why China has succeeded is their agricultural reform and forming of rural co-operatives. Land reforms and co-operatives are the main reason for their having increased their food production to 186 million tons. Today 85 per cent of the village families are members of the co-operatives. The result is that the entire countryside of China is ploughed on a large-scale basis and the production is much higher. The food production in China is three times ours. That is the reason why they can produce 186 million tons of foodgrains and we produce only 65 million tons, according to the statistics given here. So, unless we also lay stress on land reforms, put ceilings, and distribute excess lands to landless and introduce co-operative farming on a large scale, we can never solve the food problem, which China has been able to do.

16.55 hrs.

[MR. SPEAKER *in the Chair*].

In my district, for the last three years, scarcity conditions, floods, famine and drought have been prevailing one after another. We wired, to the Food Minister if the seeds were not supplied on credit for sowing the kharif crop, a large part of the land will remain unsown, but no heed was given. So 25 per cent of the land in the Gorakhpur district has been unsown. Prepared ploughed up paddy fields were not sown because there was no seed to sow there. I sent a wire to the Food Minister here saying that so many million tons of paddy were being lost to the nation merely because credit was not being given for

purchasing seed, but no action was taken. The result is that people are starving and famine conditions prevail, and we are importing foodgrains from outside at huge prices.

**Shri Feroze Gandhi** (Rai Bareli): Why didn't you send a wire to the Food Minister of U.P. also?

**Shri S. L. Saksena**: To him also I sent, a wire, but he also did not listen. The next thing China did was to give top priority to flood-control schemes. Huan and Yangtse-Kiang floods were controlled. But what happens here? The Planning Minister said that he would fight the floods on a war basis. But three years have passed since the promise was made and we do not see any evidence of it. Instead of that, we find that the funds allotted for flood-control measures, namely, Rs. 95 crores, have been cut down. We were told last week in Lucknow that the U.P. Government, which was to spend about Rs. 4 crores on flood-control schemes this year, has been asked to cut down the expenditure to Rs. 2 crores. In the core of the Plan, the flood-control measures should be given priority; but they are supposed to be secondary by the Government. These floods not only devastate the countryside, but they result in a loss of a hundred crores of rupees every year in eastern U.P.; for the whole country, it will be probably much more. If these floods are controlled and if there are multiple purpose River Valley schemes for controlling the Gaghra and Rapti and rivers like that, they will not only save the recurring loss of hundreds of crores of rupees, but they will save the misery of crores of people year after year and add crores of rupees to the national income. They will irrigate hundreds of thousands of acres of land and they will produce several million Kilowatts of electricity. The misery of 20 people of eastern U.P. will end forever. So, I can tell you that the money spent will be rewarded twenty times. But that is supposed to be not in the core of the Plan,

[Shri S. L. Saksena]

I am told that the Rihand dam is also being cut out. That was the one thing which we in East U.P. were looking up to with hope for some relief but even that is being cut. I do not know the meaning of the core of the Plan, if flood-control measures are not the core of the Plan. Now Sugar mills are being planted. There are already 150 sugar mills and I do not think we will die without more sugar. But we will die on account of floods and we will die for want of power from the Rihand Dam. For these sugar mills and other plants, foreign exchange has to be spent for purchasing machinery and so on. If flood-control measures do not form the core of the Plan, what is the core of the Plan.

17 hrs.

Then Rihand dam and flood control schemes must be carried out. Other schemes can wait for two years when our position would be better. There are enough sugar factories in our country and they can produce for our requirements. There is no need for putting 50 more sugar factories just now. Similarly, there is no need for textile mills just now. They can wait. They must wait. But floods cannot wait. Rihand dam cannot wait. So kindly consult the House before you prune the Plan. Don't prune it in this manner or that manner, as you have been doing.

Now I will refer to China. I have carefully studied their budget. I find that 70 per cent of the Chinese budget comes from their own national industry. What has our industry contributed to the Exchequer? You will find that it is not more than 10 per cent or so. That is the main reason why we have failed. We are not tapping the resources, which alone will see the Plan through. We are going with a begging bowl to America and United Kingdom and we are rebuffed. That is most humiliating and insulting. China has not gone anywhere. It secured all the money for the plan from the internal resources.

If we try to nationalise these industries, I think we could also depend upon our own resources. In regard to banking, we have nationalised the State Bank. But, still there are other banks—big banks—which are not nationalised. What do they care for the Plan? They will invest all the money to reap the highest profits. They do not care for the Plan. They think: let the Plan go to the dogs. We must lend money to the best customers who are the speculators. Therefore, unless you nationalise the banks as a first step, you cannot fulfil the targets of the Plan successfully. That is my first suggestion.

My second point is about import and export controls. If anybody can export and import anything he likes, then the Plan will not be successful. So, unless you do the export and import through the State Trading Corporation, your Plan will not succeed. These are the two most important things—export and import through the State Trading Corporation and nationalisation of the banks. Then only can you utilize the money in the proper manner.

These are some of the suggestions which should be taken into account. I hope the hon. Minister, before he prunes the Plan, will take the House into confidence and will circulate his proposals to prune the Plan, get our suggestions, discuss them with us and then come to a conclusion. Let him not say: I will cut out the Rihand dam, the Jamuna project and the Ram Ganga Scheme, and make the whole of UP a desert. Don't prune that way. Do it after consulting the House. I personally think that if you adopt the suggestions which I have made, you will have enough resources to implement the plan successfully, if you properly do it.

Mr. Speaker: How many hon. Members want to speak? I find that a large number of hon. Members want to speak. Is it possible to finish today?

**Shri Ferose Gandhi:** Instead of the Plan, let us prune the speakers.

**Mr. Speaker:** In view of the fact that so many hon. Members want to speak, I can allow only two more speeches today. Why should we sit beyond 5-30 on the last day? We can continue it in the next session.

**Shri Mahanty (Dhenkanal):** May I make a submission? The question is: if we had been intimated this earlier, then we could have utilized our time more profitably, instead of waiting here.

**Mr. Speaker:** The hon. Member thinks too much of outside work. Then he need not come to the House at all. All hon. Members cannot have an opportunity to take part in the debate. I am really surprised to hear this. Personally, I think, every minute that I spent here I am getting educated. Every hon. Member comes here and makes new points. So, it is rather strange to hear from this hon. Member that he would have used his time much better outside. Then he may have given room to some other hon. Member, who may be willing to sit here

**Shri Mahanty:** May I give a personal explanation. I did not cast any aspersion on this hon. House. By saying that we could have utilized our time some other way, what I was trying to submit was that we were told the spokesmen of various groups will have a chance to speak and I was sitting here all the time without taking food. That is why I was saying that we should have been intimated earlier.

**Mr. Speaker:** That is strange. Hon. Members are at liberty to go away and have their food sumptuously and come and sit here. I am really surprised that they have not been able to follow how I divide the time. I divide the time between the Congress party and the Opposition in the proportion of 60:40, that is 40 per cent for the Opposition. Originally, I was giving them only 33-1/3 per cent. Now I have raised it to 40 per cent.

From the time allotted to the Congress party, I am deducting even the time taken by the Ministers. Previously I was deducting from the whole time, the time taken by the Ministers and then dividing the remaining portion in the ratio of 66 2/3: 33 1/3 for the Congress party and the Opposition. Now more time is given to the opposition. Names of various speakers are given to me by the various groups. The hon. Member belongs to a party, whose membership is only 8 in number. I was trying to give opportunity to others before coming to him. But the hon. Member wants preference. He says that he has been awaiting his turn all the day. But there are a number of hon. Members, who have not spoken at all since they were elected. From 1952 onwards they have not opened their mouths. Therefore, that has also to be taken into account. Now the opposition members are more in the lime-light than the members belonging to the Congress party. I must distribute time equally and justly. So, I will call two more members and the rest will continue in the next session. We should disperse at 5-30 p.m. I now call Shri Mahanty to speak.

**Shri Mahanty:** I am grateful to you for the consideration.....

श्री मजपति राज (जीनपुर रजित  
जितने सदस्य वहाँ बोले हैं उनमें से हरिजन  
समस्या पर और जैन में हरिजनों के लिये  
क्या प्राविजन है इस पर कोई नहीं बोला है।  
जो दो सदस्य बोलने वाले हैं उनमें से कम से  
कम एक हरिजन सदस्य को बोलने का मौका  
दिया जाय, यह मेरा सुझाव है।

अध्यक्ष महोदय : ठीक है, काफ़ी धन-  
काश मिलेगा।

I will adjourn the House after this speech is over.

**Shri Mahanty:** I was saying that I am much grateful to you for the consideration that you have shown to me. But the time being limited, I am afraid I cannot do full justice to the

[Shri Mahanty]

subject not because I am not prepared, but because of gastronomical reasons.

I would like to make a reference to what the hon. Professor Saksena has just said. It is not only unfortunate, but misleading, that he should have sought to make a comparison between the first five year plan of China and the First Five Year Plan of India. The first five year plan of China is as different from the First Five Year Plan of India as chalk is from cheese. It has to be borne in mind that the first five year plan of China is being executed today with the technical know-how and the financial resources of the USSR. Professor Saksena should have known better. In the first five year plan of China, all the industrial projects are divided into two categories—one is above "norm" and the other is below "norm". The projects above "norm" are those which entail expenditure above a certain "investment norm" and are usually executed by the financial aid of the USSR. For instance the Iron and Steel works at Anshan and the Truck Building Factory at Changchun etc. and many other huge industrial projects have been executed by the financial assistance and the technical know-how of the USSR. Unfortunately such friendly aids are not available to India.

During the first Five Year Plan, we received financial aid from friendly foreign countries to the extent of Rs. 296 crores. May I ask how much aid we have received from the USSR? We have not even received a single rouble. During the Second Five Year Plan a loan of Rs. 500 million roubles are available to us. I do not know since when in Communist countries loans of idle money are advanced over which interests accrue. We all know that under Marxian conditions idle money does not beget any money. But now we are given a loan of 500 million roubles over which interest will accrue. All the financial aid to China are mere aids for which no interests are charged. Therefore, I

venture to think it is unreal, it is misleading, to make a comparison between the first Five Year Plan of China and the first Five Year Plan of India. We have to consider this Plan on its own merits.

When we come to consider the Indian Plan on its own merits we are confronted with a phenomenon which we really cannot explain. It seems to me, Sir, the end of our Odyssey has resulted in a new nightmare. For all these six years we have been carrying this first Five Year Plan as an insufferable cross. We were told that at the end of the first Five Year Plan period, there will be plenty, there will be prosperity, there will be more employment. But what do we find today? We are confronted with a situation for which the Government can offer no rational explanation.

The hon. the Food Minister says the food production has increased and has even exceeded the peak that was attained in the year 1953-54. There has been increased production no doubt; but there is also increased hunger! When we come to unemployment we find in the beginning of the first Five Year Plan the total number of unemployed on the live registers of the employment exchanges were of the order of 3.75 lakhs, but today at the end of the first Five Year Plan we find that the number of unemployed has gone to 7.05 lakhs. The Planning Commission in their Review of the First Five Year Plan have said:

"The studies, undertaken in the Planning Commission indicate that the growth of employment opportunities in the Plan period tended on the whole to lag behind the increase in the labour force."

Therefore we find on the one side increased production and tempo and on the other we find increased hunger, unemployment and situations which the Government cannot control. I am led to infer all this happens because there is chaos in thinking and dichotomy in execution, which has resulted in confusion all round. The

major part of my observations will be devoted to deficit financing.

Now, as I was saying a little while ago, today we find, acute scarcity conditions, because people have not the means to buy the foodgrains which are being supplied in all the fair price shops opened by Government. There is a kind of controversy going on between the Finance Minister and the Minister of Food and Agriculture over this aspect. In a note which was circulated to the Members of the AICC recently, the Finance Minister under-estimated the impact of deficit financing on the growing food prices. He suggested that increasing food prices are due to less production. Even in the white paper on the Indian Budget which was circulated to us last March it was stated:

“The average increase of agricultural production declined by nearly 2·4 per cent from 116·4 in 1954-55 and 113·7 in 1955-56.”

According to the Finance Minister in absolute terms production of foodgrains declined from 68·8 million tons in 1953-54 to 63·4 million tons in 1955-56. The hon. Finance Minister in the note that was circulated to the members of the AICC stated further that the decline in production of foodgrains has been to the extent, that even though we have imported three million tons of food grains it has all gone into the market without any appreciable decrease in the price of the foodgrains.

So the Finance Minister and the Planning Commission would ask the country to believe that the real devil of the drama is the agricultural sector where the production did not increase according to anticipations. Therefore, it has increased food prices which has corroded the base of our economy.

Now let us see what the Minister of Food and Agriculture says. The Minister of Food and Agriculture does not seem to agree with the findings of the Finance Minister. In another note which the Food Minister circu-

lated in the last AICC session he stated that the present rise in food grain prices is not an isolated phenomenon which can be tackled wholly by itself, but it is in a very large measure the result of various factors which have affected the general economy of the country. Hoarding of stocks by traders and big cultivators in the hope of obtaining higher prices later in the year may have played its part. Probably the more important reasons are the increasing development expenditure and the consequent increase in money circulation.

In parenthesis, I would like to add that such documents should not have been exclusively circulated to the members of the AICC. Planning is not the planning of the Congress Party alone. For the execution of the plan the Indian people are bearing the taxation beyond their taxable capacity. Therefore, in the fitness of things the Planning Minister should have seen that all such documents which were circulated to the members of the AICC were in our possession too, so that we could have offered our considered views thereon.

I hope that in future such documents will not be restricted to the members of the AICC alone, that the Members of Parliament who are asked to approve the Plan, who are asked to find out the financial resources for the execution of the Plan should also have the privilege of going through those documents which are circulated in the chambers of A.I.C.C. meetings.

Be that as it may, there is a kind of controversy going on between the Finance Minister and the Minister of Food. The Minister of Food says that these increasing food prices are due to deficit financing, due to increase in money circulation, but the Finance Minister says that it is due to less production.

When we come to the volume of production I believe the hon. Food Minister is right, because in 1955-56 the total food production is 68·6 million tons, as compared to 64·9 million tons in 1955-56. There has been

[Shri Mahanty]

increased production. There is no doubt about it. In fact the production of rice last year has been an all time record. But in the North Indian markets the rice price is still rising high. Only yesterday I saw a report that the rice price has only appreciated 25 naya paise per maund, in spite of all the efforts which have been made by the Government of India. So, here, I venture to think that this indiscriminate indulgence in deficit financing is the reason for this increasing spiral of prices.

I would like this House to remember that during the First Five Year Plan, what the Parliament approved was that, there should be no deficit financing beyond Rs. 290 crores. In the beginning, the total financial estimate of the first Five Year Plan was Rs. 2096 crores. It was estimated that the domestic resources would be of the order of Rs. 1285 crores and the balance of Rs. 811 crores had to be made up by loans, by external assistance, by small savings, and by deficit financing. But, at that time, only external assistance to the extent of Rs. 156 crores was in sight. Taking that fact into consideration, Parliament approved that there should be no deficit financing beyond Rs. 290 crores. I would like to have a categorical reply from the hon. Minister for Planning as to why during the First Plan, the total deficit financing was of the order of Rs. 531.9 crores. Did Parliament approve of it? Was Parliament ever kept informed of the situation that was brewing? No. Parliament was kept in the dark. Parliament approved of deficit financing during the First Plan of the order of Rs. 290 crores. Yet, the Government indulged in deficit financing which transcended all the stipulations that this Parliament or the Planning Commission had made earlier.

The next point that I would like to bring to the notice of the House is that this deficit financing of the order of Rs. 531.9 crores was largely unnecessary. I would substantiate it by quoting some figures. We understand

from the review of the First Plan that during the first four years of the First Plan, deficit financing amounted to Rs. 241 crores, but in the last year of the First Plan, deficit financing was of the order of Rs. 292.6 crores. Explanations are offered that the domestic resources in the disposal of the Government were Rs. 631 crores whereas the outlay requirement was Rs. 1115 crores therefore the Government had the only course to resort to deficit financing. But, that same report gives us to understand that actual deficit in the last year of the First Plan was only Rs. 180.4 crores. I would like to have a categorical reply from the hon. Finance Minister and the Minister for Planning as to why they resorted to deficit financing of the order of Rs. 290.4 crores when their actual necessity was only for Rs. 180.4 crores.

External assistance, as I have said earlier, during the First Plan was estimated to be of the order of Rs. 156 crores. But in the end, we received Rs. 296 crores. Out of this sum of Rs. 296 crores, Rs. 188 crores was utilised over the five years leaving a carry forward of Rs. 108 crores. Here, we have a carry forward of external assistance to the extent of Rs. 108 crores. Our actual necessity was of the order of Rs. 188 crores. Yet, we resorted to deficit financing of the total order of Rs. 533 crores which was not wholly warranted under the circumstances.

During the Second Plan, we are going to resort to deficit financing to the tune of Rs. 1000 crores. During the First Plan, our total deficit financing amounted to Rs. 533 crores. I would like this House to consider whether the Indian economy can bear this fantastic amount of deficit financing. During the First Plan, it was stated that deficit financing will be resorted to the extent of Rs. 290 crores, against the withdrawal of Rs. 200 crores of sterling balances. In the Second Plan, deficit financing of Rs. 1200 crores was stipulated against further withdrawal of Rs. 200 crores

of sterling balances. I think the indiscriminate manner in which Government has indulged in deficit financing without rhyme or reason, as I have just pointed out with facts and figures, has resulted in the spiral of prices, which the Government are now unable to control.

In the beginning, I said, there is not only chaos in thinking, there has been a certain amount of dichotomy also in its execution. When I say this, I would like to bring to the notice of the House the failure in bringing down the food prices. The House knows that, the Government knows that, the Scheduled Banks were asked by the Reserve Bank of India not to advance loans to speculators, to those who deal in rice, beyond 66 and 2/3 per cent. Only the other day, we came to know from the statement which was issued by the Governor of the Reserve Bank that advances against rice have come down to 82 per cent. I do not know what was the extent of the advance to speculators in rice. Here is a serious situation. We go on talking all the time of planning and planning, talking through our hats. Here the Government says that advances to the speculators in rice should not extend beyond 66 and 2/3 per cent. But our Scheduled banks go on advancing them loans which help them to hold food stocks and keep the entire country, the consumers in starving, in a kind of ransom. I would like to know from the hon. Minister what steps have been taken or are going to be taken against the Scheduled banks who have advanced these sums to speculators against rice and other foodgrains beyond the limit which was fixed by the Reserve Bank of India.

Then, you have the Food Ministry and the Finance Ministry working at cross purposes against each other with the result, the poor taxpayers, the consumers of this country have to suffer and strave. I have no time. I am concluding. Otherwise, I would have also cited another instance of how the Ministries are working at cross pur-

poses. There is another kind of controversy going on—I do not know how many controversies are going on about the Plan—not in this House, but in the Ministerial level. The second controversy relates to the extent of foreign exchange that would be required for the execution of the Second Plan. The Controversy is again between the Planning Minister and the Finance Minister. No body can tell us....

Shri Nanda: No controversy.

Shri Mahanty: I am happy to learn that there is no controversy. But can you tell me what is the actual extent of foreign exchange you require which the Finance Minister concurs I am sure, you cannot give any figure. The Finance Minister can't also give the information. This is the real state of affairs. They cannot control figures. If they cannot plan financial resources, how can they think of planning for the whole country?

Before concluding, I will make a brief reference to the question of regional disparity which, I have the honour and privilege of raising in this House time and again. There is a kind of superstitious belief prevailing in the Planning Commission that the setting up of heavy industries in the different States will be able to remove regional disparity. With all due respect to the hon. Minister of Planning. I venture to submit that the setting up of a heavy industry in a particular State does not necessarily remove poverty and unemployment in that State. For instance, in Orissa, there is the Hindustan Steel Plant. But, the setting up of this plant has opened up employment opportunities and income opportunities in Punjab and in Delhi, but not so in Orissa. I have got figures with me. The other day, the Minister for Steel said that out of 800 and odd employees in Class III services, only 29 percent belonged to the State and the rest came from the other States. Similarly, Hirakud. The hon. Minister is very fond of Hirakud. He refers to Hirakud. He knows it much better than I do that Hirakud

[Shri Mahanty]

opened up employment opportunities in Punjab. It opened out income opportunities in Punjab and in Andhra. I would like to know from the Hon'ble Minister, if it opened up sizeable opportunities for the local people. No. These heavy industries and these hydroelectric projects are not going to remove regional disparities. In this matter we should follow the example of Japan. Heavy industries have not solved the problem of Japan. The problem has been solved by small industries there. More than 90 per cent of Japan's industries are in the small sector which do not employ more than 30 persons. I would have expected the Government to consider taking positive steps in that direction and on those lines. It is no good telling us that we have got the Hindustan Steel Factory or the Hirakud Project there. It is not going to solve the problem, particularly in an age when we are taking to more and more automatism.

In conclusion I only appeal that the facts which I mentioned in my amendments should commend themselves to the Government and that they should take steps to see that all these shortcomings and pitfalls are removed.

**Mr. Speaker:** As there are a number of hon. Members who wish to take part in the debate, the discussion will stand over to the next session.

Shri Nanda to make a statement.

STATEMENT RE: IMPLEMENTATION OF DECISIONS OF WAGE BOARD FOR WORKING JOURNALISTS

The Minister of Labour and Employment and Planning (Shri Nanda): A number of short notice questions regarding the implementation of the decisions of the wage board for working journalists and the termination of the services of some working journalists were received by the Ministry of Labour and Employ-

ment which show that there is a lot of anxiety prevailing among the working journalists on the subject.

It has not been possible to accept the short notice questions in view of the fact that the implementation of the Working Journalists Act is within the jurisdiction of the State Governments, and there was no time for ascertaining the position as prevailing in the various States before the Sabha adjourns. As this is a matter of public importance, I consider it necessary to make a statement regarding the legal position.

The legal position about the implementation of the decision of the wage board for working journalists is that the decision of the board is binding on all employers in relation to newspaper establishments and every working journalist is entitled to be paid wages at a rate which in no case shall be less than the rate of wages fixed by the board. The decision of the wage board was announced on 11th May 1957. All the employers were required to file with the appropriate authorities the returns for the years 1952, 1953 and 1954 within a period of one month from the date of the publication of the decision of the wage board.

A group of employers have filed a writ petition before the Supreme Court challenging the decision of the wage board as well as the validity of the Working Journalists Act itself. The Supreme Court passed an interim stay order on the 17th June, 1957 staying the implementation of the decision.

On the 26th August after hearing the parties, the Supreme Court directed that there would be no stay of the implementation of the decision in respect of current dues from the date of the publication of the decision, that is from the 11th May 1957.

The Supreme Court further directed that each employee, before receiving payment, should give an under-