

12.10 hrs.

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

Mr. Speaker: The House will now take up further consideration of the following motion moved by Shri Jawaharlal Nehru on the 22nd August, 1960 namely:—

“That the Third Five Year Plan—
A Draft Outline laid on the Table of the House on the 1st August, 1960, be taken into consideration.”

along with the amendments made thereto.

Shri Nanda may continue his speech.

The Minister of Labour and Employment and Planning (Shri Nanda): The House has discussed this motion for 20 hours, and 50 Members of the House have spoken on it. Naturally, every aspect of the proposals put forward in the Draft has been discussed fully and frankly.

At this stage, we were not to consider details of programmes or regions. They will emerge in the course of time over the next few months. We were to consider the approach of our Plan, the specific aims of the Third Five Year Plan, its structure, its pattern of priority, the dimensions of the Plan, schemes of resources and certain policy and organisational measures which have been indicated in the *Draft Outline*. In the light of the discussion that has taken place in the House, we in the Planning Commission and Government will proceed to consider further stages of the Third Five Year Plan formulation.

Judging by the speeches made in the House and the representative capacity of those who spoke, it is obvious that there is, practical, unanimity in the House in support of the *Draft Outline* proposals generally. There is, of course, room for differences regarding the details. An hon. Member there shakes his head. I spoke of practical

unanimity because I know that there are a very few members....

Shri C. D. Pande (Naini Tal): Only two of them.

Shri Nanda: It may be two or three. I know that these few Members were not prepared to associate themselves with the Plan. If three or half a dozen Members oppose, it may be considered a negligible size of Opposition. But I do not take that view. To us, the support of every Member of the House and every person outside in the country matters and, therefore, I would have very much wished that even these two or three Members had not taken up this kind of stand.

What is it that they are seeking to do? They are seeking to establish that the Plan has not been supported and accepted unanimously by Parliament. That is all that they want to gain by this gesture. Why? Having heard all that they have had to say, I still feel that the only explanation is that there are some people who cannot bear the harmony prevailing around them. They cannot bear the harmony. They must have something to spoil it. The reason given for seeking to record their dissent is that since the Plan must, according to them, fail, they should dissociate themselves from it. Then they will be able to say later when the Plan, according to them, fails, ‘We told you so’.

My answer to my hon. friend, Shri M. R. Masani, and his colleagues is two-fold. Firstly, this Plan is not going to fail. I repeat the Plan is not going to fail. It cannot fail because of our confidence in the capacity of our people. What we have seen during the last few years, the performance in this country, inspires confidence.

Then when I say that I have confidence that the Plan will succeed, I do not necessarily mean that every target is going to be realised 100 per cent. It may be 100 per cent, 90 per

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cent. and 80 per cent. But the point is that in this country the people are going to march forward on the lines of this Plan, in terms of this Plan, the direction that is given, to which those few hon. Members are opposed. I may also say that the people of this country are going to make the utmost effort. And that is what matters. That is real success, which is worthwhile.

Acharya Kripalani (Sitamarhi): The army marches forward on empty stomachs!

Shri Nanda: My hon. friend, Shri M. R. Masani, has given a glimpse of what he thinks should be our Plan. That is, we should have some light varieties of industry and we should confine ourselves to production of consumer goods because such things have a large margin of profit. That is the point. Such a plan can yield no progress at all.

Shri M. R. Masani (Ranchi-East): Quick returns.

Shri Nanda: It is no progress in terms of employment, in terms of surpluses, in terms of raising the standard of living of the people or in any worthwhile terms. It cannot do it. I thought my hon. friend, Shri M. R. Masani, at least had sufficient understanding of economic processes not to ignore that fact. And his plan cannot fail at all; it cannot fail because it is no plan at all. If you are not prepared to get up and move, there is no risk of your falling or failing.

Shri Tyagi (Dehra Dun): They are in the safest zone.

Shri Nanda: To accept defeat at the start I am not going to do that. Shri M. R. Masani has warned us all. Well, I am going to give him a warning. If certain people choose to stand aside at this juncture, he and his friends will have a heavy burden on their shoulders.

Shri Ranga (Tenali): You will have it on your conscience.

Shri Nanda: At a time when this country is engaged in a war on poverty, in gaining economic independence, at such a time there are some people who take this stand that they will keep aloof, they will look on and possibly make some discouraging gestures. That seems to be their role. I hope that before very long, before it is too late for them, they may try to see things in the correct perspective.

I would not deal with the details. A good part of my task has already been, in a way, done by the hon. Finance Minister who took up the question of raising the resources, the financial aspects and other matters. I will, therefore, take up some general issues which have arisen and deal with some broad aspects—the main features of the Plan.

One question which has recurred frequently in the course of the discussion was about the record of progress and performance, that is, the extent of our achievement. My hon. friend, Shri Asoka Mehta, opened his speech with a very objective appreciation of this aspect. There are other fields in which we have made striking progress. The hon. Finance Minister has, through the figures that he cited, presented a very impressive record. But there were a few Members in this House—Acharya Kripalani, for whom I have very great respect, being one of them—who did not agree with this. Acharya Kripalani saw no good at all anywhere in the country *vis-a-vis* the Plan. There were one or two others also of the same view. I might submit that this criticism is highly exaggerated and out of all proportion to the reality. It is very disproportionate to the reality. When I say that I am not making a claim that there are no defects and no deficiencies and no shortcomings. No, Sir. If I were to do that—because they exist—if I were to ignore them, it would be folly. We want to remove those defects; we want to improve. Therefore, we recognise and welcome criticism of that kind so long as it is constructive and realistic.

Shri C. D. Pande: *Bona fide.*

Shri Nanda: These deficiencies arose partly out of circumstances over which we had no control. Partly they can be attributable to our own shortcomings. One thing was mentioned frequently about the agricultural sector that is, the fluctuations in production. They asked, 'What have we done?'. We cannot absolutely control or eliminate these fluctuations. Weather conditions control that very much. But, we have to see whether over a period the trend is a rising trend or not. And, it is a rising trend. I can say that to day, in the present conditions, the vagaries of the weather affect very much the whole trend of production, and, therefore also our national income figures. One season agricultural output is 6 million tons down; it would affect the national income also. The remedy for that is this. Of course, we may not be able to completely control weather for a long time; but by the imports we make and by other improvements and practices of agriculture we can make a sure basis for increase in agricultural production so that it rises so high that the weather changes make only marginal differences. The other thing is that the national income through industry rises to such an extent that the agricultural income which is figuring very much now makes a small proportion of the total national income. In spite of the fact that there have been short-falls somewhere, we see that the overall increase in agriculture has been at the rate of 3.5 per cent per annum. That is not all to our liking; we wanted more; but there it is. But, it is not a negligible increase.

When I mention this national income I am reminded of certain figures which the hon. Member, Shri Masani gave about our national income. I wonder where he got them from.

Shri M. R. Masani: I mentioned where I got them from.

Shri Nanda: The authentic figures of compound increase in national income are 1950-51 to 1958-59, 3.5 per cent per annum; 1956-57 to 1957-58, 3.7 per cent and 1956-57 to 1960-61, estimated at 3.75 per cent, so that the figures he mentioned have no relations at all to actual facts.

Many hon. Members mentioned about failures and shortcomings in industry, coal and steel. I need not repeat all that has been said to explain or justify and failure at any point. It has to be understood that when we started initially in the Second Five Year Plan we had some initial difficulties. But the point I am making is that all those targets might be achieved a little later. And that is not a great tragedy. We would like to have them achieved absolutely promptly within the time that we had visualised; but this may not happen in actual practice. I would like to inform the hon. Members that here also whereas there might be a short-fall here and there, the total production in industry has been rather impressive. It will be nearly doubled in 10 years ending 1960-61. I would like to give figures here because it is an important aspect of the working of our Plans. In the First Plan it was 39 per cent increase; in the Second, it was 59 per cent and we are proposing for the Third Plan 64 per cent increase over the Second Plan. This performance is fairly good.

One point I would like to emphasise. We may increase production under this head or under that head. That is important. But much more important is the fact that we have developed our capacity for growth. There was exceedingly important. There was stagnation lasting long years. Then you start moving; make an effort to move. We have started moving. This capacity is symbolised by our steel plants, by our machine-building plants. Alongside that we are developing the technical know-how; we are increasing our trained personnel.

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These are the things which will make for rapid industrial progress in course of time. These things are being done. Our aim is that in the course of the the next 10 or 15 years, we should become practically independent so far as import of capital goods is concerned. The progress that has been made in various directions, in machine making, power etc. is extremely impressive.

Some hon. Member mentioned the importance of creating designing facilities in the country. We are giving a great deal of attention to it; and I hope that is going to become the basis of a truly indigenous growth of industrialisation in the country.

I would like to point out that, whatever the shortfalls might be on which so much stress has been laid, what I have said here would bring out very clearly that in spite of all that the progress has been phenomenal. Why I am repeating it is because I am convinced—I hope all of us are—that it would not have been possible had it not been for the methods of planning our economic development. That is my point. The rate of step-up in investment would not have been possible otherwise. The level of investment increased from Rs. 500 crores to Rs. 850 crores in the First Plan, to Rs. 1,450 crores; in the Second Plan and is expected to increase further to Rs. 2,500 crores in the Third Plan. This is the annual level of total investment. The public investment also shows a similarly high increase. In the First Plan, it rose from Rs. 200 crores to Rs. 450 crores; and in the Second Plan it rose to Rs. 800 crores; and in the Third Plan to Rs. 1,500 crores. This would not have been possible at all if we had not framed our Plans. This progress was unimaginable on the basis of voluntary savings only which has been recommended to us by the hon. Member, Shri Masani. This could never have

been done. That is the justification of planning.

Shri Masani has his own rival doctrines about planning, and that is let industry be mere profit-making. That is one rival doctrine. Another was offered by the hon. Member, Acharya Kripalani; that is it should be a civilisation based on agriculture and village industries primarily. Both are against the intervention of Government in economic matters and both have an intense dislike for the public sector.

Acharya Kripalani: I should like to offer an explanation. I said distinctly that I have only one criterion of judgement and that is, the condition of the bulk of our people, those who are without land and are unemployed and those who have uneconomic holdings. These form the majority and your report itself says that they have less work and less wages.

Shri Nanda: I shall deal with that a little later.

Acharya Kripalani: If that is not your criterion it is all right.

Shri Nanda: That is our aim and we can realise it through our plans any day much better than through any other type of planning.

Acharya Kripalani: You cannot realise it.

Shri Nanda: My hon. friend Mr. Masani made a very strong protest. He resented something which the Prime Minister, according to him, had said and which he characterised as a caricature of the views of that group. Sir, I have heard from his own mouth and from other hon. Members, what actually they stand for—what is their concept of planning, and I find, Sir, that realities are not more attractive than what was supposed to be a caricature—it is less beautiful than that caricature. I shall explain it.

He says: we are for planning, but no coordination arrangement should be made. That means no Planning Commission.

Shri M. B. Masani: Who said that? The Cabinet should do it.

Shri Nanda: It should then be a very limited planning which actually will not really be able to cope with the responsibilities which arise out of planning. Then he says: we do not believe in *laissez-faire*, we believe in planning. What does it come to? Government should create the environment in which the private sector should be able to function effectively. Government should create the basic facilities, give loans and put less taxes so that they can have a paradise.

An Hon. Member: Their own paradise.

Shri Nanda: Then there should be no heavy industries. Sometimes where the private sector cannot do a thing, possibly Government should help. But how can Government deprived of the resources be able to help to have that heavy industry. The whole idea of the light industry being able to do in a better way is wrong. How does it help to develop a country? You have light industry in order to produce consumer goods. You may get the goods also from somewhere. You may go a little further and have industries which produce consumer goods. But how much surplus is generated through the light industries? And unless we go a stage further and produce machines, cease to be and dependent for everything on external sources, we cannot at all meet the needs of the people, regarding employment, standards of living etc. It is not possible to do that on the basis of light industry only.

My hon. friend Mr. Masani had another objection to planning, of the kind that we have launched, but I may pursue a little further the question of heavy industry. He asked: why have so much steel and machine-building capacity, since they do not give so much employment? Can we eat steel? Where will it go when we produce it? The answer is: machines would eat steel, the machines which

are going to produce the goods. How else are we going to expand our large number of industries? Steel does not go anywhere else. It becomes the basis of much more rapid development of consumer goods industries. Where is the steel to go? The steel having been produced on the basis of certain calculations of requirements would be required for fabrication. It may be that there is a very higher investment content in the lower employment ratio in steel itself. But the next stage is fabrication and all that and then the employment content grows. Otherwise it can never grow. That is so obvious, so clear.

They had particularly objected to the steel plant which we are going to have, the fourth steel plant at Bokaro. A long argument was made about that. The figures which he quoted are very similar to me; we had already heard it from other sources. It was only presenting the same picture to us. Now we say that the steel which we want should be 9.7 million tons. The figures are not spun out; the estimate is based on certain calculations of requirements. The position is that we would still be short in several directions. I do not wish to go into details, but an important fact cannot be ignored that it takes time to develop the full installed capacity into full operation to yield all that a plant is capable of.

Now another objection of the hon. Members was to the public sector. I am taking this up because this is an issue which has to be faced, the issue of industrialisation, the issue of the public sector. Without industrialisation, as I said of the kind of heavy industry, machine building, etc., it is not possible to give employment. What is their objection to public sector? They say there is loss of freedom, bureaucracy grows, there is waste and extravagance, and democratic tradition is somehow interfered with.

I have seen the private sector at very close quarters; I have

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been for years in a position to watch it, and I know what happens there. There are good people there, of course, but I know how much of the things which the hon. Member does not like take place there—waste, nepotism, speculation, black-marketing and other anti-social activities. All sorts of difficulties are created. There is a slight scarcity and they are prepared to exploit it.

There may be defects in the public sector. I am sure of one thing that the private sector may or may not improve, but the public sector is going to improve. It has improved very much in certain cases. Remarkable progress has been made in certain cases. If it can be made in one plant, two plants or three plants, why can't it be made in every plant, and more and more of this will be done in the future. I have seen the share-holders' meeting in the private sector. Nobody is there. They are all interested in the declaration of dividend rate, that is all. They are absolutely sleeping, silent partners. But here the shareholders of the public sector are very much alive and vigilant. The whole nation is looking on and this House is watching through its committees. Every little thing is broadcast; nothing can escape the gaze of this House. There lies the assurance that the public sector is going to do better and better. As I said our experience is also there and in various ways we are employing it. The personnel had to be built up. The First Five Year Plan did not contain enough provision for training the personnel. But we have taken good care that in the Second Plan there is adequate arrangement for trained personnel; for the Third Plan also we have done that. But we have provided in the third Plan adequately for the fourth Plan—for the beginnings of the fourth Plan. It is like that. These things are learnt and we are making good use of our experience. Then there was the question of freedom. I do not know how it comes in,—these questions of

crushing freedom, the monopolies, and bureaucracy and concentration of economic power and also Soviet planning. These are some of the words and expressions used. But why do they bring in Soviet planning in this case? I do not know whether the other countries which have developed on those lines have done differently so far as the aims, etc. are concerned. So far as the public sector is concerned, it is really a very, very false notion that we here in this country are doing very much more for the public sector and that we have gone to excessive lengths. It is not true at all. Actually, the public sector in countries which are not called socialistic countries may be doing much more than we do—their participation may be much more—it may be 20 to 35 per cent cent. The point is, this bogey is raised—that because you will have controls and the State is going to administer and all that, freedom will be lost. What is the comparison with the Soviet Russia? Here is a democracy. Here are Members of Parliament. Here are the people. No economic power can be misused; the people will not tolerate it and they will not allow it. It only strengthens democracy when people come a little nearer than they were before and are a little free from controls of that kind. They can also be sure of livelihood. Then it will certainly be a better democracy.

Another point is that the private sector itself has grown. Who says that the private sector suffers? The private sector has grown from Plan to Plan. I do not want to take the time of the House with figures. It has grown, but why? If the Plan did not come in, if there had been no planning the private sector would have just got stuck up. It would never have grown, because the resources are mobilised by the public sector and that has enabled large-scale development in the country which creates opportunities for the private sector also to do all these things.

Acharya Kripalani: Why do you allow it to grow when you described just now its evils?

Shri Nanda: My answer is very simple. I do not say that the development in the private sector is wrong. Even then, there is an answer. Our main objective today is to increase production. We want to utilise every element and utilise every agency in the country which can help us to mobilise the resources and increase production.

Acharya Kripalani: Including the evil agencies of private enterprise?

Shri Nanda: How can one say how much evil there is in me or you?

Acharya Kripalani: You yourself said that.

Shri Nanda: It is a mixed economy. We allow both sectors to function. They say, "Do not allow the public sector to function but only the private sector." We say both the private sector and the public sector should develop.

Shri M. R. Masani: It is plain distortion.

Shri Nanda: There was talk of a draining of resources into the public Sector. I have a good answer. The resources are growing because of the Public Sector. It is in the larger national interest that we allow and help the Private Sector to grow. We would like to do that as long as they are functioning within the framework of national policies.

Shri M. R. Masani: We want equal competition; you want monopoly. That is the difference.

Shri Nanda: Whose monopoly?

Shri M. R. Masani: State monopoly.

Shri Nanda: It is the people's monopoly. It is of the people themselves. (Interruption). I think the hon. Member Shri Ranga has left. He told me, "You had signed the Sarvodaya plan." I remember my responsibilities, and I am reminded of Gandhiji. I had the privilege of functioning

fairly close to him for several years. What he would have done now, nobody can say. I am sure he would have his own views; at any rate, he would have tried to tap the moral and spiritual energies of the people in his own way. He would have exercised persuasion rather than legislation; but legislation is also necessary. I know, as far as I know, his mind, he would have asked for greater austerity in the country and all that. But the question is whether he would have approved of these plans. Knowing him, I say that if he had seen that it was through these plans that the people would be lifted, and given employment, certainly he would have approved of that. At any rate, I am quite sure that he would have totally disapproved what Shri Masani and his friends say, because, Gandhiji was totally against exploitation of all kinds; he was for eliminating exploitation and not perpetuating it. That was his idea.

I was asked by the hon. Member, Acharya Kripalani, about employment, etc. I have been a staunch advocate of cottage and village industries. I am still. I believe in the strengthening of the village industries and spreading them and industrialising the rural areas, making numerous foci of development there and many nuclei of growth in the semiurban areas. Do not let the people be drawn into the cities. I am for developing the rural areas, but that cannot be done unless there is some industrialisation there. Therefore, there should be village industries. I do not believe in that kind of civilisation which those hon. Members have in mind. But there is nothing wrong with rural life and civilisation. I think there is going to be a full and healthy life there, without those numerous gadgets of the present civilisation. But in what conditions? It is only when the population is small and when there are fertile areas around, that you can do that. With an increasing population of the present size, that kind of thing will not do.

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I was told that we are only viewing these village industries as a temporary affairs. It may be that the particular form in which certain village industries function now is not enduring. But many things are going to happen there: better and improved farms and help for them; and all the processing of village industries should be done there. All these things are very important.

Hon. Members say, "We are talking of subsidies; but enough is not being done for that." I would like to make this clear. I said that I would like the development of village industries. Now, how do we subsidise the village industries? It is by surpluses created in the other more modern types of activities. They create surpluses which we channel into these village industries. If there are no surpluses created, how do we subsidise. There has therefore to be a balance between large scale and small-scale village industries.

Supposing there was no big industry at all and it is only khadi and village industries. What would be happening in this country where landholdings are diminishing in size and where the peasants have got very little? The only way for the peasant is to get away from agriculture, into some kind of industry. What will be happening to him. These people will produce cloth at a very high cost and they will share the produce of the agriculturists and eke out a miserable living for themselves and make life difficult for the farmers. This is going to be the picture if it were all that. Therefore, let us view the question in a proper perspective and light.

I am asked, "What about employment?" How else can it be done? Not by those means which I pointed out, as had been suggested by some. Those means will not take us anywhere at all. How are you going to give employment to an increasing number of people, with the labour force coming in all the

time? Land is not going to suffice for that purpose. Other occupations have to be created which will provide employment. We want employment not for the sake of employment. It is a means of livelihood. We want earnings of certain size and it will be a continually diminishing size of earnings if we follow wrong methods. That is why the ideal of Sarvodaya comes in. Well, I belong to that camp—Sarvodaya. I say this is the thing.

Acharya Kripalani: So, this is a Sarvodaya Plan?

Shri Nanda: I do not say that is a Sarvodaya Plan but I do say that it aims at reaching those objectives of employment better than any other thing. Gandhiji was quoted in this matter about public sector, saying that he would not like all this to be done, I just recollect one very significant event. Once I was recasting the constitution of the textile labour association. I had in my mind a question Are we only working for a little more wages for the workers or have we got any social ideals before us? I put a clause round about aiming at elimination, exploitation, etc. He looked at me and said, "You mean nationalisation?" I said, "Yes". Then, he with his own hand wrote, "and in due course, nationalisation of the textile industry". It is on record, there; it is part of the constitution. We have not gone that far at all and we do not intend to. But Gandhiji's idea was that even the textile industry could be nationalised. So, at any rate, let him not be cited when we talk about this public sector.

Acharya Kripalani: Let me remind you that he also told the workers in Ahmedabad that "all these mills belong to you". What you do is not nationalisation. It is governmentalisation, unless you make Government identical with the nation, which is not political science. (*Interruption*).

Shri Raghunath Singh (Varanasi): The owners are trustees. (*Interruptions*).

Shri Nanda: People do not fully realise what is actually meant by that word. It is so much distorted and it is not properly understood. The hon. Member tells me what Gandhiji had said. Let me tell him, I have so often talked to Gandhiji about these things. Once there was a dispute in a particular hill, where a very big man was the mill-owner. Gandhiji said, "It is the workers who should decide how much the millowners can get". That is a kind of thing which goes much farther.

Acharya Kripalani: In your so-called public sector, do the labourers decide the policies on share the profits?

Shri Nanda: I may make it clear that when I am talking of the public sector, I do not mean simply that a few officials should run it in the name of the nation. It has to progress in a democratic way. There has to be participation of the workers. This is already happening and in the Plans we have initiated that. More and more, the consumer, the worker will come into the picture. Just as now we are trying to democratise our political structure, this also will be done in the field of industry. But it is a question of time. While we are fighting on the front of production, where we are taunted with a little short-fall here and there, certainly we do not want to dissipate our energies in things which we do not like very much. But it is a limited advance that we can make in those directions.

Coming to this question of co-operative farming—I wonder how Shri Masani has left. Regarding co-operative farming, we have been saying all the time it is voluntary. They say, "You say it is voluntary, but it is compulsory". How can we understand it? When we say it is voluntary and we are giving an assurance and we are doing everything possible in order to ensure that it is voluntary, still they say that we mean collectivisation.

Shri Tyagi: Why should it not be compulsory also? Is the hon. Minister going to do anything to stop these uneconomic holdings? That can be done only by compulsion.

Shri Nanda: That is a matter to be discussed on its merits, as to what will be done. But this is the position. That is one side of it.

Now, we are asked, just as we are asked by the hon. Member himself, "What have you done about social disparities and economic disparities"? Our aim is reduction of inequalities. How far we have succeeded is the question. The hon. Member there says the word 'socialism' does not occur in the draft. Since he put the question, I thought it was possibly not there, because there are varieties of socialism. We utter the word 'socialism' meaning different things—he and I. Of course, there may be a good deal in common too.

There was great deal of feeling expressed in the House that disparities are increasing and we have not been able to do anything effectively in that regard. Some people say, "No; it is not increasing". There is some evidence in that side also and some figures are given. It is not easy to dispose of this thing in this manner. This has to be very properly examined on the ground of facts—the processes and channels through which the new incomes move, where they reach—and then we have to interpret the factors and the forces, which work behind them. For that purpose, the Prime Minister informed the House that we would like to have an expert enquiry. We are now moving in that direction. Something on these lines would be the terms of reference of that committee

* "To report on trends in the distribution of income and wealth and in changes in the levels of living during the first and second Five Year Plans."

Something of this kind will be done. It will be an expert enquiry, because

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at this stage, the purpose is to collect data on facts, on which we can make a judgment. Coming back to disparities, what were the remedies offered? They are drastic remedies. Fix a maximum ratio between the minimum and the maximum incomes. It is a very attractive thing and personally, if it were possible, I would jump at it myself. But how does it come about? It comes about not directly. You cannot say, here that by law, the maximum will be this. It has to be brought about by a number of actions on a hundred points through several channels. It is the resultant product of a number of things—steps taken, policies, etc. Therefore, we have to move in that direction. For example, taxation policy is one. Licensing and various other things are being done.

Some say, this is not good enough. But what is? I believe there are two directions in which we have to move and we are already moving in those directions to an extent. One is, if you want the private sector to exist and contribute to national prosperity, you have to give it adequate incentive. You cannot ask it to function and yet starve it. That is not possible. I believe that the incomes which are honest incomes received from genuine economic activities are relatively a smaller proportion of the total income which is derived in trade and industry. There are other incomes—speculations, underhand dealings, black-market, etc. They are the other incomes. If we go at them effectively, strongly and vigorously, I think we will be able to get a big job done without hurting production. That is one direction in which we are trying, but we shall have to move in a big way.

Acharya Kripalani: That direction is not in the plan.

Shri Tyagi: That is taken for granted.

Shri Nanda: I will have to give a report of all the steps that will have to be taken and I have already taken a long time. The other direction in which we must move is to raise the floor. That is more important. But bringing down the incomes or taxing a ceiling on incomes is a different kind of process. But throughout the country, every person should have satisfaction of his basic needs. The Prime Minister has very often reminded us of the basic things food, clothing, shelter, education and health. We should be able to ensure it. Even if we cannot give employment to a person, at least we should ensure him these basic needs, because it is no fault of his.

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Now, various recommendations are made in the Plan. Each village must have drinking water-supply, link roads school building, spread of education, various facilities of health, etc. A national minimum has to be secured and everyone's needs on that minimum have to be fulfilled. Our policy has to be worked out on those lines. Some steps are being taken in this Plan and Second Plan and more will have to be taken in that direction in the Third Plan.

In the matter of disparities there is one aspect which is exercising the minds of hon. Members very much, and I believe it is very natural, and that is the question of regionwise imbalance. It is very important for the sake of national unity cohesion and emotional integration that there should be no sense of frustration anywhere in the country; that is, everybody, every region, having its due. For that purpose, we have to see what can be done about it. Here there are two interests to be reconciled with. One is that there is the national interest. After all, when you give more somewhere it has to come from somewhere else. Therefore, the nation has to produce more, has to create a surplus. So, you cannot choose or produce only on the basis of backwardness; you have to choose

on the basis of the commercial or economic return also. So, both these interests have to be reconciled and the regional imbalance has to be rectified to a large extent, progressively. But what is more important in this case is that every region is not equal as human beings are not equal. They have different potentialities. Those potentialities should be studied thoroughly. We are having enquiries etc., which will enable us to make them reach their full level of development. For that purpose, some enquiries have already been initiated. For example, we have taken the question of the hilly regions. I may inform the hon. Members that this question of regional disparities was discussed several times here.

Now a question is asked: have you got proper criteria for judging whether disparities are increasing or going down? We have developed and we are developing, and on the basis of the limited study that has been made it has become evident that these disparities are lessening. We have studied this about irrigation, power, agricultural production and so on. Other criteria are being developed.

Shri Nagi Reddy (Anantapur): Industries also.

Shri Nanda: Well, village industries, for example. All that has been done will certainly rectify the imbalance because they go to places which are backward areas.

Shri Rami Reddy (Cuddapah): What about major industries?

Shri Nanda: They stand in a class by themselves. There is no urban or rural question. They go to a new area where there are village. They possibly destroy some villages and then they stand there and develop the rural areas. Therefore, it is very wrong to think that we have large industries only in urban areas. I think many of the big projects are not located in big cities.

The amount of money that is being given to the States from the Centre to assist them in order to make bigger plans is, I think, about 70 per cent of the total provision of the Plan. Through that mechanism it is possible to help the States which are backward and also to enable the backward areas in the State to improve their position. Because, as some hon. Members have pointed out, a State may be all right but there may be portions of it which are being neglected. So, it is possible to do something about that matter.

Then there is the question of rural versus urban interests. This really is not a kind of conflict which should be brought up here in this manner. In Delhi there are so many slums. I do not know whether the people living in the slums here are different from the people living in the villages. So, it is not a question of contrast between people here and people there. The people may be living anywhere, but they have to be looked after, instead of creating a kind of conflict between the rural and urban areas. But it is very natural that we must think of promoting and developing the well-being of the rural areas. I think the allocations that have been made, in spite of what the hon. Members have said, for agriculture, community development, irrigation, fertilizers and so on make a very handsome total. But where are the effects? As I told you, they are not very visible. It will take time to make them visible. What is it that we get? It is just 1.6 per cent increase in annual consumption. It is not very big. We have to increase it. In the rural areas, through education, health, drinking water and so on the conditions are being improved, levelled up.

Then there is the question of employment. I have already said something about it. A question is asked: what are we doing about the problem of providing more employment in the Third Plan? Out of the 15 million new entrants to the labour force, one million people will not be provided

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with employment but 14 million will be, which is much bigger than what we aimed at in the Second Plan. And in the Second Plan it was bigger than in the First Plan. Therefore, we are able to do it because of the Plan. Even now our intention is that in the Third Plan even that one million should be provided with employment. An idea has been put forward that there are various means, labour-intensive activities in the rural areas, the resources which are not being utilized, not enough being done to tap water, soil conservation and so on. There are a number of things which will improve the productivity and we will be able to get something out of it.

Shri Braj Raj Singh (Ferozabad): Do you mean to say that the backlog of unemployment will remain?

Shri Nanda: That will not remain because, as I said, we are enlarging the employment opportunities. We are coming to the point where we will be nearly even because of the fruition of our plans. The Fourth Plan will enable us, I think, to cover some of the backlog also. Then, we would be in a better position.

Shri Gopalan has referred to the land reforms. This is one way of trying to create better and more equitable conditions in the rural areas. We have succeeded to an extent in that objective. It is wrong to say that the States have not done anything in the matter. Those people do not see what the States have done. Now every big State has got laws to regulate rents and to stop, or prohibit the evictions. Maybe, still, in spite of the laws, something may be occurring, but it will take some more time for the administrative set up to be properly geared and strengthened to deal with this. Then there is the security of tenure and reduction of rents. I think the rent level has been reduced to 1/4 or 1/5 of the gross produce level in some States. Maybe these laws are not full effective. But, as I said, we are kn-

proving the conditions. We are creating land records which will enable a better administration of our land legislation

The question of the resources and the size of the Plan have been dealt with by the Finance Minister. So, I need not say very much about them except pointing out one or two things. A proposition is made by economists and others that what is technically feasible or practicable should be made financially feasible also. If we proceed on that basis, then it is a question of organisation, of devices, of methods. If there is need for something, we have got the raw material, we can train the personnel. Why do we not do it? It can be done. It is there. Therefore, planning has to be looked at from this angle. There may be limitations, organisational and others, but they should not be allowed to come in the way.

What are we aiming at during this Plan? Five per cent increase in rational income. Hon. Members will just look at the figure of five per cent. Two per cent of this goes to match the increase in population; 3 per cent remains. Then, one per cent goes for investment; two per cent remains. Then, one per cent goes to the new employer, because we should remember one fact.

Millions of the newly employed are on at the same level as the other people from whom they are drawn. They come to the projects and to places where the wages are higher. That means that they are at a higher stage. So, the whales are there. What is left for the whole population, if we secure 5 per cent. annual growth in national income? It must be just about 3 per cent. Is that a very big aim? Have people who talk against the size of the Plan considered this aspect? They want to improve and progress. We want progress of more than 1 per cent, in the standards of living. Then ask:

Why has this not been done? Why have roads not been built? Why shipping is not undertaken? How are these things going to be done if the national income does not increase at a faster rate? There is no static pool of resources. That should be understood. This is a concept which should be very clear. If we increase production at one stage, we are able to draw at the next stage. Next year out of the larger volume of production you draw resources. Here what is done is that they think in terms of the First Plan and the Second Plan. It cannot be thought of in those terms. It has to be thought of in terms of the targets of the Third Plan and not in terms of the conditions of the Second Plan. If we succeed in making those terms real and if production materialises, there should be no difficulty about resources. It may be that we have not got it but that is the method of drawing out resources and we have to improve those methods.

Then there is one basic question. What does it mean in terms of savings of the community? Domestic savings are to be raised from around 8 per cent at present to about 11 per cent. Now it is considered an impossible task. If it were that we were taking away 3 per cent, out of the present incomes, it would have been a different proposition. But what are we doing? We are adding and out of the additional income—that is an assumption—we are taking away one-fourth. We are taking away one-fourth of the new income to be siphoned off for the purpose of fresh development. What is wrong with it? How should it necessarily create greater burden? See what the other countries are doing. I am seeing it and hon. Members must have seen the figures. We are thinking of 11 per cent. at the end of the Third Five Year Plan. It is now 15, 18, 20 and 25 per cent, in several countries in the neighbourhood.

Shri Ranga: 35 and 38 per cent. also.

Shri Nanda: I did not mention 35 per cent. I am only mentioning 15 and 20 per cent. That should be possible. So really what we are drawing out for the purposes of our resources is the consequential gains. Therefore this whole idea of the size and of the resources is displayed in a very wrong perspective.

Then, external resources are mentioned. There, of course, we are not able to say anything with that definiteness, but we have to plan on a certain basis with certain aims. We assume that. We may assume that because we have also some ground for hoping that conditions will be favourable for that purpose. But we will try our best to secure the necessary external resources. That is all.

In connection with the size of the plan and resources the question of prices has been raised very often in the House. This is a very important question. I agree personally, all of us agree that it will be very burdensome for the people to allow prices to rise further. Already they have risen high enough. It is said that sizable investments in development schemes must necessarily lead to a rise in prices. It has to be considered in a certain context. It depends upon what happened in the past. Hon. Members made that point. That is a legitimate point. But where do we stand now? In the Third Plan we have got targets for consumer goods based on certain measurements of elasticity of demand in relation to income and prices. If we can produce that there should not be basically any difficulty about holding the price line. But it is also true that whereas investment comes earlier production comes a little later. That is only a gap of one stage. If we can meet it by the necessary regu-

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lation, buffer stock etc., there should not be that problem provided deficit financing etc. have been under control.

Again, deficit financing is not a figure which has been assumed as the residual balance of our requirements. It has been calculated on the basis of a certain rate of growth of national income, production and the needs of money supply for the community. Therefore they have to be kept at that level. Deficit financing cannot be measured in that rigid way. Year to year we have to judge the conditions. But we start on the assumption that deficit financing will be a safe limit. Therefore a safe limit of deficit financing, adequate production of consumer goods and all these should enable us to maintain the stability of prices. It is not necessary for us to worry too much about every commodity because we cannot regulate everything.

Then, we say that at least we shall see to it that the prices of essential goods are not allowed to rise—essential goods of the nature of mass consumption, food, clothing and things like that. I am in my mind making another distinction of goods of the intermediate category which are not luxury goods or wage goods. Therefore there also care has to be taken that we give enough means and allocations and have adequate production of them also. So, it is in that way that we approach the question.

It must be understood that during the Second Five Year Plan the rise in prices occurred for certain reasons. One was that deficit financing which was incurred during the First Plan was incurred towards the end of the First Plan. Its consequences also overflowed in to the Second Plan. There were certain agricultural difficulties also. Production of food-grains also declined in 1957-58. Although one cannot absolutely ensure that there will be no rise whatever, I think there is a good prospect

of our being able to hold the price line. We will have to do something about it, as I said.

Therefore the question revolves around two things. One of them is selective controls. Selective controls do not necessarily mean rationing. It can be various kinds of controls—fiscal and monetary. This thing now connects with the other thing, that is, resources. If you want to take away through taxes etc. the purchasing power that you are injecting in the economy, you make your problem of prices less difficult. Hon. Member, Shri Masani, does not like that. He wants prices to be stabilised and yet does not want us to move up the purchasing power by taxes. Therefore our policy acts in two ways. It gives us resources and it enables us to hold down the prices.

Shri M. R. Masani: Do not inflate first and then deflate.

Shri Nanda: These are the techniques. We are in a very good position now with a very good buffer stock of wheat and also of rice. It is bigger than what we had before. We should now be able to look at this matter with more confidence. In any case the situation has to be reviewed from week to week and necessary steps have to be taken. The whole point is that Government had been considering this matter recently. A decision is there that we have to do everything possible to stabilise prices. As hon. Members know the National Development Council is also meeting and they will look into it as to what the effective ways of doing it are.

Then there is this question of implementation on which the hon. Prime Minister laid so great a stress. It is very important and very much more so now. I am quite clear in my mind. We say that our administration has improved and all that. Yet, the bigger size of the effort that is now called for and the targets and increases that have to take place in all directions will call for a much better apparatus. Therefore it is very important that

we try to improve our administration and our procedures. Implementation of the Plan does not concern only administration. Our various policies, the share of the public in it, public participation at numerous stages and the role of non-official leadership also come in. The role of non-official leadership is as important as that of official leadership in the matter of seeing to it that the wheels of the economy move faster and smoothly. And then, we come to co-operatives. I believe we cannot control every retail shop, or every individual. Absolutely, it is not possible. In any difficult situation it will not be possible and the control becomes difficult. Therefore, those who want that the prices should not go up must understand this. Even if we control at the wholesale stage, what do we do at the retail stage? We have fair price shops. But, it does not meet all the problems. Therefore, one big thing to be done in the country is to develop co-operatives, consumers' co-operatives. That is an answer to many things. And this is a thing which Government has not to do, the people will have to do it. And having done that, they will get an answer to the question of prices rise also.

Shri Mahanty (Dhenkanal): Will Government divest itself of this responsibility and impose it on the people and they will organise consumers' co-operatives?

Shri Nanda: I mentioned this last. I first stated all the things which Government has to do. But that is not enough. And certainly you don't want every thing to be done by Government. Then what is left of co-operation? Government may assist. It is a people's movement. You don't want everything to be done by Government initiative—although I do not want to make that distinction, which used to be made, about bureaucracy and others. I think the officials are also our co-workers. There may be good people among them and good people on the other side, also

Shri Mahanty: May I respectfully ask what is the record of these co-operatives in this country? Have they organised any agricultural co-operatives?

Mr. Speaker: We are going away from one topic to another.

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): We will supply those figures to the hon. Member. They are extraordinarily, spectacularly good.

Shri Mahanty: At the moment?

Shri Nanda: Here is the answer which I hope has pleased the hearts of hon. Members.

Shri Ranga: Who gave the answer?

Shri Nanda: The essential purpose of the Plan is doing all these various things in order to develop the intrinsic strength of the country. That strength, economic, social, that is going to be our sheet-anchor for everything. The security of the country, progress in the standards of living of the people, employment, cultural advance, all these things are based on that. And for that purpose a climate has to be created in this country, a climate of united endeavour—and not the little things, little dissensions, small things which don't matter really, which dissipate and which distract our attention and therefore retard our advance. Everybody must understand that simply by combining in this big endeavour, national endeavour that all of them are going to be better off and everything that they want will be attained in this manner, and not in the other way. And there it is that I believe that the message of the Plan is, that we have all to put out our best effort, hard work, honest work.....

Shri Braj Raj Singh: Charity begins at home.

Shri Nanda: I do not know; I said 'hard work'; I believe I am doing a little hard work.

[Shri Nanda]

Sir, I would not like to take more time of the House. There is no royal road to progress. The price of progress has to be paid. I hope the nation will rise to the occasion.

Mr. Speaker: Need I put any of the amendments to the vote of the House separately, or shall I put all the amendments together?

The question is

Shri Ranga: What are you putting to vote?

Mr. Speaker: All the amendments.

Shri Ranga: How can you put all of them together, Sir? We would like our amendments to be put separately.

Mr. Speaker: I am sorry, both the leaders were talking to each other when I put the question. I wanted to know from the House whether any amendments ought to be put separately, and if any hon. Member had said so I would certainly have done so. Because all hon. Members kept quiet I said I will put them together.

Which is the amendment that has to be put to the House?

Shri Ranga: I want my amendment, No. 1, to be put to vote.

Mr. Speaker: Any other?

Shri Braj Raj Singh: All the rest together.

Shri Raghunath Singh: I would like to withdraw my amendments, Nos. 4 and 5.

An Hon. Member: We do not permit; it is the property of the House.

Mr. Speaker: I will put amendment No. 1 to the vote of the House. Unless

any hon. Member is insistent I will put all the rest together.

Shri Jawaharlal Nehru: What is No. 1, Sir?

Mr. Speaker: I will read it.

Shri Jawaharlal Nehru: No, I do not want the whole thing to be read out.

Mr. Speaker: No. 1 is Prof. Ranga's amendment.

Shri Jawaharlal Nehru: That is quite enough.

Mr. Speaker: It is a long one. It says, "This House, having considered the Third Five Year Plan—A Draft Outline laid on the Table of the House on the 1st August, 1960, disapproves of it because" etc. It is for disapproval of this. They can vote it out. This is a negative amendment. I thought negative amendment is not allowed. If any hon. Member wants to disapprove of it, he can vote against. The reasons would not form part of the amendment. You disapprove of it. I will put the original motion and then you can vote against it.

Shri M. R. Masani: With all respect may I submit that when a motion for consideration is before the House it has always been in order for motions expressing approval or disapproval to be moved as substitute motions. If you consider the precedents on the subject you will find that whenever there is a resolution for taking into consideration something, such an amendment has been held to be perfectly in order as a substitute motion.

Shri Ranga: And the extraordinary thing here is that Government has not chosen to place any motion saying that it should be approved.

Mr. Speaker: All right. I will put

it to the vote of the House. The question is:

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

“This House, having considered the Third Five Year Plan—A draft Outline laid on the Table of the House on the 1st August, 1960, disapproves of it because—

- (a) it is unrealistic and misleading by reason of an over-estimate in the targets of production and of savings and other resources; it under-estimates the required outlay mainly by ignoring the rising costs due to inflation inherent in the Plan; and is in the result if provident;
- (b) the huge uncovered gap between resources and outlay, the continued resort to deficit finance, the threat of additional taxation, will all lead to accentuation of inflation and a continuing erosion in the real income and savings of the people which will cumulatively encourage anti-social forces. This rise in prices will also lead to a higher cost economy which will make it impossible to compete in the world markets and develop exports. The Plan makes no attempt to work out a stable price and money policy;
- (c) while the desirability of encouraging equity, capital coming into the country is neglected, there is too much dependence on foreign aid, which leads to mortgaging the future of the country;
- (d) the insistence on fostering collective farming under the name of joint cooperative farming to the neglect of family farm-

ing will be a disincentive to agricultural production and will retard the progress of genuine multi-purpose co-operative societies which, in the way they are planned, will be stepping stones to collectivisation. The imposition of ceilings on agricultural incomes will be both a disincentive to production and an injustice to the rural population, besides being an attack on fundamental rights and the freedom of the citizen;

- (e) the greater emphasis on heavy industry to the comparative neglect of consumers's goods will inflict added hardship on the mass of the people; it will also lessen the scope for providing maximum facilities for employment so badly required;
- (f) the emphasis laid on what is called the public sector results in the creation of monopolies distributed among favoured individuals at the cost of real public free and competitive enterprise. There is an attempt based in doctrinal prejudice to tilt the scales against the development of peoples' enterprise and the economy of self-employed people in the interest of State monopolies. Savings in the peoples' sector are sought to be drained away to the State sector. This will discourage the spirit of enterprise, hard work and taking of risks by the people and retard the growth of the national product and national income. It will result in the concentration of political and economic

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power in a few hands and attenuate the autonomy of the States. It will also continue the process of proliferation of the bureaucracy;

- (g) the conception of compulsory labour in the Plan is contrary to the Constitution and to the principles of democracy and will prepare the ground for communism;
- (h) the provision of hundreds of crores of public money by way of distribution through grants-in-aid and otherwise by the Union to the State, and by the States to local organisations including panchayats, co-operatives and welfare societies, will lead, in the absence of a non-partisan approach and suitable checks, to a continuance of waste and corruption through political influence being brought to bear on the administrative apparatus;
- (i) as a result of all this, the Plan would reduce the real income and the standard of life of the present generation and is, therefore, against the interests of the people."

I think the 'Noes' have it.

Shri Ranga: The 'Ayes' have it.

Mr. Speaker: If it is a question of division we can have it only afterwards. Shall we have the division now?

Shri Jawaharlal Nehru: Unless somebody in the House objects, we can have it now.

Shri Jaipal Singh (Ranchi-West—Reserved—Sch. Tribes): I personally feel that we should not deviate from the sanctity of the convention we

Evacuee Interest (Separation, have established, and there should be no voting during lunch hour.

Shri Tyagi: We must stick to the convention once established, even at the cost of some inconvenience, because after all if we make an exceptional rule today it may be broken any other day. We should stick to this convention that during lunch hour votes are not taken.

Shri Raghunath Singh: It is there in the rules also.

Mr. Speaker: Then this amendment will be called at 3 o'clock. After this is disposed of, the other amendments will be put to the House.

13.29 hrs.

EVACUEE INTEREST (SEPARATION) AMENDMENT BILL—contd.

Mr. Speaker: The House will now take up further consideration of the following motion moved by Shri Mehr Chand Khanna on the 20th August, 1960, namely:—

"That the Bill to amend the Evacuee Interest (Separation) Act, 1951, as passed by Rajya Sabha, be taken into consideration."

The Minister of Rehabilitation and Minority Affairs (Shri Mehr Chand Khanna): Sir, when I moved the motion for the consideration of the Bill, it was towards the fag end and I could not advance any argument in favour of the Bill then. I was just saying then that with a view to appreciate the importance of the amending Bill that I have brought before the House, it may perhaps be appropriate if I give the background or the history of the parent Act. In that context, we may be able to understand the implications of the amendments that are before the House. The Bill has been accepted by the Rajya Sabha.