

[Shri Kanungo]

from India and the traders at Bombay were reported to be unable to make effective use of the Cochin market to any appreciable extent. With the emergence of the U.S.S.R. and other East European countries in recent years as important buyers of pepper, export deals were entered into in big lots and as the Cochin market had a limited absorbing capacity for such large orders, there was a need for the establishment of a second market. There was also need for broad-basing the market and strengthening its risk-taking capacity. A second market in Bombay might also tend to give a measure of strength and stability to the Cochin market by providing operators in Cochin an avenue to cover their extra risks and thus enabling them to absorb larger orders.

3. In the light of these facts, Government are inclined to accept the views of the Forward Markets Commission and to establish a market at Bombay on a trial basis for one year. No recognition has yet been granted to any association to start forward trading in pepper at Bombay.

Shri A. K. Gopalan: May I know how this will affect the producers in Kerala and also fluctuation in the price of black pepper?

Shri Kanungo: The Forward Markets Commission's recommendations are that the establishment of a market in Bombay will reduce the fluctuations in prices.

12.19 hrs.

EVACUEE INTEREST (SEPARATION) AMENDMENT BILL

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."

Shri Mehr Chand Khanna may now continue his speech.

The Minister of Rehabilitation and Minority Affairs (Shri Mehr Chand Khanna): I understand that Members are anxious to discuss the Draft of the Third Five Year Plan. In that case, I have no objection to this Bill being allowed to stand over till that discussion is over. I leave it to the House.

Shri Tangamani (Madurai): The time fixed for it is only half an hour.

Mr. Speaker: Is it the pleasure of the House that this Bill may stand over to some other time?

Hon. Members: Yes.

Mr. Speaker: Then, let us take up the next item.

12.21 hrs.

MOTION RE: DRAFT OUTLINE OF THIRD FIVE YEAR PLAN

Mr. Speaker: Shri Nanda may move the motion standing in his name.

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): Mr. Speaker Sir, May I move that motion?

I beg to move:

"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."

I confess that I feel as if I was carrying rather a heavy burden in moving this motion for consideration by the House. Even this Draft Outline is an outline only, but it covers

a multitude of activities in India; it covers, in fact, the whole progress of the Indian nation. It is a continuation of the Second Plan, and for me to deal with this matter in a brief or even a long speech can hardly do justice to it in that sense.

Hon. Members are presumed to have read this Draft Outline. It will serve little purpose for me to go into the large number of figures which are given in the book, and which can perhaps be grasped more easily by reading it than by my saying anything about it. I shall, therefore, try to deal with some major aspects of this Plan, what I would call the strategy of the Plan, and invite the consideration of the House to those particular matters as well as others.

I may mention that although a great deal of thought has been given to it by the Planning Commission, and the Commission has consulted all manner of folk, certainly in India, and hon. Members in Parliament here too, but advisers, experts and others in this country and from outside, although all this has been done, we do not approach this question or this report with any sense of finality or with any desire to appear rigid in our approach to this problem.

There is, in some of us, so far as some of us are concerned, certainly a sense of rigidity about the ideals we aim at, because there must be some fixity; they may change—it is a different matter,—on account of the changes in the changing world. If we want India to progress, and if we want India to be prosperous, and if we want to raise the standards of India, if we want a socialist society in India, we are strong in that; there is no weakness; there is no lack of firmness in that. I do not mean to say that I want to impose that idea on hon. Members who do not like the word 'socialism'. That is for hon. Members to determine. I am talking about those on behalf of whom I am speaking. We do aim at a certain

thing which can be described in many ways, but most briefly, we aim at socialism in this country. Let there be no doubt about it, because, sometimes, we are told that this word or this idea is merely for show-purposes or is put aside from time to time. But we do not aim at any rigid or doctrinaire form of socialism, and, therefore, we describe more or less the things that we are aiming at.

So far as this particular Plan is concerned, it flows from the Second Plan which came after the First. It is a projection of that. The Second Plan was roughly double the First Plan. This, again, is much bigger. Most of the objectives mentioned in this Plan will be found to be mentioned in the Second Plan. Therefore, so far as our objectives are concerned, they have been consistently placed before this House and the public.

Very briefly, I shall read them as they are repeated in this Draft Plan. They are:—a rise in national income of over 5 per cent per annum, to achieve self-sufficiency in foodgrains, and increase agricultural production for industry and export; to expand basic industries like steel, fuel, power and machine-building; to utilise the man-power resources of the country and expand the employment opportunities; the reduction of inequalities in income and wealth and a more even distribution of economic power. All these, in somewhat different language, were mentioned in our Second Plan.

Broadly speaking, I suppose everybody, almost everybody in this House, will agree to these objectives. They may not perhaps approve of the steps to be taken, or there may be difference of opinion, but broadly speaking, I take it that excepting for a very few in this House, hon. Members accept the principle of planning, and I do not quite see how even the backward few who do not accept it can do so in any intelligent way which can be understood by intelligent people; for, planning is the exercise of intelligence. It is the exercise of

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intelligence to deal with facts as they are, situations as they are, and intelligently trying to find a way to solve a problem. Everybody plans, and ought to plan, whether he runs a shop or an industry or a plant or a State.

I am not going to enter into this question because it is rather difficult to make people see something when they are unable to open their eyes. But it is generally accepted that in every country, practically every country, this is the only course. And in this world today, where everything is more and more governed by developments of science and technology, the idea of things happening by themselves, the *laissez-faire* theory etc. is almost considered the verge of absurdity except by a few who profit greatly under it at the cost of the many. Nobody in this House, I hope, stands for the profit of the few at the cost of the many.

Therefore, we have to think today—leave out the word ‘planning’—in terms of this tremendously changing and revolutionary phase of human history controlled by science and technological developments. I do not mean to say for an instant that life consists only of science and technological developments; there are many other things too, many things which perhaps science has not dealt with yet, many things which technology cannot touch, call them what you like, spiritual, moral, or ethical, many to which we must attach the greatest importance. So I am not by any means ignoring that phase, but the fact remains that modern life is Governed by science and technology, and as science and technology advance and change, life changes, and will continue to change at a rapid pace, sometimes change for the good, sometimes for the bad. And so, we arrive at the strange state of affairs, science and technology having advanced so much in certain countries as to assure what is called an affluent society, a welfare State providing the good things of

life to everybody in that State, and potentially providing the good things of life to everybody in the world, having done that on the one side, also having produced on the other side, conditions which may suddenly destroy all the good in the world.

So in such a situation, even more than in any other, we have to think in a planned and intelligent way how to achieve the results we are aiming at. Thus planning, and this Third Five Year Plan, in fact, become for us not some kind of a book to read but a picture of a vast country, a vast nation, advancing forward in certain pre-determined directions to pre-determined goals. Planning, therefore, is having an objective, not only an immediate objective for tomorrow but a more distant objective, because you cannot plan for tomorrow only; you have to plan for years and in the case of a nation, you have to plan for generations. Therefore, planning means an objective and perspective planning. Then you come nearer to plan for tomorrow and today.

In approaching this question then, we have to take into consideration what steps have to be taken first, what should be considered in the order of preference as second or as third; because a country which wants to progress, wants to progress in a hundred ways. There are so many things we want to do in India, and we want to do those things quickly and passionately. Then we come to the question of resources—and not only resources. There are steps to be taken. We cannot go to a place unless we take a number of steps. So this question of finding the proper way to reach a certain goal becomes important. If you want to build a steel plant, of course, you can buy it; you have to train the people who have got to run it, train the persons and so on. Now, experience teaches us that the affluent society of the west has come into being because of technology, because of improvement in modern

techniques of production, distribution etc. etc. plus, of course, the technical personnel who lie behind it, who can do it. This applies to both agriculture and industry, because it should not be thought that technical process are only meant for industry and are not meant for agriculture; modern techniques are meant for agriculture also.

This means that if we have to do this in a big way, we have to change the whole atmosphere in India, whether in the field or the factory, and make it amenable to modern techniques such as are suited to India—I do not say that every modern technique is suited to India—or such as are suited to our conditions. It becomes of the greatest importance to have that atmosphere. I say this because when many people talk glibly of a steel plant or any new technique, really their minds have not got into the climate of new techniques; their minds still live in the climate of ancient usages and ancient ways of doing things. So we have to have that done; we have got to train our personnel in the fields as in other places.

Now, we shall find that this affluent society has come through this advance in technology. If that is so, it would appear essential for us to advance in technology, in order to get it. Advance in technology means a general advance in such training and education as are necessary for the purpose in a widespread way. It is not a question of putting up a plant here or there; it is a question of building up from below a nation used to thinking in terms of technical change and technical advance. It becomes a problem of mass education. Mass education is given in many ways, but I am only venturing to say from the point of view of this industrial progress etc. the mass education becomes essential. The countries which had the Industrial Revolution had *perforce* to go in for free and compulsory education, not that they liked it at all. We like it; they did not; they were forced to

go in for it because they could not support that structure of industrialisation without mass education.

I am merely saying some obvious things—the House will forgive me for it—just to develop a certain argument. Therefore, we have to industrialise our country from the point of view of industry and from the point of view of agriculture, and introduce new techniques. Now, how are we to do this? We can do it, in a way, by buying the machines from abroad, buying technical experience from abroad and asking them to put up the machines and work them here. That has been the normal individual method. They buy some machines from America or Russia or Germany or somewhere else and they put them up; they buy the technical skill and work them. May be it does some little good. It is the beginning of a process, just like the railway trains which came here a hundred years ago, which was the beginning of a process, which changed the face of India. But if we want to do this rapidly, then that is not good enough. We can only do it rapidly if we can do it ourselves and we do not always have to buy from America or Russia either the skills or the machines. We have to build up the skills and we have to build up the machines here. Therefore, it becomes of primary importance if we are to industrialise that we must have the heavy industries which build machines, which industrialise.

There is an argument that we must not go in for heavy industry but for the lighter one. Of course, we have to go in for the lighter one too. But I venture to suggest that it is not possible—and I rule that out absolutely; I do not say it is less likely; I say it is not possible—to industrialise the country rapidly without concentrating on heavy industries that is to say, the basic industries which produce industrial machines which are utilised in industrial development. This must be borne in mind.

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I am free to confess, as I have perhaps confessed before, that we lost a good deal by not putting up a steel plant or trying to put up a steel plant, under the First Five Year Plan. It was a heavy thing and we did not have the courage to take that burden then; but if we had shown a little courage then, it would have been well for us in the Second Plan and now. In the Second Plan, therefore, we were forced to have three new plants, very big concerns which have been a tremendous burden for us. We have borne it and of the three plants, one or two are completed and the other—nearing completion. There are also some other heavy plants that we have put up, more particularly the machine building plant which is gradually taking shape.

The beginning of industrialisation really can now be seen in India. A number of textile mills in Ahmedabad or Bombay or Kanpur is not industrialisation; it is playing with it. It is a good thing to have textile mills. We want textile mills; I have no objection to that. But our idea of industrialisation is limited, cribbed, confined and cabined, by thinking of these ordinary textile mills and plants and calling it industrialisation. Industrialisation, therefore, is a thing that produces the machines, it is a thing that produces steel, it is a thing that produces power and two or three other things. That is the base. Once you get the base, it is easy to build. It is true, building such a base may be a difficult task, specially for a backward country. We have now—I will not say—finished building the base but we have put a good part of the base and therefore, we can now look forward with some confidence to a more rapid advance which could never have happened without that base, however much we might have built the smaller industries. We would always have to depend on outside without that. Indeed we have had troubles in regard to foreign exchange and we are

likely to. We can never get rid of the foreign exchange troubles without heavy industry in this country. So, we have to start from the base. We cannot build a third or fourth storey. We can advance in minor sectors of our economy but if we do not build up the basic structure, it will not make any difference to the hundreds of millions of our people. Therefore, the strategy governing planning in a case like India is to be industrialisation. Without it you may improve here and there but you cannot, on the whole. So, that leads to the basic industries. From that flow other things.

Having laid great stress on industrialisation, immediately, we have to look in the direction of agriculture and find that this industrial progress cannot be made without agricultural advance and progress. So, we come back. The fact of the matter is that you cannot isolate the two. They are intimately connected because agricultural progress is not possible without industry, without tools, without the new things, new methods and techniques which modern industrial technique produces and without the man to deal with these tools. We can always advance a little here and there by greater effort. The two are inter-allied—agricultural progress and industrial progress—and they cannot be separated. There is no question—some people say—of giving agriculture priority. There is no question of that. Neither can advance without the other. Of course there may be, internally, some priorities but it is a different matter. Everyone knows that unless we are self-sufficient in agriculture—and more—we cannot get the wherewithal to advance in industries. If we have to import food, then we are doomed, absolutely doomed, so far as progress is concerned. We cannot import both food and machinery and everything; we just cannot get on. Therefore, there is the importance of both, allied together and looked at as helping each other. There are other connected things that come up.

Inevitably, whether it is agriculture or industry, training of personnel—trained personnel—counts. In the ultimate analysis it is the trained human being that makes a nation—not all the machinery in the world. It is he who makes the machines—not the machine, the man. So, we come to widespread training—general training and of course specialised training, technical training etc. We cannot live on iron and steel. We have to produce other commodities. For this purpose, we have to encourage, in every way, the small and medium industry. I am glad to say that inspite of our concentration on basic industries, small and medium industries are spreading fast in India. It is of very considerable importance.

If that is the broad strategy, the real becomes considering each matter in some detail. Take agriculture, for instance. There are not many differences here, I take it, as to the methods for improving agriculture. We all agree. Anybody can put them down as one, two, three, four, five, six; seven and so on. The question is of implementation or the application of these methods in a big way or getting the peasantry to accept those methods and to supply them with the wherewithal, better tools, manure fertilisers, better seeds and the like. In fact if I may say so, we may discuss these as we will no doubt and point out the difficulties and shortcomings. There may be many shortcomings. We do not put forward this as something perfect. We put forward present outcome of such thought and consultations that we have had. It is a tremendous problem—dealing with this mass of human beings in this country at a time of great revolutionary changes in the world and I doubt if anybody can presume to say that he can give the last solution to it. So, we struggle forward with all our efforts and doing our best and hoping and accepting gladly any advice that seems to us suitable.

The Plan should be looked at in this way. I accept that we may change the Plan here and there; it is

possible. But in the ultimate analysis it is not that that counts very much and I think in the ultimate analysis the hon. Members here and most people outside accept broadly the strategy of the Plan and even most of the details of the Plan. They may criticise its implementation and say, for instance, that the community development scheme, very good though it is in theory, is not functioning in practice as it should or they may ask: why is not agriculture, on which we spend vast sums of money, not showing results in production as we want or why is there delay in production in our industries? All these are legitimate criticisms. But you will find that broadly speaking, the criticisms are of implementation and we have to face this. The real problem before India is one of implementation and not constantly laying down policies and talking about the subjects, talk is often good but it is implementation that is needed. Every man in India, every officer, small or big must realise that it is a question of implementation and not talking about things that has to be done.

So, it is important not merely to lay down policies but have satisfactory audits of performance. We have often measured it and in this House we have stated that Rs. 6 crores out of the Rs. 10 crores allotted had been spent and hon. Members ask: why Rs. 4 crores has not been spent? Or we may say that the whole of Rs. 10 crores had been spent. But the real thing is not the spending of Rs. 10 crores but what that has produced. That is the whole substance. It becomes an audit of performance. It is important. In doing that, it becomes necessary—for other reasons also—that responsibility should be given to the person who has got to do the job. We have been struggling for years to somehow allot the responsibility and not keep everything concentrated in the centralised way. It is still too much concentrated. It is far better to take risks and face losses and not have this centralisation because in a rapidly moving scheme, delay is

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the most fatal of all things and it is caused by references from one place to another, from below to up. We have been trying to do that and we have succeeded in some measure. But the point is that responsibility is spreading out. We should hold people who are made responsible and test them and they must be held responsible if they do not do certain things and we may punish them or if they do we may praise them. It is not good enough for us to go on in a loose way that everybody is responsible for everything, which means nobody is responsible for anything. I am laying stress on this because the future seems to me a question of implementation above everything, far less a question of policy-making although policy-making has always to be done.

There is another thing that we have to pursue. We say the record of the first two Plans, even though sometimes it is criticised, is a fairly remarkable record of achievement. It did not come up in some way, in some matters to what we wanted it to be, but it is nevertheless, a very creditable record—whether it is transport, communications, steel, fuel, power, scientific and technological research. In fact, the whole of Indian economy has arrived at a stage, at the threshold of accelerated growth and now can grow much faster if we keep it going and pushing, because in a moment of this type if we slacken at all at any place we do not merely go slowly but we lose the advantage which we have gained by our previous efforts.

Now, as you know, presumably in 1961 our population would have gone up by about 70 millions since 1951. Why has it gone up like that? Because we are a much healthier nation. The expectation of life ten years ago was 32. Today it is 42. It is a big advance in a big country like this, to raise the level of expectation of life by ten years. It has made

a big difference in our population figures. And, no doubt, that difference will continue to be made as our society becomes healthier and healthier.

Again, it is said that the national income over the First and Second Plans has gone up by 42 per cent and the *per capita* income by 20 per cent. Now, a legitimate query is made, where has this gone? It is a very legitimate enquiry. To some extent, of course, you can see where it has gone. Apart from statistics, one can see where it has gone. I sometimes do address large gatherings in the villages and I can see that they are better fed, better clothed, they build brick houses and they are generally better. Nevertheless, that does not apply to everybody in India. Some people probably have hardly benefited. Some people may even be facing various difficulties. The fact remains, however, that this advance in our national income, in our *per capita* income has taken place, and I think it is desirable and I am sure it will meet with the pleasure of this House that we should enquire more deeply as to where this has gone and appoint some expert committee to enquire into how exactly this additional income that has come to the country or *per capita* has spread.

The point is, we have to avoid and prevent too much accumulation of wealth, because if after all this additional income that has come to us or the additional national income or *per capita* income that has come only, let us say, 5 per cent or 10 per cent of the population have benefited by it and 90 per cent have not, well, that is not a good way, that is not a good result. We cannot, of course, even it out. That is not possible. But it is desirable to make the benefits spread. There are several ways of spreading. You cannot make it spread evenly because human beings are not the same; a person works harder than the other. A nation works harder than the other and goes further. But I

regret to say that we in India have not learnt the lesson of hard work yet. We can, but we are not mentally thinking in terms of hard work, not realising that it is only through hard work that a country progresses whether it is America or China, whether it is capitalist, communist or socialist. It is only through hard work that a country goes ahead. Here complaints are made if holidays are cut down although India has more holidays than any country in the wide world, probably. Yet complaints are made. So, the countries are not same, individuals are not the same, it depends on their intellectual capacity, their physical capacity, their desire and habit of work. Nevertheless, one has to produce opportunities for all of them to progress or to work.

Therefore, it is really the fault of the type of atmosphere one creates. And, that is another big thing about this Plan or any Plan—the atmosphere we create in a country. Now, it is our misfortune that in this country—I am not referring to anybody in Parliament for the moment—attempts are constantly made to hamper, obstruct and create a fog all round which prevents hard work being done. The attempt may be sometimes justified I am not going into that, but I am merely pointing out the fact that constantly in this country some people, of course, directly and patently oppose and obstruct this type of thing. But I am not referring to them, but rather to those who are so wrapped up in local troubles, local problems, local quarrels, where they represent some form of provincialism or linguism or all these other 'isms that come in the way—communalism and the like. They are thing'ing in terms of some narrow objective, which may be good in their view but which comes in the way of the larger objective.

See what is happening, this tragedy, in Assam. It is a deep tragedy. It is a tragedy in itself, but it is a deeper tragedy that such mentality should occur and such conflicts should occur in this country. See the agitation

that is going on in the Punjab. It seems to me quite amazing that intelligent people should indulge in these agitations when these mighty problems are before the country.

Can we face these problems with some effort of the mind or is it merely like second-rate individuals who have no minds, who can only shout slogans? It is a big problem for us to consider. If we are to give in to this kind of slogan-raising ideas, whatever the cause behind it may be—because so far as my Government is concerned I hope it will never give into this kind of thing—I am not referring to any particular thing—then it simply shows that we are incapable of facing issues fairly and squarely.

But the House should realise how much we lose in this Plan by this constant diversion of effort, by constantly bringing issues before the country in some form or the other, which may be good or bad but which are secondary, tertiary, whatever the place may be—they are not primary issues—so that that comes in the way and it is an enormous obstruction. It would not matter very much if our Plan said something here or something different there. You may change them or not, but what does matter is the whole climate of thought and activity in the country. If the thought and activities turn to petty quarrels on a provincial basis, on a language basis, on a caste basis, on a communal basis or some other like basis, then, indeed, we cannot make great progress, because it must be realised that this Third Plan or any Plan that is worthwhile requires the most tremendous effort. If some people ask, "Why make such a big plan? Make a small plan," that is not a good enough answer, because, there are certain minimum objectives that we have to reach. There is no escape from them. As a matter of fact, there used to be some people who used to talk that this is ambitious planning and criticise it. Hardly anybody says that now. As this realisation has gradually come, that inevitably, by the compulsion of events

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and circumstances and our own needs we must plan in a relatively big way, there is no escape from it. Even the toughest and the most cautious of people in the western world have come to the conclusion that our Plan is not ambitious; it is rather on the low side.

So, though from the point of view of the advancement of India the Plan is not very big, yet, from the point of view of our resources it is big undoubtedly, and it requires a tremendous effort on our part to raise those resources and to work hard to achieve our aims. If all kinds of other conflicts come in the way, then naturally the Plan will suffer.

Now, it is proposed that almost the least that we should have is an advance in the national income, of five to six per cent per annum. It must be over five; if it goes below five, it does not catch up; and the rate of investment should be stepped up from 11 to 14 per cent. All this, as I said, requires some social development. You must not divorce industrial or agricultural improvement from the development of society as a whole, educationally and in many other ways. I repeat this again and again, because it is imagined that money-making is concerned with putting up some steel structure and calling it a Plan. It is the building up of man that it needed. It is true—and I must confess—that some people who have no social sense at all do happen to possess a very strong sense of making money and they do make money. That is true, and I am almost amazed at the kinds of activity of making some money that some individuals have. But, obviously, this House should not like moneymaking activity to be encouraged at the cost of social sense. It is not a good thing for society. Once you do that, you will have to build up the whole society.

Take, for instance, education. It is proposed in the Plan to spread out

education—free and compulsory education—to all boys and girls of the age-group 6 to 11. Under our Constitution it should have been much more. It should have been done within the first ten years. Up till now we should have done it and it should have been up to 14 years. But it was an impossible proposition; we have been unable to do that although the spread of education has been vast.

Many people have criticised education here and their criticism is, I think, justified. In fact, in every country almost, there is this criticism of education today in some way or the other. Our schools are not properly equipped and our school-masters are not properly paid or trained. All these criticisms are justified, but really the effort we have made and the success that has come to it is nevertheless very big. At the present moment, there are, I believe, 45 million boys and girls in the schools and colleges in India. It is a very large figure. If at the end of the third Plan, what we intend doing comes off, we shall have 65 million or thereabouts, and if we could do what we intend to do in regard to education in India, we would have 100 million teachers and taught in India. That is about 25 per cent of the total population. See the enormity of the problem; a quarter of the total population being either teachers or the taught. It would have to come in this country sometime or the other so that this advance has to be made at a fairly rapid pace.

Then we want to spread out this advance, as far as possible, regional and otherwise. It is not easy regionally except in one way. Some things cannot be done regionally; we cannot put up a steel plant everywhere, but there are some things that can be. Many kinds of industry can be put up in almost any region and which can be spread out. But we should try to give certain minimum amenities to every village, that is, to the

rural areas, of course in the shape of food, drinking water, clothing, education, health, sanitation and housing and, progressively, work. Our pattern of investment should be designed to assist the achievement of these objectives.

The question is often raised: you talk about socialism and yet you permit these grave inequalities of income; that you want to limit and put a ceiling on land and you oppose ceiling in urban or other incomes. There is that contradiction, of course. Of course, it is there. But if we try to remove that type of contradiction, we put a stop in many ways to the type of progress we are aiming at. You cannot advance in these lines, industrial lines, by the application of some methods, unless you are prepared completely to change the structure of society. That is a different matter: to change the whole basis of society completely. If you are not prepared to change that suddenly and quickly, you have to leave enough incentive for people to work. You have to give certain amenities for that type of work which may not be necessary for other types of work. You can, even by taxation and otherwise, reduce disparities; have heavy taxation and have many ways of doing it. But putting a ceiling like that may well result in a slowing down of the process of development and it is of the utmost importance that this process of development and production should not come down. After all, production comes first, before any kind of equalisation or division. There is no point in having an equal measure of poverty for all.

Take another thing, which is much talked of and discussed: the private sector and the public sector. Obviously, many persons who believe in a socialist pattern must believe in the public sector growing all the time. But it does not necessarily mean that the private sector is eliminated even at a much later stage. It does not mean that thing at all. I do not know, and I am not a prophet enough

to say what will happen 20, 30 or 40 years later. But I can well imagine the private sector functioning, but naturally in limited ways. It does not seem to be necessary that every little shop should be a public sector shop. It does not seem to be necessary that every patch of land should be publicly owned or owned at all by the public. But I do not know—these things depend so much today not on abstract theories but on scientific and technological developments which govern our lives.

Many of us perhaps here in this House think in terms of theoretical advances and theoretical solutions, the fact being that we are conditioned by scientific and technological advance so much that our theories have to undergo change because of it.

13 hrs.

In regard to the private sector and the public sector, I think the criteria should be basically two. One is to have as much production as possible by all means at our disposal and the second is prevention of accumulation of wealth in individual hands and also of economic power in individual hands. If I have only the first one, it may lead subsequently to unsocial, undesirable and harmful consequences. Therefore, we must aim right from the beginning and all the time at the prevention of this accumulation of wealth and economic power. I do not mind how much the private sector spreads out. I want it to spread, subject always to prevention of monopoly. Why? Apart from other reasons, your Constitution says so. Read your Constitution. It says, so precisely that there should be no monopolies and accumulation.

All these may be laid down, but to draw lines may be sometimes difficult. One has to judge in each case, but those two broad facts must be remembered. If by any step that we take, production goes down, then we are cutting at the root of our advance and progress. If, on the other hand, those private monopolies are built up,

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then we are encouraging a process which will come in our way badly which will be harmful now and later, both. Certainly, it will take us away very far from any kind of progress towards socialism.

Raja Mahendra Pratap (Mathura): I want to raise an important point of order. I want to say, use not law, but use those methods which Mahatma Gandhi and Lord Buddha used and people gave away wealth.

Mr. Speaker: There is no point of order. The hon. Member ought not to interrupt.

Shri Jawaharlal Nehru: Therefore, we must encourage production, which is one of greatest importance and encourage the social motive more and more. If anyone tells me that incentives are necessary, I agree. But there are many types of incentives, some incentives that are good to society and some that are bad to society. It may be that we cannot get rid suddenly of all the bad incentives that are today functioning. But anyhow, we should aim to get rid of them, because the acquisitive society, a society in which the main incentive is acquisitiveness at the cost of the other is already getting out of date everywhere, because social urges are coming up and I do not want to encourage acquisitiveness in India beyond a certain measure, because a certain measure of acquisitiveness perhaps many of us have to have in our lives and in our activities. But I do wish that our social policy should be such as not to encourage acquisitiveness. If you keep that in mind, you will see that many of these activities—speculative activities—are bad and poisonous from the point of view of the nation and the social development of the nation. We are wrapped up in many things and we cannot suddenly abolish many of these things. But we must always keep in view that that type of mental approach is bad.

All this depends upon resources, obviously resources domestic and resources coming from outside. Our whole object in the third Plan is to arrive at a stage when we do not depend upon outside countries for any kind of help, whether financial or mechanical, machines, etc. That is what is called, broadly speaking, the take-off stage. But at this stage, it is always inevitable to have to depend somewhat on supplies from outside, whether they are machines, financial help, loans or credits. We can, I suppose, perhaps in theory, do without them, but practically that will prolong our agony so much, make it so long and so many things may happen before we reach that stage that it is difficult to contemplate and to foresee what might take place.

Therefore, every country, situated as we are, trying to industrialise fairly rapidly, has to depend on outside help. Every country has done so. Every country in Europe or America has had to do so in the past. It is difficult for me to say what measure of outside help we can get. We are grateful for the help we have got from various countries, from the USA most of all, from the Soviet Union a good deal and from a number of other countries. They have been generous. It is not for me to complain that sometimes what loan or credit they have given us has fallen short of our expectations, because our expectations are very very vague at the present juncture and it is loans and credits that we want—not charity.

All I can say is that the prospects are fairly good and we hope to get that. But the other thing which we cannot get and which we should not get is what we have to do in our own country—our domestic resources. They are going to be a very heavy strain on us. There is no escape from it and we have to face it, whether it is heavier taxation, public loans, savings or whatever they may be. One has to face that.

In all these matters, the question of price policy comes up. It is an exceedingly difficult question and an exceedingly important question, both. The price policy is not a matter of this party or that party. In fact, in this whole Plan, our approach is not a party approach, except in so far as you might say that we are committed to a policy aiming at a socialist pattern and socialism. Otherwise, the approach we make is probably a broad approach, which covers nearly all groups in this country. In regard to the price policy also, there may be differences of opinion; there are no doubt, but they are not differences of this type, of a party type, I hope.

It goes without saying that it is of the utmost importance that prices should be under control. It is true that in a developing economy, there is bound to be inflation. In fact, some inflation is good; it is itself a sign of development. We need not be frightened by that. But if it goes beyond that measure, then it is harmful obviously. More especially, it depends on the goods in regard to the essential requirements of the masses of people. If inflation and the rise in prices go too far, it is obviously exceedingly harmful not only to them but to our whole economy. Therefore, the question comes of having a price policy which controls the prices. I am not going to speak of any assurance of having any definite price policy now. I hope that this matter is being given attention and it will no doubt, come up in this House in various ways. But price policy is not something separate from the rest. It is a part which covers the entire range; it should be a part covering the entire range of economic activity—you cannot separate it whether it is fiscal or monetary or commercial investment and all that—and it might well involve controls. We have to face it whether we like it or not. In fact, we had controls on this, that and the other; not that we did not have controls. That is, in certain essential articles, if necessary, it may involve all kinds of approaches including controls. What the articles

may be, it is a different matter for us to consider.

Again, as I said, the prices going up, for instance, the prices of luxury articles going up does not make very much difference, but the prices of essential goods going up does make a difference. Therefore, the question of control in prices really applies to the essential commodities for the common man, not for the unessential commodities. So that, even if we have to take some particular measures, they will be directed rather to the chosen articles than to the many. In other words, a kind of, if I might say so, selective control may become necessary.

Shri Ranga (Tenali): For instance, the production of paper money, which is one of the essential commodities.

Shri Jawaharlal Nehru: The hon. member is presumably referring to deficit financing.

Shri Tyagi (Dehra Dun): Paper money, according to Swatantra party, is an essential commodity.

Shri Ranga: He is producing it.

Shri Jawaharlal Nehru: It is a very necessary and excellent method provided always, as with everything else, it is kept in control.

Shri Ranga: Quite right. Why oppose them?

Shri Jawaharlal Nehru: And that is why at the present juncture of India deficit financing has to be kept in control. May be, at a somewhat later stage we may be able to stretch out a little more.

Now I should like to mention a few words about community development. As the House perhaps knows, I have attached great importance to this and often praised it, not praised its working everywhere but praised the whole conception of it. I have no doubt that in spite of all that has happened, and

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our numerous slips, the community development scheme has changed and is changing the face of rural India; I have no doubt about it, and that is more important in the final analysis than any number of factories put up for changing the conditions of life of the peasant. More particularly, recent developments in the direction of giving more power to panchayats—what is called *panchayat raj*—I feel, is going to make a revolutionary change and is making it basically. I should like this House to appreciate that, because that is a very important part of our plan, especially in regard to the rural areas and especially in regard to agricultural production. Because, ultimately it will come for the agriculturist himself has advanced to a certain stage of understanding.

Here again there is the question of co-operatives. For some odd reason the word "co-operative" rather frightens some people.

Shri M. R. Masani (Ranchi-East):
Not at all.

Shri Jawaharlal Nehru: I have tried in all humility to understand it. I always try to understand the other person's point of view and, to some extent, I do succeed and sometimes people accuse me that I look at it from both points of view. That is true. So, I have tried very hard to understand the viewpoint of those people who have suddenly, or sometime back, started expressing themselves in pain and sorrow about the co-operatives. More especially, when co-operative farming was mentioned the pain became intense. Now, I have not been able to understand it in spite of every effort. As a matter of fact, that is acknowledged the world over by every intelligent man. But the vested interests are so great and the limited mental outlook is so limited that it cannot see what stands before it. Co-operation is the one and only way for agriculture in India. There is no other way. This we clearly understood.

And this is not my saying every person who has studied agriculture in India says and said that for the last generation or more.

Shri M. R. Masani: Certainly not.

Shri Jawaharlal Nehru: If you talk of co-operative farming, joint farming, again every intelligent approach to it will show to you that is the right method to do it. But it may not be the right method in every case. Conditions of land, this, that and the other come in. It may not be the right method or the necessary method when each holding is a big holding. Then it is a different matter. Where each person has 100 or 200 acres of land it is not so necessary. But where, as in India, the holdings are terrifically small, we are driven to it whatever your policies or convictions might be.

But, then, it is said that this leads to something terrible, communism. If the logic of thinking of some people is governed by this kind of ghosts and hobgoblins it is difficult to reason with them. Communism has nothing to do with this. Whether communism may be good or bad, you can argue it. But to bring in this kind of thing and confuse the issue seems to me quite amusing. Here is something which, if you say that "you must not do it by compulsion", so far as I am concerned, I agree although please remember that there are hundred and one things in a State which are done by compulsion. Taxation is compulsion; if we have controls it will be compulsion. Innumerable things are done by every State by compulsion. You are compelled to go by the left of the road and not by the right. That is the compulsion of the rules of the road. In an organised State so many rules and regulations are there which you have to follow or pay the penalty for not following them. But, so far as this matter is concerned, I do not believe in compulsion, because of certain social aspects of it, because it will not produce results because fundamentally I do not

like compulsion in anything, as far as possible. But the idea of joint farming, co-operative farming is definitely a higher social form in agriculture just like the social approach in any industry or anything is better than the narrow acquisitive approach. Of course, you may say "the people are not good enough for that; therefore, we cannot do it". But try to improve the people. Anyhow, the co-operative method is quite essential for our rural areas. And, for the moment we are not laying stress on co-operative farming. That is to say, we are concentrating on service co-operatives and where people are willing we can have voluntary joint farming. We do not come in the way of people who want to do that. We encourage them. We are prepared to do that, because I do think that is the highest form of effort.

One thing I should like to say a word about is that we have been rather slow, or rather our States have been slow in land reforms. I think that has been harmful to us, to production generally. Fortunately, we are gradually ending the first phase of land reforms.

Raja Mahendra Pratap: The disparity in the time given to us and given to you is very much growing.

Shri Jawaharlal Nehru: I am sorry I did not quite catch it.

Mr. Speaker: He wants as much time for himself as is given to the hon. Prime Minister.

Shri Jawaharlal Nehru: If the hon. Raja was in my position, he would have it, not otherwise.

Anyhow, I shall not take the time of the House much more. But I should again like to repeat that the Planning Commission or the Government of India in this respect do not consider themselves as full of the ultimate wisdom. But they have given a great deal of thought to it and they have produced what they consider good for

the country. They invite friendly consideration, and even unfriendly consideration provided it is intelligent because unintelligent consideration is not helpful, so that we might improve this before finalising it. But I would like to say again that we are not living in an isolated way today. We are living in a tremendously changing society—in the world, I mean. See what is happening in Africa and what is happening everywhere else. That partly governs or should govern the pace of change. We dare not slow down or slacken. I am not referring to our own internal problems of the frontier. They are there, but the world problems are such that we have to work hard and we have to see our problems in the context of this changing world.

Mr. Speaker: Motion moved:

"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."

There are a number of substitute motions. Whoever of the hon. Members who have given notice of them and who are here will kindly rise in their seats and say that they want to move their substitute motions. They are very long ones. Therefore subject to other details and any objections later on they will be treated as moved.

Raja Mahendra Pratap: I shall also send some substitute motion.

Mr. Speaker: No more substitute motions will be allowed. An hon. Member or an hon. Minister, whoever moves a resolution, must have all the amendments before him so that he may anticipate and explain even in his opening speech whether he is in agreement with that or not and explain away those other matters. I will take away the opportunity from the hon. Member and if he is going on I will not allow any more amendments to be moved. I will not accept any further substitute motion unless it is an

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agreed one of the whole House in which case an exception will be made.

Shri Ranga: I beg to move—

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 improvident;
- (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 forming under the name of joint cooperative farming to the neglect of

family farming will be a disincentive to agricultural production and will retard the progress of genuine multi-purpose cooperative 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' 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 on 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 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 States, and by the States to local organisations including panchayats, cooperatives 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." (1).

Shri Harish Chandra Mathur (Pali):
I beg to move:

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, is of opinion that Plan allocation for small scale industries be raised to Rs. 400 crores." (2)

Shri Supakar (Sambalpur): I beg to move—

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, is of opinion,—

- (a) that the scope for integrating defence with planning has been ignored;
- (b) that the Planners should have considered the possibility of utilising the Ordnance factories for purposes of planning;
- (c) that the peace-time role of the Military Engineering Services, Engineer Corps and EME has not been laid down;
- (d) that the utility of the Educational Corps of the Army, Navy and Air Force for the expansion of adult education as well as of technological education has not been taken into consideration; and
- (e) that the Planners should have examined the courses adopted by other countries for reducing costs of defence expenditure while increasing the defence potential of the nation." (3).

Shri Raghunath Singh (Varanasi):
I beg to move—

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, is of opinion that the allocation to the shipping in the Third Plan is insufficient, lacks foresight, imagination and is behind the modern trend of the world and the Plan has not envisaged how to stop 150 crores of rupees being paid yearly to foreign shipping companies in foreign exchange and has ignored the fact that in addition to that India will have to pay 80 crores of rupees as freight

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charges for the import of American wheat and rice, excluding what she is going to pay for the import of steel and cotton." (4).

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, is of opinion that the plan be returned back to Planning Commission for re-drafting, taking into consideration the fact that it does not suggest ways and means as to how to stop the drainage of foreign exchange, deficit financing, growing indebtedness and taxation and too much reliance on foreign aid and loans which are affecting the very root of the economic structure of society and country." (5).

Shri Mohamed Imam (Chitaldrug):
I beg to move—

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, is of opinion,—

- (a) that the method of our economic planning must have regard to our special availability of resources and the proposals contained in the Plan will only serve to aggravate our national difficulties; and
- (b) that the draft outline of the plan does not make

adequate provision for the development of Railways, the construction of new railway lines, development of ports and harbours and starting of heavy industries in South India." (6).

Shri B. C. Mullick (Kendrapara—Reserved—Sch. Castes): I beg to move—

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, is of opinion,—

- (a) that for the welfare of backward classes a provision of Rs. 200 crores be made in the Third Plan;
- (b) that separate allocation be made under Rural Housing Schemes to grant financial assistance in the shape of loans and technical assistance to persons belonging to Scheduled Castes and Scheduled Tribes without interest who are comparatively in a better position and who want to improve their housing conditions;
- (c) that provision be made in the Third Plan for developing Paradip into a major port in Orissa; and
- (d) that provision be made for the construction of railway lines from Cuttack to Paradip and Talchur to Rourkela for the development of Paradip port." (7).

Shri Aurobindo Ghosal (Uluberia):
I beg to move:

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, is of opinion,—

(a) that greater emphasis should be laid on agriculture than as indicated in the draft;

(b) that more emphasis should be laid on the food production to attain self-sufficiency within the Third Five Year Plan;

(c) that more emphasis should be laid on fostering collective farming in agriculture;

(d) that industries should be allocated on commercial basis and not on parochial or political reasons to different regions;

(e) that the rural electrification should be speeded up for the enlargement of small scale and cottage industries;

(f) that minimum wage of workers should be fixed and maintained in all sectors;

(g) that proper machinery should be set up to see that national income is distributed proportionately among all sections of people;

(h) that endeavour should be made to raise internal resources by production and export and not by taxation and foreign aid;

(i) that a High Power Commission should be set up to re-

view the position of all Public Undertakings for more efficient and co-ordinated working on commercial basis:

(j) that the ceiling on income should be fixed;

(k) that the slums should be liquidated in all the cities and industrial towns;

(l) that more scope should be provided for extension of technical and scientific education;

(m) that the introduction of cooperative system should be made in all spheres of life;

(n) that all Banks should be nationalised;

(o) that the whole set up of C.D. & N.E.S. Blocks should be democratised;

(p) that a permanent and High Power Committee should be set up for regulating prices of both agricultural and industrial commodities;

(q) that more liberal terms should be formulated for the utilisation of house building loans;

(r) that more avenues of employment should be created for liquidating unemployment;

(s) that more amount should be allocated for geological survey in the Hilly regions of Ladakh and NEFA and Nagaland as a part of the Border Area Development Programme; and

(t) that the Plan should be implemented with the fundamental purpose of raising

[Shri Anubinda Ghosal]

real income and thereby standard of living of the people". (8).

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

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, and bearing in mind,—

- (a) that the Third Five Year Plan starts with no foreign exchange reserves which can be drawn upon for financing at least in part, the foreign exchange component of Rs. 2,100 crores directly involved in the Plan;
- (b) that there is not the faintest indication of any commitment by any friendly foreign countries for substantially financing the said foreign exchange component of Rs. 2,100 crores;
- (c) that even if plan requirements of foreign exchange component were not taken into account, the balance of payments position will show a deficit of Rs. 500 crores in our foreign exchange resources;
- (d) that an additional Rs. 600 crores will be required in foreign exchange, being estimated receipts by way of P.L. 480 commodity assistance;
- (e) that the Planning Commission themselves have warned us that no prediction can

be made of securing external assistance of the order of Rs. 3,200 crores of foreign exchange resources required in all to finance the Third Plan;

- (f) that the scheme to finance the Plan as estimated by the Commission errs on the optimistic side in the estimate of Budgetary receipts corresponding to the external assistance, of the order of Rs. 2,200 crores, for which there is not the slightest warrant;
- (g) that the level of prices, since the commencement of the Second Plan has risen by more than 20 per cent, and gives no indication of abatement;
- (h) that there are no built-in anti-inflationary safeguards in the Plan which afford reasonable assurance to the public, of Government's ability to hold the price line;
- (i) that during the Third Plan period heavy repayments of loans and interest, as also of deferred credits become due and payable;
- (j) that also estimates of resources from additional taxation effort and surpluses from Public Undertakings, etc., have been overestimated; and
- (k) that the extent to which the deficit financing can be resorted to without jeopardising monetary stability, is next to nil;

this House recommends that the said Draft Outline of the

Third Plan, be adopted, among other, with the modifications appearing hereunder:—

- (a) that the overall outlay in public sector be reduced to Rs. 4,000 crores;
 - (b) that the fourth Steel Plant at Bokaro be postponed for inclusion in the Fourth Plan, and the Steel production target be correspondingly reduced;
 - (c) that the power generation programme be reduced to 10 million kilowatts, without reducing the programme for development of nuclear power;
 - (d) that the target of irrigation be restricted to 80 million acres, with greater emphasis on small irrigation projects, capable of yielding quick returns;
 - (e) that the programme of co-operative development be reduced to correspond to the reduction in the over-all outlay;
 - (f) that targets of production in respect of aluminium, cement, cycles, automobiles, road-transport vehicles etc., be reduced to correspond with the reduced overall outlay;
 - (g) that the fantastically extravagant and irresponsible purchases made abroad under the guise of defence requirements be slashed by 75 per cent;
 - (h) that the scheme of financing the plan appearing on page 47 of the draft Outline be reduced and adopted as follows,—
- (i) surplus of Public Enterprises on existing basis. Rs. 200 crores.
 - (ii) provident fund, betterment levies, Steel Equalisation Fund etc. Rs. 350 crores.
 - (iii) additional taxation including measures to increase the surpluses of public Undertakings. Rs. 1,200 crores.
 - (iv) budgetary receipts corresponding to external assistance. Rs. 1,000 crores.
- (i) that with a view to mobilising further internal resources, private capital be invited to participate in Public Sector projects, subject to overall control vesting in the Government;
 - (j) that there shall be no deficit financing during the currency of the Third Plan, either directly or indirectly through Treasury Bills, subsequently being converted into loans of long term maturity; and
 - (k) that other necessary adjustments of the above basis be made.”(9).

Shri P. K. Deo (Kalahandi): I beg to move:

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 regrets,—

- (a) that no mention has been made in the objectives of the Plan to have a firm and well-formulated policy that will hold the price line of

[Shri P. K. Deo].

food and other essential commodities of life;

- (b) that no mention has been made to assure an economic living condition to the poorest man of the country and to guarantee a certain minimum wage to all workers;
- (c) that provision is wrongly made to raise resources of the plan by additional taxation when there is no scope for this, as the so-called rise in the standard of living of the people does not commensurate with the rise of prices;
- (d) that a wrong attempt is being made to resort to deficit financing to a tune of Rs. 550 crores which will ultimately contribute to further rise in the price level;
- (e) that the plan does not give a clear picture of the relative rates of development in different States of the country and does not suggest the setting up of an evaluation machinery to study the various indicators in this regard;
- (f) that no concrete steps are envisaged in the plan to dispel the regional disparity which exists in this country in such an appalling measure and to diversify the benefits of the plan to underdeveloped areas;
- (g) that the provision of matching grants meant for the various States to qualify for Central assistance is unrealistic, unscientific, fallacious and against the concept of a socialist society,

whose objective is 'from everybody according to ability and to everybody according to needs';

- (h) that no concrete steps have been suggested to put a stop to all wasteful expenditure in the execution of the plan;

and urges upon the Government to endorse the 168 crores plan of the State of Orissa as submitted by the State Government to the Planning Commission."(10).

Shri Braj Raj Singh (Ferozabad): May I be permitted to move my substitute motion?

Mr. Speaker: I will allow him only with this remark that the hon. Member tabled it after the expiry of the time.

Shri Braj Raj Singh: I tabled it at 3.45 p.m.

Mr. Speaker: It is all the same. I will allow him. A number of other substitute motions have been allowed to be moved. I will waive the notice and take it as moved. I will have copies of his substitute motion circulated.

Then, Shri Sugandhi has also tabled a substitute motion today at 11.30. I will treat that also as moved.

Shri Braj Raj Singh: I beg to move:

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, regrets,—

- (a) that small scale and cottage industries have not been

given their due place in the Plan. Outlay on small scale and cottage industries be raised to Rs. 500 crores in the Plan:

- (b) that no solution of the unemployment problem has been hinted in the Plan. Plan should be so amended that unemployment problem is satisfactorily solved;
- (c) that reclamation of cultivable waste lands has not been planned on a mass scale so as to reclaim all the cultivable waste lands available in the country and thus help solve the food and unemployment problem;
- (d) that small and medium irrigation has not been given its due place in the plan. It should be so arranged that during the plan period irrigated land area shall be doubled;
- (e) that no concrete and definite steps have been suggested to hold the price line;
- (f) that no concrete and definite steps have been suggested to reduce the vast disparities in incomes of different classes and individuals. Steps should be suggested in the plan by which no individual will have a monthly income which is less than Rs. 100 and more than Rs. 1,000;
- (g) that there is a hint in the plan that land revenue may be doubled during the plan period. For the raising of production of foodgrains, it is essential that land revenue be abolished from the profitless agriculture;
- (h) that definite and concrete steps have not been suggested in the plan so as to effect economies in the public sector projects and administration in general so as to save the required money which is proposed to be raised by additional taxation. The plan should be so modified that monies to be raised from additional taxation could be had by effecting economies in expenditure. No additional taxation should be resorted to during the plan period, which will affect the poorer and the middle classes;
- (i) that no indication in the plan that foreign capital invested in the country which had reaped more profits than the capital invested would be nationalised and that major industries like Textile, Jute, Banking, Cement and the like shall also be nationalised. Steps should be taken to raise the resources from implementation of the plan by nationalising the aforesaid capital and industries; and
- (j) that Co-operative Sector has not been given its due place in the plan." (12).

Shri Sugandhi (Bijapur North): I beg to move:

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, is of the opinion that the Plan be returned back for redrafting taking into consideration needy areas, the regional disparities and the

[Shri Sugandhi.]

famine stricken areas of the Northern Karnatak districts of Mysore State and to provide for the following:—

- (a) irrigation schemes of upper Krishna Malaprabha and from Keyana reservoir;
- (b) inclusion of power projects of Kalinadi Aghanashni and Gangawati;
- (c) for industrial schemes to meet the employment problems of educated, skilled and non-skilled population of the above areas;
- (d) for a new rail link from Miraj to Madi to connect the northern districts of Belgaum, Bijapur, Gulbarga and Raichur;
- (e) development of Karwar Port and a rail link between Hubli and Karwar; and
- (f) improvement of communication by converting Hubli-Sholapur road, Ratnagiri-Bijapur-Mushlipatam road into national highways and constructing all weather crossings across Krishna, Don, Malaprabha and Bhima rivers of the northern districts of Mysore." (13).

Mr. Speaker: So far as time for speeches is concerned, I will allow 20 to 30 minutes for the representatives of the leading groups. So far as other groups of smaller numbers are concerned, I shall try to give an opportunity to every group to place its views upon this but they cannot claim as much time as the others.

Shri Mohammed Inam: I submit that the time taken by the hon. Prime Minister must be excluded from it.

Shri C. D. Pande (Naini Tal): Time may be extended.

Mr. Speaker: I will exclude the time taken by the hon. Prime Minister if the motion is also to be excluded. There cannot be any meaning in this. We have fixed some time for the entire motion. He is also a Member. Without his motion, what are these substitute motions about?

Shri Rajendra Singh (Chapra): May I submit . . .

Mr. Speaker: I am not going to accept any more submissions. These matters are considered properly in the Business Advisory Committee to which a number of hon. Members who are not members have been invited. There is no use in making random statements.

Shri Rajendra Singh: May I suggest that the speech of the hon. Prime Minister be circulated to us by the evening?

Mr. Speaker: No, I am not going to do it. The hon. Member must have heard with attention whatever he has said. Shri Gopalan.

Shri A. K. Gopalan (Kasergod): Mr. Speaker, Sir, we are now discussing the draft of the Third Five Year Plan. While discussing the Third Five Year Plan it is very important that we should evaluate the achievements of the Second Five Year Plan and see as to what the failures are and, if there are failures, how those failures came to be.

As the hon. Prime Minister has already explained, the basic objectives of the Second Plan are a sizable increase in national income, rapid industrialisation, large expansion of employment and reduction in inequalities of income and wealth. The Second Five Year Plan in concrete terms has defined these objectives as follows. In the national income the increase targetted is 25 per cent. and in the per capita income it is 18 per cent. But as far as the actual achievement is concerned, it is short of the target. As it has been explained here, national income will not rise more

than 18 per cent. and the per capita income will be just 7 to 8 per cent. against the target of 18 per cent.

As far as employment is concerned, the Second Plan promised eight million new jobs but the achievement is now expected to be only 6.5 million jobs only. As far as the disparities in income are concerned, the hon. Prime Minister has already explained that there is increase in the national income as also increase in the per capita income. But about the distribution of this national income there is no data at all. Therefore whether there is actually increase or decrease in disparity can be seen only in actual practice. About the wages of the lower middle class and the working class we can certainly say that the disparity has only increased and not decreased when it is compared with prices. It has been seen that the disparity has not decreased but has increased. We have also seen when we were discussing the Central Government employees' strike that from 1947 to 1960, as far as real wages are concerned, the wages have not increased though there had been a slight increment in money. Even as far as industrialisation is concerned, except in the case of the private sector, the targets remain mainly un-realised. Take, for example steel. The target is 4.3 million tons. The likely achievement is only 2.6 million tons. So also,

	Target	Likely achievement
Coal	60 million tons	33 million tons
Aluminium	25,000 tons	1,70,000 tons
Cement	13 million tons	8.8 million tons
Fertilisers (nitrogen)	1.5 million tons	210,000 tons

As far as agricultural production is concerned, which is the most important thing as has been explained here, during the second Plan, the target was an increase of 15 million tons. The actual increase has been 10 million tons. From 65 million tons, it has gone

to 75 million tons. This is the case in the other items of production also.

In the matter of finances, the target was Rs. 4800 crores. We have spent Rs. 4600 crores. That means that we have spent 95 per cent. In physical production, we are likely to achieve not more than 60 to 65 per cent. of the targets. That is the reason why we say that the Second Plan is a failure in terms of its social and economic aims and objectives. It does not mean that there was no increase in production. But, it has not fulfilled what was expected of it, as far as aims and objectives are concerned. So, it is very necessary now to consider what are the reasons for this, so that, in the Third Plan, whatever the targets may be, we may be able to fulfil the targets and if possible over-fulfil the targets. Now, when the draft of the Third Plan is before us, it is important to see what are the policies that stood in the way of the fulfilment of the objects of the Second Plan, what was wrong in the implementation and what are the things that we must do to improve them.

The Prime Minister has just now said that the most important thing is implementation. I also agree. I have also to point out that it is not only a question of implementation, but it is also a question of policy. The Prime Minister only just mentioned about land reforms. He has not said what they are. I will be able to explain what they are. The aims and objectives of the Plan as regards land reforms and other sectors are good. The policy as formulated in the Plan is good. Whatever the aims and objectives are, in the implementation, the whole policy and aims and objectives have not only been achieved, but in some cases, they have gone reverse. The most important thing now is to take stock of the situation of the Second Plan and see what are the failures.

I am sorry to say that the Third Plan glazes over the failures. It is silent on the most important thing,

[Shri A. K. Gopalan.]

namely, the reasons which led to these failures. We are trying to work out another Plan in the dark. The Third Plan continues to have the same defects as there were in the Second Plan. We are only continuing them. We should at least now, when we are drafting the Third Plan, examine why in industrial production and agricultural production which is the most important, there were failures, and find out what is the main or basic reason why we were not able to achieve the targets. My opinion is that there is contradiction between the aims and objectives of the Plan and the policies and programmes and methods that are adopted in implementing that Plan. I will deal with some of these facts.

First is, reorganisation of agriculture and achievement of self-sufficiency in food and raw materials. I think, in the Second Plan we have under-estimated the importance of developing the agricultural sector. Because, so far as industrialisation also is concerned, it is only if the purchasing power of the majority of the people, from 75 to 80 per cent. who live on land, is increased, industrialisation can develop. Then only, they will have the money to purchase whatever is produced. In an economy like ours, more than half of the increase in national income is from the agricultural sector. Seventy per cent. of the people have their livelihood from agriculture. Also, only if we develop agriculture, we would be able to produce more commercial crops which we could send out to foreign countries and solve the foreign exchange problem. As I have said before, agriculture has not been given the importance that should have been given. It is only on the basis of this that other sectors could develop. Agriculture, instead being the kingpin, has remained a dead weight and hence the Plan could not move fast. Food imports since the First Plan have been 11.98 million tons, worth Rs. 593.45 crores. In the Second Plan, up to 1959, the imports

were 11.93 million tons, worth Rs. 480.45 crores. In addition to this, in 1960, we have entered into a big agreement under P.L. 480. Since 1951 up to 1959, the imports have been 23.9 million tons, worth Rs. 1073.90 crores. In addition, we have to import large quantities of cotton, copra, jute, etc. Why is it that we have to import these things? Because, agriculture could not be developed. If we could develop agriculture, we need not only not import these things, but also, we would be able to sell these things outside. We had not been able to do that. Our agriculture, instead of yielding the surpluses necessary for economic development, has remained a deficit economy. That is the main reason, that is the main bottleneck in our economic development according to us.

In the Second Plan, the performance in the agricultural sector had been disappointing. If we look at the figures, from 1955-56 to 1960-61, under food-grains and cotton, the shortfall is very serious, compared with the targets. I will say that in this sector there is continued semi-stagnation. This is at the root of several of our major problems. By semi-stagnation, I do not mean that there was no increase in production. I mean that whatever the targets are, not only we had not been able to achieve the targets, but we have been far behind. That is the reason why we had not been able to move fast in this sector.

What are the results today? The results are constant pressure on the cost of living, large balance of payment deficit, also inability to make fuller use of the under-employed and unemployed manpower and severely limited market for India's industries, particularly, small-scale industries. Agriculture, at present, is a major drag on the industrialisation of the country and improvement of the living standards of the people. How can we improve and unleash the vital potentialities of the working peasantry? Enact drastic land reform legislation

and see that it is implemented. There can be only two kinds of development in agriculture. The first kind is transformation of the technical and social base of agriculture from below. The second is transformation from the top of the large estates into modern large capitalist farms with gradual elimination of the working peasantry. We are developing in the second form and not in the first form.

What are the main fetters on the development of productive forces in agriculture? The main thing is the concentration of land in the hands of a smaller minority and also the denial of land to the majority of the tillers. If we restrict the lands in the hands of the rich landlords and provide the surplus land to the poor and landless peasants, provide them with capital and knowledge of scientific methods of cultivation, we will be able to make efficient use of the land and labour. The approach must be on the basis of a prosperous owner-cultivator.

Proposals in regard to land reforms in the Second Plan have been carried over to the Third Plan, but they have practically failed. Land reform is the most barren chapter in the draft Third Plan, and it provides only a technical solution. Instead of loosening the fetters on inappropriate production relations, the draft wants to overcome this difficulty by calling for expansion of irrigation and more output of fertiliser. These two are, no doubt, very important, but you cannot bypass the most important question of breaking up the land monopoly. Without changing the pattern of land holding, even if there is increase in agricultural production, it will only mean intensified exploitation and improvement of a large section of agricultural labourers and poor peasants.

Agricultural labourers with no or insignificant land constitute 30.4 per cent. of our rural population; 80 per cent. of them are casual labourers and get employment for only 189 days in

the year. Among the land owners also, according to the sample survey, 53 per cent. possess less than five acres. So, a vast section of the agricultural labour force and poor peasants is either unemployed or underemployed. To give this vast section some employment and increase its standard of living must be the main purpose of our agricultural policy.

There are two aspects of land reform—tenancy reform and ceiling on land. Let the hon. Minister examine how far the various legislations enacted by the States in regard to these two aspects have been implemented and where.

It has been stated that after fixing ceilings there is no hope of getting more land for distribution. Why? It is not because there is no land available, but because there are so many gaps and loopholes in our legislation.

13.43 hrs.

[SHRI JAGANATHA RAO in the Chair]

Exemptions are given to what are known as well-managed farms, orchards, plantations etc., as also partition and transfer. There was a news item in the *Hindu* four months back that when the Bill was introduced in the Madras Assembly, two landlords in Tanjore bought stamps worth Rs. 1 lakh and Rs. 90,000 respectively, for purposes of transfer etc. With these loopholes, naturally there will be no land available for distribution.

In the matter of tenancy laws, I want the Minister to see if even today there are no evictions in the various States. Only four months back, in Alwar, Rajasthan, tenants who had been occupying land for 50 to 60 years were served with notice and evicted. There are many reasons for this, one of them being so-called personal cultivation.

The Report on Social Effects of Jagirdari Abolition and Land Reforms in Hyderabad (1958) by Dr. A. M. Khusro, gives the information that out

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of the originally created protected tenants in 1951, only 45 per cent. remained at the time of enquiry in 1955. Out of every 100 tenants evicted, 51 were evicted illegally and 43 had surrendered their lands. A similar scale of evictions was reported by the Poona School in their Report on the Working of the Bombay Tenancy Act, 1948, and two-thirds of the "voluntary surrenders" were reported to have resulted from threats.

The Communist Government in Kerala, within the four corners of the Constitution, and in the spirit of the aims and objectives of the Planning Commission, passed three pieces of legislation to protect the interests of the tenant, to see that they were not evicted and to secure as much land as possible for distribution after fixing ceilings. There was also a Bill of debt relief to tenants. They were not given assent to. From an answer to a question as also from the newspapers I understand that the President has returned them with certain modifications, as a result of which thousands of acres of land will escape ceiling. One modification suggests recognition of voluntary transfers made by the big landlords and allowing the transferees to retain the transferred land up to the ceiling limit. This defeats the very purpose of ceiling. There are so many other exemptions also. One disastrous result of the recommendations will be that lakhs and lakhs of *kudikadappukarans*, people living with houses near the plantations etc., will be affected. I do not go into it in detail. But these are pointers to show that if this is going to be the policy of the Government in regard to ceiling on land, security of tenure, stopping of evictions etc., we can never achieve increased agricultural production. Legislation in the agricultural sector must be such as to release the energy and initiative of the 70 to 80 per cent. of poor peasants and agricultural labourers. They should be given land, we should see that they are not evicted; we should also provide them with good manure, fertiliser, water etc.

Only then can we improve agricultural production.

There is the question of waste land. I have been raising this question several times during the last so many years. According to the Planning Commission itself, nearly 32.5 per cent. of the cultivable area in the country is either cultivable waste land, or current fallow or fallow; nearly 46 crores acres come under this category. Even if these figures are not correct, they may be just a little less. When the question of waste lands was being discussed, we were told that Government were going to have a survey of the waste lands. Already, two Plans are about to be over, and now, we are discussing the Draft of the Third Plan, and yet we are told that the survey is going to be undertaken. If the landlords and others know that there is going to be a survey, then there will be no more waste lands; all the waste lands will be taken away, as has happened in some of the States today.

When the agricultural sector is the most important sector in our country, and when nearly 70 to 80 per cent. of our people who are able to work on land are landless today, why is it that these waste lands, either cultivable waste, or current fallow or fallow, are not distributed? Some of them may be useful for food production, while some others may be useful for commercial crops. If these lands are brought into cultivation, then, the national income will increase thereby, and we shall also be in a position to solve our foreign exchange difficulties in some measure.

I feel, therefore, that certain drastic changes have to be made regarding the policy of land reforms, ceiling on lands, and tenancy reforms. In this connection, we must also see what has been the result of the legislations passed in the different States, how many evictions were carried out before the legislation, and how many

are being carried out after the legislation, and whether the imposition of ceilings on land has really given enough surplus lands for distribution. As far as the West Bengal Government are concerned, they have stated that before the imposition of ceilings on land, they had expected so much of land, but now, we find that the actual land that has been distributed is very little. So, unless these facts are collected, and unless we understand the basic gaps and loopholes in the legislations regarding tenancy reforms and land reforms, we shall not be able to achieve the object, and unless we achieve the object, we shall not be able to go forward from the semi-stagnant position in which we are so far as the agricultural sector is concerned.

Now, I come to another point, namely heavy reliance on foreign aid and foreign capital. The question of foreign capital and foreign aid is not merely a theoretical question, but it is a practical question of the present and the future. Sir, we are not against foreign aid and foreign capital under all circumstances. Our only point is that heavy reliance on foreign aid would make the Third Plan, as it did the Second Plan also, highly vulnerable to undesirable influences, both political as well as economic, and will certainly defect the basic aims of economic development and also our national interest.

From the beginning of the Third Five Year Plan, according to the figures available, we shall have to pay about Rs. 120 to 150 crores by way of interest annually on the foreign loans that we have taken. So, our request is that it is necessary to abandon this policy of heavy reliance on foreign aid and foreign capital.

There is also the question of increasing the export trade. That is also very important in this context. What is the direction of our foreign trade today? We cannot achieve greater export surpluses, unless we abandon

the present policy in regard to export trade. There must be a diversification of the trade towards the socialist economies. It is plain that the scope for increasing our trade with the West is limited.

Coming to internal resources, I would not go into details about it, but I would merely point out that the policy of heavy taxation on the necessities of the people, as the Prime Minister has said today, for economic development, while the big business goes with just a fleabite, is highly objectionable. That was the policy that was followed during the Second Plan period. From the figures available in regard to the yield from direct and indirect taxation, we find that the same policy is not only going to be followed but it is going to be a little more intensified during the Third Plan. The yield from direct taxes like income-tax, corporation tax, wealth tax, gift tax etc. should be increased. Government should also introduce the capital gains tax as early as possible. Professor Kaldor said that the gift tax would yield annually Rs. 30 crores, but our budget estimate today is only Rs. 80 lakhs. Capital gains tax was to yield about Rs. 25 to 40 crores, but we have not levied it at all. Wealth tax was to yield between Rs. 18 to 25 crores, but our budget estimate shows only Rs. 7 crores.

Thus, we find that the richer sections in the country have got off with relatively small burdens, while the ordinary man is saddled with the entire burden of development, with a view to finding internal resources.

The question of holding the price-line is also very important. The Prime Minister has also conceded that this should be done. But what steps are Government taking to bring about a reduction in prices? The prices have increased by about 30 per cent. Unless the policy of State trading that had been accepted by Government is very strictly implemented, and unless drastic action is taken against the blackmarketeers and profiteers, we shall not be able to

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solve the question of prices, and like the Second Plan, the Third Plan also will run into difficulties, and we shall not be able to achieve the targets that we have laid down. From the point of view of the common man, it is very necessary that Government should have a machinery by which they will be able to arrest the increase in the prices and also stabilise them. If this is not done, then, whatever our targets may be, and whatever our desire may be, we shall not be able to realise them.

The balanced development of different parts of the country also assumes an important role from the point of view of the unity of India. The Prime Minister has also stressed this point today. Some specific policies have been enunciated in the Draft Outline of the Third Plan in this behalf. Firstly, the location of an industry is not to be determined entirely by the availability of raw material resources. Balanced development of different parts of the country and the States by extending the benefits of development to the more backward regions should also be a part of this policy. The special needs of the backward areas, especially, in regard to irrigation, power as well as agriculture must be looked into, and it is the duty of the planners to see that they are helped more. Fourthly, this policy should be kept in view while considering the location of a project in the public sector and also while administering the licensing policy in regard to new industrial units in the private sector.

This policy has all along been neglected. In our country, there are certain areas and certain States which are very backward. I cannot say much about the other States, but I can say about Kerala; all parties in Kerala are agreed that Kerala is industrially backward. During the Second Five Year Plan, the help given by the Centre to the States was of the order of Rs. 765 crores, but Kerala

got only Rs. 75 lakhs. So, you can see how this policy is being implemented in actual practice.

If this policy is not implemented, certainly, it may endanger the unity of India; one State may be backward, and one region may be backward as compared with another, and this will result in ill-feelings between one region and another, as also between one State and another, and the backward areas will certainly feel that they are neglected, and they will not be interested in the successful execution of the Plan.

In regard to the industrial development of Kerala, I would say that even the question of raw material need not arise. Nearly 90 per cent of the total rubber produced is produced in Kerala. But as far as industry is concerned, it is somewhere else. It is not that there is no raw material. The raw material is there. But the industry is not there.

14 hrs.

Then why not develop the fishing industry in such a way that we will get not only increased foreign exchange but also solve the food problem to a certain extent? The Food Minister said the other day that he had got Rs. 6 crores worth of foreign exchange by the export of prawns to other countries. I ask, why do not the Government give help, more money, to develop the fishing industry so that it may help not only in the solution of the food problem to a certain extent but may also earn foreign exchange? But that is not being done.

I do not want to go into this question. I want only to say that as far as the policy of seeing that the backward regions and backward areas are brought forward are concerned, it has been completely ignored. If States like Kerala and other States which are backward are not helped to go forward, the unity of the whole of India will be disturbed.

[Shri Ram Subhag Singh]

militarily also. This is another hurdle.

Many people have been talking of agricultural plans and improvement of agriculture. What is the difficulty with our agriculture? One of my very esteemed friends here, Raneji, made a suggestion about pesticides. Today the Prime Minister was talking about resources, how to find them and where to find them. In that connection, he also made a mention of taxes, loans etc. I think Shri Rane's suggestion is quite pertinent. Everybody knows—even the Government know—that about 20 or 30 per cent of Government store is eaten up by pest. So I think Government must introduce good methods of preventing loss by pest in our agriculture, because if our national income is put at Rs. 12,000 crores, our agricultural income comes to about Rs. 6,000 crores and if we lose 30 per cent of our crops due to pest, we are losing an income of about Rs. 2,000 crores. We can easily increase our resources to the extent of Rs. 2,000 crores or even Rs. 3,000 crores, adding the cost of ploughing and other agricultural operations. This is a huge waste.

Everybody in the House asks questions regarding gold smuggling, the big people are being left as they are and so on and so forth. The Prime Minister also referred to the question of ceiling. Shri A. K. Gopalan also alluded to it. But on the question of putting a ceiling on urban income, there was no clear hint of what would be the policy. I want a ceiling to be put straightway on rural income. I stand for that. I do not want that anybody should delay that matter even for a moment. But why are Government introducing this discrimination? As I pointed out, due to our discrimination in implementing the Plan in different States, in different regions, we have invited trouble, and due to this discrimination, we will invite further trouble.

Therefore, I want that if Government have any idea—I invite new ideas—

of introducing it, let them introduce it on a uniform basis. All our social legislation—they are good and I accept them—are meant only for the weaker section of the society. Whenever the question of the big and strong people comes, the Government fall flat. I want that this should be introduced everywhere. When I referred to a socialist State and said that everybody should be paid according to the work he puts in, I meant that for everybody, even for the highest. Officials or Ministers or anybody, for the matter of that, from top down the line, should be given remuneration according to the work that they put in in the fields or factory or office. If we tap our gold reserves, it will give us an investment capacity of about 5,000—6,000 crores of rupees. By introducing pesticides and introducing the scheme about the gold reserves we can easily find out about Rs. 8,000 crores.

Agriculture, just like the industry, depends mostly on power and water and the hon. Minister can give us more information about these than I. What is happening in the field of irrigation? I do not want to give any data because on so many occasions, this matter has been mentioned. Even the capacity of the DVC has gone down. After having spent crores of rupees, the experts have now suggested that the irrigation capacity of this project should be cut down by 2/3rds or 66 per cent of the Rabi crop. Despite the fact that it can irrigate 11 lakh acres, it is still irrigating only about 5 lakh acres. Why is it so? It is because of the fact that the Government are not in a position to utilise properly their irrigation resources.

Achary: Kr'palani (Sitamarhi): Do you expect anything better?

D. Ram Subhag Singh: I want that the Government should do better because people cannot tolerate that their energy and investment are wast-

ed and if you think, Dada, that it cannot be made better, I am not having that pessimistic attitude. I think that the people of India are capable of making that change anywhere and they will succeed in making sufficient change if their resources are not properly utilised.

Acharya Kripalani: Hope so.

Dr. Ram Subhag Singh: Here is a paper—Government paper. While mentioning about the community development, the Prime Minister mentioned about the revolutionary changes that are being effected. I do concede that revolutionary changes might have been made in certain community development blocks. I recently visited some of those blocks. One block—multi-purpose block—was opened four years ago. I am mentioning this because of the mention of the implementation aspect. A provision of Rs. 27 lakhs had been made and the Block Officer gave me this data. He has written this under his own signature:

इस मद में तीस लाख रुपया आवंटित है किंतु अभी तक लगभग २००० रुपया खर्च हुआ है। छट ई. में इस देखा में भी तः प्र तर्पात नह हो सक है।

I do not know whether this is a revolutionary progress or not and I leave it to the hon. Minister to judge and to effect improvement in his machinery.

I do not want to criticise anybody.

Shri Braj Raj Singh: You will have to.

Dr. Ram Subhag Singh: If necessary, I will do it more bitterly than you. I receive so many letters from the villagers. One Shri Guddi Singh of Radhakhand in Bhagawanpur of Shahabad district has written a letter to me. If this is the general practice, I think you should take some action and I sent it to the Minister. I do not want to criticise the Minister because he is very active and he immediately

replied. Shri Guddi Singh has written to me as follows:

नवेदन हे कम न

में सा नह पाना चाह हूं, इस वा ते केवल दो लाइों ही पढ़ देता हूं। क्योंकि समय कम है।

‘ओवसीय ने १० रुपया घूस मांग कर नहीं देने पर सर्फ ३४० रुपये का बिल बनाया, जो गलत है।’

I can mention here the reply to point out the nature of the reply:

“This is with reference to your letter of 16th August, 1960 with which you have enclosed a letter from Shri Guddi Singh of District Shahabad, Bihar. We are writing to the State Government to take necessary action in the matter.”

I hope they will take the necessary action!

“May I assure you that an enduring answer to the recurring problems to which your people are being subject can only emerge with the inauguration of the Panchayati Raj System. I do not know how I can help bring this about in Bihar. The alleged misbehaviour of some of our officers meantime to which you draw my attention from time to time is a matter of distress to me.”

You have provision everywhere. You have appointed officers everywhere. There are adequate number of Ministers, Deputy Ministers and others—District Magistrates and so on—who are constantly touring. Therefore, I want that whenever any such matter is brought to the notice of any authority it should be their first endeavour to look into the fact and redress the grievance of the people. So far they have not been doing so and therefore, the grievances are multiplying so rapidly that the progress made by the Plan is nullified. The Prime Minister says that where the 42 per cent of the increase in national income has gone

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and he suggested some sort of an enquiry. If the Prime Minister wants to root out all these things, he should take action when a peasant or a labourer writes these things even on a post-card and he should direct the authorities to take action. It is not being done.

During the Second Plan we increased our food production in some years but the overall production is still short of 5 million tons of the target of about 80 million tons. The production is still only about 73 or 75 million tons. Sindri production has also gone down by about 45,000 tons—from 3,30,122 tons in 1958-59 to 2,85,248 tons. The reason for this fall was the non-availability of coal. But on the other hand, they say that coal production has gone up. These things are understandable. The Prime Minister also spoke about better seeds. I have seen not dozens but hundreds of seed multiplication farms in different parts of the country and the best lands were acquired by the Government officers for opening these farms. But they are not run on proper lines. If they are really sincere in supplying seeds to the people, they should, at least by now, have succeeded in carrying on cultivation in those 3-4 thousand seed farms by this time. This has not happened.

Last year a committee of the Ford Foundation was set up and it has suggested what is called a 'package programme' which has become now the model of our agricultural programme. According to this programme, they should have opened seven pilot projects in seven districts, one in each State. Only in one district this has been opened so far. The idea was to introduce it in such districts where irrigation facilities were available. Those districts were chosen on that basis. Now they say that they will introduce it during the rabi season. I do not know why this has happened. They have also appointed officers etc. for this purpose. If they are now going to put off this programme, they

are going to retard our agricultural production. It is due to such actions that our agricultural programme suffers.

Our target now is to increase our agricultural production to about 105 to 110 million tons. This can happen only if we sincerely make an effort to implement our Plan. I say so because so far we have been writing circulars and things like that and impressing upon our subordinate officers to carry on this programme. Many of those officers—I do not attribute any motive—may not be familiar with the conditions in rural areas or they may not be acquainted with the techniques of agriculture.

Acharya Kripalani: They come with a fresh mind.

Dr. Ram Subhag Singh: They might come with a fresh mind, but it is experience that is required in agriculture. Even if one is young one has to possess the highest amount of experience in agricultural operations. Therefore, even if a young officer is sent he should know how the agricultural operations are carried on.

I think it is not very difficult to provide irrigation facilities to our fields. Of the 350 million acres of land which is under plough about one-third is under irrigation or is capable of being easily brought under irrigation by canals and other minor irrigation methods or being rain-fed. But there the burden of the peasants is increasing. When we talk of increasing food production or any kind of production we should also see whether the cost of production of the peasant who is actually working in the field is going up or not.

Here I come to the price factor. We said that the prices of essential commodities are going up and we should introduce some selective control. I want that we must introduce control and let there be a fully controlled economy. At the same time,

I want that there should be some control on our offices also, because whenever a peasant reaches any office, be it a block office a district office or courts, I do not think he gets a fair treatment.

An Hon. Member: They want money.

Dr. Ram Subhag Singh: Money also comes in. He is ill-treated and also sometimes abused. He is pushed from pillar to post. Therefore, the first control that I would suggest is, let the Government come forward with an effective control on its machinery and improve the machinery to such an extent that the people in the Government serve the people of the country, because service should be the uppermost thing in the mind of the governmental machinery. In this connection, Sir, I would like to refer to the recent strike by the Central Government employees. Why did such a strike situation arise? It was because there was no mastery on the situation by the people who are in control of the destiny of the employees. Therefore, I think that the people in the Government ought to be in a position where they must exercise not only effective control by virtue of their offices but also by cultivating some ideal or something like that due to which they are in a position to get natural regard of their employees and none of their employees goes against the wishes of his boss. Under the rules of discipline they can have every control on everybody, but some device should be evolved by which, as I said, they can get the natural regard of their employees.

At the same time, I would like to suggest that when we are talking about our economy—this would also be under the consideration of the planners—the planners should find out a norm for everybody, be he a labourer or a cultivator or an office worker or the highest officer of the country or a Minister, and he should be paid according to his work. If we introduce that proper kind of norm for

giving remuneration, then there would not be any rush from rural areas to the urban areas. Now people are flocking here because you give so many amenities like first-class roads, electricity etc.

Sir, we talk about non-essential or luxury goods. In our offices first-class tables are rejected and replaced by the most recent model. I do not know whether they are luxury tables or not, but if you go inside the offices here you will find the latest type of furniture. When we talk of giving austerity standards to our population we must first accept those austerity standards for ourselves. We should not sermonise to the people of the country because the people are getting fed up with sermons and they cannot tolerate such things for ever.

Acharya Kripalani: Leave something for the Opposition to say.

Dr. Ram Subhag Singh: I want that the Opposition Members should really function like Opposition Members, because I have been noticing that Members of the Opposition have become more royal. (*Interruption*).

Shri Asoka Mehta (Muzaffarpur): It is all according to Plan.

Dr. Ram Subhag Singh: Then I come to the question of industries. Here again, I want to differentiate between two things. We talk about heavy industries. It is well and good and I accept that heavy industries and capital industries should be set up and they should be set up as expeditiously as possible. At the same time, there is another heavy industry bigger than that and that is the human industry, the man-power industry, the industry to educate the men and women of this country. What is happening to our 400 million people?

Acharya Kripalani: Production of people is increasing.

Dr. Ram Subhag Singh: Dadaji is telling about production. I am not referring to the production aspect. I am talking about the people who have

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already been produced. Their educational standard is going down every day. There has not been any progress during the two Plan periods. You may say that you have increased the number of our educational institutions, you may say that you have given more teachers, but consider what is the standard of teaching, what is the standard of the teachers and what is the standard of those who are taught. Therefore, I think that along with giving stress on our heavy industries you must also give stress on our man-power manufacturing industry. Without increasing their educational standard and cultural and other standards you would not be able to bring up India as it should be or create the India of your imagination. It is essential to do that.

Then, we should increase discipline in our country, because I find that even the big persons in the country are going in the way they think proper for themselves. I am not referring to the un-educated persons only, because it is the highly and fairly well educated persons who are creating confusions in each and every corner of our country. I want that this hope given by our Plans, this hope given by our system that anybody can get anything done provided he has some pull should be removed. We must put our foot strongly on the "pull" method, and we must see that we are represented properly and by capable persons everywhere. Otherwise, Sir, our standard is going down everywhere and there is a real danger of disintegration. I can understand the Chinese aggression. They are trying to grab some of our territory. Today you heard that the Russian people have included some of our territory in the Chinese map. But we can prevent all those actions if we are strong enough in our border areas. I want that a strong Assam should be created, and there should be a strong Bengal. Each and everybody in this country, wherever he is coming from, must be given full protection in his

house. We need not delay the matter on this account; otherwise there would not be any plan in that eastern region and once the eastern region gets disintegrated there is danger of disintegration in the entire country, because that sort of disease will spread everywhere.

Shri Harish Chandra Mathur: Mr. Chairman, Sir, as I read through the Plan, trying to assess our achievements, hopes and aspirations for the future, I find that those people who have applied their mind and have prepared this Plan, have taken a realistic view of the entire situation. If you read the Plan you will find that there is a lot of realism in it, they have learnt certain lessons from the past and have themselves pin-pointed attention on certain very serious aspects which have affected the performance of the Plan in the past and which are likely to affect the performance of the Plan in the future. I may not agree with all that has been said, but there is not the least doubt in my mind that even if we take good care of what has been said in the Plan, things would improve considerably.

As they have gone from page to page right from the land reforms, quite a lot of attention has been devoted to the question of administrative machinery and it has been confessed in the Plan itself that there has been a concentration of power in the Secretariat itself, from the functioning department to the Secretariat, which is more dangerous than the concentration of power anywhere else. What I mean to submit is that there has been a true appraisal of the entire situation, but it is really unfortunate that in spite of the fact that there has been such an appraisal, in spite of ten to twelve years of experience in working, things go on merrily in the same manner as they have been and against which voices of complaints have been raised all the time.

Now, it should be clearly understood that in the implementation of any

Plan there are certain basic things which have to be taken note of first. While speaking on the Budget I said that the price policy was the most important factor which should be taken into consideration. Even when I spoke last time I laid the greatest stress on it, but on further consideration I feel that the atmosphere and the attitude of the people is far more important than even this. Now I wish to know how we can create the correct atmosphere and correct attitude. What is the response of each section of population in this matter? What is the responsibility of the Government in this matter? Has Government as such discharged their responsibilities or given any indication in the Plan that they are going to discharge that responsibility to see that there is a proper atmosphere and proper attitude for the implementation of the Plan, so that an enthusiasm is created in the minds of the people. After all the initiative has to come from the Government and when there is a correct initiative regarding the attitude and atmosphere of the Government, then and then alone will there be a correct reaction both from the opposition as well as the people at large.

So far as the Government is concerned, we have all been complaining about it. My friend who spoke before me, gave certain instances of how the departments are functioning, how the Secretariat is functioning. Even the Prime Minister, after these twelve years is talking about the abnormal delays. Who is responsible for these abnormal delays? Even after twelve years of independence, there are complaints of abnormal delays, of corruption, of no action. I could quote one hundred and one examples, very distressing examples of how the administration is being carried on.

In our present structure there is nothing more important than food production. My hon. friend referred just now to the package deal. What is the package deal? It is nothing but an effort for intensive food cultivation in certain selected districts where there

is great potential. This was to have been given effect to from the month of April. My constituency happens, fortunately or unfortunately, to be one of those selected districts under the package deal for intensive food cultivation.

An Hon. Member: Why unfortunately?

Shri Harish Chandra Mathur: Unfortunately I say, because effective steps for implementation which were to have been taken from April last were not taken. In spite of all sorts of letters having been written nothing has happened. The State Government does not know what the whole scheme is. Even to this day they have not drawn up the budget provision for it. Not a single pie has tickled down from here to the State Government.

I went to a big *kisan sammelan* at a place covered by the Jowar projects. Last year we had the best of rains and a good quantity of water was available there. The two thousand *kisans* who had assembled there said that their crops had been completely destroyed, because no water was given. The water was there in the reservoir. I got immediately in touch with the Executive Engineer, Irrigation. I talked to him. I wrote to the Chief Minister a very strong letter; I also wrote to the Minister in charge of Irrigation. I have no complaint that they did not listen to me. They listened to me; they paid immediate attention. But even to this day, after four months, nobody knows who is responsible. I can give hundreds of such distressing examples, but it is no use my giving these distressing examples. The broad fact remains that the Government through its administrative apparatus has not been able to create the correct atmosphere and correct attitude and for that the entire responsibility lies squarely on the shoulders of the Government.

The other day the Prime Minister laid on the Table of the House a statement indicating the savings which

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have been effected. That statement, possibly through the working of a particular section in our administration, tells us what savings are being effected. I went through it and have asked for further information. What are these economies? It is almost ridiculous. Now, Mr. Chairman, unless and until all this wasteful expenditure is stopped and an atmosphere of urgency created in the administration, you cannot expect much to be done. Of course, we have made tremendous progress in certain directions. But you cannot create the correct atmosphere and you cannot create the correct attitude in the minds of the people.

The other day the Prime Minister himself while speaking on the question of Nagaland said that we have unfortunately got into the habit of *teem tam*. That very morning I had given notice of a motion that is still before the Speaker. Are you doing something to stop this? It is all complete waste. What is this sort of reaction which you create in the minds of the people? If the Government wants to start in right earnest and expect something out of the implementation of the Plan, it is extremely urgent that the Government now draws up a schedule as to how they are going to streamline their administration, what sort of economy is going to be effected and what is the attitude which is going to be adopted, and how they are going to deal with this *tim-tam* about which so much is being said. We must immediately set about working.

There is another thing which is very necessary. We have a particular situation in Assam. We have a particular situation in Punjab. We had the strike.

Shri Tyagi: Law and order situation.

Shri Harish Chandra Mathur: I do not throw the entire blame on A, B or C, but in all these matters the Government has a great responsibility. There should be a sort of respect and fear for the Government. Where is that respect and fear for the Govern-

ment? Until and unless there is respect for the Government, respect for those qualities of integrity and efficiency in Government, there is no use. There should be evoked in the people's mind the feeling that here is a Government which is very effective, which is very strong and which is very efficient. That sort of respect should be there. Then there should be a fear in the minds of the people that no nonsense will be tolerated; no strike will be tolerated. If people have that sort of fear in their minds, if the people knew that the Government was capable of taking a strong action, there would have been no strike. I am very glad that the Government did take a very strong action this time and they took the correct step. Whatever may be done in other respects, on this matter, I congratulate the Government in doing the correct thing in respect of the strike, whatever their other attitudes may be. If we want to go in right earnest about the Plan, I wish the Government take a full note of these facts.

My next point is about the total outlay of the Plan. I entirely agree that the Plan is not at all ambitious. I would rather say that if we had taken note of all the plans which had been prepared by the different States, and if we had taken note of the plan which had been prepared by the various Ministries at the Centre, and if we totalled them up, the outlay would have come to more than Rs. 20,000 crores. There is the least doubt about it. But what does that reflect? That does not reflect any looseness and it does not reflect any over-ambition. That reflects the needs of the country. Every department feels that it has not been given a fair deal. It reflects the needs of the country which are such that one cannot but draw up a Plan which would be of the order of Rs. 20,000 crores or thereabouts. Some of the targets of the States have been cut down, because we have to take into consideration the resources and see whether we are capable of implementing the Plan or not. As it stands,

I say with all the emphasis at my command that this country is definitely capable of fulfilling its Plan only if we go the right way and only if we go in an effective manner and take care of our own errors and omissions. There is least doubt about it in my mind. I even feel that it could be stepped up to Rs. 12,000 crores or Rs. 11,500 crores. The money is there. That is my feeling somehow. I will not go into details for it is impossible for us to go into details.

Another important factor is the price line. The prices have gone up by 20 per cent or a little more. I think it is more than 20 per cent. It may be about 25 per cent during the course of the second Five Year Plan. It is very cheaply flung at our faces that in a developing economy prices are likely to go up. Of course they have taken care to see that the deficit financing is cut down to Rs. 550 crores this time. That is why I say, at the same time, that there has been some realistic thinking in the matter. But why are the prices high? I am not an economist. But I have read what great economists have said and I have attended a few seminars also. The theories which they propound are very sound and I have no quarrel with them. It is true that we must have increased production. Increased production is there. Consumption should be curtailed to a little extent. Inflation has its own part to play. All these factors are there. But my strong feeling is that this is only one part of the whole game. It is not the entire story. In the determination of prices, there is another very important factor which may be taken note of now. Why should the business community be able to play with prices as they do now? The important factor, to my mind, is the power of the business community to play with prices. It is their speculative power. They have got the money with them to indulge in all sorts of speculation. There is black money in the hands of big business people, which may be to the tune of Rs. 500 crores to Rs. 1,000 crores.

One does not know how much it is. But it is this black money, this great power in the hands of the business community which, to my mind, is responsible for all speculation and for the upward trend in prices whenever they choose and whenever they want to manipulate.

Mr. Chairman: The hon. Member's time is up.

Shri Harish Chandra Mathur: I thought I would get half an hour.

Mr. Chairman: He may take five more minutes.

Shri Harish Chandra Mathur: I will try to finish in ten minutes. So, this black money is another factor which is responsible. Unless and until you mop up that money, this speculation will go on and if you cannot stop it, the prices will never be controlled by you.

The third factor is the administration which can stop such speculation. We thought we could have State trading for it. I think we very rightly gave up State trading, not because I do not believe in State trading but because I believe that we are not capable of handling State trading.

Shri Tyagi: That is the trouble.

Shri Harish Chandra Mathur: That is my firm conviction. We are not capable of handling State trading, and therefore, State trading has been given up. Another point is, the country is not prepared for it and the administrative machinery is not ready for it. Who are the people who are going to do it? That is not known and they are not ready for it. That is why State trading has been given up.

Definitely, the administrative machinery plays a strong part in it. Why should the prices of cotton textiles go up? I think there is absolutely no reason for the prices of cotton textiles to have gone up by 30 to 35 per cent.

[Shri Harish Chandra Mathur]

Sir, as you have rung the bell, I would take up just two more points and then finish my speech in five minutes. There is so much of talk about the public and the private sectors. I have said earlier that there should not be any large dispute about it. Some people think that it is only in a free economy that there can be development. I do not know what they mean by free economy. Perhaps they mean this: let anybody do anything he likes! Now, they have coined another thing.

Acharya Kripalani: What does the hon. Member mean by 'public'?

Shri Harish Chandra Mathur: I mean the State. The people in the private sector have coined another thing. What they want is, a people's capitalism. I read a very interesting leaflet about people's capitalism. There are thousands of people who have got shares; they are the masters and they are the owners. If you examine it, you will find that the entire cream is for them and a little skimmed milk has to be distributed among all the other people who are in the queue. What is this people's capitalism? It is all idle talk just to cover the private capitalism in its ugliest form. It is a big cover which is laid over private capitalism. Everything good—the milk and the butter—is for me, and here is the skimmed milk which may be distributed! If you get your share, it is all right. If you do not get your share, go to hell! That is people's capitalism, and nothing beyond it. I would wish the great leader of the opposition to understand what is this public sector. The public sector has given an extremely good account of itself in Bangalore, where the Hindustan Machine Tools is working. If the annual report of that public sector enterprise is studied by the great leader, I am sure he will be very much heartened and most of his pessimism will be scotched off.

Acharya Kripalani: Then, why were you against State trading?

Shri Harish Chandra Mathur: State trading in foodgrains is too pervasive. You can do certain things, but if you go beyond your abilities or beyond the apparatus which you have, then the trouble starts. Here we have got certain public enterprises. The mouth of this gentleman who talked about this was completely shut in Rajasthan. There were two industries which had gone to dogs and which were being closed down and their administration was taken over by the State. The result is they are working with a definite profit today. One is a sugar and another a textile mill. According to the present estimate, they are making about a lakh of rupees per month. What is all this talk as if the State Governments and the State administrative apparatus cannot take care of it? It is not so.

Another good example is the plan itself. In the plan, you will find there are Rs. 440 crores provided as resources from the public sector to go into the Plan and a little more is to come further. Maybe it is about Rs. 700 crores. The railways are going to give us only Rs. 150 crores. It is another about Rs. 700 crores which will come from the public sector.

Mr. Chairman: He has taken 20 minutes. He should conclude.

Shri Harish Chandra Mathur: I have not touched Rajasthan, over which I will take 2 minutes.

Shri Harish Chandra Mathur: I rian.

Shri Harish Chandra Mathur: I am not going to be sectarian. You have taken care of tea, but what have you done about copper and copper smelter? It is in the national interest. What is the demand for copper in the country today? It is 1,70,000 tons. We are capable of producing

much more and much better copper. But what is your plan in regard to that? You have not done any damn thing so far. We are thinking of producing hardly 15,000 tons. There is zinc. This has nothing to do with Rajasthan. There are other things which can be developed and the production of which can go up. But we have not been able to do anything and this metallurgical wealth is completely wasted.

About small-scale industries, I am completely embarrassed. As a matter of fact, I had given an amendment asking that the allocation for small-scale industries should be raised from Rs. 250 crores to Rs. 400 crores. There is imperative need for this. The benefits of small-scale industries are very well understood and I need not go into them. But even the present tempo will not be continued if you do not raise it from Rs. 250 crores to Rs. 400 crores and there would be great frustration in the country. There is the least doubt about it.

About this matter of small-scale industries, every time we talk about rural areas, but when the question of rural areas comes up, we completely shut our eyes. When it comes to brass tacks, we do nothing. Another important point which I wish to emphasise on the floor of the House is that it is only the small-scale industry which can take technology and science to the rural areas. There is nothing which will take technology and science to the rural areas. It is not free economy. I wish to emphasise that Germany is going ahead now not simply because there is free economy. Germany has made more fantastic progress even under the Fascist regime under Hitler. It is not because of the present circumstances. It made such a terrific progress that it gave the shock to the entire world. It is only their technological and scientific base and that knowledge which is responsible. We must take this technology and science to the rural areas.

Rajasthan has been given an absolutely raw deal. I want to understand the position, how it stands. You want that this State which is backward and which has been given very little in the past should be given a special treatment. But what is the position? Punjab must have a plan of Rs. 270 crores and Rajasthan must have a plan of Rs. 200 crores! Rajasthan has got more population, a much larger area and is a much more backward State. But what is the criterion? You must tell us. I wish that there should be a clear allotment of about Rs. 300 to Rs. 500 crores in this Plan, which should be kept absolutely separate and which should go to the backward areas in addition to what is being allotted otherwise. It should be only to develop backward areas. Even in Bombay, there are certain areas which can be considered backward. But if this disparity is to go, there should be a special provision and a special allocation.

Shri Asoka Mehta: Sir, I feel that on an important and serious occasion like this, one should make an effort to provide a proper framework of reference and adequate focus of understanding to the large problem with which we are dealing today. We are on the eve of completing a decade of stresses and strains, of difficulties and disappointments. We are all aware of the foot sores that we have suffered as we had travelled along. But while it is important to remember the sores that we have received, let us also keep in mind the distance that we have covered. The distance that we have covered is not as much as we would have liked and should have covered, but especially when a flock of Jeremiahs are collecting who are cavelling at the very capacity of our people to achieve anything, I would like to place on record the achievements—modest though they may be—but achievements which shine sharply against the previous dark decades, when we neither had our destiny in our hands nor had we picked up the tools of the techniques of planning.

[Shri Asoka Mehta]

In the last ten years, with all their faults, failures and frustrations, agricultural production has increased by 40 per cent., industrial production by 120 per cent., electricity generated by 200 per cent., railway freight traffic by 80 per cent, handloom production nearly by 200 per cent., and khadi production by 1,000 per cent. This may be less than a satisfactory record, but this is a record on the basis of which I believe Indian people can muster courage to move forward and embark upon a more difficult path of adventure.

The third Five Year Plan which we are discussing today is almost as large as the first and second Plans put together. Significantly, I would like my Swatantra Party friends to understand the fact that investment in the public sector is larger by Rs. 1,000 crores than the two previous Plans put together and the investment in the private sector is Rs. 900 crores less than in the two previous Plans put together.

Shri M. R. Masani: What does it prove?

Shri Asoka Mehta: It only proves that as far as we are concerned, we believe that there will have to be a certain propulsion in our economic life and that kind of propulsion is being imparted, with which you have been disagreeing.

Shri M. R. Masani: It proves you want to throttle the private sector.

Shri Asoka Mehta: You are free to draw any conclusions you like. I am only providing you the facts.

Shri Ranga: We have got it in the book.

Shri Asoka Mehta: I wish these things were brought out in the book.

Shri Ranga: It is there.

Shri Asoka Mehta: Secondly, this Plan, as far as the financial targets

are concerned, is of the same size as the one that was anticipated earlier. Because, as we all know, there is an erosion in the value of money by 20 per cent., so actually, in real terms, the Plan is smaller than what had been originally proposed. The result, of course, is that the momentum that we have tried to provide to our economy is, or is likely to be, slowed down. It may be that there is nothing that we can do about it. But I think it is necessary to recognize the fact that no country can pull itself out of the economic stagnation unless it is willing to impart to its economy a constant and ever-accelerating momentum and wherever you try to slow down the momentum the price will have to be paid for it.

15 hrs.

About this Plan I am told that even cautious organisations like the World Bank have come to the conclusion that this is not an ambitious Plan; not ambitious not only in terms of the needs of our country which everyone would accept, but in terms of the resources, if they are properly mobilised and properly organised. In these terms this is not an over-ambitious Plan. What those cautious critics have realised, I believe it is the responsibility of this House during this debate to communicate to the rest of the country. Because, if we fail to communicate this awareness to the country, if we ourselves are responsible for scattering acids of disbelief in the capacity—I am not concerned with the Government; I am concerned with the capacity of our people; after all, if Governments go wrong, only if the people have the requisite capacity can Governments be set right. It would be a tragedy of the highest order for our country if we are going to say that 400 million and odd people are not capable of embarking upon an adventure of so limited a size.

The second Plan has branded many lessons on the nation's consciousness,

but we have to find out to what extent these lessons are properly remembered. Many of those who have spoken before me have drawn attention to some of these lessons and many who will follow will probably be able to do that with greater competence and far greater eloquence than I can command. But I would invite the attention of the Planning Minister who is here to at least four significant lessons which we can ignore only at our peril.

Our monetary and fiscal reins have been held very loosely. Money supply in the hands of the public increased in 1959-60 alone to 8.1 per cent. and bank credit expanded by 11 per cent. Now these monetary and fiscal policies are things which even an administration that might not have all the qualities that the previous speaker described should be able to control. This is a failure for which the Government has to give an adequate answer.

The second main failure has been, for which part of the blame lies with the Government and part of the blame may lie elsewhere, the sluggish performance in the farms. Between 1955-60 the price of food articles rose by 42 per cent. and industrial raw materials by 40.6 per cent. Both on the food front and the fibre front we have somehow failed to move forward. The prices of manufactured goods rose by 17.5 per cent., which means that as far as our farm activities are concerned, there has been something radically wrong. It has been analysed very often, it has been discussed very often but if we are not going to set right, if we are not going to correct those mistakes, I am afraid, all our Plans will go wrong.

It is interesting that while we have improved our position as far as food-grains are concerned in recent years, we have lost ground in the production of fibres. While cereals and pulses have shown significant response to our efforts, other food articles have shot

up the price index. So, we seem to be like a mother having half a dozen children where if she is trying to look after one the other five try to create trouble. The very essence of planning is that you are able to control, you are able to exercise the necessary co-ordination on those diverse sectors. If the sectors are going to be mixed up like that, then I think our planning is only on paper.

The third point to which I would like to draw attention, to which pointed attention was drawn by my friend, Shri Mathur, is our inability to hold fast to our objectives. One objective that was referred to, which I would like to take as an illustration, is helping the smaller industrialists or the entrepreneurs. In the draft Plan in para. 4 of Chapter 1, which is devoted to social objectives of planning the need of fostering small enterprise is understood, and there the planners caution us against "equating private enterprise with large units". But what has been our record? In practice we find 12,545 small-scale industrial units and 426 industrial co-operatives have been given assistance or loans worth totalling Rs. 7 crores only between 1956-59 while the IFC, NIDC, State Finance Corporations and ICICI have provided Rs. 135 crores to a few hundred big enterprises.

The fourth point that I would like to make is that we had grossly underestimated our foreign exchange component in the Second Plan. We had under-estimated it because of three reasons, firstly, our inexperience. Secondly, I believe, we failed to point out, we failed to bring out the implications of the pattern of the Plan and its impact upon external aid; and, thirdly, I believe, the planners were somehow shaken by the climate of public opinion in the country which at that time was even more critical of external assistance than it is today. And that is a point on which it is necessary for us clearly to state our position and understand

[Shri Asoka Mehta]

it. Otherwise, we are likely to land ourselves into difficulties again. In the Third Plan, let it be clearly understood, the external aid component is as much as Rs. 3,200 crores. That means that the component of external aid is almost as large as the First Plan as a whole. It is interesting, it is significant to note that the climate in the world has changed to such an extent that it is possible for us to postulate these assumptions, it is possible to plan on these assumptions in the world today. In the affluent society to which the Prime Minister referred to, the climate of opinion changed to such an extent that it is possible today to expect that we shall get aid to the extent of the entire size of the First Plan.

If they say "we are entitled to ask for this aid" then we are entitled to expect this aid only if we know what we are going to do with it, and that is closely linked with the pattern of the Plan and, of course, the whole question of implementation. As far as the implementation is concerned, the Prime Minister himself,—as is his habit, he always begins as the Leader of the Opposition whenever he speaks as the Leader of the House, thereby combining, as he does, both the functions in his unique personality, has already underscored much of what one would have liked to say about implementation. But may I point out to him that it is the original sin of our planning, and if we are not able to overcome the original sin, no matter how much we shout, whatever we try to do, the sands will be washed away under our feet and the rocks will be taken away by our friends of the Swatantra Party. (*Interruptions*). That will not happen. You can take it from me the manhood of India has not gone so sterile that it will allow the rocks to emerge.

A question can be asked—and that is a legitimate question—why should there be so large a dependence on external aid?

Why should there be such an emphasis on industrialisation which leads to this dependence on external aid? Why should we not have a pattern of plan whereby we do not have to depend on others? I would like to answer this question because we have got to meet this question fairly, squarely and honestly. I would not go into the needs of defence and all that. I would confine my arguments strictly within the ambit of economic considerations.

I am sure that even my hon. friends here of the Swatantra Party will accept the fact that even in the society of their conception there will be need for developing in India non-importables like production of electricity, transport and communications to which 37 per cent. of the total investment in the public sector was devoted during the Second Five Year Plan. If power production, transport and communications are to increase in the Third Five Year Plan and in the Fourth Five Year Plan, even if we confine our attention only to that alone the estimated requirements of plant and equipment for the above non-importable essential services in the Third and the Fourth Plans would be of the order of Rs. 1,350 crores and Rs. 1,920 crores respectively. If we do not build up our fabricating capacity in the country, if we say, "Why should we emphasise these heavy industries? It is a fad of the hon. Prime Minister"—if it was just a fad of the hon. Prime Minister, I would discard it into the waste paper basket—but I want these friends, all those critics and all those who are sceptical about the basic pattern of the plan that we have adopted to know that we would have to import all these things during the Third and the Fourth Plans. If we are to import these, how will we pay for them? Would you like that we have foreign loans in order only to import things for which we do not build up any kind of a capacity in this country? Or, would we like to use foreign

loans mainly for the purpose of building up that capacity whereby in future our dependence on foreign countries would be markedly reduced? If we build industries—I am sure even the worst critics of socialist policy would want to build some industries in India and would like to maintain in good order the industries that have already been built up—even that modest effort will mean that the needs for plant and equipment for replacement would be of the order of Rs. 600 crores in the Third Plan and of the order of Rs. 1,200 crores in the Fourth Plan. If we are to expand and develop, if we are to move in the direction in which some of us would like to go, the machinery needed for that would be of the order of Rs. 3,400 crores in the Third Plan and Rs. 5,600 crores in the Fourth Plan.

In 1951 we were producing machinery and equipment of the order of Rs. 31 crores in the country; in 1958 to the order of Rs. 150 crores; in 1960-61 of the order of Rs. 270 crores and in 1965-66, if we are able to do our job properly, it would be of the order of Rs. 850 crores. In 1971-72 it would be of the order of Rs. 1,600 crores. It is not that we want to eat machines or that we want to live by machines. But if we do not build up machine-building capacity and if we want to progress these machines have to be imported. If you are not able to build up in this country even the process to meet the constant needs for more machinery needed for the development, expansion and growth of the economy, there would be such a constant drain, such an unending drain and such a hopeless drain on our external resources that we shall never be able to get over the need for foreign assistance and foreign credit.

Again, it is not possible to adjust drastically our imports and exports. There are hardly any imports that we can cut down today. As far as consumer goods are concerned, there may be some which should be cut

down, but the main part of our imports of consumer goods is food-grains. I do not think we are in a position to cut it down in spite of the brave words of our hon. Prime Minister. If there is anything else that we can cut down as far as consumer goods are concerned, it should be done forthwith. But the other imports are for the purpose of building up our industries, our development, and the scarce raw materials that we need to keep our industries going.

Can we develop our exports? Again, if we analyse our exports we will find that, if I am not mistaken, 54 per cent. of our exports are accounted for by tea, jute and cotton which are ultimately dependent upon our agricultural production. 20 per cent. more are also dependent upon other kinds of agricultural production. So it is not possible to expand our exports in the manner in which or to the extent to which we would like.

Our imports cannot be restricted beyond a very small measure. Our exports cannot be expanded beyond a limited measure. There is a gap. That gap is likely to widen. Now the question is: What do we do? How do we fill up the gap? What use do we make of the resources that are made available in order to fill the gap? That gap has got to be filled up to build up a base of heavy industries in India so that in five or ten years we shall be able not only to defend our country, we shall be able not only to manufacture and fabricate the arms and ammunition needed for our *jawans*, but we shall also be able to have the wherewithal with which we can move forward to our destined goal.

Owing to the present very small size of the capital goods industry and of the production of intermediate goods, the programme of industrial development results in rapidly rising levels of imports. Our present imports cannot be pruned much more nor can our exports be expanded very

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far. There is no escape from external aid. The only question is as to how and for what purpose we use it. I would like here to invite the attention of my hon. friend, Shri Masani to a very important book which was published before the War by Professor Hoffman, namely, *The Growth of Industrial economies*. On page 41 of that book he says:

"In general we can therefore expect that when a country with a *free economy*....."

I italicise for his benefit the words "free economy".

".....with a *free economy* passes through an industrial revolution of the kind characteristic of the past two hundred years.. .."

It has nothing to do with Communism.

"there would inevitably be a tendency for the clothing, food, drink and tobacco industries to lose their dominant position in favour of iron and steel, metal and engineering."

This is an inevitable and inescapable law of development and those who run against it will find themselves under its iron heels. The shift is the very essence, the quintessence, of growth. I cannot understand why one should quarrel with a deliberate, a planned and a purposeful effort to see that a shift is brought about in a sponsored way.

Shri M. R. Masani: A forced way.

Shri Asoka Mehta: The only point is that we are going to manufacture, if this Plan goes through, if the problems of implementation are attended to, we are going to fabricate a lot of machinery. I suggest that we should try to fabricate machinery along the lines suited to us. We must learn new designing. We must try to see that our machinery is somewhat less

capital consuming and more labour using. Not only it will help our country, but we shall be able to open up a distinctive export market because there are many many countries in the world that would welcome this kind of machines and not those machines which are peculiar and relevant to the economies of the USA and the USSR.

The next question that has to be answered is this. Does not an industry-centred plan lead to the neglect of agriculture and affect adversely employment possibilities? I would like to answer this question also squarely. Expenditure on agriculture plus community development plus irrigation and flood control plus production of fertilisers was 40 per cent. higher in the Second Plan compared to the First Plan, when the Second Plan was twice as large as the First Plan. The Third Plan which is only 50 per cent. as large as the Second Plan in that the amount is 60 per cent. higher than in the Second Plan. Financial inadequacy is not likely to be a bottleneck. The real bottlenecks are going to be effort, organisation and administrative alertness. I think we are barking up the wrong tree if all the time we look to the financial provisions. Here the real problem is as to what is wrong and how it can be set right as far as efforts, organisation and administration are concerned. I would say if the food production targets are reached—if we do not reach them, I do not think we shall be able to put through a plan of this size—it will become necessary for us to put through a policy of price support. A policy of price support must be an integral part of this Plan for increased food production. Likewise, I would like to point out that as a result of the very generous assistance that has been made available to us by the Government of the United States under P. L. 480, we shall be having, for the first time buffer stocks of 5 million tons of foodgrains. If these buffer stocks are to be maintained, it

is necessary to keep on rotating these 5 million tons. If these 5 million tons are to be rotated, the Government will have to come in to make the necessary purchases. Some kind of state-trading in foodgrains is an inescapable corollary for the maintenance of the buffer stocks, whatever my hon. friends Shri Harish Chandra Mathur and Shri M. R. Masani may say about it. I would like to point out that even if we are able to increase our foodgrains production by the order that we have envisaged, there are the seasonal and regional variations. The seasonal variations are likely to be as large as 15 million tons if our production is going to reach 100 million tons. In order to overcome seasonal and regional variations, Government must maintain considerable amount of stocks in their hands. Are we going to maintain these stocks by importing foodgrains all the time, or are we going to devise a machinery? My hon. friend Shri Harish Chandra Mathur said that we are incompetent. Those who are incompetent have no business to remain in power. I do not think the womb of India has gone dry that it cannot produce that amount of competence in this country.

Shri C. D. Pande: Men have gone sterile: not the womb.

Shri Asoka Mehta: If my friends will not understand good English, I am sorry for that.

The next question is the need to expand employment. It is absolutely necessary to expand employment far more than it has been envisaged in the Plan. Look at the Seventh Evaluation report on Community development. It has been shown there how there is a pressing demand, a pulsating demand, a forward thrust for more and more employment not only by men, but also by women in the rural areas. It is again an axiomatic truth that a by-product of economic development is that disguised unemployment comes out into the

open. We have to provide more employment opportunities. May I invite your attention to Chapter V of the Draft Plan, para 74? It is an interesting and important para where it is said that we can, if we have the organisational ability employ half a million people and that would cost only Rs. 12.5 crores per year. I think we should have the organisational ability to employ 2 million people like this, in order that we shall be able not only to make a dent on the employment problem, but also improve the rural areas.

Everybody says that. But, its implications are not understood. With your permission, I would like to under-score the implications of it. It is possible to expand employment opportunities provided consumption is evenly spread. Men employed in land improvement have to be paid. Even if their efforts yield quick results, that output will generate both output and income. The additional incomes have to be saved. If you do not save that, inflationary pressure generates. Inflationary pressure does not come as my hon. friend, Shri Ranga, assumes only because the printing press is working overtime. There are all kinds of inflationary pressures built up in the economy.

Shri Ranga: Hear, hear.

Shri Asoka Mehta: I hope he will say 'Hear, hear' to the next statement, which is a logical corollary of it.

That means, greater tax effort including taxes on farmers, and some restraint on wages. They are essential concomitants of a rapid expansion of employment opportunities.

Shri Tyagi: Hear, hear.

Shri Asoka Mehta: I hope Shri Tyagi will now say 'Hear, hear', to my third proposition. It is possible to expand employment further without endangering the other advantages of the present pattern of the Plan, provided there is more socialism and not less socialism.

Shri Tyagi: I agree.

Shri Asoka Mehta: What does this mean? The lower income groups will not accept restraints. The restraints are relative, not absolute. Nobody's low standard of life is sought to be depressed beyond what it is today. Everybody's standard of life should rise and given a proper administrative purpose. But, there is a relative restraint. The people in the lower income groups will not accept this unless there is proportionate restraint upon the consumption of the higher income groups.

May I point out that in any economic development where rapid industrialisation is taking place, there is built-in inequality in it? There is built-in inequality in an economic growth of this kind. Therefore, deliberately counter-vailing measures will have to be taken. An industrial policy with its protected markets offers assured profits, and imports a marked advantage to big business houses because of foreign collaboration. The result is that the big inevitably must become bigger and bigger. There are big contractors. A thousand crores we spend on construction activity in the Second Plan. It would be interesting to find out how many firms have been benefited. I know of big contracting firms which have hand'ed at one time contracts worth Rs. 40 crores.

Shri M. R. Masani: That is the socialist pattern.

Shri Asoka Mehta: My hon. friend Shri M. R. Masani would like to have no counter-vailing measures to be taken. He would like to allow these to be left unrestricted.

Shri M. R. Masani: Then, we would not start.

Shri Asoka Mehta: Then, you would remain stagnant and destroy the country. Not even an iota of hope would be left for us. What is happening to variable dividends? The

Reserve Bank's variable dividends industrial security index rose by 35 per cent. It reached a new peak of 169. Why did it happen? What were the reasons? Here is a very brilliant and able report. I am very grateful to the Reserve Bank for this outstanding publication, the *Report on Currency and Finance*. On page 2, the Reserve Bank says:

"Apart from the protective effect of continued import curbs and growth prospects of several industries, and the various measures adopted by Government to assist industry, investors' confidence was further aided by the absence of any significant increase in taxation since the 1957-58 budget."

We are not willing to put any burdens upon those who are benefited. The result is,—the stock market has registered it—a peak has been reached, a 35 per cent increase in the index of variable dividends industrial securities.

What is the response? The Treasury Benches say, there is no need, no occasion for increasing direct taxes, we are already over-taxed. They take their cue from my hon. and distinguished friend Shri M. R. Masani.

Shri M. R. Masani: You glad to hear that.

Shri Asoka Mehta: As a result of industrial expansion, monetisation of economy and technological advance in different spheres of economic life such as transport, there is an inevitable tendency for the urban interests to gain at the expense of the rural interests. This is again inescapable. This is part of the whole technique of development. That is where social counter-vailing measures come in. That is where p'anning has to be purposeful. That is where you have got to see that in this country, while you are introducing all kinds of land reforms, urban land values are not being taxed. There is heavy

appreciation in urban land values resulting from rapid pell mell metropolisation, and all the profits go into the pockets of a limited number of people.

The base of the whole superstructure that we envisage can be built up only if we are able to increase our national income at the rate of 5 per cent a year. This is a *sine-qua-non*. If we fail there, this superstructure is not even worth the paper on which it is prepared. What does that mean? On the food front, in the next five years, we are attempting to do much more than we did in the last 10 years. In the Second Plan, we were able to produce only 10 million tons of more food. We are planning to produce 30 million tons in the next 5 years. Are we keying ourselves up, are we preparing ourselves for this three-fold efforts, in half a million villages, in the 65 million farms scattered all over the country? In coal, we shall have to double the production in the next five years, double the entire production that we have been able to take out of the mines all these years in the past. We will have to develop new skills. I would like to invite your attention to page 7 of the Plan where we have assured to the people certain minimum amenities. If these minimum amenities can be provided, that itself will be a distinct advance. But all this is going to demand of us an awareness, an alertness, a sense of determination and dedication for which at least the Treasury Benches have not been distinguished so far. I am sorry the Prime Minister is not here. I would have liked to say this in his presence. The performance of the Treasury Benches, the dedication and the determination shown by them during the last ten years, does not inspire the requisite confidence not only on this side of the House, but even on their side. That is a fact that has to be noted. The Prime Minister has no business to come before Parliament and the country and say, "This is the target I am placing before you", unless he is willing to

see to it that the concomitant responsibilities are undertaken by him and his colleagues.

We have been stumbling, fumbling, bungling so far. In the earlier years when we were learning, there was perhaps some reason for it. Today, let this be branded on our consciousness that time is the most scarce resources in India today, and anyone who neglects time, anyone who is out to throttle time, is a person against whom we have to be constantly on guard. If our friends of the Swatantra Party try to throttle time ideologically and philosophically, no great harm takes place except, of course, that the intellectual atmosphere gets somewhat befouled but when those who sit on the Treasury Benches trade away time for all kinds of minor benefits and petty advantages, they play with the future, the very destiny of the country.

Maharajkumar Vijaya Anand (Vishakapatnam): On a point of information, Sir.

Shri Asoka Mehta: There is no point of order, and I refuse to yield. It is a very surprising kind of party which is willing to lap up everything that is said in its favour, but is not willing to take anything which goes against it.

My last point is about inflation. The Federal Reserve Bank of the USA made a study of various countries of the world, developed and undeveloped, and it has pointed out that where inflationary pressure was held in check, the average increase in national income has been six per cent a year; where it could not be held in check, it varied from one to seven, but the average was four per cent. It is obvious, it is common ground, that inflationary pressure should be held in check, but again it is inevitable that inter-sectoral relations and the long periods taken by the development of various projects generate inflationary pressure. If these pressures are to be checked, proper

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fiscal policies are necessary. Either our standards are going to be eroded, the structure of our society is going to be distorted by inflationary pressures, or we are willing to do it rationally, in a planner manner, in a purposeful manner, by having an appropriate fiscal policy.

I hope and trust that this House, in debating this draft, will try, to the extent I have been able to communicate to the House, this central focus through which I look at this great adventure of our hope and our dedication.

Shri Ranga: I do not propose to try to answer many of the points that have been made by my hon. friend Shri Asoka Mehta, because I want to leave that very pleasant duty to be performed by his erstwhile colleague, founder of the Socialist Party and his predecessor in the office that he holds now as the General Secretary of the Socialist Party, Shri Masani, because they understand each other much better.

Shri Tyagi: You are talking of the old days.

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): As we two do!

Shri Ranga: We understand each other very well.

My hon. friend has provided the sound as well as the fury that were lacking in the speech made by the Leader of the House this morning. I was wondering how to reconcile this confusion, how to get out of this confusion: one sits to your left, another sits to your right, but both of them seem to be in the same place, only one is an official, the other is a non-official.

Shri Asoka Mehta: Both claim to be socialists.

Shri Ranga: Here is the Planning Minister officially designated, here is

a non-official Planning Minister, not yet designated.

Having said that, I would like to mention that we, after all, live to learn. Both the friends of the Socialist Party have lived to learn a lot, not only about themselves, but also about socialists in the West as well as in India. Only, the Western socialism has come to reconcile itself to labourism in England; Indian socialism has come to reconcile itself to Praja socialism. That is the only difference.

Shri Asoka Mehta: I am grateful to you.

Shri Ranga: Here is our Prime Minister. There was a time—my hon. friend would know what I am talking about—when some of us suggested that we should welcome the offer of the gift of food to India. During those days, we were passing through a terrible crisis, but the Prime Minister had to come to the House in a terrible hurry to condemn us for it. What did we do? He has recently, and earlier also, sent successive Finance Ministers to go from country to country in order to canvass for assistance, loans and other things. We did not suggest any such thing. We only asked those people not to obstruct their own proposal to give us a gift.

There was also a time when I myself played the kind of role that my hon. friend is now so very anxious to play. In a non-official capacity, I took the initiative in going round to persuade the statesmen of the Western countries to do what they are now proposing to do, what they are offering today, to come to the aid of the democratic countries of the East. And we were taken to task by the Leader of the House.

There was a time when some of us took the initiative in the Working Committee in persuading the Congress to accept the ideal of a co-operative commonwealth, and when the question was put to the Leader of the House

what he meant by a cooperative commonwealth, he said it was some kind of a vague proposition, he did not know much about it. The General Secretary had to write a pamphlet on that in order to enlighten him and educate him, because he goes on discovering. That is where his technological excellence lies. The only thing is I congratulate him on being able to pick the brains or ideas from other people and then claim them to be his own, and then come round and say: how dare you not accept these things? That is the excellence of our Prime Minister.

I have been associated with the co-operative movement for the last 35 years in our country. Till recently, I was the Vice-President of the All-India Co-operative Union. During these times, we were asking the Prime Minister and the Government to give more and more assistance to the co-operative movement, and the co-operative movement that we had in mind was an entirely voluntary one, one which would help the self-employed people to stand on their own, one which would supplement the efforts of the self-employed people like the peasants, artisans and other people to gain all the benefits of large-scale production, co-operativised supply and demand of what are known as inputs. Government was not then so very enthusiastic. My hon. friend the Prime Minister was not bothered about it. Suddenly, somehow or other somebody put it into his head that if he were to go in this way; he would be able to make rapid progress towards collectivisation, his favourite dogma, which he keeps very carefully disguised in the mass of his buts and ifs and etceteras. Therefore, he took it up. Then he said: why stop with the creation of service co-operatives, let us go ahead and have co-operative farming. Why should we have co-operative farming? What is the idea? He himself said that it was for more and more production. But it has not been possible for the Prime Minister or for any of these Ministers here or even for my hon. friend, Shri Asoka Mehta to prove 856(Ai)LS—7.

that in any of these democratic countries, co-operative farming has resulted in higher and better production. It has not been possible for them to prove this at all. And yet, this morning, I found the Prime Minister saying that it was wrong for anybody to say anything against co-operative farming, because, ultimately, all countries had already come and India also was bound to come to co-operative farming.

What is the position in Denmark, Sweden, Norway, Holland, Japan, Ireland, even certain large areas of Canada, and even the American States? Have not their small peasants and small farmers achieved all the benefits of large-scale agriculture through what are known as service co-operatives? Till very recently, this phrase 'service co-operatives' was not popular here in this country. We were talking about multi-purpose co-operative societies, and we were organising them, and Government were not giving much of a help. But then, later on, the Prime Minister took up this new phrase of 'service co-operatives'. We are all in favour of it. We have been organising them. We are not in need of being taught any kind of lessons in regard to co-operation either by the Prime Minister or by any of his Ministers or even by my hon. friend Shri Asoka Mehta who is the 'non-official Minister'. We have got them already. Only this morning, my hon. friend Shri M. R. Masani was telling me that he was one of the founder-presidents of an industrial co-operative in Bombay.

And yet, why is it that we are opposed to co-operative farming? We are convinced, whatever the Prime Minister is professing to believe in, that in the manner in which the State Governments and the Union Government have been utilising all their grants, all their powers and all their personalities, this so-called co-operation, this so-called voluntary cooperation, can only lead to compulsion. They want to create all that kind of atmosphere. Why do they want to do it? They have stated it in the Second Five Year

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Plan itself, namely that they want to remove all differences between the people who own land, whether they are small or big and those who do not own any land at all, so that all the people in the Indian villages will be on the same footing. That is the way in which they want to achieve equality or equalisation.

Then, my hon. friend, the Prime Minister was saying that he was not doctrinaire, and, therefore, he was not going to insist upon ceiling being placed upon everybody. Indeed, he said that socialism did not mean ceiling; socialism does not mean distribution of poverty amongst everybody; and one cannot very well disturb productive forces, because production is the most important requisite of planning. So, he does not want ceilings for urban incomes and for urban properties. Nevertheless, in the usual inconsistent manner, that has become the practice—I am not prepared to say, of the Government, but—of the Leader of the Planning Commission; he was prepared to allow the State Governments to go ahead with their legislation of ceiling on agricultural lands. Why? Has it been argued by anybody? Indeed, has it not been argued by the Panel on Land Reforms, which sat last time that, for a time, the imposition of ceiling is likely to affect agricultural production adversely? They said so. Therefore, the question of imposition of ceilings cannot be for purposes of increasing production; it can only be for purposes of satisfying ideological fads of friends like Shri A. K. Gopalan who spoke this morning, or these other friends like Shri Asoka Mehta, because they are all socialists; they must be in the fashion; if they cannot very well be official socialists like my hon. friend, Shri Asoka Mehta or official communists like my hon. friends on the Communist benches, at least, they want to be neo-official socialists; they want to be in the neo-official socialism or Nehruism or whatever it is. That is why these ceilings have come in.

Now, I come to the question of inflation. I do not wish to go into the details of it. My hon. friend, Shri Asoka Mehta and the Prime Minister has also said that a certain amount of inflation is inevitable. My hon. friend, Shri Asoka Mehta asks 'How can you escape it? It is already built in in this development'. Very well; what does that mean? It can only mean this. When you are not able to raise your resources in a direct manner and in an ascertainable manner through additional taxation or various kinds of taxation, or through loans etc., then, resort to the Nasik Press and also to various other methods, for, the velocity of money has increased. Let us not forget that. Money is moving now. It used to be stay-put with a large majority of our masses in the past, but, today, it is moving from one man to another very quickly, and, therefore, the total circulation is very much greater. That is all the more the reason why it has got to be controlled. That is exactly what my hon. friend the Finance Minister has said in his own budget speech. But what can he, poor man, do? He is sitting on the top of a volcano. The volcano is all the time alive, and it is bursting, and not only he himself would be blown to pieces, but the whole country is likely to be blown to pieces, as it happened soon after the First World War in Germany. So, I warn the country against this kind of process of inflation.

Then, my hon. friend asks: Do you not want foreign assistance? We want it. As I have said already, we took the initiative in those years. Many other friends also, indeed, Shri Munshi, the ex-Minister, the present Minister, Shri S. K. Patil, myself and many other people had gone round and requested all those people to come to our aid. And what happened? We were abused not only by the Leader of the House but also by some of the members of the Communist Party as being the agents of Americanism and all the rest of it. And, today, they themselves ask, 'How can you develop without foreign assistance?'

Shri Asoka Mehta: The communists did not say so.

Shri Ranga: They also say so; the only thing is that they want more and more of it to come from Soviet Russia, while my hon. friend wants it from everywhere. That is all the difference. We also want it. We have no objection. But we want the Finance Minister as well as the Government here to create such a climate in our country that private capital also will come into this country....

Shri Nagi Reddy (Anantapur): Only private capital.

Shri Ranga:...and also into partnership as our own industrial *entrepreneurs* in our country so that we can develop our industries as rapidly as our friends would like to have it.

Then, my hon. friend asked: Do you not want basic industries? Who said that we did not want basic industries? We want them. But does it mean that we should have all the basic industries in the public sector alone? Can we not possibly have some basic industries in the private sector? In addition to basic industries, do we not want tertiary industries, medium-scale industries, cottage industries and so on? Are they to be developed only in the State sector? I say, no; they should be developed also in the private sector.

I now come to my next point. My hon. friend the Chairman of the Planning Commission was saying this morning, here are these ideals, we must very clear about them, and they must be looked at from a long-range perspective and all the rest of it. I confess having made one mistake in having allowed myself to be confused between the short-range perspective and the long-range perspective which were being placed before us like warp and weft from time to time by the Prime Minister, with the result that I did not take him so seriously when in the past he said that so many of these adjustments could be made, but we should accept the general perspective; we accepted, therefore, the general

perspective. But with what result? The Nagpur resolution came on our heads. If we had not accepted it, if we had not gone into that confusion which he had laid before us, it would not have been possible for us to have allowed him to come to Nagpur and then face us with that alternative. And there it is.

The Prime Minister does not want accumulation of wealth. That is our stand also, the Swatantra Party's stand.

An Hon. Member: Really? (*Laughter.*)

Shri Ranga: It is no good laughing. None in this country can possibly say that I can ever be an agent or a representative or an apologist of any of these vested interests in this country. I can assure you that I have fought shoulder to shoulder with everyone of the sections in this country in fighting the vested interests, whether they be of the British or Indian or Russian make. But, at the same time, we have got to be careful to see that power is not concentrated in a few hands; they may be capitalists, they can be industrialists, they can be the Ministers here, or, not even the poor Ministers here, but their general managers and directors and all these other people over whom they have so little control. If they begin to exercise any kind of control, down comes the Prime Minister, down comes the Planning Commission. That is why we do not want that concentration of power, of capital and also of direction.

Then I come to the next point that is stated here on page 3. We want the processes of democracy and freedom to be developed and to be protected. We fear that these processes are in danger of being blocked, if not atrophied by the manner in which the Planning Commission is going about. I wish to pay my tribute to the late Dr. Matthai who had the perspicacity and foresight to realise what a menace this Planning Commission was going to be even to the authority of the Cabinet Ministers and of the Cabinet

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as a whole when he resigned from the Cabinet on this specific issue.

Secondly, I would like my hon. friends of the Cabinet and also Shri Asoka Mehta to remember one thing. Shri Asoka Mehta was asking the Ministers to be energetic. He was asking indeed the Prime Minister to see that this Ministers are whipped nicely so that the horse-play will go on. I would like to tell these Ministers that if they really care for their own constitutional authority, they should underline or underwrite this demand that the Planning Commission has got to be derated to such an extent that it would become an advisory body to the Cabinet and not the master of it, as it has come to be now.

Then I come to the third point. All these are given as ideals here from first to last. I am going from the last to the first one. The third one is that they want everything to be tested by public interest. I am all in favour of it. I co-operated with my hon. friends in passing the Companies (Amendment) Bill several times during the last 25 years. I am prepared to co-operate with them in seeing that the companies do behave in such a manner that they satisfy the test of public interest. By the same token, I want to judge these public enterprises. My hon. friend was mentioning about H.M.T. There are so many others; H.A.L. and so on. What about B.E.L. which is lying idle there? There are so many others which are lying idle there. So all these public enterprises have got to be put to the test of public interest. Are they serving the public interest or not?

One day the Prime Minister said that there was a great demand for houses and our masons and carpenters were not able to do it. Therefore, a magician has come from Germany, Koenisberger by name; we are going to get all these things from Sweden and we are going to construct houses here; like a magical Alladin's lamp, we will be able to have 350,000 houses

and thousands more in a month, or year or so. On that, we spent Rs. 2 crores. What happened? The whole thing flopped. When it flopped and we took him to task, he said, 'We have got to learn by experience. We must pay for it. What is two crores after all?'

It is in this manner that we have been paying through our nose. Therefore, I say that these public institutions also have got to be put to this test of public interest. If it is proved to be in public interest, certainly have it by all means—any particular industry or factory—under State enterprise; otherwise, allow it to be taken up by the people themselves. Who are these shareholders, directors and managing directors? I also used to think of them, in the same way as Government do, till very recently. I was so much prejudiced against them that I would not even care to go to their meetings in Delhi whereas the Ministers were always their guests.

Shri Punnoose (Ambalapuzha):
Even now.

Shri Ranga: Even now I have not begun to go there, but there is nothing wrong in going.

I have come to realise one thing, that this Government as well as my hon. friend, Shri Asoka Mehta, and all those people have come to confess that in the next five years or fifteen or twenty years, it would not be possible to tackle rural unemployment, not to speak of under-employment.

Shri Asoka Mehta: I refute that.

Shri Ranga: He refutes it. But they accepted it because they have written it here. They cannot tackle rural unemployment or rural under-employment. They only tinker with it here and there. Nevertheless, what has happened? During the Second Five Year Plan, as many as 3 million people were unemployed and they are a legacy to the Third Plan as unemployed. During the Third Plan, they

are going to have 5 million more. All these people are going to be unemployed. How are they going to find employment for them? They can be employed in agriculture, through small holdings, not through these big holdings with which my hon. friend, the Leader of the House, has fallen in love. He does not mind big farms. He does not mind big people, but he does not want small people. Therefore, the small, poor, kisans have got to be driven into the co-operatives, so that it would be possible for him to go on the top of a harvester or tractor from one end of the earth to the other and have the satisfaction of this great vista, an extremely exciting vista. But that is not the sort of vista that we should go in for.

They want to emphasise increase of production and employment. How can they have these if they are going in favour of co-operative farming which would result in unemployment? How can they achieve these aims if they are going in favour of large farms—again unemployment? How can they have these with bigger and bigger industries and industrial units—again unemployment? How can they attain these objectives with only basic industries on the highest scale, with unemployment? They have to develop, and depend on, small industries for this. These should not only continue to exist but should prosper and progress in our country, because labour-intensive industries are most necessary.

Both my hon. friends including the Labour Minister said recently that they were very much opposed to my hon. friend, the Finance Minister, and the Ahmadabad magnates because they wanted to reorganise their textile industry. They wanted to reorganise the textile industry and make it entirely, 100 per cent, scientific and technologically perfect. It is known as automation. No, they did not want it. They wanted labour not to be unemployed, because they know these people. Should they not extend their capacity for imagination and see

to the interests of the millions and millions of peasants—64 million peasant families and their employment, and their need for self-employment?

The next question is; what sort of employment should they have? Do you want mere wage-earning employment? My hon. friend, Shri Nanda, does not want it. He had gone to Yugoslavia. He has come back and said that there should be partnership between labour and capital. But here are my kisans. There is no distinction between capital and labour. Both are combined together. On top of it, there is no need for a separate manager. The managerial service is also provided by them. The supervisory work is also done by them. On top of it, all the enterprise, initiative and incentives are built in there in the employment itself. They are the kisans. They are 64 million of them. Do you want to get rid of them merely you accept a Report like this and place it before the House?

I do not wish to take much more time. We have placed our amendment before the House. I am convinced about one thing. It is time that we make it very clear to the Government that we do not accept their planning. That does not mean that we do not believe in plan. My hon. friend, myself and others co-operated in preparing what was known as the Gandhian Plan. We were all together at that time. We went down from Delhi to Sevagram. After the death of Mahatma Gandhi Vinoba Bhave was also there. A Sarvodaya Plan was prepared. But afterwards my hon. friend has gone over to the government side and, therefore, he seems to sing a new song. I still continue to sit in the Opposition and, therefore, sing the same song. This is the only difference.

Therefore, we believe in plan. But our plan is a Gandhian plan, a plan that has for its foundation *dharma*, a plan that is based on the initiative of our people, a plan that stands for self-employment and security of our

[Shri Ranga]

people, a plan that believes in our people. My hon. friend was saying, 'Should we not have something much bigger?'. Shri Harish Chandra Mathur was very bold when he said that we could achieve very much more. Let him look into the figures here. Here is the *Progress Report on the Second Five Year Plan*. I need not go into the details. They wanted to collect small savings. The collections fell short of the target. What does it show? The Report makes interesting reading. It says :

"The yield from public loans at the Centre and the States amounted to about Rs. 78 crores and Rs. 68 crores respectively in 1956-57, Rs. 68 crores and Rs. 10 crores in 1957-58 and Rs. 182 crores and Rs. 56 crores in 1958-59".

It is going down. Then, the report says that a number of States failed to adopt additional measures of taxation. What are they—Madhya Pradesh, Bihar, Orissa, West Bengal and Uttar Pradesh. They were not able to raise the money because they are also responsible Governments. They have got their own legislatures. They have got their people and they have found themselves incapable of raising any more money. In regard to the small savings, what has happened. The report says that the borrowings on the scale that was done strained the market considerably and the securities of a number of State Governments were quoted at sizeable discount and the Reserve Bank had to give a good deal of support to the capital market and some of the State Governments had to repurchase their own securities. This is the secret of your resources!

16 hrs.

You have not got money. You cannot raise more money in the country and add more weight on the backs of the kisans who are suffering or the middle-class who are suffering and

being crushed down about whom my hon. friend was so eloquent and said that their real income had not increased since 1949, but had gone down. Your own Second Agricultural Labour Enquiry Committee has said that the real income of the agriculturist has gone down since the planning has started. Who has been benefited by this Government planning? The hon. Prime Minister is an extra ordinary personality. He says in a very disembling manner that it should be enquired into.

The Minister of Labour and Employment and Planning (Shri Nanda): Is it disarming or disembling?

Shri Ranga: I said 'disembling' manner. He said that, so that the Opposition might be pleased. He said that an enquiry should be made in order to see where the rogues are. The rogues are there behind the Treasury Benches and they are increasing in numbers.

Shri Tyagi: Behind the Treasury Benches? What does he mean?

Shri Ranga: I apologise, Sir. I mean that the Government is shielding these moneybags all over the country.

Mr. Chairman: The hon. Member must now conclude.

Shri Ranga: I conclude by saying that I oppose this Plan and we will have no truck at all with this Plan. Nevertheless, if and when we get a chance, we will certainly have a plan which will certainly speak more of Mahatma Gandhi than this Plan.

Shri Raghunath Singh: May I continue?

Mr. Chairman: We shall now take up the other business.