

[Mr. Deputy Speaker]

to such modifications as Parliament may make during the session in which they are so laid or the session immediately following".

**Mr. Deputy-Speaker:** The question is:

"That clauses 5, 7, 8, 9, 13, 17, 18, 20, 21, 23, 24, 26 to 34, 37 to 42, 44 to 47, 49 and 1 stand part of the Bill."

*The motion was adopted.*

*Clauses 5, 7, 8, 9, 13, 17, 18, 20, 21, 23, 24, 26 to 34, 37 to 42, 44 to 47, 49 and 1 were added to the Bill.*

*The Enacting Formula and the Title were added to the Bill.*

**Shri C. D. Deshmukh:** I beg to move:

1. "That the Bill, as amended, be passed."

**Mr. Deputy-Speaker:** The question is:

"That the Bill, as amended, be passed."

*The motion was adopted.*

#### RESOLUTION RE. SECOND FIVE YEAR PLAN

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru):** Mr. Deputy-Speaker, Sir, some days ago, I had the honour of presenting to the House the report of the Planning Commission on the Second Five Year Plan. I presume that many Members have read or at any rate partially read this report since then.

[MR. SPEAKER in the Chair]

I have now the honour to move the following Resolution:

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

It has been agreed informally that this debate on this very important subject should continue in the next session, because we are anxious that the House should be given the fullest opportunity of expressing its views on this report on the Second Five Year Plan. It is also generally agreed that on this

occasion, during the next two or three days, whatever the period might be, attention may be more specially paid to the general principles, to the approach, etc., as contained in the first eight chapters of this report. Therefore, this debate will not end during this session, but will probably continue at the beginning of the next session of the Lok Sabha.

Those hon. Members who have read this report will probably not find it very light reading. A report of this type can hardly be termed light reading although I believe there are many parts of it which are exciting reading. Few of us can say that we agree with every single word in this report, with every single proposal. A report of this type is the product of a great deal of labour of a great many persons, not only Members of the Planning Commission, but the vast number of other people who have been consulted, experts of our own country and from foreign countries, various groups, representatives of various interests and professions. In fact, it is the product of the joint labour and thinking of a very large number of people in this country. As with all joint products, there is an attempt to meet various view points. It may be that somebody may say this is not exactly what I thought about this matter. That is natural. Nevertheless, I would venture to say that this report represents a certain unity of approach. In any event, I hope that this House will view this report as a whole and from the point of view of this unity of approach, objectives, methods and principles underlying it and not so much in regard to certain detailed programmes and the rest. It is open, of course, to any hon. Member to criticise or to make suggestions about any part of the report whether it relates to principles or to details. But I submit that the important thing is to get hold of the main principles. I propose, therefore, to deal with certain broad principles only.

What does this report mean? It may be light reading for some. It may be heavy reading for others. But, the subject which concerns this report is obviously not only of the highest importance but something that produces in me very great excitement. It is an exciting subject because it deals with the future of 360 millions of people, and, to some extent, that future will affect the future of other countries and even

of the rest of the world. Therefore, it becomes an enthralling and exciting subject. We read the history of India. We have a long history with many ups and downs. Now, we are concerned with the writing of our history. Now, we are concerned with the shaping of the future of India. Surely, there could be fewer more exciting subjects than this. It is, therefore, with a sense of the burden of history upon me, upon us, upon this House, that I face this problem. It is also with a great sense of humility, because, however great, however competent we may consider ourselves, we are small in relation to this mighty theme, that is, the building up of India, taking this country and its millions of people forward during the next five years.

Five years, I say. That five years is only some kind of a period that we fix for our convenience, because there are no periods in the march of a nation. It is a continuous march. We must really think in terms of even larger periods, one, two, three, four Five Year Plans. This is the second. Nobody thinks that at the end of the second Plan, we shall have been at the end of our journey. There is no end of a journey when a nation is marching. Nevertheless, leaving out the final ends, even such ends as we envisage, the objective that we have, the objective of a socialist pattern of society, we are not going to achieve at the end of the First Five Year Plan or the second. It may require three, four Five Year Plan periods before we can say with some confidence that we have very largely achieved it. Therefore, we must keep this larger perspective in view. In planning, especially, we are apt perhaps sometimes to forget the larger perspective and lose ourselves in details, lose ourselves in some particular aspect of it which is of importance and yet which may very well come in the way of the larger perspective that we have. The question arises—important question—of regional development. Now, we are all agreed that there should be an even development all over India, even regional development. We are all agreed that the disparities, not only as between individuals in regard to income, but in regard to the various areas in India should be removed, that there should be equality of growth and opportunity all over India. That is true. But, if we start

applying that principle regardless of the other objectives and perspective, you may spoil the whole Plan. We may not have very much to give to any region. Therefore, in looking at the Five Year Plan, we have to think really of several Five Year Plans. That is why it is becoming more and more important, in addition to the period we are dealing with, to have a longer perspective in view.

Now, this Five Year Plan necessarily deals with, broadly speaking, what might be called material objectives. They are very important, because, it is on the basis of certain material achievements that you build other achievements. It deals, to some extent, no doubt, with culture and like matters. Nevertheless, it confines itself chiefly to material advances. That does not mean that we in this House attach no importance to other aspects of human life. Indeed, all the material advances that we may achieve may perhaps be worth nothing at all and may avail us little if we forget the other aspects of human life, moral, spiritual and other aspects. I mention this merely because we have always to keep that in view unless somebody should say, here is your Five Year Plan and you talk only about material advances and not about other matters. It is not because we do not attach value to these other matters, but because we have to deal with these in a certain compass. The others have to be kept in view. It is right at any time that we should keep in mind these moral and spiritual values. Perhaps it is even more appropriate on this occasion today when we are on the eve of the celebration of a very great anniversary of a very great man, a great son of India, that we should remember those moral and spiritual values, which ultimately give content to the life of an individual as to that of a nation.

Now, coming to this particular report, the first thing I should like this House to consider for a few seconds, and the report speaks perhaps a little about it, is the present day world. We stand or we sit as the case may be, in this middle of the twentieth century, and this middle of the twentieth century has brought about tremendous changes all over the world. These changes are due to many factors. There have been wars, great wars, revolutions and the like. Anyhow, the world has greatly changed, and what is more important, is continually and greatly

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changing. The pace, the tempo of change is tremendous. Any such plan that we make like this Five Year Plan is subject always to the great changes, political, economic, technological and the like, that we are having.

I shall not refer to the political changes, but the principal thing, the most revolutionary thing, in the wide world, that we have seen is the technological change that has come about, and which has really in the last few generations changed the world. Now, everybody knows that. But there is one aspect of this vast technological change which perhaps is not always present to our minds.

All of us who think of these problems or any problems probably have some kind of ideology, some kind of philosophy of life. We may not be philosophers, but without some kind of philosophical or ideological approach we would have no yard-stick to measure things by. And yet, one aspect stares us, namely that the ideologies and the philosophies of life that we adhere to somehow do not fit in with this middle of the twentieth century, whatever they were. It may be, of course, that though facts change and circumstances become different, we still hold to the lines of thinking that we previously had, because the human mind is a singularly conservative thing, and it does not easily change. It is a remarkable thing that today when almost every single ideological approach which had a great deal of truth in it—and many of them—does not quite fit in with the present day, we ignore what is happening in the present day, and still hold on to some, if I may venture to say so, rather out-of-date philosophical or ideological approach. Take something; take the question of war. Many people say that because of various developments in the world, war has become, or ought to become out of the question, because war does not achieve the thing you aim at. War was useful—whether it is good or bad—if it helped you to realise your objective. When it does not do that, when in fact it does something that is the reverse of that, then no person, however inclined he might be, is likely to indulge in the war.

I should like to extend that parallel a little further. If a war, atomic or other, is now something that can only be considered excessively foolish, the

cold war becomes more and more equally absurd; it exists; it goes on, but really, analysed in the circumstances of today, it has little meaning. It only makes matters worse; it does not help us to solve any problem.

If it did, I can understand it. And I am not talking in terms of the merit of this or that, the problem, but I am saying that a certain method of approach has become out of date, whether it is so-called shooting or atomic war or the cold war.

I gave those examples in order to state the second fact that the other approaches—apart from war—the other economic approaches, even the other ideological approaches, which are very useful and which have a great deal of truth, just do not fit in today with circumstances as they are.

The major fact of the last many years or few years, and the major fact of today, is the stupendous advance of technology. Everything flows from it, whether it is in a sense the atomic bomb or the tremendous colossal growth in production and everything, which is greater than was envisaged by any person previously, and because it was not envisaged previously, it is wrong for us to ask somebody who had not envisaged it, to give us an answer to today's problems.

So, here is this patent fact of this tremendous growth of technology, the tremendous growth of the productive apparatus of society, the tremendous power that human beings possess and are likely to possess, atomic power, energy etc. These things are not quantitative changes, but they bring about qualitative changes in society. And the previous theories we had in regard to them, therefore, have to be considered from this qualitative changed point of view. I do not mean to say that we should upset everything that we thought previously, but that we have to shape it and vary it to fit in with these changes.

Of course, in India, where we have not been very powerfully affected by the technological process, but only slightly, we have read about it, and we have no real sensation of these tremendous technological revolutions, it is a little more difficult for us to appreciate this great revolution. But it is the basic fact, and when we talk of

planning, more so, when we talk of anything else, we have to think in technological terms, because it is this growth of science and technology that has enabled man to produce wealth which nobody could ever dream of. It is that which has made other countries wealthy and prosperous, and it is only through the growth of this technological process that we shall grow and become a prosperous and wealthy nation; there is no other way. Of course, there are many other things to be done too. But I want to lay stress on this. This is basic.

Now, if you look at the picture of India—and that would apply to many other countries under the colonial rule—ten years ago or twelve years ago, or leaving out the last few years, in the previous two decades, you will find a static, even a stagnant society. Yes, some big cities grew up, Calcutta, Bombay and other cities grew up. But taking the country as a whole, it was a static and stagnant society, where instead of making progress, either we remained where we were or sometimes we even went backwards. Take even the small figures. In spite of this big war that happened, where moneys appeared to flow about a great deal, and some people no doubt made large sums of money, the fact is that even in the post-war years, we saw that the general condition of the country had gone down slowly. It was stagnant. It did not profit by all that.

I should like to mention a few figures. Take, for instance, this post-war period. In 1948-49, the national income was Rs. 8,650 crores, and the *per capita* income Rs. 246.9. In the next year, the national income was Rs. 8,820 crores, and the *per capita* income Rs. 248.6. In the next year, that is, 1950, that is, just before the First Five Year Plan, the national income was Rs. 8,850 crores, and *per capita* income Rs. 240—that is it has even slightly come down from Rs. 248. You see the national income more or less the same, very slightly creeping up, and the *per capita* income remaining the same or going down. Meanwhile, of course, the population grows, and went on growing.

5 P.M.

Now, this was the state of affairs for quite a lengthy period before the First Five Year Plan started functioning—for several decades. At the end

of the First Five Year Plan we have—remember, at the beginning the figure of national income was Rs. 8,850 crores—a national income of Rs. 10,800 crores. Nothing very remarkable, but nevertheless significant. The *per capita* income has gone up from Rs. 246 to Rs. 281 at the end of the First Five Year Plan period.

As I said, there have been far greater increases in other countries; the pace of increase has been greater. Nevertheless, the First Five Year Plan made a significant change in that nature of our static and stagnant economy. It broke that barrier of poverty and of being under-developed, which curses a poor country, out of which it can hardly grow, because poverty breeds poverty; poverty does not lead to anything; it is a horrid thing. If we have to get out of that, we have to break that barrier which holds us down. The First Five Year Plan—I do not say it has broken down the entire barrier—made the first effective breach in that barrier in regard to national income and in regard to *per capita* income.

Now, in the Second Plan, we have to make a bigger breach. In other countries, it so happens, of course, that the old rule prevails, unto those that have got, more shall be given, and from those that have not got, perhaps even what they have got might be taken away. So the poor countries remain poor and the rich countries become richer and richer and richer, more surpluses, more investment, more production. So it goes on. If you compare the rate of progress of some countries, it may be 6 per cent. per annum, 5 per cent, 6 per cent. or even 10 per cent. or 11 per cent. or more—from reports that we see.

For us, now we have aimed at 5 per cent in this Plan, and 5 per cent. is going to be a hard job for us to achieve. We will have to work very hard, because we started at such a low level, with such low surpluses. India is almost at the lowest rung of the income ladder. Even China, I believe, is a little higher. Take even Russia at the time of the Revolution; it was much higher than India is today—leave out what the Revolution has done to Russia. So we have to start with that main difficulty; we have to start at a low level.

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Now, the First Five Year Plan has, I think, made a significant breach in this barrier which prevents a poor country from going ahead. I should just like to read to you something that is in the Report, how we envisage, how the Planning Commission thinks of, the future. Naturally, it is a guess work, an estimate; nevertheless, it is not purely guess work; it is based on such thinking and statistics as we possess. I have just told you that at the end of the First Five Year Plan period, the national income is Rs. 10,800 crores. Now at the end of the Second Plan period, we expect it to reach Rs. 13,480 crores; so also the *per capita* income to go up from Rs. 281 to Rs. 331. For the Third Plan period, we envisage national income to go up to Rs. 17,260 crores and *per capita* income to Rs. 396. For the Fourth Plan—that will take us to 1971—the national income is expected to go up to Rs. 21,680 crores and *per capita* income, to Rs. 466. Finally, at the end of the Fifth Plan—up to 1976—the national income is expected to be Rs. 27,270 crores and *per capita* income Rs. 546. This is, during the next 20-year period. This is some kind of a rough estimate of what we think the progress of India might be.

Now, as I said, this depends on so many factors that are more or less uncertain. This whole idea of the Planning Commission may be upset to our advantage by new developments in science and technology. The Planning Commission cannot tell us merely what scientific and technological developments will come about. Therefore, we may go faster ahead. On the other hand, if by some misfortune, we cannot, well, work as hard, as we hope the country will, we may not achieve our target.

Here I might say that we have often repeated that this Plan is a flexible Plan. What does that mean? It does not mean that it is just a vague Plan for us to change about and throw about, if we cannot achieve this, well put a lower target or extend the period by another year or two. It does not mean that. Naturally if by *force majeure* or something it becomes absolutely impossible for us to do something, there it is. But I do not mean by its being flexible that these targets that we have laid down are loose tar-

gets. We want to achieve them; we are going to try to achieve them, and sometimes we shall go ahead.

I may tell the House that even after the preparation of this Report there was a change. While it was being considered by the National Development Council, just previous to printing it, it refused to accept one of the main targets that we had laid down, something of vast importance to us, the target for production of foodgrains. The National Development Council refused to accept the target laid down. It thought it was too low a target. It directed that it must be raised, not raised by a little or double or treble. The figure that is given in the book, I believe, is 15 per cent additional food production in the next five years. The National Development Council, I am very glad to say, said that this was totally inadequate and we must try to achieve 40 per cent. or at least 35 to 40 per cent. It is a tremendous change from 15 to 40 per cent. Were we just engaged in wishful thinking or what? I do not think it is wishful thinking. I think it is possible that we can reach 40 per cent. achieve nearly 40 per cent. increase, and if not 40 per cent, something like 35 per cent. Anyway, it is far more than 15 per cent.

So the House will see that even as the Report is prepared, and even as we here in Parliament are considering it, our minds go further. We think afresh, we think more and more, we want to vary it here and there, change it for the better, I hope, always. In that sense, it is flexible. We shall consider it every year, the targets etc., and if we think it right, vary them.

During the next session, I hope to present to this House a Report of the Annual Plan, because we are now going to have annual plans. I hope to place a Report of the Annual Plan of the first year of the Second Five Year Plan before this House probably during the next session. So every year, a Report of the Annual Plan will be placed here which may give a more precise indication of the targets for that year.

Now, we have said that our objective is a socialist pattern of society. I do not propose to define precisely what socialism in this context means, because they wish to avoid any doctrinaire thinking, any rigid thinking, because even in my life I have seen the

world change so much, and I have seen so many other changes that I do not want to confine my mind to any rigid dogma. But broadly speaking, what do we mean when we say "socialist pattern of life"? Surely we mean a society in which there is social cohesion without classes, equality of opportunities and the possibilities for everyone to live a good life. Obviously this cannot be attained unless we produce the wherewithal to have these standards and lead that good life. So, we have to lay great stress on equality, on the removal of disparities, and it has to be remembered always that socialism is not the spreading out of poverty. The essential thing is that there must be wealth and production. There is a good deal of talk about ceilings, and it is a talk with which naturally one tends to agree because you want to remove disparities. But one has always to remember that the primary function of a growing society is to produce more wealth; otherwise it will grow, and you will have nothing to distribute. If in the process of your fixation of ceilings or in any other process or methods of producing some kind of equality which is so necessary and at which we are aiming you stop this process of growth and wealth accumulation, then you fail in your objective. Therefore, whether it is in industry or in agriculture, the one and the primary test is whether in your process you are going in for the wealth of the country, for increasing the production of the country or not. If not, you become stagnant in that field or your progress is much more limited, that is to say, that in order to reach equality, in order to reach, as I hope you will some time or other, an automatic ceiling with everybody having equal opportunities, the road to it is not by some artificial fixation but by a hundred paths which gradually bring that about. Certainly the result will be the same, but an artificial attempt at it may prevent it from reaching it and meanwhile reduce the rate of your progress and your growth. Remember this that while we plan, while we work, we grow in population also. It is estimated—I believe I gave the House just now the estimated figure of our national income in the next 20 years—that in the next 20 years the population of India will be round about 500 millions. Please remember the rate of our population growth is not very great; it is far smaller than in many countries in Europe and elsewhere. It is not that the rate

is very big, but when a big population grows, naturally the result is that it becomes large, 70 millions more or some such thing. Therefore, always there is the question of population pressure, and all that you produce has to be produced not only for those who are today but for those who are added on to us by the millions. Therefore, the rate of our economic development will depend obviously on the growth of the population, the proportion of investment or the proportion of the current income of the country devoted to capital formation and the return by way of additional production from the undertaking. Obviously, the most important factor is the amount that you invest in relation to the national income. That percentage is always a small percentage in under-developed countries. It is a big percentage in a country which is fully industrialised and developed. Yet, we have to increase it, we have to look at this problem in a balanced way so that the development in the different fields keeps pace and does not become lopsided development. We have to keep these long-range perspectives in view.

It is obvious that one of the major problems we have to face is that of unemployment. It is a terrific problem, a human problem, which we cannot ignore whatever else we may do. Yet in looking at it, it has to be remembered that merely giving some kind of occupation to a large number of persons does not ultimately increase employment or lessen unemployment. We delude ourselves if we think so. An hon. Member of this House made a remark one day, not in the House, I believe, but outside, and said something like this: How would it be, to give employment to a large number of people, if the railways were abolished? Probably there will be some kind of hand-carts, many people will be pushing the hand-carts and some no doubt will be sitting in them? That is a completely wrong approach to this problem. Employment comes by newer and more effective means of wealth production, and you cannot get that. The whole experience and history of the past for the last 200 years shows that by the growth of technological methods. It is true that you cannot merely think of technological growth that just for the moment it leads to human misery. That is a different matter, provided for that. Do not imagine that minus technological progress, we are going to deal

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with the problem of unemployment. You cannot. Every country—which boasts of full employment today is a country which is technologically advanced. Every country which is not technologically advanced has unemployment or under-employment.

Therefore, if India is to advance, India must advance in science and technology, and India must use the latest techniques, always keeping in view, no doubt, that in doing so, the intervening period, which always occurs, must not cause unhappiness or misery. We have to provide for that even at the cost of progress because that is no progress which brings sufferings and misery in its train. But the fact is that our poverty is due to our backwardness in science and technology and by the measure that we remedy that backwardness, we create not only wealth but also employment.

Now we have been planning more or less methodically for the last seven years or so, that is, about two years before the First Plan came on. As we have tried to plan, we have, if I may say so with all respect, grown a little more expert in planning—not much but a little. Naturally we are getting more educated in this process. We have had the advantage of discussing these matters with real experts in India and elsewhere, realising that the problems will have to be solved by us, not by the experts elsewhere or from here. But the experts throw light on different aspects of the problems and make us think, and they point out many mistakes that we make or might make.

So, gradually, through painful processes of thought we have proceeded along this path of planning. And I have no doubt that we should continue this and learn more and more, and often make mistakes, nevertheless growing progressively a little more expert at this business of planning. Because, we want to arrive at a stage when we can assess accurately, or more or less accurately, what the next stage is going to be and to provide for it and to visualize our problems in advance, to take appropriate action before events force our hands. That is, after all, the object of planning. And people who do not believe in planning—progressively they are fewer in the world—people who believe in what is called free enterprise, even they are

gradually realising the limitations of free enterprise. Of course, in a country like India, situated as we are, there is, or there can be, no question of free enterprise in that sense. We just could not make any progress if we do that; it is not for me to advise any other country in different circumstances, it is for them to decide; but circumstanced as we are, I am quite certain that an unplanned approach according to what is called free enterprise would not make us progress at all, or, if it makes us progress, it will be a lop-sided progress. Of course, we can put up factories here and there, there may be monopolies created, riches here and greater poverty there. That is not what India aims at. Even so the total wealth production of the country will not be as much as through planned effort. That is a patent thing requiring no proof. The essence of planning is the best way to utilise your resources in men and money and everything; and the essence of free enterprise is to leave these things more or less to chance. Well, if chance is a more satisfactory way of dealing with the problems of life than carefully thought out methods, I do not quite know why there should be planning or anything at all. It means trusting to luck or it is only a different way of putting, I suppose, the old idea of *kismet* or fate. That, of course, is no good.

Therefore, all over the world the idea of planning is becoming more appreciated. But what is certainly appreciated by almost everybody is this, that for an under-developed country planning is essential. In a developed country it may not be so necessary, you can perhaps do without it, you may have wealth and you may be able to do it by other ways; but there is no other way but planning in an under-developed country like ours. And when I say planning I mean planning, not in the limited sense of priorities and the rest, but having the full picture and almost every human activity that you indulge in, because each affects the other.

Now, again, we plan for India. India is part of a region, South Asia or a good part of Asia which is more or less undeveloped. As a matter of fact, even the progress and development of India necessitates the development of other countries round about India. I do not mean to say that we cannot

develop without those countries developing, or that we should interfere in other countries. That is not my point. My point is that it is to our interests that other countries develop also. It is a completely wrong idea and an exploded motion that if other countries develop, it comes in your way. That is applied only in a colonial pattern of society where you want to buy cheap raw materials from a country under your influence and impose your goods in a protected market. That does not apply to free countries. So it is to our interest that other countries in Asia and Africa also develop. Of course, politically it has been to our interest, but I venture to say economically it is to our interest. We cannot, unfortunately, help them much, because our resources are limited. But the House knows that even with our limited resources we have done what little we could to help our neighbour countries or other countries in Asia and Africa.

Now, I just mentioned to the House that we intend raising the target of our agricultural production. This is not only because we want more food, an adequate supply of food in this country, but because we want more food even for export. Let that be understood. We talk about our resources and, as in the Plan, there is a big gap. How are we to cover that gap? It is a big gap, and for the moment there is no obvious way of covering it. One may well criticise us by saying that we have indulged in some pious hopes in leaving the plan as it is, with that big gap. Well, there are so many uncertainties about human life and planning in a great country. For my part I do not think that it is very difficult—it is difficult—but I do not think it is beyond our capacity to fill that gap and go beyond that.

Now, one of the chief things is foreign exchange. How are we to get foreign exchange? Well, the normal way to get foreign exchange is to export goods. We cannot live in expectation of the bounties of others. If somebody helps us; we welcome it thankfully, but we do not plan merely in the expectation of others being bountiful. Therefore, it becomes essential for us to export, whether it is foodgrains or industrial products or machines or whatever we may have. And we have to think more and more in terms of exporting, so as to import what we

want. Otherwise there is no other way out of it. I believe that if we pay enough attention to this export business, we can go much further than has thus far been envisaged.

The other day my colleague, the Minister for Commerce and Industry, laid stress on this necessity of export. I wish this House to realise that, and I wish it to realise also that if we are going to export in a big way, we shall have to import also. One cannot have a one-sided affair; one has to balance these things. Otherwise, one cannot simply send out things without getting something in exchange.

And let it not be thought that it is going to be a burden on us, because that would ultimately increase—apart from getting us foreign exchange—it will increase our wealth producing capacity in this country. Therefore, we should certainly think in terms of more and more exports and build up markets, and build them up more and more in terms of State trading, so that we could profit by it more for purposes of future expansion.

Now, agricultural production has a very special importance. First of all, there can be no real stable industrial economy in this country without a stable agricultural basis. We thought of that in the First Five Year Plan, and we paid considerable attention to agricultural production and we made more progress than we had expected. In fact, that gave us confidence for the future. Nevertheless, we have to do a great deal more. And when I said that we intend to have another forty per cent. increase, that is a great deal. And we can do that, because our agricultural production today is almost the lowest in the world. And we have shown in parts of India that we can increase it by a hundred-fold. It is true that it is difficult to treat the whole of India on the basis of a model farm, but nevertheless, if we can increase it a hundred or hundred and fifty-fold,—now we want to increase it by 40 or 50 per cent. on an average—and no doubt we can do it if we can apply enough thought and energy to it, that again I think is one of the things that should be made the special work of our community schemes. Our community projects and national extension service schemes do cover already about 130 villages in India and they will cover about 50,000 more every year, may be more. As

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the House knows very well, these community schemes of India are something rather unique in the way they have functioned. They are something that have grown out of the soil of India. We have learned from others certainly, but they have grown out of the soil of India and therefore they are peculiarly adapted to India. I do not believe in imitating or copying other countries regardless of conditions in India. Therefore, something which grows in India, may be learning from others, is far more effective than something foreign which we impose on the soil of India. These community projects and national extension service schemes have, I think, created a revolutionary atmosphere in our country-side wherever they have gone. I use the word 'revolutionary' in the true sense of the word and not in the bogus sense. That is, it has changed the thinking and the activities of the people there. It is pulling them out of the rut of passivity and stagnation in which our villages live.

Thus far, these community projects and others have aimed at, what might be called 'amenities' like roads, tanks, wells, school buildings and so on and so forth. Perhaps it was right, because we have to create that atmosphere. People should see that what they do, produces results. Still, some attention was paid to food production and in all the community project areas the percentage of increase in food production there is from 20 to 25 per cent. in the last three years, which is really considerable. And this, when they were not paying very special attention to it; they were paying some attention but they were paying more attention to other matters.

Now we want them to pay special attention to food production and to the growth of small-scale and cottage industries. That means two things, production industrially and agriculturally. I have no doubt that in those areas certainly our agricultural production should increase rapidly, and reach at least the 40 per cent. mark that we propose to lay down for the next five years.

Therefore, this question of food production may also be viewed from the point of view of the gap in this Plan. If we increase our food production by 40 per cent. your gap is filled or more or less filled, not the foreign exchange,

that is export of food. We may export food if we had enough of it even today. Therefore, all this revolves round production, how much we can produce in our country.

Now I shall refer to one or two matters—they are very important—but I cannot possibly deal with all the important things in this report. They are questions of administration and organisation, more particularly the matter of management of public enterprises, because the public sector is growing and will grow. Here, may I say, that while I am for the public sector growing, I do not understand, or, at any rate, I do not appreciate, the condemnation of the private sector. The whole philosophy lying behind this Plan is to take advantage of every possible way of growth and not by doing something which fits in some doctrinaire theory and imagine we have grown because we have satisfied some text-book maxim of a hundred years ago. We talk about nationalisation as if nationalisation was some kind of a magic remedy to every ill. I believe that the means of production will be owned by the nation: I believe that ultimately all the principal means of production will be owned by the nation, but I just do not see why I should do something today which fixes my progress, my increasing production, simply to satisfy some theoretical urge. I have no doubt that at the present stage in India the private sector has a very important task to fulfil provided always that it works within the confines laid down, provided always that it does not lead to the creation of monopolies and the other evils that the accumulation of wealth gives rise to. I think we have enough power in our laws, in our rules, etc., to keep the private sector in check. We are not afraid of nationalising anything. The House knows that even during the last few months we have taken some big steps. Only just a little while ago, the House was dealing with the Bill concerning insurance. These are all big mighty steps that we have taken and we are not afraid of taking them, but we do not propose to take any such step merely to nationalise, unless we think it is profitable to the nation. On the other hand, we will much rather build up national industries, new ones, rather than pay compensation to all and sometimes rather decrepit industries in order to take charge of them. Why should we, in this growing age, in the changing technology and changing

techniques, take possession of any old technique? I must rather have the latest technique and have new factories or new plants and not an old plant unless that old plant happens to serve some strategic purpose, which is a different matter; and in that case I do it because I want to hold the strategic points in our economy. Therefore, I should like the House to appreciate that the philosophy behind this report is, the public sector and the private sector are made to co-operate within the terms and limitations of this Plan.

Therefore, while the public sector obviously will grow—and even now it has growth both absolutely and relatively—the private sector is not something unimportant; it will play an important role and no doubt gradually; ultimately it will fade away.

**Shrimati Renu Chakravarty (Basirhat):** Will the philosophy be that the public sector will control all the strategic heights?

**Shri Jawaharlal Nehru:** Quite so; that is what I said. The public sector will control and should control all the strategic points in our economy. The private sector, as we have stated in the industrial policy resolution, will be given a fairly wide field subject to the limitations, etc., which are there, and it is for us, from time to time, to decide how to deal with that sector in the future.

But the point is that the field for advance is so vast. We are an under-developed country. The field for industrialisation is so vast. It is occupied by nobody. Let us advance; let the public sector advance. Why should we spend time and energy over acquiring some old factory and an old plant? I do not just understand it. We are thinking in terms of big things.

Now, let us take oil. Oil, every one knows, is of vast importance in the world today. A country that does not have its own oil, does not produce its own oil, is in a weak position, apart from losing money and apart from the amount of money that goes out in foreign exchange in respect of oil which is terrific. From the point of view of defence, the absence of oil is a fatal weakness. We want to develop it. The House knows that we have proposed to do it and we are doing it in fact. I

cannot guarantee how much oil we will have to refine in India. All I can say is that the prospects appear to be favourable. If the prospects are favourable in ten places, and if in seven or eight of them we get nothing and if we get something out of the two or three, those two or three will bring us enough returns to cover all the failures and much more. Therefore, the prospects are favourable. We have to spend money on these things. It is not a particularly easy matter to find more money. But, we have to spend it because it is of vital importance. There may be other matters which are important from the point of view, not only of developing our basic industries, but also from the point of view of certain essential commodities. Of course, the machine making industry is of basic importance. Out of it everything else comes. It is quite essential that we should develop the machine making industry as early as possible. It takes time. We are considering how far we can go, how fast we can go in establishing big chemical plants and drug making plants, all in the public sector. These are all things of advance. I want this House to realise how this vast, unexplored, at least unoccupied field lies there for the public sector to advance, and the public sector is advancing. We do not mind if the private sector advances also, provided that in regard to the major basic things, in the strategic things the public sector holds the field.

There has been some criticism and even in the National Development Council, one solitary voice was raised criticising this Plan because, it was said that it was unfair to certain regions, because some railway had not been built in some part of the country, or some factory had not been put up in some other part. This morning, in answering questions in the other House, this question was raised too and I could not answer that in answer to a question. But, I should like to say this. First of all, it is admitted that there should be every attempt to make every region, every part of India develop equally in so far as it can, and that we should remove the disparities that exist in India. There are some tremendous disparities. Some of our provinces, I would not name them, are very very poor. They do not deserve poverty. In the British days, other parts were developed. Great cities grew up, not so much as industrial centres, but as

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ports for exports to go and other reasons. We want to remove these disparities. We cannot do it suddenly. It takes time. If in the process of trying to remove that disparity suddenly, we really do something which is uneconomic, then, we are merely adding to our burden. There are some plants which can only be started in particular environments. We cannot have an iron and steel plant except where there is iron ore or coal. There is no help for that. We cannot have something else unless some other raw material is present, or unless transport facilities are there. These have to be considered. In regard to most of our major plants, we have appointed committees consisting of our own experts and sometimes foreign experts. They have gone about visiting 20 or 30 places and they have recommended some places. We have tried our utmost to allot that plant to an area where there are perhaps fewer industries. But, by and large, we have been unable to ignore the other factors which will make that plant an economic proposition for that area. If we put it in a wrong place, the plant cannot be an economic proposition. We cannot put it up there. This has to be considered. Ultimately some friends complained, you have put it up in one State and not put it up in another State. Their complaint is justified in the sense that we have to develop that State. We cannot just help it. We cannot help putting up a plant in a place where it will be most successful, because success comes in production. If it is not successful, the public sector is criticised, and otherwise, for, we create a wrong psychology.

Now, referring to the public sector, the question often comes up in this House for discussion, criticisms of the public sector, something wrong that happened—and many wrong things happen naturally in big undertakings. Another question comes up: How can Parliament control the public sector? Well, one can very well understand the desirability and even the necessity of proper controls, of checks and controls over these vast undertakings where hundreds of crores of rupees are spent. But there is one other aspect of this question which I should like to lay before the House.

The way a government functions is not exactly the way that normally businesses and enterprises function. A government rightly has all kinds of checks,

as it deals with public money, and perhaps, normally speaking, it has time to apply those checks. But when one deals with a plant and an enterprise, where quick decisions are necessary, which may make a difference of large sums of money, which may be a difference between success and failure, the way a government functions is not a suitable way for it. And I have no doubt that the normal governmental functioning applied to a public enterprise of this kind will ensure the failure of that public enterprise, because of the delays, because of the other limitations of working.

Therefore, we have to evolve a system for working public enterprises, where on the one hand there are adequate checks and protections—that is inevitable—and on the other there is enough freedom given to that enterprise to work quickly without delay. Ultimately judge it by the results. You cannot judge a government by the results; you cannot judge in that sense—I mean financially—because it is a very mixed affair. Therefore, in government, you have to be careful about the pennies, because if you are not careful about the pennies, the pounds and the rupees and what not will go wrong.

But in judging a big enterprise, you have to judge by the final results. Suppose a mistake is made. Today, a thing may be a mistake. Today, a step is taken which causes loss. Somebody in Parliament will raise the question, 'who took that step? Why was there loss of lakhs of rupees' or whatever it is. Well, the executive in that plant will never take a step afterwards. He will say, 'I will be hauled up before Parliament', so that there will be no spirit of enterprise left there, no experimentation, and he will work cautiously.

**Shri Velayudhan** (Quilon cum Mavelikkara—Reserved—Sch. \*Castes) : Change the personnel.

**Shri Jawaharlal Nehru:** But the other persons also will be afraid of the same thing.

It is interesting to see countries where there are public enterprises and everything is a public enterprise, and there they have arrived at this conclusion that you must give freedom to the man, to the executive, in charge. Tremendous freedom is given there. Of course, if there is a major loss, if the

whole thing goes to pieces, then the man in charge will suffer no doubt. But the point is he is given responsibility.

Every person who has advised us, whether it is an American like Prof. Galbraith, or a great Russian leader like Mr. Mikoyan, has told us, do not interfere with your enterprises, give them responsibility, give your executive responsibility, do not interfere. Mr. Mikoyan came to me—you know they are putting up the steel plant, it is only at the initial stage yet, but in discussing it—and said, 'You do not mind my saying this. But if you do not trust your executive, do not give him much fuller responsibility, the work will be delayed, and will suffer.' He said, 'we have come to the conclusion after considerable experience that we must trust our executives and allow them to go ahead.' Of course, there are checks and all that, but checks come afterwards—checks and audit and all that. But the chief man there must be able to do what he wants to do quickly.

If we are to go in for public enterprises in future in a big way, we must realise this fact. We cannot sit down every day and control public enterprises from Parliament. It cannot be done. Sometimes it may be useful; you save some money, but you will lose a great deal of money and the thing will not function rapidly at all, and it will develop a kind of static atmosphere, which is worse for a growing industry.

I am afraid what I have said has been somewhat disjointed, drawing attention to some aspects of this Plan. But again, I would remind the House that this book may be good reading or rather dull reading, but the subject of the book is not a dull one; it is an exciting one; it is a vast one, for it means the future of India.

**Mr. Speaker:** Resolution moved:

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

As regards, amendments, I will allow them to be moved; but I will examine to see if there is any change required or if they are in order.

**Shri N. B. Chowdhury (Ghatal):** I beg to move:

That for the original resolution, the following be substituted :

"This House while recording its general approval of the objectives contained in the Second Five Year Plan as prepared by the Planning Commission resolves that necessary modifications should be made in the recommendations of the Commission on the following lines:—

- (i) While raising resources by taxation due consideration will be made of the income consumption pattern and living conditions of the different sections of the population.
- (ii) Original recommendations of the Land Reform Panel with regard to the imposition of ceiling on land-holdings, rent, tenancy etc. should be restored.
- (iii) With a view to strengthening the public sector, no permission should be granted to the private sector for the installation of heavy industries.
- (iv) Further investment of foreign capital should be prohibited and remittance of profits on existing foreign capital in India should be strictly restricted.
- (v) Deficit financing should be reduced and the gap thus created should be filled up by tapping the surplus economic potential existing in the country.
- (vi) Comprehensive social security measures should be embodied in the Plan in the interest of the working class.
- (vii) Larger allocation should be made for rural health centres and supply of drinking water in rural areas.
- (viii) Further democratisation of the administrative structure should be provided at all levels."

**Shri Nageshwar Prasad Sinha (Hazaribagh East):** I beg to move:

That in the resolution—