

10.34 hrs.

STATEMENT RE. REAPPRAISAL OF THE PLAN IN THE LIGHT OF THE EMERGENCY

The Minister of Planning (Shri B. B. Bhagat): In my statement in the House on 17th August, 1965, I had referred to the preparatory work which had been undertaken by the Planning Commission on the Fourth Five Year Plan. I had then indicated that in consultation with the Ministry of Finance, the Planning Commission had made a fresh assessment of resources available for the Fourth Plan. Based on this assessment and after taking into account the recommendations of the Sub Committees set up by the National Development Council to advise on policy issues concerning the formulation of the sectoral programmes and resources of the Fourth Plan, the Planning Commission had prepared a paper on the "Fourth Five Year Plan—Resources, Outlays and Programmes" for the consideration of the National Development Council. Copies of this paper were supplied to the Hon'ble Members during the last Session.

This paper was considered by the National Development Council at its 22nd meeting held on 5th and 6th September, 1965. The Council resolved that the overall size of the Fourth Five Year Plan should be of the order of Rs. 19,000 crores of investment and Rs. 2,500 crores of current outlay, made up of public sector outlay of Rs. 14,500 crores and Rs. 7,000 crores in the private sector. The Council also considered that Pakistan's aggression on our border since the 5th August, 1965 created a new situation making it imperative on our part to strengthen the defence of the country. The Members of the National Development Council expressed the view that this emergent situation required reappraisal of the detailed proposals of the Fourth Five Year Plan, as submitted to the Council by the Planning Commission. Consequently the Prime Minister as Chairman of the National Development Council was authorised

to reorient, alter and improve the Plan as necessary to meet the emergent situation and safeguard the country's security and long-term interests. A copy of the Resolution adopted by the National Development Council is laid on the Table of the House. [*Placed in the Library. See No. LT-5074(A)/65*].

The Planning Commission is currently engaged in making various studies in order to determine changes that need to be made in the detailed projects and programmes of the Fourth Five Year Plan, to ensure that the requirements of defence are met as far as possible by the development of productive resources in the country. It will take some time to complete these studies. The emergent situation has also led to uncertainties as to the nature and quantum of external assistance that can be expected for the Fourth Five Year Plan. It has, therefore, become necessary to give greater priority to stepping up the measures of import substitution and export promotion. The Plan will need to ensure that the essential needs of the people are met and that the basic infra-structure is developed with a view to strengthen the economy and to sustain its continuous growth. While these detailed studies on various aspects of the Fourth Plan continue and are likely to take some time, it has become necessary to formulate the Annual Plan for 1966-67, the first year of the Fourth Plan, in order that the implementation of the programmes to be included therein are not delayed. The Annual Plan for 1966-67 has to take account of the exigencies of the present situation, and consequently it will not bear the same relationship to the Fourth Five Year Plan as it would have under normal conditions; nor will its size and content pre-determine the magnitude and dimensions of the Fourth Plan. The State Governments and Administrations of Union Territories have been asked to prepare their Annual Plans for 1966-67 taking into account the limitations of internal and external resources, completion of continuing schemes, increasing agricul-

tural production to the maximum extent possible, giving priority to quick-yielding schemes, strengthening of the infra-structure for economic growth, intensifying the family planning programme, utilization of capacities created in the fields of industry, irrigation and power. They have also been asked that expenditure on new construction be kept down to the minimum and that more intensive use be made of existing institutions and facilities. A series of meetings have been arranged during November-December, 1965 in which the Plans of the States and Union Territories would be discussed. Similar meetings are scheduled with the Central Ministries.

Similarly with regard to the current year the State Governments were requested to make adjustments in the Plan in keeping with the needs of Defence including Civil Defence; the maintenance of essential requirements and the need to conserve foreign exchange by import substitution and increased exports. The State Governments have been asked to report the adjustments made and these reports are awaited.

Shri Ranga (Chittoor): What about the 10 per cent economy cut that the Finance Minister had agreed to recommend to the States as well as the spending Departments here? Has anything been done and is anything going to be done by the Planning Commission as well as the Government here in that regard?

Shri B. R. Bhagat: That is under the current programme. The Finance Minister has already directed that even during this year the maximum economies will be effected, and for the next year also steps have been taken.

Shri Ranga: The hon. Minister should have said about that in this statement.

Shri B. R. Bhagat: That is under the current programme.

12:38 hrs.

BUSINESS ADVISORY COMMITTEE
FOURTIETH REPORT

Shri Rane (Buldana): I beg to move:

"That this House agrees with the Fortieth Report of the Business Advisory Committee presented to the House on the 4th November, 1965."

Mr. Speaker: The question is:

"That this House agrees with the Fortieth Report of the Business Advisory Committee presented to the House on the 4th November, 1965."

The motion was adopted.

12:38½ hrs.

RESOLUTION RE: CONTINUANCE
OF PROCLAMATION IN RESPECT
OF KERALA—contd.

Mr. Speaker: We shall now take up further consideration of the following resolution moved by Shri Hathi on the 3rd November, 1965, namely:—

"That this House approves the continuance in force of the Proclamation dated 24th March, 1966 in respect of Kerala issued under article 356 of the Constitution by the Vice-President, discharging the functions of the President, for a further period of six months with effect from 11th November, 1965."

Shri Vasudevan Nair may now continue his speech.

Shri Vasudevan Nair (Ambalapuzha): While introducing this resolution, the hon. Minister had stated in the course of his speech that the taking over of the administration of Kerala by the President was a kind of relief to the people of Kerala.

12:39 hrs.

[**MR. DEPUTY-SPEAKER** in the Chair]
To be very frank, I was really shocked and pained to hear a state-