

For

Immediate Programme

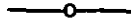


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OUR IMMEDIATE PROGRAMME



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FOREWORD

For some time past the economic situation of the country was causing grave anxiety. In fact, there were signs of a developing economic crisis—high prices, low production and increasing unemployment.

Though ours is an agricultural country and crores of rupees were spent on what is known as "Grow More Food Campaign", there was a yawning gap between the demand for and the supply of food. Huge imports on this account and our inability to boost up exports in foreign markets had an adverse effect on our balance of payments. To restore it, our rupee had to be devalued in terms of gold. Devaluation brought in its train further complications. Due to non-devaluation of the Pakistan rupee, two of our important textile industries—cotton and jute—had to face shortage of raw materials. And the programme of self-sufficiency in agricultural production became triangular in character. The country must grow more food, cotton and jute which meant replanning of targets and change in emphasis in the programme of production.

In the manufacturing industries, overheads were high with a keen demand for rationalisation. In spite of savings campaigns, investment market was as dull as before. On top of all this, the imperfect administration of Controls—a legacy of the war-time economy, was a constant source of irritation to the producers and no less to the consumers. More than ever before, the need was felt for an integrated examination of the economy of the country, fixation of priorities and formulation of an economic programme with an eye to our real resources and the aspirations of the people.

The Working Committee on 19-1-1950, after a careful appraisal of the economic situation of the country, in a one thousand word resolution, recommended the immediate appointment of a National Planning Commission by the Government. And the recommendation was acted upon forthwith.

On the appointment of the National Planning Commission, the Congress Working Committee appointed the Economic Planning Sub-Committee to draw up an immediate and a five-year programme.

I am one of those who are convinced of the fact that the economic development of this country should be on the basis of decentralised co-operative planning. I have always believed that the constructive workers and the constructive institutions created by the Congress under Gandhiji's leadership can make substantial contribution to the formulation and more to the implementation of such a plan. Arrangements were therefore made for a meeting of representative constructive workers of the country with the leaders of the Congress for the purpose of drawing up an Immediate

Programme. There were two conferences in the Government House ; the second one, attended also by the members of the Congress Planning Sub-Committee, suggested an Immediate Economic Programme to the Government. Needless to say that the programme which is embodied in the resolutions of the Planning Conference and the Memorandum of the Economic Planning Sub-Committee bears a close impression of the programme finalised in the conference of constructive workers in the Government House.

The Provincial Congress Committees and the State Governments were consulted by the Economic Planning Sub-Committee at all stages and I acknowledge with thanks their contributions in the form of illuminating notes and memoranda. The various Ministries of the Government of India helped us with available materials and data. So that the programme might be finalised through joint deliberation and exchange of ideas among the heads of our State Governments, Provincial Congress Committees and members of the Planning Sub-Committee, it was decided to request the Congress President to convene a Planning Conference. The members of the National Planning Commission were good enough to attend the final meetings of the Sub-Committee which adopted the draft Memorandum and also the meetings of the Steering Committee of the Planning Conference which considered the draft resolutions. Their presence was very helpful, but they were in no way responsible for the decisions contained in the Memorandum and the resolutions, for which the members of the Planning Sub-Committee and planning Conference are solely responsible.

The Working Committee on 1-5-50 considered the resolutions passed by the Conference of Chief Ministers and Presidents of the P.C.Cs. and the Memorandum of the Planning Sub-Committee and directed the Governments, States and Union, to take immediate steps with a view to giving effect to this programme, to the maximum extent feasible. It further directed the Congress Committees and Congressmen to educate the people on the basic principles of the plan in order to create an urge for self-help and self-advancement and to activate the masses.

This programme—essentially practical and intended to achieve maximum results bearing in mind the material and capital resources, capacity and character of our people, their immediate needs and requirements and the basic principles of a decentralised co-operative planned economy—constitutes a challenge to the constructive genius of our nation and the revolutionary fervour of the Congress Organisation. Freedom must create conditions for each individual to feel that at last he has got an opportunity to work for the salvation of his own self and the country. The success or failure of this programme might make or mar the future

of the country. Any delay or lack of enthusiasm on our part to implement this Immediate Programme would discredit the very idea of democratic planning and might pave the way for dictatorship, either of the left or of the right.

Before I conclude I have to discharge the pleasant task of thanking the Chairman of the Sub-Committee who, in spite of his many pre-occupations, could make time to give thought and direction to the work of the Sub-Committee. Much of the little that has been achieved is due to the personal interest he could take in all its phases.

The problems which this Sub-Committee had to tackle were difficult and complicated. The task was as important as it was urgent. The members of the Economic and Political Research Department, A.I.C.C. had to work very hard continuously since the date of appointment of the Sub-Committee by the Working Committee. The brunt, however, had to be borne by Shri K. Mitra, Secretary to the Department, who worked throughout with indefatigable zeal and energy. I wish to record my warmest appreciation of the work of Shri Mitra and his colleagues in the department.

New Delhi,
17 May 1950.

SHANKARRAO DEO,
Convener.

CONTENTS

	PAGE
Foreword.....Shri Shankarrao Deo	iii
PLANNING CONFERENCE	
Inaugural Session	
(i) Dr. Pattabhi Sitaramayya's Speech... ..	1
(ii) Pt. Jawaharlal Nehru's Speech	12
(iii) Pt. G. B. Pant's Speech	17
(iv) Shri H. K. Mahtab's Speech	21
Concluding Session	
(i) Sardar Patel's Speech	24
(ii) Pt. Pant's Speech	31
Resolutions of the Conference	33
Memorandum of the Congress Planning Sub-Committee	44
Appendix to the Memorandum (Procedure of work of the Congress Planning Sub-Committee)	89
Appendices	
(i) List of Persons who attended the Conference	91
(ii) The Steering Committee	93
(iii) Resolution of Congress Working Committee— Planning Commission	94

INAUGURAL SESSION OF THE NATIONAL PLANNING CONFERENCE

(New Delhi, 25-4-50, 10 A.M.)

INAUGURAL ADDRESS

By Dr. B. PATTABHI SITARAMAYYA,
President, Indian National Congress.

The origin and development of the principle of planning as well as the progress of the deliberations of the National Planning Committee were not the sudden growth of a passing idea, but have had behind them a whole decade of incubation before the Committees appointed in this behalf came forward with their report. A review of the history of the Congress of the period beginning with Salt Satyagraha and its sequelae—the chief of which was the Gandhi-Irwin agreement—brings to light an outstanding resolution relating to Fundamental Rights passed at the Karachi session in March–April 1931 as it finally emerged in August 1931 for the session of the A.I.C.C. in Bombay. In that resolution we had laid the foundations of the chapter headed Fundamental Rights which finds a place in a more elaborate form in our Congress Constitution of January 26th, 1950. The sections there in dealing with Labour and Economic and Social programmes witnessed the next stage of progress in the resolutions on *Swadeshi* and the *All India Village Industries Association* passed in 1934 and they were followed by the famous resolution on Agrarian Reform passed by the Lucknow Congress in April 1936. This last was in a sense the first essay in the Charter of Agricultural Labour. Again, these several problems found expression in the Election Manifesto of August 1936 on the basis of which elections were contested to Provincial Legislatures in February 1937, which ultimately led to Congress coming into power in eight out of eleven provinces of India in 1937–39 (Oct.). The Manifesto emphasized the appalling poverty, unemployment and indebtedness of the peasantry—fundamentally due to antiquated and repressive land-tenures and revenue systems and called upon Provincial Congress Committees to frame full agrarian programmes. The Working Committee of the Congress followed up the idea in August 1937 by recommending to the Congress Ministries “the appointment of a Committee of experts to consider vital and urgent problems the solution of which was necessary to any scheme of national reconstruction and social

planning." This meant elaborate surveys and collection of data, to prevent floods and soil erosion and promote Hydro-Electric Schemes. To effect these mighty changes, the Working Committee of the Congress authorized in July 1938 Shri Subash Chandra Bose, the President of the Hariipura session, to convene a conference of the Ministers of Industries. The Ministers met in October 1938 and a Planning Committee was formed. The scheme elaborated by it included heavy key industries, medium-scale industries and cottage industries. Issues thus were soon becoming complicated or preferably clarified because as early as in March 1931, the Karachi Congress had laid down that "the State shall own or control key industries and services, mineral resources, railways, water-works, shipping and other means of public transport." Pandit Jawaharlal Nehru was made the Chairman of the Committee and under the spur of his direction, the Planning Committee came into existence, and from June 1939 to September 1940 the Committee and its 29 Sub-Committees worked with energy and enthusiasm. The outbreak of open hostilities between Congress and Government in October 1940, a year after the commencement of the 2nd World War, the Congress Programme of Individual Civil Disobedience, and the subsequent open Rebellion, broke the even tenor of the Committee's progress till June 1945 when the Working Committee was released and the Chairman's *first* act centred round his *first* subject of interest in the very month. It was in September 1946 that the National Government was formed and unfortunately National Planning had to be excluded from its domain of work owing to obvious reasons. But with the declaration of a Sovereign Independent Republic on 15th August 1947 planning came to its own so that today a Governmental Planning Commission is duly constituted with the Prime Minister who had been the Chairman of the non-official committee as the head of the official Commission as well. This Conference is a gathering of the members of the Planning Committee and the non-official heads of the Congress organisation whose initiative it is that had led to the establishment of the Planning Commission. (The Constitution of the country embodies certain fundamental rights and certain Directive Principles of State Policy which are related intimately to the social and economic organization to be evolved and which must be translated into practical programmes. It is to implement and make effective these declarations and directives of the Congress that a Planning Commission has been set up. I can readily see that ere long complications and even conflicts may ensue as between the deliberations of the Commission and the concepts of the Congress organization. To concert measures to avoid such friction should be one of the objects of this little conference. We may advantageously lay down a procedure to correlate the work of the Economic programme of the Congress and the decisions of the National

Planning Commission so that the resultant of these may constitute the Industrial policy of the Governments—Central and State.)

I

I must not omit a reference at the outset to changes which happened on the eve of the war and on its conclusion. The Act of 1935 left the Development of Industries as a provincial subject while it was open to the Centre to declare by Law that the development of certain industries under central control was expedient and then they would become a central subject. But the second World War broke out suddenly and no such law was passed. Central control was however assumed and a Department of Supply was set up. On the eve of the conclusion of the war, the Government of India issued an important statement on Industrial supply and newly created a Department of Planning and Development as they felt that it could not be left 'to the haphazard and unco-ordinated efforts of private interest.' A number of panels were set up and they reported. On the cessation of hostilities this department was abolished and the executive responsibility of carrying out their accepted recommendation was transferred to the newly created Department of Industry and Supply. Thirty-six Working Committees were set up in August 1946 and they made important recommendations. But the partition of the country in August 1947 and the recommendation of the Industries' Conference held in December 1947 necessitated the reconstitution of the Working Committees. Twenty-nine Development Committees were set up. They were reconstituted on the 10th May 1949 with the same old terms of reference and with 10 to 12 Members each on an average. Their recommendations were placed before the Central Advisory Council of Industries which met in January and July 1949.

II

We all remember that our Independent Democratic Republic is not the result of a revolution but a well-considered adaptation of the pre-existing set-up to the new ideals for which we had to fight hard. During the course of such a fight it was not always as if we had followed the double path of constructive and fighting programmes together. Despite the twofold programme pursued by the Congress since 1921 the fact remains that we were more intent upon relieving ourselves of the incubus of foreign domination than plan out the future in relation to organization of society, administration of Government and ministration to the people. It is true that our boycott of foreign goods was coupled with the promotion of Khaddar, and our planks of removal of untouchability, abolition of sin-money and communal unity were in themselves positive and constructive aspects of life. But, on establishing

our full freedom we have not been able to write upon a clean slate. We have had to fit in our modern, moral socialistic principles into the texture of an old form of society and Government which we have inherited. The difficulty has been particularly great in respect of transplanting a Gandhian scheme of life—pure and unadulterated—into the economic scheme which has been in vogue these seventy or eighty years. Thus while national planning and its 29 committees have embraced the whole field of life and society, special stress has come to be laid upon the economic reorganisation of the people and the social reconstruction of land policy and tenures on that basis. In a word, "Planning under a democratic system," as our Chairman has said, may be defined as the technical co-ordination, by disinterested experts, of consumption, production, investment, trade and income distribution in accordance with social objectives set by bodies representative of the nation. Such Planning is not only to be considered from the point of view of economics and the raising of the standard of living, but must include cultural and spiritual values and the human side of life.

Accordingly the Government that has held office since September 1947, has handled this question with that devotion and delicacy which the vicissitudes to which it has been subjected, necessarily imposed upon the Ministers, for their difficulties were considerably augmented by reason of the partition of the country, the emigration of nearly 90 lakhs of people, the murder of 7 lakhs of the population, the Refugee problem, the Kashmir question and Police Action in Hyderabad. The food problem naturally overshadowed every other problem and gave point to the theory of a planned life. Production declined, inflation stared the nation in the face. Industrial output was on the wane. (Dr. Mukherjee, the Minister of Industries convened a conference of Industrialists in December 1947 and pleaded for increase in Industrial production based upon the fullest co-operation between Capital and Labour. The Congress in strict conformity with its well-known principles pleaded that :—

1. New undertakings in Defence, key and public utility industries should be started under public ownership. Monopolies should be run on the basis of public ownership ;
2. The process of transfer from private to public ownership should commence after a period of five years ;
3. To secure efficient development and conduct of public-owned industries, suitable administrative agencies should be set up.
4. In private industry the existing system of Managing Agency should be abolished as early as possible.

5. A five per cent dividend in terms of employed capital will be the maximum limit for distribution of profits. Out of the profits earned in any year, after setting apart 3% on employed capitals as dividend and another portion to be earmarked by Government for schemes of social welfare and industrial improvement, should be shared between the workers and the shareholders in proportion to be fixed by Government.

The industrialists protested and the Prime Minister threw oil on troubled waters. Shortly after, the budget of '48 March gave some relief to capitalist endeavour, and in April 1948, a clear statement of industrial policy was laid before the Dominion Assembly.

"The Central Government decided that the manufacture of arms and ammunition, the production and control of atomic energy, and the ownership and management of railway transport should be its exclusive monopoly. Further, in any emergency, the Government would always have the power to take over any industry vital for national defence. In the case of the following industries, the state—which in this context, includes Central, Provincial and State Governments and other Public Authorities like Municipal Corporations—would be exclusively responsible for the establishment of new undertakings, except where, in the national interest, the State itself found it necessary to secure the co-operation of private enterprise subject to such control and regulation as the Central Government might prescribe:—

- (1) Coal (the Indian coalfields committee's proposals will be generally followed).
- (2) Iron and steel.
- (3) Air-craft manufacture.
- (4) Ship building.
- (5) Manufacture of telephone, telegraph and wireless apparatus, excluding radio receiving sets.
- (6) Mineral oils.

"While the inherent right of the State to acquire any existing industrial undertaking will always remain, and will be exercised whenever the public interest requires it, Government have decided to let existing undertakings in these fields develop for a period of ten years, during which they will be allowed all facilities for efficient working and reasonable expansion.

"The following industries whose location must be governed by economic factors of all-India import, or which require considerable

investment or a high degree of technical skill, will be the subject of Central regulation and control:—

- (1) Salt.
- (2) Automobile tractors.
- (3) Prime movers.
- (4) Electric engineering.
- (5) Other heavy machinery.
- (6) Machine tools.
- (7) Heavy chemicals, fertilizers and pharmaceuticals and drugs.
- (8) Electro-chemical industries.
- (9) Non-ferrous metals.
- (10) Rubber Manufactures.
- (11) Power and industrial alcohol.
- (12) Cotton and woollen textiles.
- (13) Cement.
- (14) Sugar.
- (15) Paper and newsprint.
- (16) Air and Sea Transport.
- (17) Minerals.
- (18) Industries related to defence.

“ The Government of India, while retaining the ultimate direction over this field of industry, will consult the Governments of the Provinces and States at all stages and fully associate them in the formulation and execution of plans. Besides these Governments, representatives of Industry and Labour will also be associated with the Central Government in the Industrial Advisory Council and other bodies which they propose to establish, as recommended by the Industries Conference.

“ Cottage and small-scale industries have a very important role in the national economy, offering as they do scope for individual, village, or co-operative enterprise, and means for the rehabilitation of displaced persons. The industries are particularly suited for the better utilisation of local resources and for the achievement of local self-sufficiency in respect of certain types of essential consumer goods like food, cloth and agricultural implements.

“ The Resolution of the Industries Conference has recommended that Government should establish a Cottage Industries Board

for the fostering of small-scale industries. The Government of India accepted this recommendation and proposed to create suitable machinery to implement it. A cottage and small-scale Industries Directorate will also be set up within the Directorate-General of Industries and Supplies.

“ The system of remuneration to capital as well as labour must be so devised that, while in the interests of the consumers and the primary producers, excessive profits should be prevented by suitable methods of taxation and otherwise, both will share the product of their common effort, after making provision for payment of fair wages to labour, a fair return on capital employed in the industry and reasonable reserves for the maintenance and expansion of the undertaking.”

The Industries (Development and Control) Bill designed to provide for the regulation and control of 25 groups of industries in the country was introduced in the Parliament on March 23, 1949, by Dr. Shyama Prasad Mukherjee. The object of the Bill was to provide the Central Government with adequate powers to :

- (a) require an industrial undertaking to stimulate the development of the industry,
 - (b) regulate its production and the use of raw materials therein and the fixation of standards of production,
 - (c) issue directions for prohibiting it from resorting to any cut or practice which might reduce its production capacity or economic value,
 - (d) require it to provide facilities for the training of technicians and labour,
 - (e) collect any information or statistics in respect of any controlled industry,
- and (f) to submit special and periodical reports and returns to the Government:

“ The Bill is a landmark in the industrial legislation of India and marked the beginning of planning for industrial development in this country,” said Dr. Mukherjee in the Dominion Parliament on the 6th of April. Explaining the object of the Bill he said, “ The industrial policy of the Government of India pronounced last year had been endorsed by the House and the Bill was only seeking to implement that policy by giving certain powers to Government which would make it possible to discharge their obligations.”

The paucity of investments in the country had turned our attention to foreign investors and in response to demands from several quarters, the Prime Minister had to clarify the position of

the Government of India as to the question of foreign capital. The Prime Minister stated in the Dominion Parliament:—

(“ Foreign interests would be able to earn profits subject only to regulations common to all. Existing facilities for remittance of profits will continue and Government have no intention to place any restriction on withdrawal of foreign capital investments, but remittance facilities would naturally depend on foreign exchange considerations.

“ If and when foreign enterprises are compulsorily acquired, compensation will be paid on a fair and equitable basis.”)

III

Planning is not new to India. It is the basis of the much discussed system of the four castes and the four ashrams. Not only are the duties of each individual planned and predetermined which later become hereditary and varied according to birth, applicable to whole society, but it is enjoined on every individual that in his own life in each of his ashrams he should discharge certain obligations, relevant thereto: In India duties prevailed over rights so that rights did not determine duties. In apportioning such duties amongst the various factors of society, the needs of society as a whole were taken into consideration. These needs fell under two heads,—produce or products on the one hand and services on the other,—Agriculture provided the former, the Arts and Crafts provided the latter. Villages were organized so as to constitute and comprise aggregates of cultivators on the one hand and craftsmen and artists on the other. The Science and Art of agriculture is embodied in thousands of aphorisms observed by the unlettered cultivator in close reference to the seasons, the equinoxes, the movements of the moon through the twelve Houses of the Zodiac. Every crop has its time of sowing and reaping correct to the hour and the minute stated in an aphorism or epigram. The very manures appropriate to each crop and the time and manner of utilizing them are embodied in proverbs which run into thousands. The aberrations of nature, the warnings of untimely rains and winds, the evils of failure in time of—let alone rains—the clouds and the weather are known to the elderly cultivators. Every craftsman is an agriculturist having an Inam enough for supplying family needs. These Inams were added to as increasing population established new villages in the country and brought new land under cultivation. The craftsmen covered carpenters and smiths, potters and cobblers, barbers and dhobies, spinners and weavers. Besides craftsmen you have the priest and the physician, the magistrate and the accountant, the teacher and the astronomo-astrologer. Craft guilds were organized to regulate production so as to prevent unemployment. In our country we have under-employment rather than unemployment.

While society is thus regulated in relation to its economic needs and social services, the life of every individual is planned and regulated with reference to his own training for a profession and marriage, and to his obligations to family and society. Till twenty-five he is engaged in studies at the house of his Guru. Till fifty-one he leads a married life, between fifty-one and sixty-one he renounces family life and is engaged in ministering along with his wife to the needs of society as a *Vanaprastha*. Finally he renounces the world and becomes a *Sanyasi* wandering alone. Only those who have reached the stated age can appreciate the full significance of the last of these stages. These facts show how every Indian has his life—individual and social—regulated, controlled and directed to common good. And imagine—all this being carried out not by force of Law, but by respect for public opinion—which is but individual conscience sublimate. Today we are thinking under changed conditions of Planning by State and by Law.

IV

There is one aspect of the edifice Planning which may strike one as novel but it really forms the cupola of nationalism. Here we have about 30 States speaking 12 different languages, irregularly distributed amongst them. While some are homogeneous States with one language there are heterogeneous States with more than one language and there are languages which are spoken in more than one State: the latter only make for consolidation of language and literature while the former disturb the energies of the States. While this is so and this calls for an urgent replanning of the States in India on a linguistic basis, there also remains the more novel idea of unifying the literary output of the country by a process of inter-currency of literature. In other words, the literature of any one of these twelve languages must be rendered into all the other eleven languages. To this end, it would be necessary to create a class of men and women in each State who know two or three languages of the States in the neighbourhood or States of their own choice. Government may advantageously allot 10 lakhs of rupees every year to be distributed at the rate of Rs. 1 lakh for each language area in order to enable, by offer of prizes of Rs. 1,000/- each, a few hundreds of men and women who are proficient in their own mother-tongue to acquire the languages of the States in the neighbourhood or States of their choice. It will be the duty of these multi-lingual scholars to render into their own language the literature of other languages and *vice versa* so that in the space of ten years, the vast output of literature that has been growing in rapid progression in each of these twelve languages may be common to every single language area. When this is done, it will be only necessary to introduce a common script in order to establish a common language as it were and a common literature

for the country. This is not a five-year programme but perhaps a three-five-year programme, but a programme which may well be considered by the Planning Committee.

V

Planning of national life cannot be the exclusive concern of the Centre or the States. The division is itself an artificial one devised for reasons of convenience and facility of administration. Otherwise all Governments must be one and indivisible and even so, all finance. We have, however, adopted the Federal form of Government with the Provinces as units enjoying autonomy but parting with some of the national functions and duties to the centre, together with the sources of revenue required therefor. But as planning covers the whole range of life from marriage to Martial Law, from property to Death Duties, from raw produce to finished products, from production to distribution and consumption, from collective farms to co-operative endeavour, indeed as planning embraces the whole gamut of Government, the operations of the Planning Commission cannot be the sole care, and exclusive concern of the Centre or the States.

Planning is based upon the rights that citizenship carries with it and the duties that these rights are correlated to. It is a well-known fact that "Democracy is based upon the recognition of equality of citizenship of all men and women and their rights to adequate means of livelihood upon the doctrine that the ownership and control of the material resources of the community are distributed so as to subserve best the common good of society and finally upon the caution that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment." (Accordingly the Planning Commission will, it is said:

- (1) make an assessment of the material, capital, and human resources, of the country, including technical personnel, and investigate the possibilities of augmenting such of these resources as are found to be deficient in relation to the nation's requirements;
- (2) formulate a plan for the most effective and balanced utilisation of the country's resources;
- (3) on a determination of priorities, define the stages in which the plan should be carried out and propose the allocation of resources for the due completion of each stage;
- (4) indicate the factors which are tending to retard economic development, and determine the conditions which, in view of the current social and political situation, should be established for the successful execution of the plan;

- (5) determine the nature of the machinery which will be necessary for securing the successful implementation of each stage of the plan in all its aspects ;
- (6) appraise from time to time the progress achieved in the execution of each stage of the plan and recommend the adjustments of policy and measures that such appraisal may show to be necessary ; and
- (7) make such interim or ancillary recommendations as appear to it to be appropriate either for facilitating the discharge of the duties assigned to it ; or on a consideration of the prevailing economic conditions, current policies, measures and development programmes ; or on an examination of such specific problems as may be referred to it for advice by Central or State Governments. >

The recommendations of the Commission will have to be implemented by the Centre as well as the States. Perhaps herein lies the weakness of the organization. The Centre has appointed the Planning Commission. The States have to implement their recommendations. One can readily see that such a dyarchic process requires the fullest measure of harmony and co-operation between the Centre and the States. The Centre may easily hope to command the moral influence required for the purpose and the States may equally readily be expected to offer the necessary response in a spirit of co-operation and fellowship. Like all programmes in life, State Planning will unfold itself to the Committee as the road reveals itself to the motor driver in the thick of a fog. Let us not be baffled by the magnitude of the task but straight-way take the wheel with the feet on the clutch and accelerator.

PANDIT JAWAHARLAL NEHRU'S SPEECH

Mr. Chairman and Friends,

You, Mr. Chairman, have been commendably businesslike. I hope I shall follow your example. There is no particular point in talking to anyone about this subject which is so important and to which all of us have given a great deal of thought in the past. Ultimately whatever shape Planning may take, first of all we should know exactly what we want and that we should try to use our resources to the best possible advantage. Sometimes it is said that because our resources are limited at the present moment, therefore, the necessity for planning does not arise. Well, it is immaterial, if I may say so, whether the resources are more or less. The necessity for planning is there always so that you may use them to the best advantage, if there are resources. If there are not much resources, we need planning so that we may not waste. We have a Planning Commission now which has started functioning and we have the Planning Committee appointed by the Working Committee of which Shri Pant is the Chairman. The Congress President has convened this Conference of Chief Ministers or their representatives, the Provincial Congress Committee Presidents or their representatives. I think it was a happy idea to convene this Conference in the particular way it has been done, because it becomes symbolic to some extent of our approach—that the official approach as well as the popular approach being combined together. That creates certain difficulties no doubt. This Conference may, for instance, decide and recommend some things which possibly the Government or the official Planning Commission may find difficult to give effect to later after full consideration of the subject. Certain difficulties may arise but I think that can be got over if we proceed wisely, but the main thing is that planning on any big scale is sometimes a much bigger thing than putting up say odd factories or even river valley schemes. They are parts of planning no doubt but some people imagine that planning consists in doing these odd jobs which are very desirable and important. Planning does not consist of that. Planning consists of integrating and having an over-all view of the general conditions and then trying to progress all along the line giving certain priorities. I am afraid in spite of a great deal of talk of planning, what we, as government have done in the past—and I speak with diffidence about the Provincial Governments—but I think possibly it may be true even of them—that we have tried to make good in many directions. Different Ministries naturally have been anxious to show results but they have not achieved that amount of co-ordination even within Government and much less between Governments or between the State Governments and the Centre. Certainly I may frankly confess that the Central Govern-

ment have been doing some planning. Of course there is an overall picture but not that concentrated and careful attempt to see the whole picture and try to fit everything into it. The time for this has come; in fact it came long ago. Anyhow we have made a beginning.

However well the Government functions in this respect, I don't think it is possible to give a clear effect to any big schemes without public support, without realisation and understanding by the public as to what is being done by and large and their support. That is most important and that is why it becomes essential that the main organization which represents the public, viz., the Congress should be particularly drawn into this picture. I am very happy that our National Planning Commission and the Congress Planning Committee are frequently considering this with each other and trying to understand each other and co-operate as much as they can in these initial stages. In fact at least one Member is common to the two and he is the link between the two, which is very necessary. Apart from the general public support, I think we have to create a feeling in the public of understanding what is being done. I will give you a very minor instance that happened to me day before yesterday. I was going up and down the Damodar Valley and looking to the work that was being done there. It is always rather exciting to see a big construction project under way with hundreds of people building up something. Any building up is always exciting and it is exhilarating to see thousands of people working on the various dams etc. There were a few engineers at work and they were quite enthusiastic and they explained to me the various processes etc., and what they were doing. I was happy to see their enthusiasm.

Then I asked them "Have you explained all this to the workers who are working there?" They all looked sheepishly at one another and said: "We have not tried to explain this to them." Then I went over to the workers and collected them and said: "What are you doing?" They said they were engaged in digging earth or whatever they were doing and I asked them "What does this lead to?" Their answers were very vague. They did not know. Of course, they were building something but they had no conception of the thing. So I spoke to them for a little while and tried to explain to them briefly what the responsibility of the workers was—that although their work was very small they were in fact engaged in a very big undertaking which would convert the country-side into a prosperous place, provide employment for hundreds of thousands of workers, would prevent floods which destroy crops and their villages, bring more lands under crops, would provide hydro-electric power for industry, etc., etc. All this I briefly tried to explain to them. Not that all were interested, but somehow there was some impact on their minds, and one or

two asked questions. If I had more time I could have pursued the matter, but I did this more to point out to the engineers and other officials in charge that they should never forget this public approach aspect. In the interest of the worker himself, if he is made to feel that he is engaged in some very big undertaking and is not merely working for Re. 1/- or Rs. 1/8/- per day, he will take more interest in his work and he will work better. The people who actually work, the real people in the neighbourhood, should know all about it. Then you get more co-operation from them. So it is very important that whatever plans we make, whatever schemes we undertake, we should try to put them across to the people concerned, the people who work, the labourers as well as all others round about, as well as, ultimately, the whole country. They must know what they are doing, that they are taking part in a huge undertaking, a huge enterprise. It does raise the morale of the people. The worker should know that he is doing something big, and not merely working to eke out a livelihood. One thing that we should learn from Russia is the way they energise the whole country-side for their various plans. Now, it is quite immaterial what their theory is, what their state structure is, but the fact is that whatever they do, build dams or anything, the whole country talks about it. One hears of the Dnieper dam. People talk about it. People discuss it. Everyday, or every few days, you hear, it has gone up by a few more inches. It is going up and up and up, and the morale of the state was raised by it. Now we cannot do that, although everybody appreciates the need for public approach. Look at our newspapers. They are all full of news, mostly consisting of occurrences—a record of our troubles and conflicts. I am afraid they have got to be recorded, but it is very important, both from the domestic and international points of view, to show what we are doing. So the first thing is this—take the people around into your confidence, and explain your activities to the workers. Make them have a sense of sharing in a big undertaking.

But, of course, for the moment you have met here, not perhaps to discuss that aspect, although it will be worthwhile to do because Government may be able to help in that, but essentially it is the job of the Indian Congress Committees. They take it up and naturally they can coordinate, in their tasks between the Government agency and the Congress. Therefore, it is essential that you all meet here and discuss the various aspects of planning which, presumably, will mean certain questions of priority, may be certain questions of controls, which excite people, and other like questions. Of course, you should first have a clear idea of what you are going to do first and what next. Then you must have some kind of objective—may be in the vaguest terms—but you must have an objective. Merely saying that you are working for the good of the people is no good. Everybody talks about it, but some kind

of objective is needed. You will have to lay it in terms of what I call the actual theory, to start discussing the various approaches to the problem—the practical approaches. As I said right in the beginning, the representatives here, in this conference, will lend their weight to the decisions because they are men of experience and can sense public reactions. They know what the public feel. The public may or may not feel rightly—certainly about such complicated matters they may not feel rightly. Each will think in terms of his own land, or district or state, if you like. They cannot see the whole picture. Therefore what they may decide may not be right from the point of view of all-India planning. There is, I believe, a certain measure of waste of effort—overlapping of efforts—trying to do the same thing instead of doing new things—that ought to be avoided. Therefore, it would be wise, it would be necessary, to have this integrated all-India picture, in which all people concerned and all the organizations—Government and non-official, cooperate. While we are discussing planning, the Government of India's drawers and shelves are full of schemes, and, no doubt, each State Government has also its plans or schemes round about it, but, I have premonition that we have not yet done what is essential, *i.e.*, see the whole scheme in relation to each other, in relation to things that could definitely be laid down, and then ruthlessly cut down what is secondary and concentrate on the primary objectives. Because, otherwise, all our energy is spread out and nothing really big is achieved. And that is what has happened. We have got so many excellent schemes. Every scheme is good, but then, you have to choose as to which you are going to do now, and not set about doing everything at the same time.

So it becomes necessary to consider very carefully the whole picture. Take even the question of controls which is highly important from the public point of view. In having controls we may not perhaps be thinking at the time of what the consequences of a decision on that particular control may be on another control. It becomes an important matter and the average man will think of it in its isolation and not in regard to its consequences on other matter like cost of living index going up or how it affects inflation. Unless you consider the whole thing you can't decide and you cannot obviously sitting at a Conference like this, decide or consider the details. It can only be done by close application by a select body of men who can then present the whole picture and when it comes before the Government it can decide this way or that way. That is the whole object of the Planning Commission which has nothing to do with the day to day work of Government, which all of us have to do. We have to take up the question suddenly in the middle of so many other matters and decide and we can't simply give that close thought to all the inter-related phenomena which the question deserves. Therefore a body of experts give

their thought to these questions, see them in their entirety and make their recommendations to the Government. Government will then know every aspect of the question and decide. I don't know how you are going to proceed here but however you may proceed. I am quite sure that the real fact that you have joined together here and are considering this matter will help us, and will help each one of you so that you may go back with this idea of planning on this scale as I have indicated, not in any isolated way of carrying out the schemes but an integrated way, trying to reach a particular objective and concentrate on important things which will form the foundation on which you can build and so your decisions will receive the most careful attention from the various Governments concerned, always, of course bearing in mind that whether it is Government or Planning Commission, they cannot finally commit themselves at this stage in a Conference to any particular policy. They may pay the greatest attention to what you say and then look at the broad picture and make their own recommendations to the Governments.

PANDIT GOVIND BALLABH PANT'S SPEECH

I am thankful to the President for having convened this Conference at the request of the Planning Sub-Committee appointed by the Congress Working Committee. I am grateful to you all for your presence here today at such a short notice. All of you are busy people and in spite of the difficulties that stood in your way, you have been good enough to come here to take part in these deliberations. Now, I would just like to tell you how we have tried to discharge the duty that was imposed on us by the Working Committee. This Planning Sub-Committee was appointed about two months ago. Immediately after our appointment we had the opportunity of meeting the Presidents and Secretaries of the Provincial Congress Committees. After that we have been in communication with the states and the Central Government and also the Provincial Congress Committees. In fact we have throughout tried to think aloud in a way, to share our tentative decisions with you all, to seek guidance from you, to adjust the decisions or conclusions reached by us from time to time in the light of your observations and comments and we are obliged to you for all the assistance that you have given us. We have received very valuable notes from you and most of the State Governments have sent us their programmes for the shorter as well as longer term of five years. Some of us had the opportunity of meeting the constructive workers at the conference that was held here last month. Some of our members had also occasion to attend the Sarvodaya Conference that was held at Angul. Here we have been acting more or less in close association with the Planning Commission. Nevertheless, so far as the views expressed in the memorandum that has been circulated are concerned, the Planning Sub-Committee alone is responsible for them except for Shri Nanda who is a common member of both bodies and is in that position also answerable with us for the views expressed. The Planning Commission as such is in no way bound by what we have said and is perfectly free to take its own decisions. We have sent notes of our discussions and also of everything that was done here continuously to the various State Governments and the Provinces. Here, before meeting in this conference today, we had the opportunity of discussing all that is contained in the memorandum among us. Certain changes have been made in the memorandum. Perhaps, they have been circulated already or they will be circulated shortly, but they do not affect anything fundamental. So far as the general structure goes, it remains intact and unshaken. We had also sent you in advance the address of our President. He was good enough to send that address to us, so that we might circulate it. Thus, you have been able to study what the President has been pleased to observe in his address and you had today the benefit

of listening to the remarks made by our Prime-Minister who knows more about Planning in this country, if I may say so, than anybody else, having devoted considerable time to the examination of this subject also in his non-official capacity. You may have seen the monumental report of the National Planning Committee which contains all the possible imaginable data and material that one can think of in this connection. Now, I do not think it is necessary for me to deal with the subject of Planning or with the suggestions that have been put forward in this memorandum. Planning has become almost a hackneyed phrase. Everybody has been talking of Planning, but still, little progress has been made. This conference today will, I hope, mark the dawn of that era of achievement.

Many schemes have been framed from time to time not only here at the Centre, but also in the Provinces. Planning obviously implies co-ordination and determination of priorities, but what Planning needs above all is the active co-operation of the nation and of the people if Planning is to yield adequate results. The framing of schemes is not difficult. A few experts can sit together and give us almost perfect schemes, but the real point is how even modest schemes can be brought to fruition. Government agency cannot by itself prove adequate for this purpose, and, if I may say, it has not proved adequate because from its very nature it cannot undertake all that Planning demands on a large scale. What we need is not only the support but the enthusiasm of the public. Our Plan should be national in the true sense. Every citizen in the country should know what we are after, what is our objective, why we have placed that objective before ourselves, how we intend to achieve our central purpose and what are the phases through which our Planning should be worked out. The fundamentals of the present situation are obvious enough. There is a scarcity of essential commodities, foodgrains, cloth, building material, cement, iron and steel and many other things. It is necessary to increase production and it is necessary to co-ordinate all possible activities so that there may be no waste, no over-lapping and no lack of forethought and foresight. For that we have to plan wisely and carefully. Again we find that we are backward as a nation inasmuch as we have no capital goods ourselves, we have no means to produce capital goods. Then there is lack of capital. Capital has become still more shy lately and we have often to import but seldom to export. Latterly, there has been some improvement in the import-export position, but still the fact remains that we need not only capital goods but sometimes even ordinary machines, tools and plants. We also want sometimes consumer goods. We cannot carry on our life here in a decent or a reasonable way and sometimes we have to import parts of machines for requirements without which the machines cannot function. We require capital for all these which ultimately means that we

must have goods to export in return for what we have to import. So we want that spirit in the country which will induce people to go in for a period of austerity, to accept the principle of self-denial and also of voluntary sacrifice in order to save what may even be ordinarily necessary for their day-to-day requirements, and what, out of regard for the bigger and the higher objectives which we have in view, has for the present to be sent abroad. That is not possible unless the people are plan-conscious and unless there is an urge to raise the standard of life and to work for it in a methodical way. There are many problems as to how to improve agriculture, how to produce more food, how to produce more fuel and how to get more out of our village and small-scale industries, how to adjust our imports and exports consistently with the needs of our country, how to mop up the surplus purchasing power and how to form capital because without that capital we cannot make much progress. Then there is the vexed question of controls which has been the subject of very fierce and acute controversy and will continue to do so, because these interests clash and we have not yet been able to place before the people a rational statement as to why controls are necessary and in some cases unavoidable. Then the salient fact on which we have to rely for the achievement of our objective is the enormous man power that is altogether idle today. How to make use of this man power?—That is the fundamental issue. For if we can introduce that spirit of self-help, that urge for self-improvement, and if we can activate the masses today then we can accomplish all that we desire. The handicap of capital will be got over. After all capital is needed for making payment for labour ultimately. The dignity of labour has not yet been fully recognised in our country, nor the basic fact that if we have so many men who can give us the essential and the fundamental thing which counts, that is labour, then we can work wonders and miracles. That is why it is necessary that all non-officials should come forward. The leaders of the people are there to help you. But unless they move and move with vigour and energy we will not be able to bring about that psychological change in our people without which it will be difficult to achieve anything within a measurable distance of time. I hope that this conference and other means that may be adopted hereafter for not only framing a Plan but for making the plan truly national will fulfil the purpose that we have in view. After this I would suggest to the President that he might ask the members here to express their views generally and on the main issues that are confronting us. We will then form a Steering Committee of which the number will be determined by the Conference itself, but, perhaps, 12 will be a suitable number. That is for you to decide. Then that Committee would meet and consider the resolutions. Some drafts have been prepared, but we have not been able to polish them or to give

them a final shape, but, all the same, there will be something you will be able to revise and examine. Then we meet again in the Conference sometime in the afternoon, I think, at about 5 p.m. We propose to meet again tomorrow in the morning in the Committee to finalise whatever may be left over and in the Conference thereafter at 11 a.m. We have requested the Deputy Prime Minister to bless us before we disperse and I hope he will be good enough to do so.

SHRI HARE KRISHNA MAHTAB'S SPEECH

Please do not misunderstand me because I am speaking what I have thought is right. All the members of the Working Committee have not read the Planning Committee's Report. Recently, the Planning Commission, set up by the Government, is not looked upon with great favour by many of us. Here in meetings of congressmen or in party meetings we show our enthusiasm. If members are not convinced about a certain thing, they should not do it, merely for the sake of popularity or for getting votes. The memorandum has been placed before us by our respected leader, Shri Govind Ballabh Pant. I think there should be no two opinions about the memorandum itself; but the difficulty will arise at the final stage, at the time of the execution. What happens in this kind of conference is that we are agreed in the meeting but as soon as we get back from this place there is no agreement. Although it is not very relevant to the issue, I might cite the instance of Bihar—the great difficulty in which the Bihar Government were placed because of want of decision of the Working Committee. They introduced the Zamindari Abolition Bill and that bill was discussed by the Working Committee. Nobody pointed out the defects there. Ultimately the bill was passed and referred to the Government of India. But the bill was returned saying that there were serious defects. Who is after all, the Government of India today? It is the Working Committee, and to the popular mind, they are one and the same. If it was to be turned down, it should have been turned down straightaway by the Working Committee. But it was not, and the Bihar Government was put in a very difficult position. So far as our province is concerned, I always take care to see that both the opinions of the Government of India and the Working Committee are obtained before any action is taken so that we could take all the precautions in order to steady the popular mind. If you create confusion in the popular minds I do not think you can create any enthusiasm for any kind of scheme. Therefore, let us not talk of the big schemes in a slighting manner. There are people saying that the Damodar Valley and Hirakud Dam projects are of no immediate practical value. We should cease to talk like that. Leaflets have recently been distributed by responsible persons that these projects are useless. It has been pointed out by some of the planning officers, and also by others, that these projects are intended to produce electricity which will ultimately result in large-scale industrialisation of the country, and resulting finally in the exploitation of other countries, and therefore, against our principle. These leaflets have been received—I take you into confidence—by our revered Thakkar Bappa who wrote to me once to consider whether we should go ahead with the Mahanadi Valley Project for the production of electricity.

Now, the scheme itself is for the prevention of floods. The scheme was conceived with this object. In Orissa, there is an average loss of about Rs. 60 lakhs every year on account of the floods. The scheme is for the prevention of these floods and electricity is only a by-product. In these days of planning—and we are dealing with various other countries—we are talking of electricity more than prevention of floods, for securing financial assistance. The Damodar Valley Project was undertaken, not for the purpose of electricity but for prevention of floods. The origin of the scheme was after 1943—after the disastrous floods. Is it not very urgent to prevent the floods, to supply water to irrigate the fields? These schemes are very urgent. Let us not change our own minds now. These projects are of immediate good, from the very beginning. I discussed with Dr. Gyan Chand about one aspect of the problem which I shall place before you presently. Whenever we make our planning of industries, we are told that there will be large-scale unemployment in the sense it is understood in the country. Large-scale unemployment really means, as if people are very eager to work but there is no work! Because, unfortunately of the caste system there is a class of persons—who are very large in number, who will not work in any circumstances. I took some statistics in our province to observe this phenomenon. What is happening today in our province is that able-bodied persons belonging to the higher classes do not work. As a matter of fact, people are gradually being drawn away from the working class on account of the present-day education. There is therefore shortage of working population. It strikes me that if we introduce small machineries the problem will be solved. We talk of giving land to landless agricultural people. In the state of Bamva I held a large demonstration where, in the presence of the forest and revenue officers, lands were distributed to the landless people. While these lands were being distributed there was a strong deputation on behalf of the others. They said, "You are distributing these lands to our labourers. Our lands will remain uncultivated as these people are cultivating our lands. Who will now cultivate our lands?" Even for 5 acres one has to depend on some agricultural labour to cultivate one's land. A caste man will not cultivate his own land. It is said that distribution of land to the landless people would increase the total output of production of food. But ultimately, it will have its effect. Some land will also remain uncultivated. This problem has to be very carefully considered. I have come to the conclusion that in order to get out of this social system we have to introduce small machineries. Machinery has got some dignity about it which does not conflict with caste pride. For instance, those who do not weave in the villages do not hesitate to weave in the mills. Those who do not want to sweep in their own villages are found driving motor vans carrying night-soil, which they do not mind. In my humble

opinion it seems necessary to introduce small machinery. I refer to this because of the tractor question. There is a very strong opinion that tractors should not be used in this country because it will throw people out of employment. It will not. Landless people will be given land and people will need some sort of machinery to do their work ; otherwise they will not be able to cultivate. Tractors are therefore necessary in my opinion. We should also have cottage industries. In the course of the last 30 years, we have developed a bias for the cottage industries. We are to consider whether it should continue, or it should be modified in the light of experience which we have gained in the meantime. We are now in the stage of a conflict between our idealism and reality. We have to find some solution of the problem. Here, in this conference of the Chief Ministers and Presidents of the Provincial Congress Committees, it would be of great help to those who like to work in rural areas, if all of us, come to some unanimous workable decision.

CONCLUDING SESSION OF THE PLANNING CONFERENCE

(*New Delhi, 26-5-50, 4 P.M.*)

SARDAR YALLABHBHAI PATEL'S SPEECH

Mr. President, Chief Ministers, Presidents of the Congress Committees, other members of the Planning Board, and others present:

I have read the resolutions passed by you after two days' full consideration. Planning originates from the time after the end of the first World War, from Russia, and it has now covered all countries in the world in one form or other. We do not hear of any possible progress without planning. We had many plans. We had the Gandhian plan, which Gandhiji conceived, of the Gandhian economy of the country, *i.e.*, the Charka Sangh, Village Industry, removal of untouchability, and several other things—also language. In fact, I do not think there is any subject for the building of the nation which he had not touched. Then came, after the struggle, or during the struggle, a plan called the Bombay Plan. The Bombay Planning Committee prepared a plan when we were in jail, and the then Government took one of the members of that Planning Board into their Government, and they started planning. I remember at that time, the then Viceroy saying—we read it in jail—"you go on planning for the post-war development of the country. Never mind where the money will come from. If we can raise so much money during the course of the war, for the development of the country there will be no trouble about money." That Viceroy has gone. Money has disappeared. He has not left anything by which money could be raised and I do not know whether you have not enough experience of the difficulties of finding out money. Planning without money is perhaps, like contemplating in the air. Then we came into office. We had another Planning Board in the Government itself after we took office. Then came the Sarvodaya Planning, the Congress Planning, and this Planning. We had many schemes before, for the development of the country prepared during the war by the then Planning Committee and the other departments. We have now come to a point when it is easy to plan but it is planning without resources to meet the requirements of implementation of the planning schemes. Therefore, we have to cut our coats according to the cloth. In this country, if Gandhiji's plan goes, *i.e.*, if you have food, clothing, air and water, there is nothing required—perhaps, Gulzarilal Nanda would add Housing—but nothing more

is required. People are easily satisfied. That was the line on which the country was feeling. When I came into office, I thought that the first requirement of any progressive country is internal and external security. You cannot plan anything, you cannot work on any plan, unless there is internal and external security. Therefore, I started planning on the integration of the country—whatever remained—and also tried to secure peace in the country. I found that the world had changed. In the present disturbed conditions of the world, while we have an organisation called the United Nations Council, and we have tall talk of world peace, there is no country which is not in a disturbed condition. Countries who had freedom for centuries, who had never been slaves, are in a disturbed condition. After all, we are a country which has won freedom only yesterday, with a past legacy of so many disturbing elements. It is impossible to make progress unless you first restore order in the country. On the top of it came partition, which made our task difficult. We were just settling down when came devaluation. Things are not entirely in our hands even if we plan for the progress of the country. It will depend on so many factors which govern us—the outside factors. So, the planners have to take into account many extraneous circumstances. Now it is well known that our economy was joint when the country was one. It has been severed, and it has been severed in such a way that both the countries have suffered. We have realised, after taking office, that our country depends mainly, upon large quantities of import of foodstuffs. After a great deal of experience, we came to the conclusion that somehow or other, we must be self-sufficient in food by the end of 1951. We have fixed that date. Whether this will be done or not depends upon our combined efforts, and *bona fide* efforts. My own view, which I have not concealed, and often expressed to the displeasure of many, is that if we had not played false to ourselves and to our country, a large quantity of the imports would have been unnecessary. We have plenty of food in the country, and a 5%, 7% or 10% deficit in a huge country like this, is not difficult to make up, not only by increased production, by preventing waste, by putting maximum efforts, by economising and also putting our hearts unitedly in the matter of getting the foodstuffs from where they are surplus. Now, there are some provinces which are surplus provinces. There are some provinces which are deficit provinces. But, whenever the provinces make an effort for the purpose of securing surplus food from the people, we do not speak with one voice. Sometimes we put our provinces first, and the rest of the country afterwards. We know that our neighbours are, in spite of hard efforts, getting less, eating less, and finding difficulties, yet we feel that if our neighbouring provinces gets less, it does not matter. We have not felt about this question as a nation, and the governing organisation does not speak with one voice. That is a difficulty which planning

will not mend. It is you who, as Chief Ministers of the Provinces, and as Presidents of the Congress organisations, can, to a certain extent, mend these matters. But, I have often seen that between the two, considerable planning is required to make them meet—they do not meet; and, they work in contrary directions. If the Ministry of one province wants to balance its budget and wants to put in a little cess on water, which even after putting it, is less than that of the neighbouring province, then the Congress organisation will carry on agitation to the extent of obstructing it. "We cannot afford to displease the peasants" they say, and the next elections are coming. But they do not show the alternative, how to find the money. That is also my experience in the Congress organisation itself. Wherever the Government tries to push in a scheme, there is another group to demolish the scheme. Planning, however good, will not work till we realize our responsibilities and we think that it is our obligation to implement the schemes that have been planned. It is not the Congress organization alone, there are other groups whose business it is to destroy everything that you do, whose main function it is to find fault with everything that you do, however good it may be. There are some groups who are bent upon creating disruption and dislocation and they go to the length of creating chaos, murders, dacoities, remove all the rails and tamper with the communications. These are matters of great concern and on account of these we find considerable amount of strain on the Government. But that apart, that to a large extent we have succeeded in restoring order has been appreciated by people who come from outside. They say that this is a country which is the only stable country in practically the whole of Asia and it is the one place where we can stem the tide of aggression, disturbance and foreign anarchical ideologies. Many have expressed their admiration for the work that has been done but that work will not last or we will not be able to preserve that because unless we have enough food in the country to fill the bellies of the people, there can be no peace. It is true that in spite of the invasion of foreign ideologies our country still largely would be satisfied with few things which are the primary necessities of life if we can give them. But it is a difficult thing. Therefore Gandhiji said that in this country machine is not going to solve the problem because millions of idle hands cannot be employed on machine, as machine, by its very nature, displaces men. If man-power is to be conserved, you require machine. Therefore our planning must necessarily differ from the planning of industrial countries of smaller size or of highly developed industrial countries. Ours is primarily an agricultural country and in a country so thickly populated as ours, idleness is the greatest disease. What are we to do with unemployment? It is a big problem and for that Gandhiji's planning was of a different type. It is difficult. He himself tried hard but he did not succeed. The fact that he did

not succeed shows that it is impossible for us to expect to succeed quickly. His idea was that all mill cloth should be exported and it should not be for internal consumption. If you want to employ the idle people, they must be employed on production of large number of cloth, apart from the village industries. It is a very difficult task but here in this country if not two-thirds, more than half of our revenue is being spent in the army. It is difficult to plan on pure non-industry basis. We must industrialise our country quickly, efficiently in certain directions. Otherwise we are doomed in the modern world. The modern army is not the army of bows and arrows. It is an army which requires many things which only machine can produce. Apart from arms and ammunitions that are required, apart from the uniform and other things that are required, it requires large quantities of stores, jeeps, motors, mechanical appliances, aeroplanes. Now we have the Navy. Petrol and so many other things are required for the army for which you must have industries, and those industries should be developed in the country. I suppose no country is self-sufficient except perhaps America and Russia but for our limited requirements of internal and external peace, in the present conditions of the country, we must have arms. If the world succeeds in bringing about a condition when no country would be required to arm itself, then our old scheme of self-sufficiency in villages would be an ideal thing to live in but that is not so and therefore we have to plan both for industry which is immediately necessary and for agriculture which is the primary necessity also and of immediate necessity. Take food for which we have fixed the target but immediately after fixing the target, we find that we must have cotton and jute, and without affecting our plan for the self-sufficiency of food fixed on a certain date, we must produce so much jute and cotton. Now you may plan but the production of increased amount of cotton depends upon so many factors. That planning will not do. If the peasant gets more money in oil-seeds, he will rather have oil-seeds in his fields than have cotton. You may, by legislation, restrict production in certain areas but it is up to him to produce. He may not do it. It is a very difficult and complicated thing. You may control one commodity and the other thing will require control. If you don't control one, the other control fails. Then you have your continuous quarrel with the industrial magnates who manufacture cloth. They want money and their share. Then there are middlemen and they have to be looked after and if they go to the blackmarket they have to be turned out. Then there are the consumers who want a certain price and the price goes up. Then you have the labour leaders and they want more and more for labour. Our Labour Member will put in legislation—from the beginning of the work of Government there never was so much amount of labour legislation as we have at present—by which if the industrialists would create trouble, he would put

vicarious punishments. If the industrialist lives in Bombay and if the industrial concern is in Cawnpore and if the Manager or servant of his does anything against the Act, the industrialist in Bombay passes sleepless nights as he may be arrested any day. It is a very difficult thing. People outside think that we have got liberty and freedom but we have nothing and what is the Government doing? Only those who have taken charge of Government know what a complicated machine this Government is. It is not so simple as people think and choose to write in articles. It is very complicated. In spite of that we have taken the responsibility and we must fulfil the responsibilities to the best of our ability, and therefore today I know and perhaps many of you would know that the most controversial question in the country which has brought this Government into trouble and unpopularity is the subject of control. This Government has not got the machinery to put an effective control in any sphere of Government, whatever you may say. It has got barely, even not barely, enough service to run the administration. We run the whole country with one-fourth of the service which was in existence when we took power. 50 to 55% of the people whose awe was so great that their very presence was enough to keep law and order in this country and to make the lower subordinate work with efficiency, energy and even over time,—they have all gone. We have opened so many embassies outside where we sent for every embassy at least one tried Civil Service senior man. All those people who have opted for the other side have gone there. We have now many other Departments opened: If we have a Planning Board, we have got 6 Members, 6 Officers, 6 Secretaries, 6 Typists, 6 Chaprasies and a huge paraphernalia and it is all necessary in a modern Government. So the functions of Government have widened. Now you have the new Department of Scientific Research. It is very necessary and useful and its fruits may be some years after but still it requires men. We have few men. We have no statistics and we have to begin from a scratch or we have to begin from a thing which is badly scratched. It is not plain sailing. You have talked of abolition of zamindari. You can ask Pantji how difficult it is, how he passed sleepless nights when he started this question of abolition of zamindari. It is a good thing to do but I have seen cases of which you have no experience.

We have in Saurashtra, four lakhs of people who are living on 40,000—on the sweat of 40,000 who are tilling the soil—four lakhs of Greshias for nothing else, no profession, no trade, no business, except to live on these people. Four lakhs of people cannot live on four lakhs of animals, but they want to live on these 40,000 people, to continue to suck their blood. These poor people have to fetch water, they have to supply firewood, they have perhaps to supply them with every necessity of life. They are complete serfs. But now they are free. They have gained freedom. They now work

on their own lands which used to be owned by other people. So, where will these other people go? What will they do? In this country, after the war, any amount of arms are available. So, some of them take to dacoities. Take Andhra. Mr. Ranga would say "Take away Andhra into the centre. What can we do? Because Congressmen are being shot down?" It is true we have to restore order there. But, if you plan for the abolition of zamindari, you have other problems coming up. Therefore, it is not a question merely of abolition of zamindari, but abolition in a manner in which for example, the princes disappeared, so that we may have no trouble. Otherwise, all the plans go to waste. Abolition of vested interests is a good thing, but indecent haste will destroy every thing and delay the thing which we want. Therefore, we must be very careful, and it will require a combination of all our forces. Are we all agreed on that? You can ask Pantji. You start with an agreement but when it comes to the implementation you divide your forces. If it is zamindari abolition you say you can acquire zamindari without paying any compensation. You can do so because you have got power. But the consequences of it have to be seen. Therefore, try as much as possible to quicken the process without creating other problems which are much more serious. If you do not do that, then you delay the thing which you have in the mind. There is also another point. We do not speak with one voice. If the ministry wants one thing to be done then the Provincial Congress Committee say, 'No, that is wrong'. Then everything stands still. So, much of our difficulties are created, not for want of planning, but for want of *bona fide* efforts and realisation that, in this period of our infancy of nation-building, it is our sacred duty to try and stand by each other, support one another and not bring discredit to the organisation to which we have the honour to belong, and for which we made so many sacrifices. Therefore, now that you have planned, it is a good thing. I commend it. You have all come—Chief Ministers from the various provinces leaving your work, and also various Provincial Congress Committee Presidents. You have all agreed here, and nobody has differed. Now, will you work this with agreement when you go back or will it be the President's concern to find fault with the Premier or the Ministry or the officers? If, in the implementation of it you have only to find fault with one another and throw the responsibility on others, then it is all a waste of time. Therefore whatever programme you have made, you must plan for the execution of it. Planning is a very good thing. Therefore, what I believe in, is in the doing of a thing, and for doing you have to plan. If that is not in existence then the whole thing goes. Therefore, all of you who have come here today must make it a firm resolution in your minds, that you have to work this programme. It cannot be worked by the Government alone. No Government can work such programmes without the co-operation of the people.

While the Government is engaged in the administrative functions, it has not got enough time to come into contact with the people, and they are, therefore, often isolated. But the Presidents of the Provincial Congress Committees are continuously and in close touch with the people. If the two combine, then much of our difficulties will disappear. Therefore, my advice today to you would be to forget what has happened in the past but from now on at least, make a solemn determination that as this programme has been drawn up, it is our business to see that it is executed. If you do that, then, all this work that you have done, all the labour that you have put in, will be well spent. Otherwise as I have said, there have been many plans in the past, and now, one more. It will not be good. I wish you godspeed and success.

Jai Hind !

CONCLUDING REMARKS OF PANDIT GOVIND BALLABH PANT

Gentlemen, I propose a hearty vote of thanks to our President, who not only invited you all to this Conference but has been kind enough to attend it throughout, in spite of his indifferent health. I hope that the strain which he has undergone will not, in anyway, affect his present condition or raise his blood pressure, which has not been quite normal in recent months. We all look up to him for guidance but we all wish that he may be able to take the rest which is so essential to enable him to give his best to the country in his present condition.

President.—I wanted you to propose a vote of thanks to the Conference, not to me.

Pandit Pant.—I think you have allowed me the freedom of making my own choice at least to some extent. I do not know how to offer our grateful thanks to Sardar Saheb on your behalf, on behalf of the Planning Sub-Committee, and on my own, for the very instructive speech that we had the privilege of listening to just now. His approach is always practical, sagacious and wise. The home truths, and perhaps, hard truths, that he uttered, will, I hope, do us all good. We have, in the course of the last two days, covered ample ground. Our resolutions cover almost all important topics which can come within the scope of a short-term, or even a long-term plan for our country in the existing circumstances. The decision taken by the Conference, will, I hope, prove helpful and we will be able to make further progress on the basis of the proposals that we have, all of us, agreed to accept, individually and collectively. It is by itself a very encouraging feature that the questions which do admit, from their very nature, of a great deal of difference of opinion, have been settled with almost complete unanimity. The problems that are confronting us today are of a varied character. They are complex and it is not easy to devise a solution in the hope that all other difficulties will thereby be eliminated and wiped out. But we can very well trust that the steps we have taken may serve as a foundation for the structure that the Planning Commission, and the Central Government, and the leaders of our country, intend to build. They are all engaged in the sacred task of the reconstruction of a new order in the Republic of India and they need the help and co-operation of every one of us. We have been reminded of our own duties. The least that we can do is to pool our resources and cease to throw stones at each other, and join hands in a concerted endeavour for the realisation of the schemes which have been adumbrated in these resolutions. I trust that when we go home we will be able at least to give publicity to what we have decided to undertake and make our people plan-conscious. As we have been told, unless we all are determined to work together,

we will not be able to achieve any marked success. The first condition is an unshakable determination, to achieve results by common endeavour. We have, in our resolutions, laid great emphasis on the principle of co-operation. We have also placed before ourselves the ideal of a co-operative commonwealth. We must at least co-operate among ourselves. If the application of that principle is not to take a tangible shape among us, then it is idle to talk of extension of co-operation to other fields whether of agriculture or industry. I hope that Congressmen, whether in Governments or in charge of the Provincial Committees, will, hereafter, make it their business to carry out their plans jointly and in a concerted manner, with speed and goodwill. There has been a certain amount of difficulty in this regard in certain places. It is intelligible. But, now that we have placed before ourselves a definite objective, I think it should be possible to concentrate on the realisation of that objective. If we can make up our mind to do that we will have really taken a very substantial step towards the achievement of our aims. I do not think it is necessary for me to say anything about the responsibility that we have undertaken by adopting these resolutions. If these resolutions do not take shape then, all that we have done so far, will prove futile. A plan is only a step; even if a perfect plan is framed unless it is put into operation it cannot raise the standard of living or give any relief to anybody. The plan is only a preliminary blue-print meant to be put into operation. Ultimately, the test will be found in the degree, and the extent to which we are able to give practical and concrete shape to our plans. But I believe that we have made a good start, a satisfactory and encouraging start. For the first time the Presidents of the Provincial Congress Committees, and Chief Ministers, and representatives of States Governments; have met together, and we have also had the opportunity of discussing all our proposals with the members of the Planning Commission. We have further had the benefit of listening to the speeches of our leaders. I think, we can hope that we will go back wiser than we were when we came here. I hope the Planning Sub-Committee will now be able to submit its report with regard to the short-term plan to the Working Committee. The decision rests with the Working Committee, but so far as planning is concerned, even the Working Committee would attach very great weight to the advice of the Conference. Ultimately, however, the decision will have to be taken by the Government of India in most cases and they will, in due course, consult the Planning Commission, before reaching final conclusions themselves. Let us hope that all that we have done here will bear fruit and our country will march forward so that the blots of illiteracy, poverty, and disease, which have disfigured the fine, beautiful map of this ancient land may be effaced and wiped out for ever. JAI HIND!

RESOLUTIONS ADOPTED BY THE **PLANNING CONFERENCE**

1. OBJECTIVES

The Congress has declared the establishment of a democratic classless society in a non-violent and peaceful manner as its ultimate objective. The Constitution of India has guaranteed fundamental rights to her citizens and has enunciated the directive principles of State policy to promote the welfare of the people by securing and protecting as effectively as it may, a social order in which justice—social, economic and political—shall inform all the institutions of national life. For the achievement of these objectives, it is necessary to formulate not only a short-term but also a long-term plan initially to cover a period of five years.

While the long-term plan will necessarily have to be well-integrated and all-inclusive and will require a clear demarcation of the phases through which it should be worked out by the country and the people, for the purpose of the immediate programme, attention will have to be concentrated on a few major items and priorities will have to be determined to indicate the order in which action for the fulfilment of the programme can most effectively be taken.

For the implementation of such a programme emphasis should be laid on the rousing of mass enthusiasm and consciousness which alone can make it a people's programme. It will also be necessary to create such institutions as cooperatives in agriculture and industries and Panchayats, and to arrange for the training of local leadership to man these institutions.

In the background of our limited resources, economic planning pre-supposes a period of austerity on the part of the people. In order to secure voluntary self-denial on a nation-wide scale for the purpose of a programme of planned regional development, efforts should be made to create a sense of equality of sacrifice among all sections of the community.

In the immediate programme every effort has to be made to raise the level of production and employment and to repair the damage to the economy of the country caused by the neglect of the past and the ravages of the second world war, the economic consequences of partition as well as the devaluation and its aftermath.

The successful implementation of the immediate programme will create conditions for the attainment of a stable and fair price level and for a more comprehensive planning with a view to: (a)

promoting a balanced economy in agriculture, large-scale and basic industries, village industries and social services; (b) rationalizing production in agriculture and industry and taking steps for the establishment and administration of a just and decentralised co-operative economy; (c) bringing a definite rise in the standard of living of the people as a result of planned economy which guarantees a fair remuneration to those who participate in the creation of wealth.

2. AGRICULTURE AND AGRARIAN REFORMS

India's economic and social progress will in large measure be conditioned by the extent to which her land and water resources are developed. On the efficiency of the country's agricultural production will depend not only the satisfaction of the basic need of an adequate balanced diet for its growing population, but also the supply of raw materials for some of her major industries.

The immediate object in agriculture that the country has set before itself is self-sufficiency in food, to be attained by the end of 1951, as well as in cotton and jute; and concerted measures to this end are already under way. These consist of reclamation of land, offering of incentives and assistance for the diversion of land from other crops to the cultivation of cotton and jute, and improving the yield and quality of agricultural produce. What is needed for the purposes of the immediate programme is an intensification of some of these measures, as well as the creation of conditions conducive to better farming. Increased efficiency of agriculture postulates more than improvement in facilities, organisation and techniques; the maintenance and restoration of soil fertility; and the provision of irrigation. All this will fail to confer full or lasting benefit unless the tiller of the soil is given a sense of security and self-respect and the economic and social condition of the agricultural labourer is improved.

The specific measures which have to be planned for the improvement of agriculture as part of the immediate programme will comprise the following:—

(1) The provision of irrigation facilities by way of reconditioning old and constructing new tanks and wells, including tube-wells. Such minor works will appeal most readily to the rural population and secure their active co-operation. They will supplement the irrigation that will be provided by the river valley projects, which should be completed as early as possible as part of the long-term plans of the Central and State Governments.

(2) The rapid multiplication of better seed. A well regulated procedure is required in all the States for the production of nuclear

seed, its multiplication under carefully controlled conditions and its testing before final distribution to the cultivator.

(3) The stimulation of compost-making, if necessary by legislation, and the full utilisation of the various other forms of organic manures available in the country. Definite planning is required for the conservation and use of waste material, human and animal excreta and residual matter from the carcasses of animals, and for maintaining soil fertility.

(4) The reclamation and conservation of the soil. There are still large areas in most States which could be brought under cultivation with the help of tractors and other machines. New areas brought under cultivation could assist materially in the settlement of displaced population, and works undertaken to prevent soil erosion will provide employment very appropriate to the agricultural worker.

(5) The development of an effective and widespread agricultural extension service. Such a service will act as a two-way link between the cultivator and the scientific departments of the State, so that the cultivator's practical difficulties are solved in the laboratories and the results are conveyed to him convincingly. It should be the special concern of the service to bring about an improvement in the arrangement for the designing, production and maintenance of better implements. The quotas for the supply of iron and steel required for agricultural implements must be raised for a significant improvement in this direction to be possible.

A Just Agrarian Programme

Agriculture will remain in a state of flux so long as the structure and pattern of rural economy does not become clear and definite. It is therefore necessary to shorten the period of transition by expediting the abolition of *Zamindari* and *malguzari* by paying compensation, if necessary, in bonds. Provision should be made for fixity of tenure to the tiller. Subletting, even if allowed, should be for a period of just less than five years and for regulated rates of rent.

Cooperative Better Farming Societies should be organised in every region in a planned manner with fixed targets. Experiments in cooperative joint farming may also be made in selected areas. Both to multipurpose cooperatives and cooperative joint farms, special facilities should be granted by the State and they should receive priority in all matters of State assistance. In areas where fragmentation is intense, consolidation of holdings should be undertaken in a determined manner. Special efforts should be made to organise cooperatives for uneconomic holdings.

Agricultural Labour

Special attention should be given to the organisation of agricultural labour for the betterment of their condition. Agresticserfdom should be made a cognizable offence and the President of the Union Board or the Village Panchayat might be empowered to enforce the law. Debts of agricultural labourers should be scaled down and wherever found inequitable, wiped out. High priority should be given to provision of house-sites for agricultural labourers and to the removal of the disabilities attached to the present house-sites.

The problem connected with the development of India's agriculture offers a challenge to the planner and an immense scope for purposeful cooperation between the Government and the people. And success or failure in the solution of these problems will make all the difference between growing prosperity and continuing poverty in the land.

3. COTTAGE AND SMALL-SCALE INDUSTRIES

Basic Principles

The programme of planned development of village and small-scale industries can, while increasing avenues of employment and ensuring more equitable distribution, make a significant contribution to the volume of production in the country. In the background of our limited resources in money and capital and the vast man-power, the decentralised cooperative economy has the double virtue of increasing production as well as employment speedily without consuming much capital. The policy of restricted import, closure of certain mills, growing unemployment and the recent flow of refugees from East Pakistan have further enhanced the urgency for, and underlined the importance of, the organisation of such industries in a planned manner.

The cottage and small-scale industries, by and large, present a spectacle of low technical efficiency, antiquated methods of work and organisation, extreme exploitation by *sowcars* and unsatisfactory conditions of life and labour.

To remove these deficiencies there should be a rapid survey of the regional resources suitable for the development of these industries and the requirements at home and abroad which can be met by their products. Such a survey can be carried out by a coordinated effort of the State Governments in liaison with the National Planning Commission.

Every State Government must have a target in its plan for the organisation of industrial cooperatives which should receive essential materials on a priority basis from the Governments and look after the supply of the other raw materials and marketing of the products of the village and small-scale industries. -

Emphasis should be laid on research in design and pattern and improvement of implements. Facilities should be provided for training of artisans for different industries in improved methods. While cottage industries in general should be developed on the basis of regional potentialities, provision should be made for inter-regional training centres so that the peculiar efficiency of the artisans of a particular region may be transmitted to the artisans of other regions.

In a properly coordinated plan, large-scale and small-scale cottage industries can be supplementary and complementary to each other. A small cess on the large-scale industry may be levied to be utilised for subsidy to cottage and small-scale industry in order to reduce the disparity in the costs of production between them.

Modern technique of salesmanship should be applied to the cottage industries. Such methods of production should be adopted as will ensure a steady flow of standardised mass-produced utilities having an artistic appeal so as to add to our exports, specially to hard currency areas.

Hand Loom

The Hand Loom industry, which is by far the most important cottage industry in the country, suffers from a number of handicaps. These should be removed if it is to grow and prosper and hold its own against competing mill production. The following steps may be taken: (1) To reduce the charges borne by the hand loom weavers but not so either by a composite or a weaving mill; (2) To organize a syndicate of hand loom weavers, cooperatives for purpose of dye-stuff and chemicals; (3) To make necessary adjustments in the specifications of the textile requirements of the Governments to suit the capability of the hand loom industry; (4) To reserve certain varieties of cloth and requisite number of counts in order to protect this industry from mill competition and to regulate the setting up of additional looms by mills with due regard to the interests of the hand loom industry; (5) To ensure adequate supply of yarn required by the hand loom industry.

Khadi

Every State Government has a programme of promoting the *Khadi* industry. Suitable subsidies and other forms of State assistance should be devised to protect and promote *Khadi*

industry. The following steps should be taken : (a) Governments should purchase as far as practicable *Khadi* for their cloth requirements ; (b) Certification of *Khadi* should be the responsibility of A.J.S.A. and allied bodies. Uncertified *Khadi* should not be allowed to be sold in the name of *Khadi*.

Miscellaneous Industries

Industries like *ghani* industry for edible and non-edible oil, *palm gur* making, hand-pounding of rice, paddy husking, dairy farming, paper-making, button making, poultry farming, ceramics, silk spinning and weaving, leather making and tanning, and industries connected with horticulture and dead animals, should be encouraged. Measures should be devised to protect ghee from adulteration and put a stop to further expansion of the *vanaspali* industry.

4. A PROGRAMME OF RURAL DEVELOPMENT

Education, Public Health, Sanitation and other Social Services

The fulfilment of any scheme of economic development depends in a large measure on the standard of education and civic consciousness, health and efficiency of the people and a feeling of general contentment and goodwill. In this sphere of nation-building activities, where there is so much to be done, the primary consideration should be to fix priorities. Instead of frittering away our energies on a diversified programme, an attempt should be made to tackle the problem at the root and to have a practical programme yielding quick results and maximum satisfaction.

Under Gandhiji's leadership, the Congress accepted the policy of developing a system of Basic Education which centres round a major craft, so that in every student a sense of dignity of labour is generated and he grows into a productive member of society. While the comprehensive reorganisation of education is bound to take time we feel that even during the transitional period, whatever may be the nature of training, every student today must not only develop the body and the brain but also acquire those qualities which would equip him for earning his livelihood by means of productive labour.

As the organisation and development of a decentralised co-operative economy will largely rest on the initiative, spirit of self-help and leadership on the part of the common man, a practical programme of adult education has a special significance and should receive high priority.

Under any scheme of fixation of priorities in the sphere of public health, where we are confronted with a large number of problems, attention should be concentrated on eradicating malaria which impairs the vitality and efficiency of our rural and agrarian population. High priority should be given to supply of pure drinking water in the villages. And above all, there should be a well-conceived programme of education of the people in healthy ways of life.

There should also be a programme of building village roads, trench latrines, small water channels and clearing of jungles on a co-operative basis. This sector of our programme offers a unique opportunity for harnessing our abundant man-power. To build a happy life and society, the labour potential should be mobilised. The Village Panchayat and other local self-governing bodies should prepare a budget of the labour power and implements of the locality which can be enlisted for this purpose and the Government should be prepared to offer assistance in money and materials in proportion to the contribution of the people.

In this programme of rural development, specially in the Grow More Food Campaign and improvement of the technical efficiency of small-scale industries by imparting technical knowledge on a wide scale to the people, and in the building of roads, bridges and canals, the military personnel, when not employed on active operations, may take an important and worthy role. Such participation will create a sense of urgency among the people and train them in disciplined action and bring them in closer contact with our military personnel and establish complete cordiality between the people and the army in a democracy.

5. PLANNED INVESTMENT OF CAPITAL

To finance the planned development of the country, it is the paramount duty of every citizen of the State, who can possibly do so, to lay by a portion of his or her income. In recent times, while the claims on our capital resources have been numerous, the rate of capital formation has considerably declined. As a result of the war time shift in our economy, purchasing power has passed in some degree to sectors which have neither the habit of, nor the facility for, investment. Steps have already been taken to introduce Compulsory Savings among some income groups and to intensify the campaign for small savings, but as the quantum of investible surplus has not been commensurate with the demands of planned economy, some further steps should be taken in this direction.

The most important of these is the linking of local projects to local investible surplus. Maximum facilities should be given to multi-purpose co-operatives which are to be started in a planned manner on a nation-wide scale, to canalise the surplus of the countryside. In order to make the co-operative organisation a fit instrument for this purpose, it is imperative to reorganise the co-operative movement and to introduce a definite policy of subsidy by the State. There should also be a programme under which persons who are well-placed in life might regularly put a certain percentage of their income into the shares of co-operative societies. Establishment of regional Industrial Finance Corporations, extension of the facilities for postal insurance to all government servants and to lower income groups in non-governmental occupations, slight increase in the rate of interest on postal savings and increase of the limit to individual deposit in Savings Banks should go a great way in stimulating capital formation.

A programme of planned economic development pre-supposes a definite policy of priority-rating in the matter of investment of national surpluses. To implement such a scheme of priority-rating in our investments, it is necessary to rationalise the control of capital issues so that a positive policy of priority-rating is imparted to our programme of capital investment in large-scale industries. It is also necessary to establish Credit and Finance Corporations for agriculture, substantially subsidized by the Governments, operating through co-operative societies wherever possible and to start in every State an Industrial Finance Corporation charged primarily with the task of advancing capital to cottage and small-scale industries.

6. MACHINERY FOR RURAL DEVELOPMENT

At the basic level three institutions should operate on a functional basis, *viz.*, the Village Panchayat, the Multi-purpose Co-operative and the Industrial Co-operative. The villagers should be encouraged to outline their plans for local development, social and economic, in the light of their regional resources and their readiness to contribute by way of labour, other services and money so that the people might have the satisfaction, when the plan finally emerges after co-ordination at the district, provincial and national level, that it is their own plan. Such a method of planning serves to reconcile the conflicting claims of centralisation involved in planning, with those of democracy and local initiative.

At the District level there should be a Rural Development Board consisting of the representatives of these functional institutions, the President of the District Board and one representative

each of the nation-building departments of the Government, the Chairman being the District Officer. There should be provision for nomination of the representatives of labour and large-scale industry wherever necessary and of eminent constructive workers. So long as the institutions at the basic level do not come into existence, the Board should be nominated by the State Government from a panel of names suggested by the district officer on the basis of the functions essential to the development of rural economy.

At the Provincial level there should be a Board representative of the District Development Boards with the provision for nomination of representatives of labour and industry and eminent economists, doctors, educationists and constructive workers. The Provincial Board should serve as a Standing Advisory Committee to the State Planning Machinery and should be consulted by it in fixing priorities for various developmental activities and allocation of materials in short supply. It should function as the spear-head of publicity for mobilising labour and capital for the purpose of regional development schemes.

It is, therefore, necessary to have at least a few development centres under the auspices of the District Development Board for concerted implementation of the whole programme of rural development. To work in the cause of this programme, a special cadre should be trained from local artisans, kisans and self-sacrificing young men and women.

While today every State Government has a machinery for co-ordination of developmental activities, there are wide differences in their composition and function, from State to State. It is therefore necessary to have a uniform machinery for this purpose in the shape of a sub-committee of the Cabinet consisting of the Ministers in charge of nation-building departments, the Chief Minister being its Chairman. After considering the advice tendered by the various departments and the Provincial Development Board, the State Planning Machinery should draw up a comprehensive plan for development, making proportionate allocation of available resources in money and material. Such a well-integrated and all inclusive machinery alone which associates the people and the Government in this endeavour of formulation and execution of the programme of development, can achieve the supreme objective placed before the nation and the country.

7. LABOUR AND HOUSING

Low productivity is a conspicuous feature of large-scale industry in this country and is adversely affecting the interests of the consumers as well as of the workers themselves. The appoint-

ment of *working parties* by the Central Government for effecting rationalisation on comprehensive lines in certain industries, with due safeguards for the interests of labour, is a welcome step. This process should be expedited and extended to other industries.

Special attention should be given to the improvement of conditions of work and better provision of amenities like drinking water and sanitary arrangements.

Considerable unemployment has arisen in certain industries owing to closure of mills and retrenchment of a number of employees. Steps should be taken to avoid unemployment as far as possible. Where it becomes inevitable, safeguards should be provided for the employees in the shape of suitable gratuity in case of retrenchment and facilities for absorption in other establishments or occupations. A proposal for retrenchment by an employer should, however, when dispute arises, be subject to the approval of the agency to be set up by the State Governments.

Progress of industrial housing under the scheme announced by the Central Government has so far been negligible. It is imperative in the interests of raising industrial efficiency and for ensuring industrial peace, that large-scale construction of houses for industrial workers should be undertaken without delay and hindrances in the way of the execution of such a programme should be removed.

8. CONTROLS

Controls are a legacy of the war and were in operation when the national Government came into power. On account of the inevitable strains imposed by controls, the question whether they should continue or not has attracted considerable attention and roused acute controversy and wide-spread feeling. Some two years ago the Government decided to lift controls on food and cloth but their expectations were not realised and controls had to be reimposed. In view of the developments that have since taken place such as devaluation as well as the lack of social consciousness against anti-social elements and the inability of governmental machinery to enforce the controls effectively and strictly, a review of the entire position is called for. It is necessary to examine this question dispassionately in its true setting and correct perspective, so that controls which are considered to be unnecessary may be lifted at the earliest suitable opportunity consistently with the interests of the community and the demands of a planned economy. In regard to certain articles at any rate, there would appear to be a *prima facie* case for removing controls on salt, paper, coal and cement.

9. EXPORT AND IMPORT POLICY

Our exports and imports should be so planned that even at some sacrifice to the people of the country, the industrial raw materials, the service of foreign loans, capital goods and other essentials for the development of our agriculture, basic and large-scale industries, may be financed. A review of the present policy is called for with a view to restricting import of consumer's goods to an austerity level. It is also necessary to devise ways and means to promote exports even at the cost of some privation to the people so that the gap in our balance of payments may be bridged.

10. CONTROL OF SPECULATION

While the stock and commodity exchanges have a place in the present economy, the wagering element in transactions in various forward markets, which often lead to violent price fluctuations, has to be kept under rigid control. Legislation on an all-India basis may be enacted forthwith to provide for the necessary degree of control to be enforced over various forward markets.

Growers of cotton and other agricultural commodities should be organised on a cooperative basis and be provided with suitable credit facilities so as to place an indirect check on undue speculation on commodities.

MEMORANDUM

o n

IMMEDIATE ECONOMIC PROGRAMME

(as generally approved)

by

**THE CONFERENCE OF CHIEF
MINISTERS OF STATES AND
PRESIDENTS OF PROVINCIAL
CONGRESS COMMITTEES**

25th, 26th April, 1950

NEW DELHI

This Conference of the Chief Ministers and Presidents of the Provincial Congress Committees, subject to the resolutions passed, accords general approval to the Memorandum submitted by the Congress Economic Planning Sub-Committee. The question of Control of foodgrains should be examined by the Committee.

26th April, 1950.

CONTENTS

CHAPTER I	PAGE
OBJECTIVES OF PLANNED ECONOMY ...	48
Immediate Programme	49
Five-Year Programme	50
CHAPTER II	
AGRICULTURE AND AGRARIAN REFORMS ...	50
Self-sufficiency in Food, Cotton and other Industrial Raw Materials	50
Permanent Improvements—Works and Supply Schemes	51
Grow More Cotton and Jute	52
Programme Suggested	52
Irrigation Projects	53
Compost	54
Use of Dead Animals for Manuring Purposes ...	54
Protection of Plants from Wild Animals and Pests ...	55
Imported Materials	55
Land Reclamation	55
Fuel, Fodder and Horticulture	56
Research and Extension	57
Improved Implements	58
<i>Gopalan</i>	58
Forest Management	58
A Just Agrarian Programme	59
Abolition of Zamindari and Malguzari ...	59
Subletting and Protection of Tenants-at-will ...	59
Agricultural Labour	60
Crop and Cattle Insurance	60
CHAPTER III	
VILLAGE AND SMALL-SCALE INDUSTRIES ...	61
General Policy and Programme	61
Export Market	62
Hand Loom	63
Khaddar	65
Village Oil Industry	65
Neem Oil	66
Palm Gur	66
Food Processing and other Industries ...	67

CHAPTER IV	PAGE
RURAL EDUCATION, SANITATION, AND OTHER SOCIAL SERVICES	67
 CHAPTER V	
FINANCE FOR AGRICULTURE AND COTTAGE AND SMALL-SCALE INDUSTRIES	69
Co-operative Movement	69
Institutional Credit	70
Austerity and Regionalisation of Capital Formation	71
 CHAPTER VI	
MACHINERY FOR RURAL DEVELOPMENT	72
Uniformity in Development Machinery	73
Rural Development Centres	74
Rural Development Service	74
State Planning Machinery	74
Constructive use of Military Personnel	75
 CHAPTER VII	
INDUSTRY AND LABOUR	75
Closure of Textile Mills	76
Gratuity to the Retrenched Employees	76
Insurance—Nationalisation and Extension	77
Industrial Housing	77
Hygienic Conditions in Factories and Labour Areas	78
 CHAPTER VIII	
CONTROLS	78
Salt	79
Cement	80
Coal	80
Sugar	81
Paper	81
Cloth	82
Iron and Steel	82
Control of Capital Issue	83
Import Control	84
Export Control	86
Speculation	87
Conclusion	88

I

OBJECTIVES OF PLANNED ECONOMY

The Congress has declared for the establishment of a democratic classless society in a non-violent and peaceful manner. While recommending the appointment of a Planning Commission, the Congress Working Committee observed:—"The vision which inspired the people of India through the various phases of the non-violent revolution which made the country free was a land from which poverty, unemployment, ignorance, inequality and exploitation would be banished and in which every person would find work suitable to his talents and capacity and have the wherewithal of a decent life." The constitution of India has guaranteed certain fundamental rights to the citizens of India and enunciated certain directive principles of State policy, in particular that the State shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which JUSTICE—social, economic and political, shall inform all the institutions of the national life and shall direct its policy towards securing, among other things :

- (a) that the citizens, men and women equally, have the right to an adequate means of livelihood ;
- (b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good ; and
- (c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment.

Having regard to these rights and in furtherance of these principles as well as of the declared objective of the Government to promote a rapid rise in the standard of living of the people by efficient exploitation of the resources of the country, increasing production and offering opportunities to all for employment in the service of the community, the Government have recently appointed a National Planning Commission.

A comprehensive plan for economic development must necessarily visualise the maximum utilisation of the resources to increase production from land and of manufactured goods in conditions which ensure maximum employment of the available man-power. But while this ensures the material happiness and contentment of the people it is only second in importance to the need for the development of the personality and the character of the people. Mere material improvement does not ensure the enjoyment of a fuller and better life. It is for these reasons that the Indian National Congress has placed before itself the objective of the establishment

of a casteless and classless society which will ensure the full enjoyment of the fundamental rights secured by our Constitution. It has placed the objective of the creation of a Co-operative Commonwealth to prevent exploitation of man by man and to secure distribution of wealth and resources in a manner that they do not accumulate to the detriment of the society. It must, however, be realised that it will take a long time before this objective can be achieved. The individualistic temperaments and tendencies would take time to grow into a habit of working with co-operative spirit and harmony. We have deliberately adopted the democratic system which ultimately rests on the willing co-operation of the people and does not admit of ruthless dictatorship. Therefore we have to create a spirit of self-help and a desire to live a fuller and better life and have to adopt methods of education and voluntary association of the people for obtaining these results. The role of economic planning should be to reach the ultimate objective in the quickest possible time and in a manner which might develop the character and personality of the people and enthuse them to participate wholeheartedly in the formulation and execution of the plan for social and economic development and reconstruction of the country.

Immediate Programme.

So far as our immediate objective is concerned our approach has to be essentially realistic and practical. We are, however, not writing on a clean slate. In preparing our Plan we have necessarily to take stock of the situation, the environment and surroundings in which we have to function. The programme that is outlined here need not be regarded as final. It is difficult to formulate a detailed programme and we can only lay down the general principles to serve as a basis for such a programme. The Plan will have to be elaborated and reviewed from time to time. Our task, so far as the immediate programme is concerned, is relatively simple. We have to concentrate on a few major items and to determine priorities which would indicate the order in which action in this regard can be most aptly conducted. The long-term plan will necessarily have to be, so far as may be possible, composite and all inclusive, and it will be necessary to demarcate clearly the phases through which the country and the people must pass in order to give effect to that Plan.

The economy of the country in general and the machinery of production and employment potential in particular have been considerably upset by the neglect of the past, the ravages of the Second World War, political and economic consequences of partition and devaluation and its aftermath.

Consistently with the ultimate objective every effort should be made to repair the damage to the economy and to raise the level of production and employment. Emphasis should be laid on the

rousing of mass enthusiasm and consciousness which alone can make it a people's programme. It will also be necessary to create such institutions as co-operatives in agriculture and industries and Panchayats and to arrange for the training of local leadership to man these institutions.

In the background of limited resources, economic planning pre-supposes a period of austerity on the part of the people. In order to utilise the fruits of such nation-wide austerity in a programme of planned regional development, an effort should be made and steps taken to stimulate a sense of equality of sacrifice among all people.

Five-Year Programme.

The successful implementation of the Immediate Programme will create conditions for the attainment of a stable and fair price level, for more comprehensive planning with a view to:—

- (a) promoting a balanced economy in agriculture, large-scale basic industries, village industries, and social services ;
- (b) rationalising production in agriculture and industry and taking steps for the establishment and administration of a just and decentralised co-operative economy ; and
- (c) bringing a definite rise in the standard of living of the people as a result of planned economy which guarantees a fair remuneration to those who participate in the creation of wealth.

II

AGRICULTURE AND AGRARIAN REFORMS

Self-sufficiency in Food, Cotton and other Industrial Raw Materials.

In the present context of scarcity, our foremost effort should be to increase the production of food, clothing, house building materials and other basic materials and essential consumers' goods.

2. Since 1947 the Grow More Food Campaign was placed on a planned footing with fixed targets. The total targets for the five-year plan were 3 million tons for the provinces and 1 million ton for the States. The five-year plan was expected to be completed by the end of 1951. Meanwhile due to huge drain on country's

foreign exchange, the Prime Minister declared early in 1949, that foodgrain imports must be stopped by the end of 1951, and self-sufficiency achieved by that date. It was found that, estimated on the existing level of nutrition, the deficit to be made up by the end of 1950-51 would amount to 4.4 million tons—roughly 10% of the country's total food production.

3. A special emergency branch was set up under the ministry of Agriculture under a Commissioner of Food Production to co-ordinate the food production plans of the various States, to arrange for financial, technical and other assistance from the Government of India and to supervise the execution of the Grow More Food Programme in the country. In the States also by the appointment of Commissioners and Directors of Food Production with functions similar to those of the Commissioner at the Centre within their own spheres, the administrative machinery both at the Centre and in the States, has been geared up to meet the exigencies of the situation. The following measures were adopted to make up the deficit :

(1) **Permanent Improvement : Works Schemes.**

- (a) Minor irrigation schemes, like construction of wells, — new wells and repairs to old ones, new tanks and repairs to old ones, installation of persian wheels, Rahats and other lifting appliances—dams and channels, tube-wells, pumping installations and levers.
- (b) Land improvement works—contour bunding, clearing and reclamation of waste lands, mechanical cultivation.

(2) **Supply Schemes.**

- (a) Distribution of fertilisers—Ammonium-Sulphate, Superphosphates, and other chemical fertilisers.
- (b) Distribution of manures, oil-cakes, bone-meal, compost, green manures and other manures.
- (c) Improved cereal seeds—paddy, wheat and other seeds.
- (d) arrangements for supply of iron and steel for manufacture of agricultural implements, and
- (e) distribution of loans and grants to cultivators for reclamation and for securing means for intensive cultivation and other allied purposes.

4. The Central Tractor Organization working on no-profit no-loss basis undertook land reclamation work in U. P., Madhya Pradesh and Madhya Bharat. The area reclaimed is 32,531 and 71,497 acres of land during 1947-48 and 1948-49 respectively. For the current year the programme is to reclaim 98,000 acres. 375

tractors are being purchased out of a loan of 10 m. dollars from the International Bank. Indents for 180 tractors were placed, out of which 149 already arrived. The target for reclamation until 1951 is 8 lakh acres resulting in an extra production 2.68 lakh tons.

5. The Special Emergency Branch of the Ministry of Agriculture arranges for the supply of iron and steel, cement, coal and fuel oils required for agricultural purposes by the States on a planned basis. During 1949-50 about 50% of the demand of the State in respect of iron and steel, 75% of the demand for cement and 100% of the demands for slack coal were met. Owing to the improved transport situation it is to be hoped that the difficulties in this respect would be increasingly overcome.

Grow More Cotton and Jute.

6. Following devaluation of the Indian rupee and non-devaluation of the Pakistan currency, the supply position of cotton and jute became difficult. On the basis of production in 1949-50 the deficit of Indian and Pakistan varieties of cotton was of the order of 13.2 lakh bales.

The deficit in jute allowing for 6 lakh bales of Mesta and 2 lakh bales of hemp will be of the order of 35 lakh bales.

7. While the deficit in jute is being attempted to be met by utilizing fallow lands and intensifying cultivation in areas under jute, the deficit in case of cotton is causing greater difficulty and therefore diversion of about 15 lakh acres from food to cotton has become necessary. This will result in a reduction in production of foodgrains to the extent of about $\frac{1}{4}$ lakh tons consisting mainly of millets. It seems to have been suggested that in order to induce the cultivator to divert land under millets to cotton some subsidy should be given for every additional acre brought under cotton, care being taken so that the bonus might reach the actual tiller. It is worth considering what should be the form of incentive to be given to the cultivator to divert land under food crop to cotton which may take the shape of remission in land revenue and water rates and other forms of subsidy such as supply of cheap or free manure, seed and agricultural implements.

The Government of India have already assured the State Governments affected by this diversion that the Union Government will make up the deficit in food due to this diversion.

Programme suggested.

8. The examination of the Grow More Food schemes of the States in the light of this new development, *viz.*, Grow More Cotton and Jute, leads us to underline the efforts of the State Governments in respect of intensive cultivation.

The area that can be reclaimed and added to the existing cultivated area can be but an infinitesimal fraction of the whole. It will no doubt add something to the total output, but much better results can be obtained by making even a small increase in the yield of the area already under cultivation. If we can raise the production from the existing cultivated area by 10%, the deficit will be made good. The yield per acre in our country, as compared with the yield in other countries, is very low. We can certainly raise it by simple methods without depending on any materials to be imported from abroad. A little improvement in methods of cultivation, full use of farm-yard wastes composted into manures, provision of irrigation facilities, wherever possible by extension of canal channels, sinking of *kachcha* or masonry or tube-wells, can secure at least this much of increase.

9. In Irrigation projects, greater emphasis should be placed on reconditioning of wells and tanks. It is expected that the progress will be accelerated in the river valley projects which are essential to the long-term economic development. The agency in the form of rural development board working through village panchayats and multipurpose cooperatives, as we are suggesting below, will be able to render assistance in the construction and location of new wells and tanks. The follow-up machinery of the State Governments in the matter of utilisation of Government grants, Grow More Food materials such as Iron and Steel, Cement, Fuel has a great scope of improvement. As stated earlier the Union Government have already taken steps to supply iron and steel and other commodities in short supply for self-sufficiency drive in food, but it is desirable that a further attempt should be made to raise the quota for this purpose so that the peasant might have no grievance and has a feeling that his requirements in this direction have been satisfied by the Government.

10. A great deal in the use of better seeds has yet to be achieved. The examination of the progress reports reveals a small area under improved seeds. The quantity is meagre while the quality of seeds distributed is far below the standard. The method of distribution should be as far as possible through multipurpose cooperatives. In this connection the notice of the State Governments may be attracted to the *experiment done in the Punjab under the Pure Seed Act, recently passed*. While commercially pure seed is supplied to all needy persons in the province, the limited quantity of high quality pure seed is distributed only in selected villages in 10 districts. The method of sowing pure seed in consolidated area is expected to ensure the purity of seed and avoid mixing of deteriorated seeds. The seeds supplied in the notified areas should produce sufficient amount of seeds next season, so as to cover at least five times the present area under pure seed. The East Punjab Government expect to bring during the next four to five years the entire area under improved variety in the State.

Compost.

11. Compost-making is being tried for quite a good number of years. In some States under the Grow More Food Campaign subsidy is being given. Yet the progress has not been as desired. In this matter also, attention may be drawn to the *recently passed Compost Act of the East Punjab* under which people in the rural areas are required to compost their farm-yard manure. From November, 1949, when the Act was passed not less than 8,684 pits have been dug for proper conservation of farm-yard manure and other waste materials. The work is in full swing and by March the number of pits dug may have increased to 2½ lakhs. No less than 75 municipalities and notified areas have been brought under the Act.

12. It is no doubt true that the Punjab Acts involve a certain measure of compulsion but it would perhaps be inevitable if a programme of economic development has to be carried out rapidly in a planned and systematic manner. Care should be taken to guard against the misuse of power which might be placed under these Acts in the hands of petty local officials. Perhaps the best method of ensuring the achievement of the desired result would be to entrust the administration to a decentralised machinery for administration like Village Panchayats.

Use of Dead Animals.

13. Some of the States have taken steps to utilize the bone-meal for manurial purposes. But no step has so far been taken to organize in a planned manner, the industries connected with the use of dead animals.

Sri C. R. Valunjkar, Bone-meal Adviser to the Agricultural Ministry of the Government of India in a note to the Committee has outlined the programme of developing industries for bone-meal, glue and gelatine, tallow and meat meal and preparation of such novelties as necklaces, salt marrow spoons, buttons, paper cutter etc. Such a planned use of dead animals alone can provide bone-meal to agriculture as manure at a cheap price.

14. To achieve this the Government will have to:—

- (i) check competition marking out areas for each individual group of workers,
- (ii) arrange for taking directly from the producers the product by eliminating the middle man,
- (iii) organise the industry on contract basis, and
- (iv) give social recognition and status to the pioneers.

15. Efforts may also be made to conserve and make available to the soil the manurial ingredients derived from urine. It is

claimed by Shri Valunjkar that if we can conserve five per cent. of human urine alone, we can have the nitrogen which we are importing (4 lakh tons of ammon-sulphate) yielding 80,000 tons of nitrogen.

With the help of the Governments, experiments may be immediately started in such places as jails, schools and factories. As a matter of fact, the Government of Uttar Pradesh have arranged for an experiment in the Lucknow jail. A small subsidy may also be given for pioneering experiments for this purpose.

16. *Blood meal* which is being wasted in the slaughter houses to-day may also be utilised for manurial purposes.

It is, however, necessary to work out a plan for the preparation of bone and blood meals and for subsidiary industries. Preservation and use of urine as manure has also to be organised. It will be equally desirable to open some centres for imparting training in the methods of preparation and preservation of these forms of manure and in their proper use.

17. **Campaigns for protection of crops from wild animals, pests and insects** should be organised. Quite a substantial percentage of grain is lost due to weeds. If concerted efforts on the part of all cultivators in a given locality are not forthcoming voluntarily, Governments may notify certain areas suffering severely from such weeds. Something is being done on these lines by the Government of the Punjab which might prove useful.

Imported Materials.

18. The examination of the self-sufficiency schemes of some of the State Governments reveals their dependence on materials imported from foreign countries perhaps to a larger extent than may be unavoidable. It is true that these materials are imported from soft currency areas; yet care should be taken that non-availability of these materials at the proper time may not work as a limiting factor, nor the State Governments are made to pay unnecessarily high price due to unco-ordinated purchase by different Governments. So far as possible, we must depend on indigenous methods, means and materials.

19. There is a keen demand for mechanised cultivation because of high charges on account of wages to agricultural labourers and price and cost of maintenance of cattle. Arrangements should be made for the importation of larger number of tractors and it should be considered if a tractor manufacturing concern can be started on joint partnership of Indian and foreign capital.

Land Reclamation features prominently in the self-sufficiency scheme. It is alleged that the cost of tractor cultivation under the C.T.O., the Provincial Tractor Units and under private management,

even allowing for the different types of work done under the three arrangements, is not quite uniform. It is therefore necessary to make a scrutiny of the cost in each case with a view to reduce it to the minimum. Tractors are economical only if they are worked in groups in compact areas and there are sufficient arrangements for repair and maintenance so that they do not lie idle for want of these facilities. In the existing conditions they should be used only for initial breaking up of land which cannot be economically undertaken with bullock and man-power. For the follow-up cultivation, we should ordinarily depend on our indigenous method.

20. In some of the provinces, *Fallow Land Acts* have been passed authorising the State Governments to bring such lands under the plough through lessees, if they are not cultivated by their owners. Similar legislation should be passed in all the States and fallow lands as well as culturable waste lands may be settled on a limited lease basis to enterprising farmers who can invest capital.

21. Full use may be made of all water available. If necessary law may be passed to enable the cultivator requiring irrigational facilities to make use of the supply of surplus water from private wells on payment of a reasonable rent to the owners of the wells.

Fuel, Fodder and Horticulture.

22. Self-sufficiency in food and cotton has absorbed our minds so much that adequate attention has not been paid to the planned development of fuel, fodder, and horticultural reserves. Grow More Food Campaign has created an atmosphere which should be taken advantage of in laying the foundation of a balanced agrarian economy. Cereals alone cannot give the nutritional balance which can be provided by balanced diet of cereals and other protective foods like fruits and vegetables. The programme of tree plantation is being pursued for a length of time without producing any impression on our economy. It is mainly because of the lack of after-care arrangements. It would be better if trees are planted in a lesser number but are better looked after. We hope that the Rural Development Board with its ramifications in the villages, as suggested by us in a subsequent paragraph, may be able to pursue this programme to greater effect. Every region has got its possibilities of fruits and vegetables, fuel and fodder. Concentrated effort for planned development should therefore be made according to the local resources and needs. The aim should be that every homestead has a tree which the family can call its own, and wherever land is suitable for fruit trees every village has orchards.

23. The need for the extension of dry and mixed farming may be specially emphasised. For the latter system of farming by conserving the fertility of the soil not only improves cultivation

but provides fuller employment and a more balanced diet to the cultivator and the cattle.

24. The present policy of the Irrigation Department with regard to the fixation of the commanded area of irrigation channels and tube-wells needs review. The cultivator should get water at the time he needs and in quantity which the crop requires.

25. Extension of irrigation channels and lining of such channels wherever possible for extending irrigation, deserve special attention. If the villagers can be persuaded to make the channels themselves on voluntary basis the question of charging them a reduced rate of irrigation is also worth consideration. Such works can possibly be taken up on a cooperative basis. There should be a proper plan for extension of irrigation facilities for each area where this is practicable.

Research and Extension.

26. Greater emphasis should be laid on research in food crops and fodder. Simple mechanical devices which may reduce the quantity and ensure sowing of good quality seeds should be evolved. The possibility of reducing waste of grain in rice mills by slight modification of the hull machinery should be explored.

27. In addition to the continuance of research in various agricultural problems, and it is much more important that discoveries already made and proved useful on research in demonstration farms, and by physical demonstration in the cultivator's fields, are extended and made available to the cultivator as quickly as possible. For this, it is necessary to increase the number of demonstration farms and organise a proper extension service. There is at present a long line of intermediaries between the person at the top of the service and the actual field worker with the result that the person, who really has to deliver the goods, does not develop initiative and a spirit of self-reliance; while others who have the technical skill and capacity do not make any constructive contribution in a tangible form. There are no direct contacts between the village folk and the responsible and enlightened officers who alone are capable of showing the concrete results. In this connection a reference may be made to the Pilot Project Scheme worked by the American Experts in Etawah (Uttar Pradesh) which clearly brought out that every member of the staff, however high, must work for some time at least in the villages. Further, it is necessary that there should be short classes in large numbers for giving training in a few important, even though simple, items to the field workers as well as to the village people so that an enlightened village leadership may grow. The training can include improvement in seed, making of compost, utilisation of night-soil and urine for manure, consolidation of holdings, organisation of cooperative for collective marketing,

purchase of tools, sinking of wells, digging of canals, distribution of water, and in mixed farming etc.

28. As suggested earlier, extension of researches should be better organised as far as possible on the fields of the peasants and the experience gathered in the fields should be brought back to the laboratory for further improvement. This two-way movement in agricultural research has a great possibility.

Improved Implements and their Maintenance.

29. Arrangements for large-scale production of better tools and implements required for agriculture need improvement. The training of village blacksmiths in maintenance and repairs of such tools must also be organised on a very wide basis.

Gopalan (Animal Husbandry)

30. Every State Government have a scheme for live-stock improvement. Emphasis should be laid on the following programme :—

- (1) Scrub bulls should be compulsorily castrated and pedigree bulls should be supplied. Wherever necessary, powers to castrate scrub bulls should be taken by legislation. Centres for artificial insemination should also be opened.
- (2) To improve the milching qualities of cows and buffaloes, dry cattle depots should be established in places close to the towns.
- (3) Steps may be taken to establish concentration camps for old and unproductive cattle in the interior of reserve forests.
- (4) Village Panchayats or any other local body should be empowered to maintain a certain percentage of the village area as pasture land. In those States where Zamindari Abolition Bills are in progress adequate provision to this effect may be made. Grazing rights in the proprietary forests of zamindars and malguzars may be extended to cow-keepers under certain limits. Efforts should be made to grow improved varieties of grass.

Forest Management.

31. Efficient management of forests is not possible under private ownership. In the Zamindari and Malguzari Abolition Bills provision has been made for the acquisition of private forests. But so long as these Bills are not passed and given effect to, private forests may be taken over under State management so that the interests of the community and the demands of the village industries may be satisfactorily met.

A Just Agrarian Programme.

32. Agriculture will remain in a state of flux so long as the structure and pattern of rural economy does not become clear and definite. The rentier class is in the process of elimination but the undue prolongation of the process is delaying the readjustment in the class-relationships and unless the period of transition is shortened, our efforts for increasing production in this sector may not produce adequate results.

33. **Abolition of Zamindari and Malguzari** has been mooted in the Bills of Bihar, U.P., Orissa, Assam and Madhya Pradesh. Besides, for the abolition of feudal rights in the erstwhile states, whereas Kashmir and Jammu have gone ahead by taking definite steps, schemes in this direction have been formulated in Hyderabad, Rajasthan and Madhya Bharat. In the matter of payment of compensation, in quantum as also in the manner, there is a difference in approach, which, to a certain extent, is justified by the local circumstances. The U. P. Land Reforms Bill and the C. P. Malguzari Abolition Bill provide for payment by the tenants for acquisition of the rights of *Bhumidhari* and *Maliq Maybuza* respectively. There are still states like West Bengal which have not introduced any abolition measure. The amendment of section 31 of the Draft Constitution has made it possible to pay compensation in bonds. It is, therefore, of extreme importance and urgency that zamindari and malguzari should be abolished expeditiously by taking advantage of this amendment.

34. Provision should also be made for **STOPPING OF SUB-LETTING IN FUTURE**, exceptions being made in case of disabled persons. In fact the U. P. Land Reforms Bill has provided for it.

35. During the period of transition, **PROTECTION** should be given to **TENANTS-AT-WILL** in the matter of tenure and the level of rent. Introduction of Co-operative Better Farming should be undertaken in every region in a planned manner with fixed targets. If necessary, an element of compulsion on the minority may have to be resorted to whenever the masses of cultivators in an area are in its favour. The system of co-operative farming is beneficial particularly for cultivators of uneconomic holdings and special efforts should be made to induce them to pool their resources for this purpose. Co-operative Joint Farming may be experimented in selected areas. Both to multi-purpose co-operatives and co-operative joint farms, special facilities should be granted by the State. They should also receive priority in all matters of State assistance. In areas where fragmentation is intense consolidation of holdings should be undertaken in a

determined manner. In this respect the experiment which is being made in Bombay regarding compulsory consolidation should be sympathetically watched and if necessary extended.

36. There should be uniformity of legislation with regard to the right of transfer. While restriction on the right of transfer is desirable, absolute check on such right is not advisable. In any case, so long as adequate fund is not available for financing agriculture such right may be allowed. We describe later the financing agencies for agriculture, village and cottage industries.

Agricultural Labour.

37. Special attention should be given to the organisation of agricultural labour for the betterment of their condition. Even today forced labour is not prohibited in certain places under law, as is required by the Convention of the I.L.O. While the amendment of law in such cases is urgent, no less urgent is the strict enforcement of legislation in States which have already banned forced labour. Agrestic serfdom should be made a cognizable offence and the President of the Union Board or the Village Panchayat might be empowered to enforce the law. Debts of agricultural labourers should be scaled down and wherever found inequitable wiped out. High priority should be given to provision of house-sites to agricultural labourers and to the removal of the disabilities attached to the present house-sites.

38. The Ministry of Labour is carrying on an enquiry into the conditions of agricultural labourers. To increase the value of the survey, it should extend to an enquiry into the cost of cultivation and the occupations of the agricultural population during the non-agricultural seasons. In considering the question of fixation of a minimum wage for agricultural labour, it will be necessary to take into account the cost of cultivation and the level of prices for agricultural produce. In fact it will be necessary to guarantee a minimum price for agricultural produce before a minimum wage for agricultural labour can be fixed. The best way of improving the economic condition of the agricultural labourers is to provide gainful occupation in other sectors. An immediate programme in this direction should be taken up in certain regions.

Crop and Cattle Insurance.

39. In the present context of the gambling nature of our agriculture and the high incidence of mortality of cattle population, the programme of crop and cattle insurance can be accepted only on an experimental basis.

VILLAGE AND SMALL-SCALE INDUSTRIES

40. The problem before us is twofold—to produce more wealth in agriculture and industry and to provide greater opportunity for gainful employment. A programme of planned development of village and small-scale industries can, while increasing avenues for employment and ensuring more equitable distribution, make a very significant contribution to the volume of production in the country. In the background of our limited resources in money and capital and the teeming population of the country, the decentralised co-operative economy has a special appeal. Such an economy has a double virtue of increasing production and employment with the least investment of capital and time-lag between production and consumption.

The policy of restricted import has created conditions for the development of a host of small-scale industries. Closure of mills and middle-class unemployment, intensified by the recent flow of refugees from East Pakistan, have underlined the importance of planned development of such industries.

41. Under Gandhiji's leadership, the Indian National Congress accepted a policy of promotion of village industries. While every State Government have schemes of development of cottage and small-scale industries, only in a few States there has been a planned effort in this direction. Pursuant to the Industrial Policy Statement (April, 1948) the Government of India have established a Cottage Industries Board. Valuable experience has been gathered by a technical mission sent under the auspices of the Cottage Industries Board to Japan. A group of Japanese technicians has been brought to train our artisans in superior technique. A Research Institute is being started at Aligarh. Steps are being taken for better marketing of the cottage products within the country and abroad. Thus, while the Governments have accepted the policy of development of village and small-scale industries, there is a large scope for adopting a co-ordinated programme to be implemented in a determined and methodical manner.

General Policy and Programme.

42. By and large, the Cottage Industries today present a spectacle of low technical efficiency, antiquated methods of work and organisation, extreme exploitation by sowkars and sub-human conditions of life and labour. It is essential to remove these defects and for this purpose to evolve a system in which the village artisans, whether they work in their homes or in co-operative establishments, have the advantages of modern methods of business and other

co-operative aids and produce designs and patterns suited to indigenous and foreign markets.

43. The immediate task therefore should be to make a rapid survey of the requirements at home and abroad which can be met by these industries and of the regional resources suitable for their development. Such a survey can be carried out by a co-ordinated effort of the State Governments in liaison with the National Planning Commission. Every State Government must have targets for their plans, for the organisation of Industrial Co-operatives which should, as far as possible, look after the supply of raw materials and marketing of the products of the village and small-scale industries. Arrangements on a priority basis both under the Centre and the State Governments should be made for the supply of essential raw materials. Emphasis should be laid on research in design and pattern and in improvement of implements. Facilities should be given for training of batches of artisans for different industries from each State in the centres run by Japanese technicians. Provision for finance should be made under State Industrial Finance Corporation. Schemes for standardisation and quality control of cottage industry products should receive high priority. Workshops should be organised for training village artisans in making improved varieties of agricultural implements and tools required for cottage industries. Small machines on the Japanese model should be produced on a mass scale and distributed through Industrial Co-operatives to specially trained artisans. While cottage industries in general should be developed on the basis of regional potentialities, provision should be made for inter-regional training centres so that the peculiar efficiency of the artisans of a particular region may be transmitted to the artisans of other regions.

44. Finally it is necessary to consider the policy regarding co-ordination between large-scale industries and small-scale and village industries. A properly co-ordinated plan can develop a supplementary—complementary relationship between the two sectors, contributing to mutual expansion. It may also be considered if a small cess on the large-scale industry may not be utilised for a subsidy to the cottage industry affected by competition from the former. Much may be achieved by a more sympathetic policy of Government purchase.

Export Market.

45. Effort is being made for organising export markets by opening emporia in important cities in Europe and America, specially in hard currency areas, for brass wares, wood and ivory carving, jewellery, gold brocade and silk handiwork.

If the modern technique of salesmanship is applied to the cottage industries and their production methods are adapted to yield a steady flow of standardised mass produced utilities having

an artistic appeal, it may add to our exports especially to hard currency areas. Many countries in soft currency areas do not allow the import of luxury goods. Arrangements should be made for showing our cottage products in foreign countries in exhibitions and periodicals and by generous distribution of samples in embassies and consulates.

46. We have indicated above the general policy to be pursued with regard to the village industries. Below, we discuss in detail some of the important village industries on which we should concentrate our attention.

Handloom.

47. The Handloom Industry produces about 1,200 million yards of cloth and gives employment to about 2 million part-time and whole-time workers. The Standing Handloom Committee was brought into existence in 1949 and a Sub-Committee was appointed to examine the question of reserving certain fields of production of cotton textiles, particularly sarees. The Government, however, appointed another Committee with representation predominantly of the Textile Mills and officials to examine the question. This Committee recommended reservation of those varieties for handloom production, which could not at all or could not with advantage be produced by textile mills. The following varieties have been reserved for handloom :

1. *Sarees.*
 - (a) with borders exceeding 2½" in width,
 - (b) woven with zari or art silk yarn in borders,
 - (c) woven with coloured yarn in the body, that is striped and check sarees.
2. *Dhoties.*
 - (a) borders exceeding ¼" in width,
 - (b) woven with zari or muga or art silk borders.
3. *Lungis, Sarongs and Gumchas.*
4. *Chaddars and Bed-sheets.*
5. *All gauze and bandage.*
6. *Table cloths and napkins.*
7. *Bed covers.*
8. *Dusters—all varieties.*
9. *Towels—honeycomb towels.*
10. *Coarse cloth of plain weave—manufactured with warp and weft: counts 8s. and below.*

Except items 5 and 8, production by mills in other varieties is very negligible. No popular variety of cloth can be produced by handlooms in plain weave in counts of 8s. and below. The Government do not contemplate restricting the increase in production by mills in varieties left over to them. The Union Government have asked the States to step up production of handlooms in the reserved varieties *where there is no shortage!*

48. There is, of course, a general policy of priority in the matter of distribution of yarn through the State Governments to handloom industry, but due to increase in the margin of profits to the mills through increase of price of yarn since 1948 it has become difficult for handloom to compete with cheaper mill cloth. The Government have not indicated to what extent yarn of counts of 10s. to 20s. required by the handloom industry should be produced by the mills. The enhancement of price of fine and superfine yarn from February 1950, a major portion of which is utilised by handloom industry, is causing difficulty to this industry.

The price of yarn is increased by 25% at least over the cost price by the time it reaches the ultimate weaver. Composite mills do not bear this extra cost. Even the weaving mills get yarn at the ex-mill rates. The handloom industry bears the following minimum extra charges :

1. Margin of profit allowed to spinning mill—exceeding 12½% over the cost price.
2. Insurance and Transport charges.
3. Margin of profit allowed to distributing agencies.
4. Sales tax at different stages and other incidental charges.
5. Rewinding charges.

49. The system of the supply of dye-stuffs and chemicals required by the Handloom Industry is chaotic. A Syndicate of Handloom Weavers' Co-operatives may be organised for the purchase and distribution of dye-stuffs and chemicals. The Government should provide all possible facilities to the Syndicate in its work.

50. The Government of India have agreed to purchase 1/3rd of its textile requirements from the handloom weavers. But due to certain difficulties in specifications of textiles required by the Government the handloom industry does not get the full benefit of this policy. A scrutiny may therefore be made at an early date.

51. This industry can offer gainful occupation to lakhs of refugees without much capital assistance from the Government. It is high time to consider how best the 2/3rd of the total capacity of the handloom industry can be protected from adverse competition of the textile mills by the reservation of the requisite number of counts.

Khaddar.

52. Every State Government have a programme for the development of the Khadi industry. And there is provision for State assistance towards research and subsidy. The Government of Bombay have a programme of developing self-sufficiency in spinning. A subsidy of As. 8 per sq. yard, woven up to a limit of 20 sq. yards, is given to a self-spinner. Carding and spinning set at half the cost is distributed to such spinners. To selected institutions a subsidy of As. 2 per sq. yard spun and woven and a substantial subsidy for construction of weaving shed are given. Looms and other accessories are supplied at half the cost. The Government of Uttar Pradesh have also a forward policy in the matter of research and State purchase.

53. The following steps should be considered as an Immediate Programme :—

- (a) Suitable subsidies and other forms of State assistance should be devised to protect and promote Khadi industry.

The Government should purchase, as far as practicable, Khadi for its cloth requirements.

- (b) The national flag should be in Khadi and Khadi alone.
 (c) Certification of Khadi should be the responsibility of the A. I. S. A. and allied bodies. Uncertified Khadi should not be allowed to be sold in the name of Khadi.

Village Oil Industry.

54. There should be a division of spheres of work between the mills and the ghanis, edible oils to be crushed by the ghanis and the industrial oils by the mills. The following steps may be taken for the promotion of the village oil industry :—

1. A fund may be created by the levy of a cess at the rate of 1 pie per lb. from the mill oil. The fund is estimated to yield an annual income of Rs. 75 lakhs.
2. The Village Panchayats may be empowered to hold stocks of oil seeds in the villages with the help of this fund.
3. Industries subsidiary to the Ghani industry should be introduced, Governments providing necessary training and facilities for supply of raw materials and purchasing finished products for State purposes.
4. Village Panchayats should be empowered to deal with cases of adulteration.
5. Research and Training Institute should be established

Neem Oil.

55. Non-edible oils can be utilised for lighting purposes, soap-making etc. The supply of kerosene to rural areas may be supplemented by a supply of neem oil. Neem oil cake is a good manure. It is, however, necessary to undertake research and experiments in the use of neem oil for lighting and fuel purposes and to work out the economics of such use. If this is found practicable, a detailed scheme will have to be worked out for production and extension of use of neem oil.

The Village Industries Committee of Bombay made an experiment and found this industry to be uneconomic. But other State Governments like the East Punjab and Madras have taken up schemes in this respect. The Government of Uttar Pradesh are also contemplating to start experiments.

Palm Gur.

56. In India there are 4 varieties of palms, viz., cocoanut, date, palmyrah and sago which are being exploited for production of gur. Cocoanut palm gur is produced in the districts of Malabar, South Canara, Coimbatore and Madras. Date palm is tapped in Bengal and few districts of Madras. Palmyrah is extensively tapped all over Madras and Bengal and sago palm in Travancore-Cochin and Malabar.

The State Governments have schemes for palm gur manufacture. The Government of Bombay have 10 centres in Karnatak, Gujerat and Maharashtra on self-sufficiency basis. Encouragement for palm gur manufacture has been given under the scheme of Provincial Prohibition Board. A subsidy to palm gur producers at the rate of 1 anna per lb. of gur produced has been given, the total value of the subsidy coming to Rs. 12,000. Boiling pans are supplied on the hire-purchase system.

The Bombay Government experiment reveals that, due to high cost of fuel, no large-scale manufacture of gur from date palm trees is possible.

Shri Gajanan Naik, Palm Gur Adviser to the Ministry of Agriculture, Government of India, has suggested the following steps :—

(i) *Raw Materials.*

- (a) It is essential that the tree rent should be controlled under the Grow More Food regulation and through social propaganda by the Rural Development Board suggested below,
- (b) Immediate reform of juice sharing system in the South,

- (c) Compulsory utilisation of palms or lending them for gur production by the owners,
- (d) Prevention of cutting palms without permit,
- (e) State-owned trees should be made available for such production without any rent or any other state charges.

(ii) *Fuel Supply.*

There can be economy in fuel consumption by using shallow and flat bottom iron pans. Scientific furnace which is not costly and built by the producers may be introduced. Fair price fuel depots may be opened and priority in the matter of supply of coal may be arranged.

Arrangements should also be made for better technical guidance.

It is, however, necessary that the economics of this industry should be worked out for different regions and steps should be taken for its extension in those areas where it is economical.

Food Processing and other Industries.

57. A number of industries like hand-pounding of rice, paddy husking, dairy farming, specially ghee industry, paper making, button making, poultry farming, ceramics, silk spinning and weaving, leather making and tanning and industries connected with horticulture and dead animals, may be encouraged.

Measures should be devised to protect ghee from adulteration and *no expansion in the Vanaspati industry should be allowed.*

IV

**RURAL EDUCATION, SANITATION AND
OTHER SOCIAL SERVICES**

58. Under Gandhiji's leadership, the Congress accepted the policy of developing a system of Basic Education which will centre round a major craft, so that in every student a sense of dignity of labour is generated and he grows into a productive member of the society. While the comprehensive re-organisation of education is bound to take time, we certainly feel that even during the transitional period whatever may be the nature of training, every student today must have not only the development of the mind and brain but also have those manly qualities which would equip him for earning his livelihood in the fields and factories.

59. The fulfilment of any scheme of economic development depends in a large measure on the consciousness of the people. It is therefore necessary to have a practical plan of adult education. In this connection the programme of Social Education of the Government of Madhya Pradesh may be considered.

In Madhya Pradesh 500 centres have been established all over the State and 7,000 volunteers including 2,000 girls have taken part in the working of the scheme. Each camp has a complement of one leader and about 10 volunteers. Both the leaders and the volunteers are trained before they are given assignments. The syllabus of each camp includes, besides reading, writing, and arithmetic, instructions in civics, hygiene, village conditions and the trades of the area in which the camp is held. Recreation is a very important part of the camp activities. It is estimated that about 3½ lakhs adults have attended these courses and passed the qualifying test. The entire scheme is estimated to cost Rs. 50 to 60 lakhs. Similar schemes are also in operation in other States and deserve consideration in this connection.

60. The primary consideration in the sphere of Public Health where there is so much to be done should be to fix priorities. Instead of frittering away our energies on a diversified programme we should try to tackle the problem at the root. State Governments have worked out schemes of public health. Apart from improving buildings, staff and equipment of the hospitals and taking over of a few hospitals which were being inefficiently run by local bodies, the public health situation in the country is yet capable of improvement. The doctors attached to rural health centres at present are provided with inadequate supply of medicines.

The present scheme of restricted imports has created a favourable situation for the development of the indigenous drug industry. It may, therefore, be advocated that the State Governments may spend a little more money in providing indigenous medicines to these rural health centres. This may work as an indirect subsidy to indigenous drug manufacture and promotion of pharmaceutical works.

61. An intensive programme for anti-malaria work should be undertaken, because Malaria is largely responsible for the ill-health and the consequent inefficiency of the rural population. Diseases like Malaria can be resisted if the people use a balanced diet, which can be produced within their means. Education in the ways of cooking food and preparing dishes without diminishing the nutritive value of the materials used, may be imparted through the Village Panchayat.

Epidemics like Cholera may be fought more effectively by the provision of facilities for drinking water in the rural areas. Wherever

tanks are designed for this purpose they may also be utilised, if possible, to provide high content protective food by way of fresh fish and on their banks vegetables and fruits having the necessary vitamins and minerals.

62. The building of village roads, trench latrines and clearing of jungles is one of the priority problems. This sector of developmental programme offers a unique opportunity for the utilisation of the labour which is going waste. While for destructive wars conscription is resorted to, in the cause of building a happy life and society there may as well be conscription of labour. The rural developmental machinery through the Village Panchayats should prepare a budget of the labour power, and use of implements of the locality which can be enlisted for this purpose. The Government should be prepared to offer in equal proportion assistance in money and materials. These objectives deserve very high priority and should be given proper attention.

V

FINANCE FOR AGRICULTURE AND COTTAGE AND SMALL-SCALE INDUSTRIES

63. The bulk of our national income comes out of agriculture and small-scale industries and most of our people depend for their means of livelihood on this sector of our economy. Unless money flows into this sector, we cannot expect to increase the national dividend substantially.

Due to the operation of the laws controlling the money-lenders, capital investment in this sector has been and will be greatly reduced. After the abolition of Zamindari and Malguzari systems there will be a further flight of capital from the countryside. It is, therefore, of the utmost importance and urgency to provide for institutional credit machinery for both agriculture and cottage and small-scale industries. Financial assistance should flow through co-operatives—multi-purpose and industrial. Such finances should be made available either through the co-operative or the Panchayat, or through a local Government official where there is neither a co-operative nor a panchayat.

Co-operative Movement.

64. The Co-operative mould of our economic life in agriculture and industry can alone reconcile the conflicting claims of individual freedom and the demands of the community. It offers an oppor-

tunity for the organisation of enterprise on as efficient a basis as under large-scale manufacture, avoiding at the same time the evils of large-scale production. To achieve this end, the co-operative movement should come under a definite policy of reorganisation and state subsidy. In this connection the work done in U. P. and Bombay may be considered.

65. The structure of the Provincial Co-operative Bank may be remodelled on a federal basis and the Government may subscribe substantially to its share capital.

There may be additional ways in which funds may be provided for agriculture and other rural occupations.

- (1) Government subsidy—to the Provincial Co-operative Bank, Central Banks and Banking Unions for a period of 3 years towards meeting the cost of opening branches, which may be initially uneconomic.
- (2) Subsidy to the Provincial Land Mortgage Bank to the extent of the difference between the Bank's economic lending rate and the rate at which Government provide finance for such purposes as bunding, installation of costly machinery and construction of wells. These facilities should be made available as far as possible to the villagers through co-operatives and where these institutions are not in existence, through local officials.
- (3) Setting of Grain Banks or Depots from which grain is advanced for purposes of seed and maintenance and recovered with an interest of 25% at the time of harvesting.

66. In order to encourage societies to maintain efficient secretaries and sound management, the Government may agree to contribute towards the cost for a period of two years. A grant to the extent of 1% of the total working capital of rural primaries may be placed at the disposal of the Registrar. He should be empowered to give subsidy up to a maximum of 2.5% of their working capital.

It is worth considering the recommendations of the Gadgil Committee and of the Co-operative Planning Committee suggesting a generous contribution by the Union Government towards agricultural credit. Unless such central grants are forthcoming, much cannot be done by the State Governments under the present financial conditions.

Financing of Small-scale Industries.

67. For small-scale industries as such there is no provision today for institutional credit. Four State Governments, however, have so far established Finance Corporations for assisting both

large and small industries. It is necessary that every State should have such a finance corporation and priority should be given in the matter of credit advance to cottage and small-scale industries. There is at present hardly any priority rating. In giving advances, not only credit-worthiness of the applicants should be considered but also precedence should be given according to the technical efficiency of the schemes and needs of the country.

68. It is also to be considered whether *Industrial Credit Corporation* should be set up in each Province, *specially for cottage and small-scale industries*. The State Government should subsidize this institution by granting loans and advances and by underwriting and guaranteeing the issue of stocks, bonds and debentures.

Austerity.

69. We are confronted with extreme inadequacy of resources for progressive development in every field of economic and nation-building activities. This is seriously retarding our efforts to increase production and raise the standard of living of the people.

The country will have to depend very largely on the creation of capital internally by setting apart as large a part of the current production as possible for the purpose of capital formation. To achieve this, the nation must practise Austerity on a large scale in all ranks and walks of life. Persons in high positions are expected to give a lead to this programme. A campaign for the purpose must be conducted on an organised basis in all parts of the country. A clear idea should be given of the several concrete ways in which different sections of people can participate in the programme so as to forego the use of goods and services to as large an extent as possible. The programme of austerity should be so conceived that the people might feel a sense of equality of sacrifice and that the fruits of their austerity might redound to their economic betterment.

Regionalisation of Capital Formation.

70. Under the auspices of the Rural Development Machinery, there should be an intensive drive for diverting the flow of investible surplus of the country to the institutions for agricultural and industrial finance. Such a scheme of capital formation and regulation of flow of investment can succeed only when the people at the top resolve to put regularly a certain percentage of their income with the Provincial Co-operative Bank and Land Mortgage Bank financing agriculture and with the Industrial Credit Corporation for Cottage and small-scale industry. Persons in high positions should give a lead in this programme. Public workers and officers of the Government may follow the lead and then alone like a snow-ball this programme for regionalising capital formation may gather volume and momentum and common peasants and industrial

workers who are consuming today their surplus income may be effectively induced to invest a portion of their income in this programme of building a decentralised co-operative economy.

The Rural Banking Enquiry Committee has not yet made recommendations. It is, however, expected that the principle of priority in the matter of utilising local resources for local needs would be borne in mind. The co-operatives will be obviously given every facility to collect the social surplus of the countryside.

71. The marketing finance should be provided on a much more liberal scale by the Agricultural Credit Department of the Reserve Bank of India, and the necessary facility for rediscounting be provided by a scheme of Government subsidized ware houses on the line of the Madras and Bombay Government schemes.

VI

MACHINERY FOR RURAL DEVELOPMENT

72. At the basic level the three institutions of Village Panchayats for general administration, social functions and land management, multi-purpose co-operatives for financing and development of agriculture and Industrial Co-operatives for cottage and small-scale industries should operate. There should be definite targets for the promotion of these institutions.

In the light of the local resources and their readiness to contribute as much as they can by way of labour, other services and money, villagers should be encouraged to outline their own plans through the leadership of the Panchayats and co-operatives for local economic and social development in the short and long periods. Under such an arrangement, when finally the Provincial Development Board settles the plans of and targets for the villages to be fulfilled by all Panchayats, Local and District Development Boards, the people can feel satisfied that the final plans and targets are as much their own, and so can be expected to work enthusiastically for the fulfilment of the plans and targets.

In the Talukas there should be development boards representative of the institutions at the village level. At the district level there should be a Rural Development Board representative of these three institutions, or of the Taluka Boards where they exist, President of the District Board and one representative each from the nation-building departments of the Government with the District Magistrate as its Chairman. There should be provision for nomination of the representatives of Labour and Large-Scale

Industry, wherever necessary, an eminent constructive workers of the area. So long as the basic institutions do not grow, the Boards at levels should be nominated by the State Government from a panel of names suggested by the District Officer on the basis of functions essential to the development of the rural economy.

At the Provincial level there should be a Provincial Board representative of the District Development Boards, with provision for nomination of representatives of Labour and Industry and eminent economists, doctors and educationists.

Uniformity in Development Machinery.

73. In the existing rural development programmes of the State Governments there is a definite inclination towards the enlistment of co-operation of the people. In the 900 blocks of the U. P., in the Janapad scheme of Madhya Pradesh, in the Sarvodaya scheme of Bombay, in the integrated Firka Development scheme of Madras, in the proposed Anchal of Orissa and the Trading Co-operatives of Assam, definite attempts are made to broaden the basis of development schemes and make them really the people's enterprise. It is, however, necessary to ensure definiteness and uniformity of approach in respect of these schemes and the machinery as proposed above should be considered in this connection.

74. The Provincial Board should serve as a Standing Advisory Committee to the State Planning Machinery suggested below.

The Provincial Development Board should be consulted by the State Planning Machinery in fixing priorities for various constructive and developmental activities and distributing Government funds and materials in short supply for works and institutions. It should function as a spear-head of publicity for mobilising the surplus labour power and capital resources for the regional development schemes. It should meet at least once in six months to discuss the progress reports of the District Development Boards and should hold quarterly meetings to review in detail the progress of development in each branch and report to the State Planning Machinery about the progress of work and the non-fulfilment of the targets in the programme, suggesting reallocation of funds and resources among the various development scheme consequent to such non-fulfilment.

The District Development Board *mutatis mutandis* will have functions similar to those of the Provincial Board and will have *additional executive functions*.

Both the Provincial and District Boards will have their own Secretariat. It might be preferable to appoint non-official permanent secretaries with honorarium by way of experiment.

Rural Development Centres.

75. Under the auspices of the District Development Board there should be a few rural development centres, for competition and comparison and for concerted implementation of the total programme of rural development, *viz.*, grow more food, crop planning, promotion of cottage industries, planned employment of agricultural population to non-agricultural occupations and canalising surplus labour power and investible surplus of the locality for local development projects and organisation of social services.

76. Due to dispersion of our resources it is not possible to assess the potentiality of the programme of rural development. It is therefore necessary, as is being done in Bombay and Uttar Pradesh, that under the State Governments there should be an intensive drive in aforesaid centres for the achievement of the programme. Incentives should be offered, in the shape of prizes for the best results in grow more food and cottage industry. Periodic exhibition should be organised under the auspices of the Provincial Development Board, District Development Boards and Village Panchayats.

Rural Development Service.

77. To work in the cause of this programme, a special cadre should be trained from local artisans and kisans and self-sacrificing young men and women. After receiving general education up to a certain standard they may be trained in a special course of constructive work and the duties connected with rural development. This cadre should prop up the Rural Development Boards, Panchayats and Co-operatives.

State Planning Machinery.

78. The appointment of the National Planning Commission has lent urgency to the appointment of the State Planning Machinery. The machinery for co-ordination in the different State Governments today differs widely in composition and functions. It is, therefore, necessary to have a uniform machinery in all the State Governments in the shape of a Cabinet Sub-Committee consisting of the Ministers in charge of nation-building Departments with the Chief Minister as the Chairman and the Chief Secretary as the Secretary with a Deputy Secretary, specially appointed for this work.

After considering the advice tendered by the Provincial Development Board, the State Planning Machinery should draw up a comprehensive plan for development, making proportionate allocation of available resources in money and material, quite well in advance of the budget.

79. The schemes should have a two-way movement. They will go to the National Planning Commission for integration and co-ordination along with similar schemes of other State Governments. They will also move downwards through the Provincial Development Boards to the District Development Boards to be considered in the light of local resources and needs. Such a method of planning will reconcile the conflicting claims of centralisation which planning involves with those of democracy and local initiative.

80. Partition of the country and integration of the States have made the developmental schemes of the provinces like West Bengal and Orissa to a great extent ante-dated. The State Planning Machinery of these States should immediately take up the review of the developmental schemes in the light of these new factors and also of the new situation created by the recent influx of refugees. It should also suggest the desirability of formulating immediately a supporting scheme for the absorption of the large blocks of power which would be available out of Hydro-Electric schemes and other schemes of generation of electric power.

Constructive Use of Military Personnel.

81. In this programme of rural development, specially in the Grow More Food Campaign and improvement of the technical efficiency of small-scale industries by imparting technical knowledge to the people and in the building of roads, bridges, and canals, the Military personnel, when not employed on active operations, may take an important and worthy role. Such participation will create a sense of urgency among the people and train them in disciplined action and bring our military personnel in closer contact with the people. Establishment of complete cordiality between the people and the army is essential in a democracy. This is actually being done in Assam and at some other places.

VII

INDUSTRY AND LABOUR

82. In the sector for large-scale industries, the remarkable feature is that all our basic and essential industries are producing below capacity. The Government of India are conscious of the need for a scheme of rationalisation which would harmonise the interests of labour and capital on the one hand and the maintenance of the equilibrium of the social economy on the other. *Working Parties* have already been appointed or are being proposed to be appointed in *Coal, Cotton textiles, Cement and Iron and Steel industries.*

If need be, *working parties* in other industries may be appointed and the *working parties* already appointed should report as early as possible. Because, the shortage and inflation which are the bane of our national economy cannot be fought on the production-end effectively unless our basic industries are rationalised in a planned manner. The State Governments may also appoint *working parties*.

83. The efficiency of our industries will depend to a great extent on the productivity of labour. It is imperative to improve efficiency to maximise production. In this supreme national effort of increasing the wealth and welfare of the nation, labour will certainly play its role.

Closure of Textile Mills.

84. A number of mills have closed on account of shortage of raw materials, inefficient management, lack of finance and old and worn-out machinery.

Moving the Bill for State management of the Sholapur Spinning and Weaving Mills, in the Parliament, the Industries Minister formulated the following policy for State management of closed mills:

- (1) The undertaking must relate to an industry which is of national importance,
- (2) It must be economic,
- (3) There must be a technical report as regards the condition of plant and machinery etc., which either as they stand or after necessary repairs and conditioning can be properly utilised,
- (4) A proper enquiry showing that the management has so misbehaved that it is no longer fit to remain in charge of such an undertaking.

85. The closure of mills has necessitated consideration on high priority basis, *the question of building a cadre specially trained for business management*. An institution may be set up for giving a course of special training on business management, as is done in some of the States of America, to young officers who are connected with the operation of controls.

Gratuity to the retrenched employees.

86. The Labour Investigation Committee reporting in 1946 advocated a principle of offering gratuity at the rate of 15 days' salary for every completed year of service. In the absence of a scheme for social security and due to the closure of mills an early decision has to be taken on the scheme of gratuity as recommended by the Labour Investigation Committee, i.e., 15 days'

salary for every year of completed service. The gratuity can be given in instalments.

The proposal for retrenchment by an employer should, however, when dispute arises, be subject to the approval of the agency to be set up by the State Governments.

As gratuity can never be a solution of the problem of unemployment, a scheme of planned deployment to other occupations has to be pursued. Retrenched employees should be given priority by the employment exchanges in the matter of filling future vacancies in the same or other industries.

Insurance—Nationalisation and extension.

87. We are inclined to the policy of nationalisation of Life and Transport Insurance. The recent amendment of the Insurance Act has provided the much-needed control over Insurance Companies which we hope will facilitate nationalisation at an early date.

Insurance is an effective method of capital formation. In the present context of meagre flow of capital it is worth considering if employees of the income group up to Rs. 100 per month (specially Government employees) may not be brought under a scheme of compulsory life insurance.

88. It may be considered if the scheme of Postal Insurance which applies to a certain section of the Government employees today should be extended to other employees in regular employment in other sectors of life, such as local bodies and other private organisations. This scheme will assure a certain measure of security to the lower middle class of our society which is very hard-pressed under the present economic difficulties.

Industrial Housing.

89. First announced in the Industrial Truce Resolution as a policy and later on developed as a programme for building 1 million houses in the Industrial Policy Statement of the Government of India in April 6, 1948. Industrial Housing stands as a pledge demanding early implementation by the Government. Before the financial situation developed the present-day stresses, the Government of India agreed to an interest-free advance recoverable in 25 years to the extent of 2/3 of the cost of the scheme. The State Governments were asked to raise the balance of the cost and to build a sinking fund for the re-payment of the Government of India advance.

Minimum recurring charges for the implementation of the scheme will come roughly to 5½% on the total capital investment:—

Interest	1% on the total capital
Sinking Fund	2%
and Repairs and Maintenance	2½%

Out of this 5½%, workers should contribute 2½% by way of rentals and employers 3% to be collected as a cess on the Industries benefited under the scheme of Industrial Housing.

90. Progress of industrial housing under the scheme has so far been negligible. To raise industrial efficiency and ensure industrial peace large-scale construction of houses for industrial workers should be undertaken without delay and hindrances to the way of the success of such a programme should be removed. The conventional method of building houses may be substituted for by a method utilising less costly materials like woodwork and tiles in labour centres like Bombay, Madras and Calcutta, where the climate is less extreme.

Hygienic conditions in factories and labour areas.

91. Provision for the supply of drinking water and sanitary arrangements in labour areas forms an integral part of the larger programme of industrial housing. But so long as the larger question cannot be tackled, the State Governments with the assistance of the Government of India should direct their energy to this problem.

Provision for hygienic conditions in factories has been made in the Factory Acts, but due to imperfect administration of these Acts, there is a large scope for improvement. Appointment of a larger number of Factory Inspectors, so far as permitted under the State Finances, may be one of the solutions but the real solution lies in the development of hygienic consciousness on the part of the working population, greater awareness of the Works Committees and Factory Inspectors. The employment exchange officials may, like the District Magistrates, also be given powers of Factory Inspectors.

VIII

CONTROLS

92. During the period of the war an atmosphere was created which demanded the maximum utilisation of our resources as far as possible in a planned manner and for the distribution of consumers' goods according to the needs of the people. Whatever might be the purpose, planned production and equitable distribution of the commodities in short supply were responsible for the imposition of various types of controls, rarely purposive and not often integrated to each other. Some time ago an experiment was made in decontrol. But it did not succeed due to the lack of cooperation of Industry and Trade on the one hand and the

spirit of sacrifice on the part of the people and the weakness of the Government machinery to deal with the anti-social elements of black-marketeers and hoarders. Controls which had been lifted only six months before were to be re-imposed and the integration of controls which had been developed in course of time was lost in this haphazard experiment in decontrol. Prices shot up everywhere in India and at some places by almost 100 points with the consequent repercussion on production and the finances of the Government. The changed economic condition and also the loss of morals due to imperfect administration of controls demand a review of the position. While the demand for and the supply of the commodities decontrolled should be precisely examined, no less important is the assessment of the social consciousness against the anti-social elements and the ability of the Governmental machinery to take drastic action against these elements. If necessary, there may be stock-piling at strategic points of articles to be decontrolled.

In the light of the above remarks we propose to review the controls with a view to lifting them in a planned manner so that the individual can get as much freedom as is consistent with the interests of the community and the demands of a planned economy.

Salt.

93. The present requirements of salt are estimated to be 684 lakh maunds. The actual production in 1949 was 556 lakh maunds and with the import of 89 lakh maunds the total supply was 645 lakh maunds. The 1950 estimate of production is 707 lakh maunds and with the import of 30 lakh maunds the total supply would be of the order of 737 lakh maunds.

The *per capita* consumption of salt shows an upward trend from 11 lbs. in the pre-war years to 14 lbs. at present, the world *per capita* consumption being 40 lbs.

There is threefold control—production, price and distribution, through a zonal scheme.

With the Government schemes for expansion of salt production it may be safely recommended for the lifting of all the three controls keeping only the export control which is necessary in view of large price disparities between the indigenous and world supply of salt. Care should, however, be taken in the matter of provision of transport facilities; for otherwise the common man will have to undergo a lot of hardship specially in areas like North Bihar. In exceptional cases regulation of distribution in notified areas might be allowed. Effort should also be made to increase the production of quality salt and to do away with imports (60% of our production is 92% pure). Possibilities may also be explored for the export of salt by increasing production on a high priority basis.

Cement.

94. Present annual needs have been estimated to be in the neighbourhood of 4 million tons. Installed capacity of production is estimated at 2.963 million tons per annum. The present supply position of cement is :—

1948-49	1.63 m. tons.
and Imports	1.1 lakh tons.
April 1949 to Jan. 1950	1.86 m. tons.
and Imports	2.8 lakh tons.

Under the expansion schemes of the Government, the total annual production by 1951 is expected to rise to 4.1 million tons. Due to financial reasons the building programmes of the Governments have been curtailed, with the result that the gap between the demand for and the present supply of cement should be much less than it is at present. Yet top-most priority should be given to investment of capital in this basic industry.

There is an indirect control over production through grants of import licences for machinery and floatation of new capital. The statutory control over distribution is enforced through state legislations.

95. The control over production should continue because this industry, more than any other, requires planned location. Under the present distribution of the production units, long haulage creates temporary bottlenecks and adds to the cost. The distribution control, however, may be lifted, but the Government quota and the quotas for Grow More Food and Industrial Housing schemes should first be taken out.

So that prices may not shoot up, a common Marketing Organisation embracing all the existing sales organisations of the cement manufacturers may be set up. The organisation may be charged *inter alia* with the following duties :—

- (i) To assist each unit of production to produce to the maximum of its capacity.
- (ii) To distribute the entire output equitably throughout the country at a uniform selling price within a ceiling to be fixed by the Government.

Coal.

96. The total demand for the Indian Union comes to 29.7 million tons. The supply in 1948 was of the order of 29.8 and in 1949, 31.4 million tons. There are rich reserves of coal in the Garo Hills in Assam and Varadachalam in Madras.

Control covers production, distribution and prices (under the Colliery Control Order of 1945). The figures of production and

estimated annual needs indicate that with a somewhat better transport arrangement and improvement in despatches, available supply is adequate to meet total demands and a case for removal of control is on *prima facie* considerations made out. The question of control or decontrol should, however, be decided on long term considerations of conservation of higher grades of coal, particularly coking coal. Besides there is the question of closure of marginal mines in case of lifting of control. All controls over production and distribution should be removed except the control exercised indirectly through allotment of wagons and movement facilities. As regards price control, the existing fixed prices for different grades of coal should be converted into ceiling prices for those grades.

Sugar.

97. On the basis of actual *per capita* consumption of 7.5 lbs. in 1948-49, the total annual requirements have been estimated at 11.2 lakh tons. Though the production capacity of the existing sugar factories has been estimated at 14 lakh tons, average annual production has been in the neighbourhood of 11 lakh tons including Khandsari. Final figures for this year's production are not yet available. While there may be a shortfall in sugar, production of khandsari and gur may register an increase. In spite of Government measures to stimulate production, this year's production is calculated on the low side being roughly 1 million ton with an additional lakh ton of khandsari and 35 to 36 lakh maunds of gur.

Control covers both distribution and price. The Union Government fix the quotas for the State Governments and the control over wholesale and retail distribution is exercised by the State Governments. Before announcing decontrol, a reserve of 1-2 lakh tons may be created to serve as a buffer against any undue disturbance to distribution and price. Perhaps this may be possible because the stocks with the sugar factories at present is larger than the stocks in the corresponding months last year. Such a measure will also restore the confidence of the consumers and act as a deterrent to hoarders. It may be worth considering whether decontrol both of distribution and price of sugar should be announced now or just before the cane growing season starts next year.

Export control should, however, be retained, for otherwise a large quantity is likely to be exported to Pakistan and other foreign countries.

Paper.

98. Requirements have been estimated on the basis of the panel reports on Paper, Pulp, Board and Chemical Cotton Industry

for 1951 at 2.2 lakh tons. Production in 1948 was 97.9 thousand tons and in 1949, 103.1 thousand tons. Imports in 1949 were 87.93 thousand tons and imports permitted for the first six months, 1950, are 13,000 tons.

There are several controls—production control, economy control, price control, distribution control and control of prices of imported paper.

Except distribution control intended to allot the State quotas from the total available supply, other controls may be lifted. In the meantime, difficulty created by the long haulage of raw materials, viz., bamboo from the forests of Bihar, Madhya Pradesh and Orissa to 50% of the entire paper industry located in West Bengal should be tackled by planned location of new units and by intensifying the programme of manufacture of paper on cottage basis through improved methods. Research centres for improving the methods of cottage production of paper should be started.

Cloth.

99. On the basis of annual *per capita* consumption of 12 yards, the requirements come up to 4.2 thousand million yards and on the pre-war consumption basis of 16 yards *per capita* to 5.6 thousand million yards. Retaining 800 million yards as export quota and 100 million yards for defence and other Government requirements, the mill production of 4,000 million yards, being the three-yearly average of 47-48 to 49-50 and handloom production of 1,200 million yards per annum can meet the demand on the basis of 12 yards *per capita*, without taking into consideration any import which was 138 million yards in 1949-50.

Control covers price, production and distribution. Distribution control has been greatly relaxed since January 1949 and it would be advisable to watch for some time more the trend of demand and the effect of intensifying the programme of handloom production out of yarn spun from the indigenous variety of cotton.

We have noted below the lag between the increase in production in cotton textiles industry and the huge amount of capital goods in the form of machinery imported on account of cotton textile industry. In the context of this uncertain indication of efficiency of the textile industry, it should be considered whether, on any priority rating in capital investment, fresh capital investment specially for setting up looms may be possible in this large-scale industry of consumption goods.

Iron and Steel.

100. The average annual demand for the next four to six years is estimated at 2.15 million tons to meet the normal require-

ments and 1.32 million tons for the development projects already in hand.

Installed production capacity is estimated at 1.12 million tons. But, barring the five war years—1940—45 annual production has been much below the capacity production. In 1948, actual production was .85 million tons and in 1949, .92 million tons, and in the two years imports were 2.1 and 3.9 lakh tons respectively. The Government have a scheme of new steel works and the Scob, Tisco and Mysore Iron and Steel Works have their schemes for expansion.

Control covers production, distribution and price. Every effort should be made to bridge the gap between production and the requirements of the country. Simultaneously the feasibility and the manner of removing the various controls should be examined.

Control of Capital Issue.

101. Introduced during the last war as an anti-inflationary measure and to ensure the flow of investible funds and scarce materials and services into directions which facilitated the prosecution of the war and such other operations beneficial to the general public, the Control of Capital Issues has naturally lost much of its original purposes with the end of the War.

The main principles now followed are that unless the schemes

- (a) are bucket-shop schemes,
- (b) conflict with the policy already decided upon by the Union or State Governments,
- (c) seek to intrude upon fields which are already adequately covered,
- or (d) are purely money-making proposals which do not hold out any promise of increasing the wealth or productivity of the country,

they are not turned down by the Capital Issues Control. With regard to long range schemes the only grounds of refusal are considered to be:—

- (1) that the scheme is unsound, highly speculative or designed with a view to share market speculation,
- (2) that the scheme related either to an industry which is considered already overcrowded or to goods which have already undergone over-production in the country.

Besides the purposes noted above the control is also utilised :

- (1) to control foreign investments on the very same principles,
- (2) to control issue of bonus shares by companies,
- and (3) to control underwriting or issue of debentures by the Industrial Finance Corporation for the benefit of any company.

The Capital Issues Control has so far been influenced by a negative outlook inasmuch as it seeks to check merely the expansion and development of economic activities in unhealthy and non-essential directions.

102. There is no priority rating in the matter of grant of permission for Capital Issues and in the absence of any break-up of the amounts already granted, index-wise or category-wise, it fails to indicate the order of priorities even if unconsciously observed. A positive policy for priority rating, in the interest of planned development, should be observed.

The present system of control has been left inoperative where the issue of capital is not more than Rs. 5 lakhs per annum. This margin of Rs. 5 lakhs per annum might perhaps be treated as an overall figure and should not be allowed to be exceeded except for approved purposes.

Import Control.

103. The purpose behind Import Control is to adjust the Balance of Payments position by limiting imports to a value as possible to be paid for from current earnings of foreign exchange plus releases from the Sterling Balances.

Since the end of the War the call on the accumulated Sterling Balances has been so heavy on account of our need for continued import of food-stuffs, capital goods, industrial raw materials and certain consumers' goods that control has become necessary to plan import within resources at the country's command. Though the rigours of control have been relaxed or tightened accordingly as position in regard to our holdings of foreign exchange was considered comparatively easy or difficult, the main principles and policy of control remained fundamentally the same. As the unfavourable balance with dollar and hard currency countries is more wide, restrictions on imports from these areas are more rigid than they are in regard to imports from soft currency and medium currency countries. Subject to these restrictions imposed by the limited availability of foreign exchange, import control is intended to:—

- (a) help industrial rehabilitation and development,
- (b) prevent wastage of foreign exchange by limiting imports of non-essential consumers' goods and luxuries, subject mainly to revenue considerations and secondarily in consideration of anti-inflationary effects of these imports,
- (c) prevent import of those articles in respect of which indigenous products or suitable substitutes thereof, are adequately available.

Though import control is intended to help and adjust import of such articles as are likely to facilitate economic rehabilitation and industrial development of the country, it nevertheless fails to impose any priority rating in general, as between industry and other sectors of economy and as between one industry and another. The cause of this failure lies in the negative approach and operation of the control system. In view of initiative for import being very largely in the hands of private persons and past imports being the basis of import quotas, the control system can only operate to perpetuate the existing economy and fails to give any positive lead to the development of a new economy consistent with the needs of the situation.

104. Though a large number of consumer's goods, luxuries and near luxuries whose imports were previously permitted either under the OGL XI or under licences have been deleted under OGL XVI and in the new list, it is yet necessary to examine if imports can be further restricted even at some sacrifice to the people and foreign exchange saved thereby be utilised for more useful purposes. While examining the question of import restriction, the following may be considered:—

- (1) Animals—import is permitted under monetary ceiling from soft currency countries for zoo and for breeding purposes.
- (2) Milk, condensed or preserved, not meant for infant feeding.
- (3) Seeds, not otherwise specified, excluding vegetable seeds.
- (4) Hops.
- (5) Gum Arabic.
- (6) Edible gelatine.
- (7) Special ghee flavour.
- (8) Frozen whole egg pulp.
- (9) Ice-cream cones.
- (10) Essences, not containing spirit, for aerated waters.
- (11) Superior incandescent lamps.
- (12) Parts of domestic refrigerators.
- (13) Paint and Varnish brushes.
- (14) Toilet brushes.
- (15) Specimens, models, antique, coins, not meant for educational purposes etc.
- (16) Stamps used or unused.
- (17) Pitch and tar.
- (18) Building and Engineering bricks.
- (19) Tricycles, perambulators, etc.
- (20) Rubber balls, footballs, balloons, etc.

105. The definition of 'new comers' should be suitably changed to give chance to actual new comers. Moreover, as there is a large number of applicants who cannot be accommodated with licences within 10% of the imported quota allotted to them it is necessary to examine if the percentage can be increased.

Though, as would appear from figures, there has been a net import of capital goods of more than Rs. 200 crores between 1947 and October 1949, production has failed to increase correspondingly in spite of a large increase in production capacity represented by these capital goods imports.

Moreover, though the textile industry accounts for the biggest percentage of capital goods imports, its production in 1949 registered a fall from what it was in 1948.

106. We may finally suggest that imports should be restricted to capital goods, industrial raw materials, spare parts not manufactured here and such other goods as are given priority in the national plan of economic development.

Export Control.

107. Export control is intended to serve mainly three purposes :—

- (1) To conserve essential supplies for internal civilian consumption.
- (2) To earn as much foreign exchange as possible, specially dollar and hard currencies, with a view to achieve equilibrium in the balance of payments position.
- (3) To utilise the control system as a powerful instrument to further the economic development of the country.

With a view to bring an adjustment between these principles, commodities have been grouped into 4 parts and a different policy is followed in regard to each :

1-Part A :

Commodities—the supply position of which is tight.

2-Part B :

Commodities—in respect of which licences for export are sparingly granted as this part mainly includes food articles.

3-Part C :

Commodities—which are important from the point of view of Government supply or domestic needs.

4-Part D :

Commodities which are very important from the point of view of India's export trade. The main principles

governing the regulation of trade in the commodities under this group are in (1) developing new or maintaining old markets and (2) fair distribution of these commodities among our foreign customers.

Commodities included in Parts A, B and C, are reviewed from time to time and as the supply position permits liberal export they are transferred to Part D.

108. Though inclusion of commodities in Parts B, C and D does not necessarily imply that they are actually exported it is yet necessary to examine if the export of the following articles in Parts B, C and D should not altogether be prohibited and the commodities be listed under Part A :—

- (i) Fodder, bran and broken grain, pulse and flour, in Part B.
- (ii) Cement and cement manufactures, machine tools and parts other than those of indigenous origin, small tools and parts, coal tar, in part C.
- (iii) Bones, potassium nitrate, telegraph and telephone, manures other than chemical manures and horn and hoof meal, kerosine, fuel oils, greases, petrol, mustard seed, artificial silk yarn in part D.

The definition of 'new-comers' should be suitably amended to give chance to actual new comers to participate in the export trade.

It is necessary to devise ways and means to stimulate export of manufactured goods even at some sacrifice. The cotton textile industry is facing growing international competition and to maintain the valuable export markets for our textiles, what facilities are urgently needed should be explored.

Control of Speculation.

109. To impart to the stock and commodity exchanges conditions of liquidity and price continuity and cause investment to flow in the most productive channels, the wagering element in stock exchange transactions has to be curtailed. Under the new Constitution the subject has been placed on the Union list and a comprehensive legislation incorporating *inter alia* the following provisions is suggested :

- (1) A single stock-exchange for the same city or town ;
- (2) Complete suppression of the outside markets ;
- (3) The President of each stock exchange must be placed in a more independent position. He may be a nominee of the Government ;
- (4) Prohibition of blank transfers, of excessive short-selling giving rise to corners, and of margin-trading, particularly by brokers with bank advances ;

- (5) Fixation of upper and lower margins to price-movements and obligations placed on the "bulls" and "bears" respectively to deposit a certain percentage (fairly high) of the value of transaction with nominated banks, when prices moved beyond or below the margins so fixed.

110. Speculative activities in agricultural products are the result of scarcity artificially created by forward purchases by a few merchants from the actual growers and holding back of the supply to raise prices. Hence, in addition to measures necessary to curb undue speculation in commodities, the question of affording credit to growers so that they are not forced to forward-sale of their produce has to be solved. In addition to it whether the actual producers can be organised on a co-operative basis with opportunities of direct marketing and export has to be examined.

Conclusion.

111. Thus by intensifying efforts in Grow More Food and essential raw material and consumers' goods in a manner yielding quick results and offering productive employment to a large section of unemployed and under-employed population, by mopping up surplus purchasing power specially in sectors least habituated to capital formation through a scheme of voluntary but nation-wide austerity, by increasing efficiency of labour, agricultural and industrial, through provision of better conditions of life and by stimulating production through removal of restrictive unplanned and out-moded controls, by rationalising control of capital issues on a positive basis of priority-rating, by gearing our Export and Import Control to the demands of our national economy in investment, production and consumption, and by imposing more stringent control on unhealthy speculation, this Programme of Decentralised Co-operative Economy which has been framed essentially from practical point of view, bearing in mind the limits of our resources, the capacity and character of the people and the potentialities of such institutions as Panchayats, Agricultural and Industrial Co-operatives, will go a long way in solving the economic crisis of low production, price inflation and unemployment and under-employment.

APPENDIX TO THE MEMORANDUM

Procedure of Work of the Congress Planning Sub-Committee

The Committee had its first sitting on the 18th and 19th of February and decided to concentrate on the short-term programme in the initial stage. The A.I.C.C. was in session just then and the Sub-Committee had the opportunity of meeting the Presidents and Secretaries of the P. C. C's on February 19th. A preliminary discussion pertaining to matters concerning the Immediate Programme was held on the occasion. The Sub-Committee met again on March 11 and 12. The items calling for consideration and the tentative decisions reached from time to time were circulated to the State Governments and Provincial Congress Committees and they were invited to send their suggestions and comments on them.

(1) The objectives and principles of the short-term programme were then incorporated in a memorandum which was circulated to the State Governments and the Provincial Congress Committees.

(2) The Congress President was requested to convene a conference of the Chief Ministers and P. C. C. Presidents and he was pleased to call such a conference in the last week of April.

Constructive Workers' Conference.

In the meanwhile representative constructive workers of the country also met the President, the Prime Minister and the Deputy Prime Minister to prepare an immediate economic programme. They were good enough to invite the members of the Congress Planning Sub-Committee to the second session of their conference for the purpose of finalising their immediate programme. The programme formulated by them was circulated to the State Governments and Provincial Congress Committees so that they might have the view of the constructive workers before them while drawing up their own schemes.

Valuable notes and memoranda were received from the State Governments and Provincial Congress Committees. Detailed information was necessary for the study of such questions as planned de-control, rationalisation of industries, closure of mills, industrial housing, control of exports and imports, etc. Thanks to the co-operation of the different Ministries of the Government of India, the Sub-Committee was able to collect considerable material within a short time. There was close co-operation between the Secretariat of the National Planning Commission and the

Economic and Political Research Department of the A.I.C.C. which functioned as the Secretariat of the Planning Sub-Committee.

Draft Memorandum.

The Sub-Committee met again on April 5 when several important and major questions were considered. It was decided to issue a draft memorandum in the light of the decisions taken by it. The Sub-Committee examined the draft memorandum closely on April 23 and 24. The members of the National Planning Commission were good enough to attend the meetings of the Sub-Committee on these dates. Their presence was very helpful, but they were in no way responsible for the decisions contained in the memorandum, for which the members of the Planning Sub-Committee are solely responsible. Certain amendments were made in the draft proposals contained in the memorandum and they were duly placed before the Conference.

Planning Conference.

The Planning Conference was inaugurated by Dr. Pattabhi Sitaramayya, the Congress President, on April 25 in the Hall of the Council of State. The conference was attended by all the States except West Bengal—in most cases by the Chief Ministers and Presidents of the P.C.C's.

The morning session was addressed by the Prime Minister, Pandit Jawaharlal Nehru. After a general discussion, the Conference appointed a Steering Committee consisting of the following :

1. Members of the Sub-Committee.
2. Chief Ministers of Assam, Madras, Punjab, Madhya Pradesh, Mysore and Orissa, Messrs. Vaikunthbhai Mehta, Govinda Menon, S. K. Patil, M. L. Gautam, Gopalrao Khedkar, Surendra Mohan Ghose and Kanji Bhai.

The members of the Planning Commission attended the meetings of the Steering Committee.

The Steering Committee in course of 4 sittings finalised the draft resolutions which were placed before them and discussed by the Conference. The Conference gave general approval to the memorandum of the Sub-Committee. The Deputy Prime Minister, Sardar Vallabhbhai Patel, addressed the concluding session and gave his blessings to the plan evolved. The resolutions passed in the Conference and the Memorandum of the Sub-Committee were circulated to the members of the Working Committee which considered the same on 1-5-1950 and directed the Governments, Union and States, to take immediate steps for the implementation of the plan to the maximum extent feasible and the Congress Committees and Congressmen to educate the public in the basic principles of the plan.

APPENDIX- I

List of Persons who attended the Planning Conference.

Dr. B. Pattabhi Sitaramayya
Pandit Jawaharlal Nehru
Sardar Vallabhbhai Patel
Maulana Abul Kalam Azad

Members of the Congress Economic Planning Sub-Committee

Pandit Govind Ballabh Pant
Shri Shankarrao Deo
.. Jagjiwan Ram
.. N. G. Ranga
.. Gulzarilal Nanda

Chief Ministers of States or their Representatives

Shri Gopi Nath Bardoloi	... Assam
.. Sri Krishna Sinha	... Bihar
.. Gopi Krishna Vijayvargiya	... Madhya Bharat
.. Ravi Shankar Shukla	... Madhya Pradesh
.. P. S. Kumaraswami Raja	... Madras
.. K. C. Reddy	... Mysore
.. Gopi Chand Bhargava	... Punjab
.. Hare Krishna Mahtab	... Orissa
.. Vaikunth L. Mehta	... Bombay (Finance Minister)
.. Girdhari Lal Dogra	... Jammu and Kashmir (Finance Minister)
.. Siddha Raj Dhadha	... Rajasthan (Industries Minister)
.. M. M. Shah	... Saurashtra (Industries Minister)
.. P. Govinda Menon	... Travancore-Cochin (Education Minister)
.. Kala Venkata Rao	... General Secretary, Indian National Congress
.. Gokul Bhai Bhatt	... Member, Congress Working Committee

P. C. C. Presidents

Shri Surendra Mohan Ghosh	...	<i>Bengal</i>
.. S. K. Patil	...	<i>Bombay</i>
.. Radha Raman	...	<i>Delhi</i>
.. Kanhaiya Lal Desai	...	<i>Gujerat</i>
.. C. K. Govinda Nair	...	<i>Kerala</i>
.. Kasi Nath Trivedi	...	<i>Madhya Bharat</i>
.. Seth Govind Das	...	<i>Muhakoshal</i>
.. B. S. Hirey	...	<i>Maharashtra</i>
.. M. S. Kannamwar	...	<i>Nagpur</i>
.. Brish Bhan	...	<i>Pepsu</i>
.. Gyani Gurmukh Singh Musafir.		<i>Punjab</i>
.. Gopal Rao Khedkar	...	<i>Vidarbha</i>
.. Ram Sahai	...	<i>Vindhya Pradesh</i>
.. Thimma Reddy	...	<i>Andhra (Vice-President)</i>
.. Avadheshwar Prasad Sinha...		<i>Bihar (Organising Secretary)</i>
.. S. Venkat Raman	...	<i>Tamil Nad (General Secretary)</i>
.. B. Patnaik	...	<i>Utkal (General Secretary)</i>
.. Mohan Lal Gautam	...	<i>Uttar Pradesh (General Secretary)</i>

Members of the Planning Commission*

Shri Chintaman Deshmukh
.. V. T. Krishnamachari
.. R. K. Patil
.. G. L. Mehta

* Attended by special invitation.

APPENDIX II

Steering Committee

1. Pandit Govind Ballabh Pant
2. Shri Shankarrao Deo
3. „ Jagjivan Ram
4. „ N. G. Ranga
5. „ G. L. Nanda
6. „ Gopinath Bardoloi
7. „ P. S. Kumaraswamy Raja
8. „ Gopichand Bhargava
9. „ Ravi Shankar Shukla
10. „ K. C. Reddy
11. „ Hare Krishna Mahtab
12. „ V. L. Mehta
13. „ S. K. Patil
14. „ Gopaldas Khedkar
15. „ Surendra Mohan Ghosh
16. „ Kanhaiyalal Desai
17. „ Mohan Lal Gautam

Note.—Members of the National Planning Commission were also present by special invitation.

APPENDIX III

Resolution of the Congress Working Committee on Planning Commission

“Recognition of the vital role of planning in the development of our national economy and the realization of the people's aspirations for social justice and progress led to the appointment of the National Planning Committee in the year 1938. Working under the limitations, inseparable from the political conditions of the period in which it functioned, the Committee achieved valuable results in making the conception of planning familiar in the country and in carrying through a great deal of spadework.

In modern conditions of life no country can hope to administer its affairs with success or with any degree of satisfaction to the mass of the people without recourse to the powerful instrument of social and economic planning. The need for a comprehensive plan has become a matter of compelling urgency in India now owing to the ravages of the Second World War and the economic and political consequences of the partition of the country which followed in the wake of the achievement of freedom, and the steady worsening of the economic situation in India and the world.

The tasks of a Planning Body for India have already been set up in the course of the country's struggle for freedom. What the economic content of the people's freedom should be has been indicated in general terms in the resolutions and manifestoes of the Indian National Congress, in the pronouncements of Mahatma Gandhi and other Congress leaders and in the Congress Economic Programme.

The vision which inspired the people of India through the various phases of the non-violent revolutions which made the country free was of a land from which poverty, unemployment, ignorance, inequality and exploitation would be banished and in which every person would find work suitable to his talents and capacity and have the wherewithal of a decent life. With the achievement of complete independence it becomes the paramount duty of the Congress to take immediate steps for the fulfilment of its solemn pledges and for producing the conditions in which the people's creative energies and enthusiasm can be evoked and harnessed in the fullest measure in the great endeavour to bring into being a just and progressive social order.

The Constitution which the people of India have just adopted embodies certain directive principles of State policy which have also an intimate bearing on the forms of social and economic organisation to be evolved and which must be rendered in terms of programmes of action by the Planning Authority.

In order that the declarations of the Congress and the directive principles of the Constitution are made effective in as short a time as possible, it is desirable that a Statutory Planning Commission be set up by the Government of India.

The Planning Commission should be a compact body composed of persons whose selection is made primarily with the view that the outlook of the Commission is in harmony with the basic ideas which should govern the plan and that it possesses a comprehensive understanding of the administrative, social, political and economic needs and conditions of the country.

The Commission should be assisted by Boards of Experts who may together be able to provide it with all the information and advice necessary for the adequate performance of its functions. The Commission should be equipped with a statistical organisation and should be in a position to make use of the administrative machinery of the country for the collection of the requisite statistical and factual material. In order to bring the plan and its execution into tune with the needs and aspirations of the people the Commission should devise measures to secure their association and co-operation at all levels.

The principal objectives to be realised through such a plan are :

(a) The establishment of a just order of society, providing for :

(i) the operation of the principles of decentralization, co-operation, and individual freedom to the utmost feasible extent,

(ii) equal opportunity for all,

(iii) adequate means of living for all,

(iv) just and humane conditions of work,

(v) full and suitable employment,

(vi) the growth of the human personality in all its aspects ;

(b) Adequate and expanding volume of production to secure a progressive rise in the standard of living and the achievement of a national minimum in respect of all the essentials for physical and social well-being, within a reasonable period ;

(c) The best utilization of the material and human resources of the nation and the improvement of the skill and the productive capacity of its man-power by suitable technical education and training ;

(d) As near an approach to national and regional self-sufficiency as would be compatible with the requirements of an adequate standard of living and the country's internal and external security.)

(The Planning Commission should have the following duties :

(a) To make a full assessment of the resources and the requirements of the nation ;

(b) To determine priorities, to work out a proper allocation and distribution of the resources and their constant adjustment to the changing requirements with a view to obtaining the speediest and maximum realisation of the objectives of the plan;

(c) To lay down the various stages, each covering a defined period, for the development of the country's economy and to undertake the necessary preparatory work in connection with each stage;

(d) To secure full and all-round co-ordination in the process of planning and in the execution of the plan.

In the context of the present needs and the circumstances of the country in view of the economic difficulties which are being experienced the Commission should devise immediate measures:

(a) To bring about a speedy elimination of the import of luxury goods and such other articles as are not indispensable regardless of the inconvenience that may be felt by any section of the population so as to reduce the dependence of the country on foreign sources in the matter of consumer goods;

(b) To secure the necessary capital goods for increasing the internal production of the needed articles as quickly as possible;

(c) To maximise the production of the essential primary goods, specially food-stuffs and raw-materials for the principal industries, in the shortest time possible;

(d) To speed up the projects for increasing irrigation facilities and power supply of the country, which are the basis of its prosperity and progress."

New Delhi, January, 1950.

CHIEF MINISTERS SPEAK

a special number issued to mark the occasion of the Nasik Session of the Congress, containing articles by the Chief Ministers of all States reviewing the achievements of their respective governments from August 15, 1947 to August 15, 1950.

Foreword by:

DR. B. PATTABHI SITARAMAYYA

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