

INDIAN NATIONAL CONGRESS

RESOLUTIONS

ON

ECONOMIC POLICY

AND PROGRAMME

1924—54

ALL INDIA CONGRESS COMMITTEE

NEW DELHI

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PREFACE

We are publishing all the resolutions of the Congress on Economic Policy and Programme from 1924 onwards. I hope this publication will be found useful for Congress workers, students of economic affairs and the public in general.

New Delhi,
August 12, 1954.

S. N. AGARWAL
General Secretary

ECONOMIC AND INDUSTRIAL PROBLEMS

(Election Manifesto, Swaraj Party 1924-26)

Since the beginning of British Rule, India has continued to suffer from the evils of overtaxation. Indian patriots like Dadabhoj Nowroji and Gopal Krishna Gokhale made repeated efforts—without much avail—to relieve the country from the disastrous effects of this grievous burden of taxation that is sapping the vitality of the vast masses of the people of this country. These evils were accentuated during the War and by 1923, the country had become saddled with additional taxation to the tune of 40 crores a year since 1914. The Swarajists in the last Assembly have fought hard for remission of taxation and during their three year's tenure, taxation to the extent of 9 crores of rupees a year has been reduced. It will continue to be the policy of the Swarajists to press their demand for substantial remissions of taxation. The Party is convinced that so far as central finance is concerned, the further reduction of the salt tax and of railway rates and fares and the restoration of the pice postcard and half-an-anna envelope are absolutely necessary as the first steps in the policy of bringing taxation to some extent at least in consonance with the capacity of the people to bear it. The high scale at which taxation is maintained in this country is due to the extravagance involved in a top-heavy administration, particularly owing to the appalling military expenditure imposed on India at the dictation of the Imperial Government. The Party will therefore strenuously press for drastic reduction in all expenditure and particularly in military expenditure.

2. The Swarajya Party was instrumental in getting an enquiry into the currency policy of the Government.

The report of the Royal Commission on Currency has failed to win the approval of the country as a whole on any material point and the attempt to fix the ratio between the rupee and the sovereign at one shilling six pence gold to the rupee, has created widespread alarm amongst the agricultural and industrial classes. There is no doubt whatever that this artificial raising of the value of the rupee will result in serious economic distress and will bring countless suffering on the already indebted agricultural population, by reducing the prices of agricultural produce and thereby cutting down the wages of tillers of the soil. Nor will its repercussions on our industries be less baneful. The party will offer a most determined resistance to the passage of the proposed Currency Bill so far as its main provisions are concerned. The Party will also advocate every measure which will make the currency and exchange mechanism of the country as free from manipulation as possible. An honest gold standard, with a free market for gold and with gold in active circulation, is the ideal which the party is keeping steadily in view.

3. The industrial development of the country has always had very high place in the programme and policy of the party and all proposals for granting discriminating protection to vital national industries will continue to receive the sympathetic support of the party. Unemployment is, as is well-known, very rife in our urban population and agriculture alone does not any longer suffice to provide our growing population with their daily bread. The only sound solution is to so develop the various industries in the country that they may provide wider and wider avenues of employment to our rising generation. India with its 315 millions provides within its own borders an immense market for the products of various manufacturing industries. There is no reason why such industries should not rapidly

develop if a well-thought-out industrial policy is steadily followed. The Party has consequently made this one of the most important planks in its programme.

3. It is impossible to divorce railway administration from the consideration of the economic well-being of our country. It will be obvious on the slightest consideration that heavy rates and fares are a serious impediment in the way of trade and travel. Both agriculture and industries have to suffer a heavy handicap owing to the existing railway policy and the Party is resolved to pursue the line of action which will remove the said handicap at the earliest possible time.

In general, reduction of taxation, economy in administration and resistance of extravagance will always receive the support of the Swaraj Party in the Assembly and the various Councils.

SOCIAL AND ECONOMIC CHANGES (A. I. C. C. 1929)

In the opinion of this Committee, the great poverty and misery of the Indian People are due, not only to foreign exploitation in India but also to the economic structure of society, which the alien rulers support so that their exploitation may continue. In order therefore to remove this poverty and misery and to ameliorate the condition of the Indian masses, it is essential to make revolutionary changes in the present economic and social structure of society and to remove the gross inequalities.

FUNDAMENTAL RIGHTS AND ECONOMIC PROGRAMME

(Karachi Congress, 1931)

This Congress is of opinion that to enable the masses to appreciate what "Swaraj", as conceived by the Congress, will mean to them, it is desirable to state the

position of the Congress in a manner easily understood by them. In order to end the exploitation of the masses, political freedom must include real economic freedom of the starving millions. The Congress, therefore, declares that any constitution which may be agreed to on its behalf should provide, or enable the Swaraj Government to provide, for the following :

1. Fundamental rights of the people, including :
 - (i) freedom of association and combination ;
 - (ii) freedom of speech and of the press ;
 - (iii) Freedom of conscience and the free profession and practice of religion, subject to public order and morality ;
 - (iv) protection of the culture, language, and scripts of the minorities ;
 - (v) Equal rights and obligations of all citizens, without any bar on account of sex ;
 - (vi) no disability to attach to any citizen by reason of his or her religion, caste or creed or sex in regard to public employment, office of power or honour, and in the exercise of any trade or calling ;
 - (vii) equal rights to all citizens in regard to public roads, wells, schools and other places of public resort ;
 - (viii) right to keep and bear arms in accordance with regulations and reservations made in that behalf ;
 - (ix) No person shall be deprived of his liberty nor shall his dwelling or property be entered, sequestered or confiscated, save in accordance with law.
2. Religious neutrality on the part of the state.
3. Adult suffrage.

4. Free primary education.

5. A living wage for industrial workers, limited hours of labour, healthy conditions of work, protection against the economic consequences of old age, sickness and unemployment.

6. Labour to be freed from serfdom or conditions bordering on serfdom.

7. Protection of women workers, and specially adequate provisions for leave during maternity period.

8. Prohibition against employment of children of school-going age in factories.

9. Right of labour to form unions to protect their interests with suitable machinery for settlement of disputes by arbitration.

10. Substantial reduction in agricultural rent or revenue paid by the peasantry and in case of uneconomic holdings, exemption from rent for such period as may be necessary, relief being given to small zamindars wherever necessary by reason of such reduction.

11. Imposition of a progressive income tax on agricultural incomes above a fixed minimum.

12. A graduated inheritance tax.

13. Military expenditure to be reduced by at least one half of the present scale.

14. Expenditure and salaries in civil departments to be largely reduced. No servant of the state, other than specially employed experts and the like, to be paid above a certain fixed figure which should not ordinarily exceed Rs. 500 per month.

15. Protection of indigenous cloth by exclusion of foreign cloth and foreign yarn from the country.

16. Total prohibition of intoxicating drinks and drugs.

- 17. No duty on salt manufactured in India.
- 18. Control over exchange and currency policy so as to help Indian industries and bring relief to the masses.
- 19. Control by the state of key industries and ownership of mineral resources.
- 20. Control of usury—direct or indirect.

It shall be open to the A. I. C. C. to revise, amend or add to the foregoing so far as such revision, amendment or addition is not inconsistent with the policy and principles thereof.

FUNDAMENTAL RIGHTS AND DUTIES AND ECONOMIC PROGRAMME

(A. I. C. C. Bombay 1931)

The Karachi Congress resolution on Fundamental Rights and Economic Programme was varied as follows:

This Congress is of opinion that to enable the masses to appreciate what "Swaraj", as conceived by the Congress, will mean to them, it is desirable to state the position of the Congress in a manner easily understood by them. In order to end the exploitation of the masses, political freedom must include real economic freedom of the starving millions. The Congress, therefore, declares that any constitution which may be agreed to on its behalf should provide or enable the Swaraj Government to provide for the following:

FUNDAMENTAL RIGHTS AND DUTIES

1. (i) Every citizen of India has the right of free expression of opinion, the right of free association and combination, and the right to assemble peacefully and without arms, for purposes not opposed to law or morality.

(ii) Every citizen shall enjoy freedom of conscience and the right freely to profess and practise his religion, subject to public order and morality.

(iii) The culture, language and script of the minorities and of the different linguistic areas shall be protected.

(iv) All citizens are equal before the law, irrespective of religion, caste, creed or sex.

(v) No disability attaches to any citizen, by reason of his or her religion, caste, creed or sex, in regard to public employment, office of power or honour, and in the exercise of any trade or calling.

(vi) All citizens have equal rights and duties in regard to wells, tanks, roads, schools and places of public resort, maintained out of State or local funds, or dedicated by private persons for the use of the general public.

(vii) Every citizen has the right to keep and bear arms, in accordance with regulations and reservations made in that behalf.

(viii) No person shall be deprived of his liberty nor shall his dwelling or property be entered, sequestered, or confiscated, save in accordance with law.

(ix) The State shall observe neutrality in regard to all religions.

(x) The franchise shall be on the basis of universal adult suffrage.

(xi) The State shall provide for free and compulsory primary education.

(xii) The State shall confer no titles.

(xiii) There shall be no capital punishment.

(xiv) Every citizen is free to move throughout India and to stay and settle in any part thereof, to acquire property and to follow any trade or calling, and to be treated equally with regard to legal prosecution or protection in all parts of India.

LABOUR

2. (a) The organisation of economic life must conform to the principle of justice, to the end that it may secure a decent standard of living.

(b) The State shall safeguard the interests of industrial workers and shall secure for them, by suitable legislation and in other ways, a living wage, healthy conditions of work, limited hours of labour, suitable machinery for the settlement of disputes between employers and workmen, and protection against the economic consequences of old age, sickness, and unemployment.

3. Labour to be freed from serfdom and conditions bordering on serfdom.

4. Protection of women workers, and specially, adequate provision for leave during maternity period.

5. Children of school going age shall not be employed in mines and factories.

6. Peasants and workers shall have the right to form unions to project their interest.

TAXATION AND EXPENDITURE

7. The system of land tenure and revenue and rent shall be reformed and an equitable adjustment made of the burden on agricultural land, immediately giving relief to the smaller peasantry, by a substantial reduction of agricultural rent and revenue now paid by them, and in case of uneconomic holdings, exempting them from rent so long as necessary, with such relief as may be just and necessary to holders of small estates affected by such exemption or reduction in rent, and to the same end, imposing a graded tax on net incomes from land above a reasonable minimum.

8. Death duties on a graduated scale shall be levied on property above a fixed minimum.

9. There shall be a drastic reduction of military expenditure so as to bring it down to at least one half of the present scale.

10. Expenditure and salaries in civil departments shall be largely reduced. No servant of the State, other than specially employed experts and the like, shall be paid above a certain fixed figure, which should not ordinarily exceed Rs. 500 per month.

11. No duty shall be levied on salt manufactured in India.

ECONOMIC AND SOCIAL PROGRAMME

12. The State shall protect indigenous cloth, and for this purpose, pursue the policy of exclusion of foreign cloth and foreign yarn from the country and adopt such other measures as may be found necessary. The State shall also protect other indigenous industries, when necessary, against foreign competition.

13. Intoxicating drinks and drugs shall be totally prohibited except for medicinal purposes.

14. Currency and exchange shall be regulated in the national interest.

15. The State shall own or control key industries and services, mineral resources, railways, waterways, shipping and other means of public transport.

16. Relief of agricultural indebtedness and control of usury-direct and indirect.

17. The State shall provide for the military training of citizens so as to organise a means of national defence apart from the regular military forces.

REASSURANCE TO ZAMINDARS •

(Working Committee, Jan. 1, 1932)

Inasmuch as some misapprehension has been created in the minds of the Zamindars of U.P. in particular and

others in general, that in discussing proposals for non-payment of rent or taxes under given circumstances, the Congress was contemplating a class war, the Working Committee assures the Zamindars concerned that the no-rent proposals referred to were in no way aimed at them but that they represent an economic necessity for the peasantry which is known to be half-starved and at present suffering from unprecedented economic distress. The Working Committee has no design upon any interest legitimately acquired and not in conflict with the national well-being. The Working Committee, therefore, appeals to all landed or monied classes to help the Congress to the best of their ability in its fight for the freedom of the country.

SOCIALIST PROGRAMME

(Working Committee, June '34)

Whilst the Working Committee welcomes the formation of groups representing different schools of thought, it is necessary, in view of loose talk about confiscation of private property and necessity of class war, to remind Congressmen that the Karachi resolution as finally settled by the A. I. C. C. at Bombay in August 1931, which lays down certain principles neither contemplates confiscation of private property without just cause or compensation, nor advocacy of class war. The Working Committee is further of opinion that confiscation and class war are contrary to the Congress creed of non-violence. At the same time the Working Committee is of opinion that the Congress does contemplate wiser and juster use of private property so as to prevent the exploitation of the landless poor, and also contemplates a healthier relationship between capital and labour.

REGARDING RESOLUTION NO: 13 of 18-6-34.

The following resolution was passed by the Working Committee on 18th June, 1954 :—

"Whilst the Working Committee welcomes the formation of groups representing different schools of thought, it is necessary, in view of loose talk about confiscation of private property and necessity of class war, to remind Congressmen that the Karachi resolution as finally settled by the A.I.C.C. at Bombay in August, 1931, which lays down certain principles, neither contemplates confiscation of private property without just cause or compensation, nor advocacy of class war. The Working Committee is further of opinion that confiscation and class war are contrary to the Congress creed of non-violence. At the same time the Working Committee is of opinion that the Congress does contemplate wiser and juster use of private property so as to prevent the exploitation of the landless poor, and also contemplates a healthier relationship between capital and labour."

Complaints have been made to the Working Committee that the resolution is a reflection upon the newly formed "Congress Socialist Party" and its programme. The Working Committee desires it to be known that the resolution was not intended to criticise any party or its programme but was intended to affect individuals engaged in the loose talk referred to in the resolution.

AGRARIAN PROGRAMME

(Lucknow Congress, 1936)

This Congress is of opinion that the most important and urgent problem of the country is the appalling poverty, and unemployment and indebtedness of the

peasantry fundamentally due to antiquated and repressive land tenure and revenue systems and intensified in recent years by the great slump in prices of agricultural produce. The final solution of this problem inevitably involves the removal of British imperialistic exploitation, a thorough change of the land tenure and revenue systems and a recognition by the State of its duty to provide work for the rural unemployed masses.

In view, however, of the fact that agrarian conditions and land tenure and revenue systems differ in the various Provinces, it is desirable to consult the Provincial Congress Committees and such peasant organisations as the Working Committee considers fit, in the drawing up of a full All India Agrarian Programme as well as a programme for each Province. This Congress, therefore, calls upon each Provincial Congress Committee to make recommendations in detail to the Working Committee by August 31, 1936, for being considered and placed before the All India Congress Committee having particular regard to the following matters :—

1. Freedom of organisation of agricultural labourers and peasants.

2. Safeguarding of the interests of peasants where there are intermediaries between the State and themselves.

3. Just and fair relief of agricultural indebtedness including arrears of rent and revenue.

4. Emancipation of the peasants from feudal and semi-feudal levies.

5. Substantial reduction in respect of rent and revenue demands.

6. A just allotment of the State expenditure for the social, economic and cultural amenities of villages.

7. Protection against harassing restrictions on the utilisation of local natural facilities for their domestic and agricultural needs.

8. Freedom from oppression and harassment at the hands of Government officials and landlords.

9. Fostering industries for relieving rural unemployment.

A. I. C. C. 1936 (ELECTION MANIFESTO)

At the Karachi session of the Congress in 1931, the general Congress objective was defined in the Fundamental Rights resolution. That general definition still holds. The last five years of developing crisis have however necessitated a further consideration of the problems of poverty and unemployment and other economic problems. With a view to this, the Lucknow Congress laid particular stress on the fact that "the most important and urgent problem of the country is the appalling poverty, unemployment and indebtedness of the peasantry, fundamentally due to antiquated and repressive land tenure and revenue systems, and intensified in recent years by the great slump in prices of agricultural produce" and called upon the Provincial Congress Committees to frame full agrarian programmes. The agrarian programme which will be drawn up by the A. I. C. C. on the basis of these provincial programmes will be issued later.

Pending the formulation of a fuller programme, the Congress reiterates its declaration made at Karachi—that it stands for a reform of the system of land tenure and revenue and rent, and an equitable adjustment of the burden on agricultural land, giving immediate relief to the smaller peasantry by a substantial reduction of agricultural rent and revenue now paid by them and exempting uneconomic holdings from payment of rent and revenue.

The question of indebtedness requires urgent consideration and the formulation of a scheme including the

declaration of a moratorium, an enquiry into and scaling down of debts and the provision for cheap credit facilities, by the State. This relief should extend to the agricultural tenants, peasant proprietors, small landholders, and petty traders.

In regard to industrial workers, the policy of the Congress is to secure to them a decent standard of living hours of work and conditions of labour in conformity, as far as the economic conditions in the country permit, with international standards, suitable machinery for the settlement of disputes between employers and workmen, protection against the economic consequences of old age, sickness and unemployment and the right of workers to form unions and to strike for the protection of their interests.

AGRARIAN PROGRAMME

I. N. Congress, Faizpore (December 1936)

The Congress, at its last session, being fully conscious of the fact that the most important and urgent problem of the country is the appalling poverty, unemployment and indebtedness of the peasantry called upon the Provincial Congress Committees to make recommendations to enable the All India Congress Committee to draw up an All-India Agrarian Programme. Many P. C. Cs have not yet submitted their recommendations for such a programme. The Congress regrets this delay but realises that the subject is a vast and intricate one, requiring close study and investigation. It trusts that such P. C. Cs as have not reported so far will take early steps to send in their recommendations.

The Congress is convinced that the final solution of this problem involves the removal of British Imperialistic exploitation and a radical change in the antiquated and repressive land tenure and revenue systems. It feels,

however, that the deepening crisis has made the burden on the peasantry an intolerable one and immediate relief is urgently called for. Pending the framing of an All-India Agrarian Programme, therefore, the following steps are necessary.

1. Rent and revenue should be readjusted having regard to present conditions and there should be substantial reduction in both.

2. Uneconomic holdings should be exempted from rent or land tax.

3. Agricultural incomes should be assessed to income tax like all other incomes, on a progressive scale, subject to a prescribed minimum.

4. Canal and other irrigation rates should be substantially lowered.

5. All feudal dues and levies and forced labour should be abolished, and demands, other than rent, should be made illegal.

6. Fixity of tenure with heritable rights along with the right to build houses and plant trees should be provided for all tenants.

7. An effort should be made to introduce co-operative farming.

8. The crushing burden of rural debt should be removed. Special tribunals should be appointed to inquire into this and all debts, which are unconscionable or beyond the capacity of peasants to pay, should be liquidated. Meanwhile, a moratorium should be declared and steps should be taken to provide cheap credit facilities.

9. Arrears of rent for previous years should generally be wiped out.

10. Common pasture lands should be provided and the rights of the people in tanks, wells, ponds, forests

and the like recognised, and no encroachment on these rights should be permitted.

11. Arrears of rents should be recoverable in the same manner as civil debts and not by ejection.

12. There should be statutory provision for securing a living wage and suitable working conditions for agricultural labourers.

13. Peasant unions should be recognised.

ELECTION MANIFESTO

Working Committee, 1945. (Dec.)

The most vital and urgent of India's problems is how to remove the curse of poverty and raise the standard of the masses. It is to the well-being and progress of these masses that the Congress directed its special attention and its constructive activities. It is by their well-being and advancement that it has judged every proposal and every change, and it has declared that anything that comes in the way of the good of the masses of our country must be removed. Industry and agriculture, the social services and public utilities must be encouraged, modernised and rapidly extended in order to add to the wealth of the country and give it the capacity for self-growth without dependence on others. But all this must be done with the primary object of benefitting the masses of our people and raising their economic, cultural and spiritual level, removing unemployment, and adding to the dignity of the individual. For this purpose, it will be necessary to plan and coordinate social advance in all its many fields, to prevent the concentration of wealth and power in the hands of individuals and groups, to prevent vested interests inimical to society from growing, and to have social control of the mineral resources, means of transport and the principal methods of production and

distribution in land, industry and in other departments of national activity, so that free India may develop into a cooperative commonwealth. The State must, therefore, own or control key and basic industries and services, mineral resources, railways, waterways, shipping and other means of public transport. Currency and exchange, banking & insurance, must be regulated in the national interest.

Though poverty is widespread in India, it is essentially a rural problem, caused chiefly by overpressure on land and lack of other wealth-producing occupations. India, under British rule, has been progressively ruralised, many of her avenues of work and employment closed, a vast mass of the population thrown on the land, which has undergone continuous fragmentation, till a very large number of holdings have become uneconomic. It is essential, therefore, that the problem of the land should be dealt with in all its aspects. Agriculture has to be improved on scientific lines and industry has to be developed rapidly in its various forms—large-scale, medium and small—so as not only to produce wealth but also to absorb people from the land. In particular, cottage industries have to be encouraged, both as whole-time and part-time occupations. It is essential that in planning and the development of industry, maximum wealth production for the community should be aimed at and it should be borne in mind that this is not done at the cost of creating fresh unemployment. Planning must lead to maximum employment, indeed to the employment of every able-bodied person. Landless labourers should have opportunities of work offered to them and be absorbed in agriculture or industry.

The reform of the land system, which is so urgently needed in India, involves the removal of intermediaries between the peasant and the State. The rights of such intermediaries should therefore be acquired on payment

of equitable compensation. While individualist farming or peasant proprietorship should continue, progressive agriculture as well as the creation of new social values and incentives require some system of cooperative farming suited to Indian conditions. Any such change can, however, be made only with the good-will and agreement of the peasantry concerned. It is desirable, therefore, that experimental cooperative farms should be organized with State help in various parts of India. There should also be large State farms for demonstrative and experimental purposes.

In the development of land and industry, there has to be a proper integration and balance between rural and urban economy. In the past, rural economy has suffered and the town and city have prospered at the cost of the village. This has to be righted and an attempt made to equalize, as far as possible, the standards of life of town dwellers and villagers. Industry should not be concentrated in particular provinces, so as to give a balanced economy to each province, and it should be decentralised, as far as this is possible, without sacrifice or efficiency.

Both the development of land and of industry, as well as the health and well-being of the people, require the harnessing and proper utilization of the vast energy that is represented by the great rivers of India, which is not only largely running to waste but is often the cause of great injury to the land and the people who live on it. River commissions should be constituted to undertake this task in order to promote irrigation and ensure an even and continuous supply of water, to prevent disastrous floods and soil erosion, to eradicate malaria, to develop hydro-electric power, and in other ways to help in raising the general standard of life, especially in the rural areas. The power resources of the country have to be developed rapidly in this and other ways in

order to provide the necessary foundation for the growth of industry and agriculture.

Adequate arrangement should be made for the education of the masses with a view to raising them intellectually, economically, culturally and morally and to fit them for the new forms of work and services which will open out before them. Public health services which are essential for the growth of the nation should be provided for on the widest scale, and in this, as in other matters, the needs of the rural areas should receive especial attention. These should include special provisions for maternity and welfare.

Conditions should thus be created in which every individual has an equal opportunity for advance in every field of national activity and there is social security for all.

Science in its innumerable fields of activity has played an ever-increasing part influencing and moulding human life and will do so in even greater measure in the future. Industrial, agricultural and cultural advance, as well as national defence, depend upon it. Scientific research is, therefore, a basic and essential activity of the State, and should be organized and encouraged on the widest scale.

In regard to labour, the State shall safeguard the interests of industrial workers and shall secure for them a minimum wage and a decent standard of living, proper housing, hours of work and conditions of labour in conformity, as far as economic conditions in the country permit, with international standards, suitable machinery for the settlement of disputes between employers and workmen, and protection against the economic consequences of old age, sickness and unemployment. Workers shall have the right to form unions to protect their interests.

Rural indebtedness has in the past crushed the agricultural population, and though owing to various causes in recent years, this has grown less, the burden still continues and must be removed. Cheap credit must be made available through co-operatives. Co-operatives should also be organised for other purposes both in rural and urban areas. In particular, industrial co-operatives should be encouraged as being especially suited for the development of small-scale industry on a democratic basis.

OBJECTIVES AND ECONOMIC PROGRAMME

(A. I. C. C. Delhi, November, '47)

Political independence having been achieved, the Congress must address itself to the next great task, namely, the establishment of real democracy in the country and a society based on social justice and equality. Such a society must provide every man and woman with equality of opportunity and freedom to work for the unfettered development of his or her personality. This can only be realised when democracy extends from the political to the social and the economic spheres. Democracy in the modern age necessitates planned central direction as well as decentralisation of political and economic power, in so far as this is compatible with the safety of the State, with efficient production and the cultural progress of the community as a whole. The smallest territorial unit should be able to exercise effective control over its corporate life by means of a popularly elected Panchayat. In so far as it is possible, national and regional economic self-sufficiency in the essentials of life should be aimed at. In the case of industries, which in their nature must be run on a large-scale and on centralized basis, they should belong to the community, and they should be so organized that workers become not only co-sharers in the profits but are also increasingly associated with the

management and administration of the industry. Land, with its mineral resources, and all other means of production as well as distribution and exchange must belong to and be regulated by the community in its own interest.

Our aim should be to evolve a political system which will combine efficiency of administration with individual liberty, and an economic structure which will yield maximum production without the creation of private monopolies and the concentration of wealth and which will create proper balance between urban and rural economies. Such a social structure can provide an alternative to the acquisitive economy of private capitalism and the regimentation of a Totalitarian State.

With a view to drawing up the economic programme for the Congress in accordance with the above mentioned principles and the election manifesto of the Congress dated December 19th, 1945, the following committee is appointed :—

1. Pandit Jawaharlal Nehru, 2. Maulana Abul Kalam Azad, 3. Shri Jai Parkash Narain, 4. Prof. N. G. Ranga, 5. Shri Gulzari Lal Nanda, 6. Shri J. C. Kumarappa, 7. Shri Achyut Patwardhan, 8. Shri Shankarrao Deo with powers to co-opt.

The recommendations of the Committee were as follows—

I. AIMS AND OBJECTIVES

(1) A quick and progressive rise in the standard of living of the people should be the primary consideration governing all economic activities and relevant administrative measures of the Central and Provincial Governments. The achievement of a national minimum standard in respect of all the essentials of physical and social well-

being within a reasonable period must be pursued as the practical goal of all schemes for economic development.

(2) A parallel aim of the nation's economic activity should be to afford opportunities for full employment of a kind which could draw out the best in every individual in the service of the community and for the highest development of his or her personality. Such a scheme of full employment should result in fuller utilisation of our manpower, specially on land and in rural industries.

(3) For the earliest realization of this two-fold aim, an adequate and expanding volume of production is an indispensable pre-requisite. All schemes and measures of the State should be so designed as to obtain the maximum utilisation of material and man-power resources of the nation.

(4) To establish a just social order and to raise the standard of living of the people, it is necessary to bring about equitable distribution of the existing income and wealth and prevent the growth of disparities in this respect with the progress of industrialisation of the country. In the process of eliminating disparities, prior consideration should be given to the income-groups farthest removed from the national minimum.

A ceiling for incomes should be fixed, which should not exceed 40 times the national minimum needed for the primary needs of food, clothing, etc. The upper limit should be brought down by successive steps to 20 times the national minimum. Such a minimum should be determined from time to time in relation to the cost of living and productive efficiency of the people. A return of property should be called for periodically, along with the income return, to check violations of this provision. A census of national income should also be instituted.

(5) To secure the widest diffusion of opportunities for gainful occupation of a suitable character, and to re-

duce to the minimum opportunities for exploitation, the economic organisation of the country should function on a decentralised basis, as far as it is compatible with the requirement of an adequate standard of living and the country's internal and external security. Towards the same end, the requirement of national and regional self-sufficiency and of a proper balance between rural and urban economy should be kept in view in laying down the lines of economic development in the country.

II. AGRICULTURE

(1) In every province and every prescribed area, minimum levels of assured production of food, cloth and building materials should be determined on the basis of a scheme of balanced cultivation.

(2) All intermediaries between the tiller and the State should be eliminated and all middlemen should be replaced by non-profit making agencies, such as co-operatives.

(3) Satisfactory means should be evolved for achieving and maintaining more equitable exchange relations between agricultural and non-agricultural products. This should be done by fixing a juster level of prices of agricultural commodities and manufactured goods and commercial and other social services, calculated to result in remunerative prices for basic agricultural products and in the achievement of living wage levels for agricultural workers.

(4) The individual peasant is generally so-ill-equipped that he cannot be expected to assume complete responsibility for better farming. Implements, manure, seeds, bullocks and such other essential equipment should therefore be made available to him by a Central Agency (Provincial), not directly but through the Village Multi-purpose Co-operative Society.

(5) The State should undertake direct investment in non-recurring permanent land improvements like anti-erosion, irrigation and drainage measures, the Government providing the resources and the village supplying the labour power.

(6) To raise the efficiency of our existing human resources, technical education, besides general education must be provided to all children, adolescents and even adults. The Wardha education System with agriculture as the basic craft should be adopted.

(7) With a view immediately to raise the standard of efficiency and culture of the agricultural population, the Provincial Governments should organise and maintain schools and demonstration farms to provide refresher courses and to ensure that Kisan youths and skilled Kisans are educated and trained in the most efficient and practical modern methods of agriculture, including accounting, marketing and other business activities associated with agriculture.

(8) The State should organise pilot schemes for experimenting with co-operative farming among small holders and should set up co-operative colonies on Government unoccupied but cultivable lands, and should also directly own and run farms for purposes of experiment and demonstration.

(9) Every effort should be made to minimise the present wastage and high cost of cattle services by organising co-operative stock breeding and cattle maintenance stations and veterinary dispensaries in as many villages as possible, thereby enabling the peasant to hire out cattle services. There should be provision of stud bulls and pedigree cattle for both draught and milk-yielding purposes.

(10) Government must organise expeditiously Agricultural and Co-operation Information Services to work in co-operation with and through the local co-operative organisations, village panchayats and agriculturist's organisations and see that every village is brought in direct contact with this service.

(11) Co-operative Multi-purpose Enterprises and their Unions should be organised systematically and according to a plan in all centres to cut down the costs of agricultural credit, processing and marketing of agricultural produce and the supply of manufactured goods from the towns to villages, from the factories and industrial co-operatives to the villagers.

Organisation and working of co-operative societies should primarily be the concern of the local population. District Co-operative Federations and Unions should be organised to de-bureaucratise the Co-operative movement so that the function of Government will be confined to assisting the societies in every possible way in keeping proper accounts, in supervision of their working and in auditing, and by providing the necessary trained personnel.

(12) Land should be held for use and as a source of employment. The use of lands of those who are either non-cultivating landholders or otherwise unable for any period to exercise the right of cultivating them, must come to vest in the village co-operative community subject to the condition that the original lawful holder or his successor will be entitled to come back to the land for genuine cultivation. In the case of minors and the physically incapacitated, a share of the produce of the land should be given to them.

(13) The maximum size of holding should be fixed. The surplus land over such a maximum should be acquired and placed at the disposal of the village co-operatives.

Small holdings should be consolidated and steps taken to prevent further fragmentation.

(14) Priority should be given by the State in its plans for the early development of river-valley projects and also for the production and distribution of cheap electricity for rural industries and agricultural purposes, and for assuring protected water supply to the people of the rural areas.

(15) Provision should be made for grain storage, rural communications, manure collection and preservation, tree-planting, fuel supply and the organisation of seed-supply farms under State and co-operative auspices to bring all land under improved seeds and varieties.

(16) Statutory village Panchayats should be organised for a village or group of villages for self-governing purposes with well-defined powers and adequate financial resources, and with supervisory jurisdiction over all other institutions in the locality.

(17) The present land revenue system should be replaced by progressive taxation of agricultural income.

(18) To finance agricultural operations and development, the State should organise Agricultural Finance Corporations which should function through co-operative societies.

(19) Suitable machinery should be created for conciliation and mutual assistance between landless and landholding peasants.

(20) Provincial Governments should take steps for the relief of indebtedness of agricultural labour.

III. VILLAGE AND COTTAGE INDUSTRIES

(1) The aim of economic planning with reference to small-scale and cottage industries shall be full employment of human, animal and natural resources with

maximum productive efficiency in order to reach the national minimum standard of living, which should ensure a balanced diet, sufficient clothing, and living accommodation to every family.

(2) The Government should undertake and encourage research for the purpose of developing these industries efficiently and for better utilisation of available natural resources. A permanent Board of Research should be set up for this purpose.

(3) Arrangements should be made for demonstration of, and training in, the application of better tools and processes. For this purpose the training should follow the lines of the post-basic plan of the Wardha Education Scheme. The success of the programme of development will largely depend on the education of the worker, both technical and co-operative.

(4) The small-scale and cottage industries should be promoted on non-profit lines through industrial co-operative societies that undertake to supply raw materials, guide the production, and sell the goods of the members, and if possible, provide them with a common workshop where they can produce jointly. The responsibility of organising these industries on co-operative lines or otherwise, must be undertaken by the State working through non-official promotional bodies, free from official control and interference, though the Government may be represented on them. The structure that is built up should be a strong federal structure, consisting of primary societies, their regional unions and associations and the apex federation. This should allow production by small units with the benefits of centralised organisation, and should control and guide the production by the worker, and should undertake the disposal of the goods so produced. The artisan and the worker should not be expected to take the responsibilities of procurement of raw materials and sales of goods. He should be allowed

to concentrate on production. The onus of purchases, sales, arrangement of tools, workshops, guidance and supervision should fall on the industrial co-operative structure.

(5) No State-aid should be given to an individual except through his co-operative society.

(6) As far as possible, the industries should be so organised that the movement of raw materials from one area to another is minimised. In case of forests, the Government should change its present revenue-based policy and aim at producing materials needed by the people and serving the general purposes of the national economy, such as increasing the rainfall, prevention of erosion and conservation of sub-soil water. Priority should be given to supply such forest produce to these industries at standard rates and the industrial co-operatives should not be expected to compete with contractors in auction sales.

(7) The workers in these industries are not in a position to collect necessary funds. The co-operative banks and other local sources might be tapped if the Government could stand guarantee against margins. Direct loans and subsidies by Government will, however, be necessary in many industries in the initial stages, specially in the case of losing industries and new industries. These loans and subsidies of the Government should be made available through the co-operative structure.

(8) The major portion of the produce of these industries should be sold through the consumers' societies and multi-purpose agriculturists' societies with whom the industrial societies and their associations should maintain a close contact. Sales depots run by the industrial societies and their associations may also be encouraged, specially in towns.

(9) The Government and public bodies should give preference to goods produced by small-scale and cottage industries for use by their departments. Patronage by large-scale industry of such goods should also be encouraged. There is a large possibility of these units working as feeders to large-scale industries. The industrial co-operative societies should, however, not be expected either by the Government, public bodies or large industries to submit tenders and compete with the merchants through the existing store-purchase channels. A system of placing orders at standard rates with the industrial co-operative societies should be introduced.

(10) The organisation and marketing of the products of these industries should be so arranged as to reduce the strain on the transport system to a minimum. The transport policy of the Government will, however, have to be substantially altered so as to give high priority and concessional rates for the transport of raw materials and other accessories required by these industries and the articles produced by them.

(11) The raw materials and accessories required by cottage and village industries and their products may be exempted from payment of octroi duties, terminal taxes, sales tax and other such charges.

(12) The Government, at its own cost, should organise propaganda and advertisement through the Press, the radio, the platform and by means of museums, exhibitions, demonstrations, posters, magic lantern shows, etc.

(13) It will be necessary to create the right type of leadership to guide the development of these industries. A cadre of organisers, technicians, secretaries, etc., devoted to the principles of co-operation, will have to be established, whose salaries should be in consonance with the prevailing standard of payment in other industries and whose salaries and promotion should not be made to

depend upon the pleasure of the elected office-bearers but should be on the lines of similar cadres in public bodies.

(14) In any scheme of formal or informal control over distribution of raw materials in short supply to industries, such as steel, coal, caustic soda and other chemicals, adequate and definite provision should be made to meet the needs of village and cottage industries.

(15) The special interests of village and cottage industries should be borne in mind by the Tariff Board while framing its recommendations regarding industries referred to it.

IV. INDUSTRY

(1) Industries producing articles of food and clothing and other consumer goods should constitute the decentralised sector of Indian economy and should, as far as possible, be developed and run on a co-operative basis. Such industries should for the most part be run on cottage or small-scale basis. Larger units are inevitable in the case of heavy industries, e.g., manufacture of machinery and other producer goods. The choice of size will be determined by the net balance of economic and social advantage, preference being for smaller as against the larger units.

(2) The respective spheres of large-scale, small-scale and cottage industries should be demarcated as clearly as possible to avoid economic insecurity and destructive competition. Measures should be taken to co-ordinate the various types of industries and link them up in a supplementary-complementary relationship. Large-scale industry should make the fullest use of cottage industries for processes which can be handled on handicraft basis without serious loss of efficiency. In the conditions prevalent in our country, emphasis will be on providing opportunities for employment of our unutilised or

partially utilised reservoir of labour, and minimising the use of costly capital goods. Large-scale industry should also be utilised to improve the economic basis and the operative efficiency of small-scale and cottage industries. Certain lines of manufacture should be reserved for cottage industries. In order to avoid competition between production so reserved for cottage industries and large-scale production, the State may bring under its control such competing large-scale industry. Where a cottage industry is allowed to co-operate in the same field as large-scale mechanised industry, its output should be protected from the competition of the latter by subsidies or some method of price equalisation. This applies specially to cotton textile industry. In this and similar cases, further expansion of large-scale machine industry should be restricted except where this is considered necessary. In such cases it should be undertaken under State auspices.

(3) Regional self-sufficiency should be the aim with regard to all types of industries. Development on these lines should help to provide full and varied employment of man-power and raw materials in each unit and to reduce the pressure on the transport system. Location of industry should be so planned as to make a district of average size, having roughly a population of 10 lakhs, as nearly self-sufficient as possible in respect of consumer goods which supply the daily needs of the people. In this respect particular attention should be paid to essentials like food and cloth.

(4) The position regarding raw materials and other factors may entail the location or concentration of certain industries in a few areas. It would not be desirable to erect physical barriers in respect of movement of goods in the interests of regional development. Fiscal and other measures may, however, be adopted to foster suitable industries in different regions. Such measures

will be particularly appropriate for the industrial development of backward areas to assure their social, economic and educational progress.

(5) Control of investment and licensing of new undertakings should be resorted to for the purpose of effective co-ordination and harmonious development of different types of industry.

(6) New undertakings in defence, key and public utility industries should be started under public ownership. New undertakings which are in the nature of monopolies or in view of their scale of operations serve the country as a whole or cover more than one Province should be run on the basis of public ownership. This is subject to the limit of the State's resources and capacity at the time and the need of the nation to enlarge production and speed up development.

(7) In respect of existing undertakings the process of transfer from private to public ownership should commence after a period of five years. In special cases, a competent body may, after proper examination, decide on an earlier transfer. The first five years should be treated as a period for preparation, during which arrangements should be made to take over and run these undertakings efficiently.

(8) The progress of transition of public ownership should be controlled so as to avoid the dislocation of the economic life in the country, fall in production, uneconomic acquisition of inflated assets, and the diversion of valuable resources from more urgent to less urgent uses.

(9) Acquisition should take place when the excessive margins of profits which prevail in the existing abnormal conditions have declined to a reasonable level, in consequence of the fall in price or under pressure of appropriate legislation or administrative measures.

(10) To secure efficient development and conduct of public-owned industries, suitable administrative agencies should be set up. Particular attention should be given to the following matters: (1) creation of an economic Civil Service which will furnish industry with executives of different grades; (ii) training of the requisite industrial cadre; (iii) technical training and general education of the workers; (iv) organisation of research and information; (v) control of investment and of scarce or strategic resources; (vi) intensive and detailed economic surveys.

(11) State departmental control should be confined to questions of policy. The system of Statutory Corporations for the management of Industry, Trade and Transport should be developed with necessary adaptations to suit Indian conditions.

(12) In private industry the existing system of managing agency should be abolished as early as possible. Private industry should be subject to all such regulations and controls as are needed for the realisation of the objective of national policy in the matter of industrial development.

(13) Employed capital, i.e., capital plus reserves, should be adopted as the basis for the computation of the return on capital. Steps should be taken to prevent excessive distribution of the profits earned by an industry or establishment or undertaking. Distributed profits should be taxed at a higher rate than undistributed profits. A five per cent dividend in terms of employed capital will be the maximum limit for distribution of profits. The profits to be transferred to the reserve funds should be limited to such sums as in the opinion of a competent authority may be effectively utilised for productive purposes by the industry or industries concerned. Out of the profits earned in any year, the surplus, after setting apart 3% on employed capital 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 employees' share will not exceed in any year a third of the basic wage or the national minimum, whichever is higher.

(14) All resources available for investment should be subject to the control and direction of the State. The State should set up Finance Corporations for financing industries. Banking and Insurance should be nationalised.

V. INDUSTRIAL RELATIONS

Stable and friendly relations should be established between labour and capital through increasing association of labour with management in industry and through profit-sharing. The establishment of Works Committees in such undertaking to settle differences in the day-to-day administration, and of Regional Labour Boards in each industry to determine wages and conditions of labour, should be on the basis of adequate representation being given to duly elected representatives of labour. In the interest of uninterrupted production, all disputes between employers and workmen should be settled through the machinery of conciliation, arbitration and adjudication. The workers should be guaranteed a minimum wage, proper housing and protection against the economic consequences of old age, sickness and unemployment.

VI. CO-OPERATION

(1) Promotion of co-operative distribution is necessary to secure a balanced progressive economy in which regulated distribution will form an integral part of a comprehensive economic plan for the country. If wages are to be controlled and consequently the prices of

agricultural products and manufactured articles, the distribution of consumer goods should be controlled by the encouragement of co-operative effort.

(2) A multi-purpose co-operative society with branches for agricultural producers, consumers and small industries should be set up to develop an integrated economy for the village.

By bringing together producers' and consumers' organisation, the co-operative method can avoid to a large extent the use of money. It also minimises transport.

(3) The usual line of action should be to promote, encourage and, where necessary, assist co-operative consumers' societies to control a large and growing volume of the retail trade in the necessities of life of the humbler section of the population. Organisations may be for a locality or for groups of wage earners and, where possible, for salary earners engaged in separate establishment owned by private concerns or the State itself.

(4) The State should grant special facilities for transport, storage, etc., and make commercial intelligence freely available to co-operative societies.

(5) Where producer's co-operatives are found, the State should use its good offices to see to it that they deal direct with consumers' co-operatives.

VII. CONCLUSIONS

(1) To implement the programme outlined above, a permanent Central Planning Commission should be appointed to advise and assist the Congress Governments in the practical steps that should be taken.

(2) Such a Planning Commission will also review the present tax-structure and amend it to fit into the

economic policy indicated above, making it possible for the government to implement this programme through its scheme of taxation.

(3) The complexion of the country's foreign trade should be carefully scrutinised to enable the country to build up its economic structure on a sound basis so as to make it possible for the nation to provide its primary needs and buttress its independent position.

(4) In the development of the country the place of foreign capital should be carefully examined so as to ensure that the economic controls remain with the nationals of the country.

ECONOMIC PROGRAMME COMMITTEE

(A.I.C.C. Bombay, April 24 '48)

Shri Shankarrao Deo, the General Secretary, A.I.C.C. moved the following resolution about the report of the Economic Programme Committee. It was seconded by Prof. N. G. Ranga :

"The A.I.C.C. had already given its general approval to the Report of the Economic Programme Committee of the A.I.C.C. The A.I.C.C. now gives its specific approval to the aims and objects as laid down in this Report.

In regard to more detailed suggestions made in the Report and in view of the Industrial Policy announced by the Government of India, the A.I.C.C. appointed the following Standing Committee to consider the implementation of the general programme, more especially in regard to priorities and make recommendations from time to time to the Working committee :

The following are the members of the Committee :

1. Pandit Jawaharlal Nehru (Chairman)
2. Shri Rafi Ahmed Kidwai
3. Shri Shankarrao Deo
4. Prof. N. G. Ranga
5. Dr. Pattabhai Sitaramayya
6. Shri Jagjiwan Ram
7. Shri Gulzarilal Nanda
8. Shri J. C. Kumarappa
9. Shri Annada Prasad Choudhry."

The resolution was passed unanimously.

ECONOMIC PROGRAMME

(Jaipur Congress, December '48)

This Congress generally approves the report and recommendations of the Economic Programme Committee of the All India Congress Committee.

In view of the economic crisis through which the country is passing, it is the duty of the Government as also of the people to further the objectives that the Congress has laid down and in so spreading the burden of today that it may be shared by all and that none may escape it while others are crushed by it. The nation must undergo a period of austerity and must avoid all wasteful expenditure. Conscious and concerted effort must be made on a national scale to meet this crisis in production and price inflation. All the nation's resources, human and material, should be utilised to increase production. While the people must produce more, they must consume less and invest their savings in Government Securities and undertakings. There must be economy

all round. Government must ruthlessly cut down their expenditure consistently with the efficiency of administration and the safety of the State.

While it is essential to press forward large scale projects in order to increase the food supply and the power resources of the nation so that the nation may be self-sufficient in regard to food and other essential commodities, small scale projects should be particularly undertaken as they yield quicker results. This must be done in a planned manner. Attention must be specially directed to the rapid development of cottage and small scale industries, preferably on a cooperative basis, which will provide employment to many and will immediately produce more consumers' goods. This plan of decentralised production should form part of the permanent economy of the country.

To assure the urban population, specially industrial workers, a regular supply of food grains at the controlled rate during this period of shortage, foodgrains should be procured from the cultivator at a price remunerative to the cultivator and fair to the consumer after leaving enough for the peasant and his family. Peasants should cooperate with the Government in making the procurements of food grains a success. This Congress endorses the textile policy of the Government of India and calls upon the Provincial Governments to see that a fair quota of mill-cloth and other essential goods necessary for a minimum standard of living be made available at controlled rates, preferably through cooperatives, to the villagers. The services of the A. I. S. A. and A. I. V. I. A. should be enlisted to organise an intensive campaign throughout the country for production of Khadi and other commodities.

In order to put forth the utmost effort in production, it is essential that industrial and agrarian conflict should be avoided, for each such conflict means loss in production and a set-back to the nation. The Congress congratulates the Central Government on its efforts in the interest of industrial truce and social insurance and recommends early establishment in all the provinces, States and Unions on a uniform basis, of statutory machinery for the resolution of industrial disputes in a just and peaceful manner, and also the establishment of machinery, Central, regional and functional, for the study and determination of fair wages and conditions of labour and fair remuneration of capital, and methods for the association of labour in all matters concerning industrial production such as formation of Central, regional and unit production committees.

The Congress further appeals to all who are concerned in production to try their utmost to make every effort to this end. The proprietors of industry should bring down their profits, and help in raising production. Labour must realise that every strike and lock out at this stage is a grave ill-service to the general community.

The Government of India have announced their Industrial Policy favouring a Mixed Economy and leaving a very large sector for development and expansion by private enterprise. The industrialists in this hour of crisis must do their duty by the nation. While it is the policy of the Congress to see that the industries are operated in the interest of the nation and the key industries are progressively brought under State control and ownership, it is not its intention to injure the legitimate interests of the industrialists.

The Central, Provincial, States and Union Governments are further requested to take steps to have adequate housing facilities provided for industrial labour.

Locally available materials should be used to the largest possible extent in order to lessen cost and expedite construction.

The Congress is fully aware of the hardships due to the rising cost of living and the defective system of settlement of disputes and is anxious to find effective remedies for both. At the same time, the Congress would like to place the working class on its guard against the disruptive forces which want to exploit the working class for the fulfilment of their political aims. There is no better and greater duty today for all those engaged in industry in whatever capacity than to keep the wheels of production constantly going.

On the unanimous suggestion of the Revenue Ministers' Conference, which met in Delhi in Dec., 1947, Dr. Rajendra Prasad, the then Congress President, appointed an Agrarian Reforms Committee.

Shri J. C. Kumarappa was appointed the Chairman of the Committee. Other members of the Committee were :

1. Prof. M. L. Dantwala,
Reader in Agricultural Economics,
Bombay University School of Economics.
2. Shri S. Das Gupta,
Secretary, Board of Revenue,
Government of West Bengal.
3. Shri T. V. Raghavulu,
Representative, Agricultural Labour.
4. Shri O. P. Ramaswamy Reddiar,
Ex-Premier,
Madras Government.
5. Shri N. G. Ranga,
President, All-India Kisan Congress.

6. Shri Ameer Raza,
Secretary, Zamindari Abolition Committee,
U. P. Government.
7. Shri Phulan Prasad Varma,
Member, Damodar Valley Corporation.
8. Shri K. Mitra,
Secretary, Econ. and Pol. Research Dept.,
All-India Congress Committee (Member-
Secretary).

The Committee was asked to examine and make recommendations about agrarian reforms arising out of the abolition of zamindari system in the light of conditions prevailing in the different provinces. The Committee was also to consider and report on co-operative farming and method of improving agricultural production, position of small holdings, sub-tenants, landless labourers and generally on improving the conditions of agricultural rural population.

The Committee submitted its report on July, 1949 and their main recommendations were as follows :—

Recommendations :

Land Reforms.—The Committee feels that there cannot be any lasting improvement in agricultural production and efficiency without comprehensive reforms in the country's land system. The Congress in its election manifesto and the Report of Economic Programme Committee has declared itself in favour of the elimination of all intermediaries between the State and the tiller. The Zamindari Abolition Bills in the various provinces which are in different stages of implementation, are a first step towards that objective. But even after the abolition of the zamindari, there would remain a large element of non-cultivating interests in land. The Committee is strongly of the opinion that in the

agrarian economy of India, there is no place for intermediaries and land must belong to the tiller, subject to conditions mentioned hereafter. The Committee has, therefore, recommended that, in future, subletting of land will be prohibited except in the case of widows, minors and other disabled persons. To cover the period of transition, however, the Committee has recommended a set of rights for the actual tillers who are themselves not owners of land. Those who have been cultivating land continuously for a period of six years should, in the opinion of the Committee, automatically get full occupancy rights. In case of others, the Committee has recommended that the owner may have the option up to a certain period, to resume the holdings for personal cultivation subject to certain well-defined conditions. Only those who put in a minimum amount of physical labour and participate in actual agricultural operations would be deemed to cultivate land personally. The owner will have the option to resume the holding to the extent to which it is necessary to make his self-cultivated holding economic. He can, however, resume more land, up to the maximum prescribed, if thereby he does not reduce the tenant's holding below the economic. The Committee has also recommended that the tenant should have the right to purchase the holding at a reasonable price to be determined by regional Land Tribunal. The tenant should be assisted by a suitable financial agency in purchasing the holding. The Committee has laid special emphasis on immediate prevention of all evictions and the preparation of record of rights by local Land Tribunals with which non-official opinion will be associated. All tenants, to whichever class they may belong, must be protected from rack-renting and illegal exactions. There will be provision for determination by Land Tribunal of

reasonable rent as well for the commutation of rents in kind into cash.

Pattern of Agrarian Economy :

The existing pattern of agrarian economy is so complex and the problems which it has to face are so variegated that no single uniform method of land utilisation can meet the requirements of the situation. The Committee has, however, kept before itself some of the main principles which should govern the agrarian policy of the country.

- (i) The agrarian economy should provide an opportunity for the development of the farmer's personality,
- (ii) There should be no scope for exploitation of one class by another,
- (iii) There should be maximum efficiency of production,
- (iv) The scheme of reforms should be within the realm of practicability.

Though the Committee has recommended more than one type of farming, it has adhered to the principles laid down above. Thus, though there is a variety in form, there is unity in idea.

Size of Holdings :

The basis of differentiation in the types of farming which guided the Committee is mainly the size of holdings. For the purpose of analysis, the Committee has evolved three norms of sizes of holdings—Basic, Economic and Optimum.

Economic Holdings :

The central concept is that of an Economic holding which should be determined according to the agronomic

conditions of different regions, on the following principles :

- (i) It must afford a reasonable standard of living to the cultivator,
- (ii) It must provide full employment to a family of normal size and at least to a pair of bullocks.

Basic Holding :

The logic behind such differentiation is that holdings below the economic size demand a different approach and treatment, say that of rehabilitation. But the number and percentage of such holdings in India is so large that the task of rehabilitation of such a vast sector of the agrarian economy would be beyond the organisational competence of the State. The Committee, therefore, has evolved the concept of a Basic Holding which will be smaller than the economic holding and to which the rehabilitation treatment may be given. A basic holding is a holding smaller than which would be palpably economic from the point of view of efficiency of agricultural operations. Thus, there will be between the Basic and the Economic Holdings a category which though uneconomic in the sense of being unable to provide a reasonable standard of living to the cultivator may not be inefficient for purposes of agricultural operations.

Optimum Holding :

The Committee has also felt that there should be a ceiling to the size of holdings which any one farmer should own and cultivate. In the first place, the supply of land, in relation to the number of people seeking it, is so limited that not to put a ceiling on individual holdings would be irrational and unjust. Secondly, under the present technique of cultivation, the managerial capacity and financial resources of an average cultivator, in India, the optimum size of a holding has to be fairly

low. The Committee has, therefore, recommended that the optimum size should be three times the size of the economic holding. Certain exceptions, however, have been allowed in cases of joint families and charitable institutions.

It is argued that the imposition of such ceilings to ownership in one sector of economy will create anomalies. The Committee, however, is competent to make recommendations only with regard to the agrarian economy but has every hope that a similar principle of distributive justice would be applied to other sectors of our economy.

Modes of Farming :

Family Farms.—The Committee has recommended restricted form of family farming for holdings between the Basic and the Optimum sizes. It is decided to lower the limit of family farming below the Economic size in the hope that the provision of multipurpose co-operative facilities would reduce to a great extent the inefficiency involved in farming on such units.

Co-operative Joint Farming.—There is, however, a limit below which family farming even with all the co-operative aids implied in better farming ceases to be economic. The Committee has, therefore recommended Co-operative Joint Farming for holdings below the basic size.

This, however, does not mean that all the below Basic Holdings in a village would be lumped into a single giant co-operative in which the cultivator may lose his individuality. A Co-operative Joint Farm can be formed, whenever the requisite number of below basic holders come together and constitute a holding of the optimum size.

The Committee is convinced that without these co-operative moulds—Better Farming for family farms

and Joint Farming for holdings below basic, the efficiency of agriculture cannot be substantially increased. It has, therefore, recommended that the State should be empowered to enforce the application of varying degrees of co-operation for different types of farming. Thus, while the family farmer (holder of a farm between the Basic and the Optimum) will have to make use of the multipurpose co-operative society for marketing, credit etc., the below-basic holder will have to cultivate his farm jointly with such other holders. The organisational and other difficulties involved in the implementation of the proposal, however, would necessitate its spread over a period of time. A beginning may be made in selected areas and its extension may be entrusted to specially trained persons under the planned direction and control of a Provincial Co-operative Farming Board. The gradualness of the programme, intelligent propaganda, liberal state-aid and its judicious implementation by a specially trained cadre would to a very great extent reduce the psychological hesitation of the farmer to take to the co-operative patterns recommended by the Committee. The Committee firmly believes that the agrarian traditions of this country are in favour and not against the Committee's recommendations.

Collective Farming.—The Committee has recommended the Collective type of farming on a portion of reclaimed lands where landless agricultural labourers would be settled. This will to a certain extent help in satisfying the land hunger of the landless labourers and give an opportunity to the State to test the economics of mechanised farming. In the initial stages the State will have to provide the necessary resources. The Committee is of the opinion that individual settlements should on no account be allowed on newly reclaimed lands.

With regard to the land above the ceiling to holdings, subject to the rights of the tenants, the same should be used for the purposes of co-operative joint farming whenever such land can be obtained in a big bloc. When such land is available in scattered bits, it may be used for making uneconomic holdings economic.

State Farming.—The Committee has also recommended the creation of state farms for the purpose of research and experimentation.

Rights in Land :

On the question of rights in land, the Committee is of the opinion that these should be shared between the community and the tiller. The idea of proprietorship in which the owner could use or misuse land as he likes is incongruous with the economic and social needs of our times. This, however, does not mean that the State should assume all the rights and authority leaving no scope for initiative on the part of the cultivator and for the development of his personality. The cultivator will have permanent, transferable and heritable right of cultivation subject to the following conditions :

- (1) that he does not sublet his holding ;
- (2) that he transfers his holding according to well-defined priorities laid down by the appropriate authority and at a price which is reasonable and not speculative ;
- (3) that he conforms to the test of good husbandry and the scheme of crop-planning proposed from time to time by the Land Commission.

The rights vested in the community are to be exercised by the Land Commission through agencies at different levels, the basic one being the Village Panchayat elected on adult franchise and proportional representation. The Panchayat will be in charge of all the

common assets of the village e.g. the waste land, village sites, tanks, forests, etc. It will also be responsible for the collection of land rates from the cultivators.

Land Management :

The Committee strongly believes that the present system of administration pertaining to the various aspects of land use and management is very faulty. Though of late there have been some efforts at co-ordinating the work of departments concerned with the problems of the agrarian economy, the integrated outlook which is so necessary for a comprehensive solution of the problem is conspicuous by its absence. Secondly, the approach is still bureaucratic with its characteristic weakness of red-tapism and lack of sympathy. The Committee has, therefore, recommended a single and integrated machinery with regional units composed of different elements—officials, experts and representatives of the agricultural population with all the powers and responsibilities at present vested in various departments dealing with the problems of agrarian economy. The idea is to import a functional rather than a political approach in land administration. Maximum effort will have also to be made at decentralising the functions of this administrative machinery by devolving as much power as possible on the regional units.

At the apex of this machinery will be a Statutory Central Land Commission whose primary duty would be to evolve an all-India scheme of crop-planning and allocate scarce resources according to priorities. There will be Provincial Land Commissions with a wider range of function and responsibilities. The Provincial Land Commission will be assisted by a number of specialised Boards such as those for Rural Finance, Co-operative Farming, Wages Determination, etc. The Committee has also recommended the creation of a Rural Economic Civil Service for the execution of the Commission's work.

There will be similar regional authorities in charge of a group of villages, the basic unit being the Village Panchayat.

Agricultural Indebtedness—Rural Finance and Marketing :

On the question of agricultural indebtedness, the Committee is of the opinion that for a large sector of the agrarian population, the burden of indebtedness has not diminished in spite of high prices. It has, therefore, recommended compulsory scaling down of the debts on the basis of the paying capacity and the equity of the loans in case of farmers. In case of agricultural labourers, however, the Committee has recommended complete wiping out of all indebtedness. The Committee has whole-heartedly endorsed the schemes for compulsory registration and control of money-lenders.

The important question, however, is the provision of alternative credit at reasonable rates. For this the Committee has suggested that there should be a single agency in charge of all credits. The credit should be as far as possible controlled, functional and in kind and the fullest use should be made of multipurpose co-operatives for the purpose.

The main feature of the Committee's recommendation, however, is that lack of credit-worthiness should not come in the way of the cultivator in securing the essential requirements of farming. This has been the biggest impediment in the progress of institutional credit. The percentage of uncredit-worthy cultivators in India is so vast that any scheme of credit which confines itself to the so-called credit-worthy cultivators will only touch the fringe of the problem leaving the vast number to the mercy of money-lenders. The Committee recognises that the extension of credit to uncredit-worthy cultivators would ultimately amount to a scheme of subsidisation. But there seem to be no escape from such

commitments. All such finance may be considered as a part of a scheme of rehabilitation.

According to the Committee, regulated-market, multi-purpose co-operative societies, and licensed warehouses would be the major planks in the scheme of reforms of marketing and rural finance.

Agricultural Labour :

The Committee has laid great stress on the immediate amelioration of the conditions of agricultural labourers. It has found sufficient evidence of agrestic serfdom in many parts of India especially in Gujerat and Madras. Employment of such labour in the opinion of the Committee should immediately be made a cognizable offence. The Committee has also recommended an early implementation of the provisions of the Minimum Wages Act for agricultural labourers through Wage Boards. Provision of housing sites and prevention of ejection should be given top priority. The main problem of agricultural labourer is, however, unemployment and under employment which can be tackled only by a planned development of suitable agro-industries. To stimulate mobility of the labourers, it will be necessary to establish Employment Bureaus whose function would be to explore the opportunities of alternative employment and offer special facilities to labourers for migration.

State legislation alone, however, on all these questions will not produce the desired result. And the effort will have to be backed up by a strong trade union movement. There should be a separate trade union of landless labourers. But in order to be successful they should be in intimate touch with the organisation of urban labour.

Agricultural Price :

The Committee believes that the assurance of a reasonable income to the agriculturists through stabilis-

ation of prices or a scheme of Crop Insurance is necessary for the success of agrarian reforms. It has, therefore, recommended that a technique should be evolved for maintaining parity between prices of agricultural and industrial commodities.

Agricultural Statistics :

The Committee has emphasized the need for the proper maintenance of agricultural statistics without which no sound policies of agricultural planning and development can be formulated. The point that needs to be noted is that the task of organising the statistics should be a joint effort of statisticians and agricultural economists.

Rural Welfare :

No agrarian reform will be complete unless it embraces the aggregate life of villagers. In a final chapter the Committee has, therefore, given a comprehensive plan for the organisation of rural welfare, some of the main ingredients of which are the provision of basic education with agriculture as the main craft, rural health organisation and the development of the Village Panchayat.

Agrarian Reforms Commissioner :

The Committee would request the Indian National Congress to look upon its set of recommendations not as isolated pieces but as a single integrated pattern. One can neither appreciate nor implement them in parts. Some of them are, no doubt, of a fundamental character. But fundamental problems can never be tackled by patch work reforms.

The implementation of the recommendations would require determination, drive and imagination. While the Committee is aware that the implementation of the reforms will naturally be gradual in character, Agrarian

Reforms Commissioners with necessary powers should, however, be immediately appointed both at the Central and Provincial levels. There should be Provincial Commissioners charged with the task of quickening up the pace of the agrarian reforms in the Provinces and also a Central Commissioner to co-ordinate the reforms in the Provinces and to bring to the notice of the Central authority the obstacles in the way of such co-ordination and uniform progress.

ECONOMIC PLANNING CONFERENCE

On the invitation of the Congress President Dr. P. Sitaramaya, the chief ministers of the States and P.C.C. Presidents met in a conference in April 1950 in Delhi to formulate an economic programme for the country and to devise the best methods to implement the programme.

The following resolutions were adopted in the 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 influence all the institutions of national life. For 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 the 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 to repair the damage to the economy of the country caused by 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 cooperative 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 labour 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 cooperation. 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).

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.

Special attention should be given to the organisation of agricultural labour for the betterment of their condition. 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 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

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 *sowkars* 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 smallscale 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 especially to hard currency areas.

The handloom 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 handloom weavers but not so either by a composite or a weaving mill; (2)

To organise a syndicate of handloom weavers, cooperative 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 handloom 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 handloom industry; (5) To ensure adequate supply of yarn required to the handloom industry. ✓

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.I.S.A. and allied bodies. Uncertified *Khadi* should not be allowed to be sold in the name of *Khadi*.

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 *vanaspati* industry.

4. A PROGRAMME OF RURAL DEVELOPMENT

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 cooperative 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 cooperative 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 such proportion to the contribution of the people as may be decided upon by State Governments.

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 cooperatives 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 cooperative organisation a fit instrument for this purpose, it is imperative to reorganise the cooperative 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 cooperative 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 cooperative

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 Cooperative and the Industrial Cooperative. 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 coordination 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 Provincial 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 development 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 coordination of developmental activities, there are wide differences in their composition and functions 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 appointment of *working parties* by the Central Government for effecting rationalization 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 the 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 the 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. Any hinderances 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 widespread 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, (e.g. 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 country, industrial raw materials, capital goods, other essentials and the service of foreign loans, for the development of our agriculture, basic and large-scale industries, may be financed. A review of 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 in commodities.

ECONOMIC PROGRAMME

(Nasik Congress, September '50)

The economic progress of the country is the most urgent task before the nation in order to advance towards the attainment of the Congress objective. That objective is the establishment of a Welfare State wherein there is economic democracy, a national minimum standard in respect of the essentials of physical and social well-being, a rising standard of living, full employment, elimination of exploitation, and progressive narrowing down of disparities in income and wealth, so that there may be equality of opportunity to all for self-development and growth of personality. Every step towards this goal must be judged from the point of view of the good of the masses and vested interests should not be allowed to divert us from the larger good. Ordered progress will necessarily have to be planned and this implies a planned and more or less controlled economy.

The Congress has repeatedly emphasised the necessity for planning and the Working Committee, in a resolution passed in January, 1950, recommended to the

Government of India to set up a statutory Planning Commission. This Congress welcomes the establishment of the Planning Commission by the Government of India.

The Second World War seriously impaired the economic structure and strength of the country, and the partition and the tragic events that followed independence, disrupted the country's economic life still further. Progress has thus been greatly hampered by limitations in respect of finance, capital equipment, trained personnel and raw materials. These limitations necessitate a careful husbanding of available resources and the laying down of strict priorities in regard to development schemes. It is of the utmost importance in existing conditions that measures should be devised to secure increased production and every factor militating against this aim should be discouraged. Capital formation will have to be increasingly shouldered by the common man and the small savings of large numbers of people will have to be an essential feature of the ways and means for the country's development programme.

So long as there are conditions of scarcity, the need for control on essential articles will continue. Such controls should be effective and must be so worked as to avoid undue inconvenience to the people and eliminate evasions. Anti-social elements seeking to exploit controls to their advantage should be drastically dealt with.

Immediate action is necessary more especially in regard to the following matters :

- (1) Basic and essential lines of development such as irrigation, and prior allocation, of available resources for this purpose ;
- (2) Early realisation of self-sufficiency in food ;

- (3) An adequate supply of essential raw materials for industry ;
- (4) An orderly and progressive reduction in the general price level ;
- (5) Full and efficient utilisation of installed capacity in industries ; reducing costs of production to a reasonable level and, at the same time, providing conditions in which the workers can put forth their best efforts ;
- (6) Expansion of opportunities for gainful employment by planned development of village and small-scale industries on cooperative lines as far as possible, and on the basis of the highest attainable technical efficiency. Priority should be given in this respect to khadi and the handloom industry ;
- (7) Abolition of Zamindari, Jagirdari and other forms of landlordism. •

No system of planned economy can succeed and no large-scale advance is possible unless there is a full public cooperation. It is, therefore, necessary to evoke public enthusiasm and harness it for the promotion of nation-building activities, and to raise the low productivity in industry and agriculture. Efforts should, therefore, be made to utilise the experience, energy, free time and other resources of the people on a voluntary basis and a nation-wide scale. In any such scheme, Congressmen should give their full and active support.

(A. I. C. C. Ahmedabad, January '51)

In view of the grave situation that the country has to face, both internally and externally, the A. I. C. C. is of opinion that there should be the largest measure of

unity and cooperation among all sections of the people and every effort should be made to encourage united effort in facing our major problems. In particular, it is necessary for Congressmen to put aside their differences and cooperate for the larger causes which the Congress represents. The A. I. C. C. has noted with regret that certain tendencies are at work which must inevitably weaken and partly disrupt this great national organization. While it is natural that, on the attainment of independence, different approaches should be made to our social and economic problems, the immediate problems are such that there should and can be a cooperative approach, within the larger ambit of Congress policy. This policy has been laid down in successive Congress resolutions and more especially in the Nasik resolutions, in regard to social, economic, communal and international affairs.

That general policy, insofar as it relates to social and economic matters, has to be translated into more specific terms having regard to the nation's resources and priorities and the urgent problems that confront us in the immediate present. It must, therefore, have both a long term objective and a short-term plan designed to achieve social justice and to make the country self-reliant and dependent on its own strength and resources. It must be based on an increasing productivity both in land and industry, leading to a progressive advance in the well-being of the masses of the country. This will necessarily involve a measure of privation and austerity to begin with and this will have to be endured, so that the basis for future progress may be laid, but the burden should be equitably distributed and must be cast, as far as possible, on those most capable of bearing it. In the circumstances of India today, it is the responsibility of the State to take the lead in the reorganization and development of land and industry. Such a lead can only

be fruitful if it is efficiently organised and receives widespread public cooperation. This calls for the utilization of the enthusiasm, free time and other resources of the people on a voluntary basis and a nation-wide scale.

The immediate tasks are to help in solving the food problem, in securing a large increase in production by cottage and small-scale industries and in combating social evils, such as black-marketing and various forms of corruption, both in the administration and in the public, which have grown up and which degrade public morals and come in the way of progress. For Congressmen, there is the urgent additional task of purifying the Congress organisation, making it an efficient instrument for carrying out these tasks, and bringing back something of that spirit and will to work and suffer for a cause which enabled the Congress to achieve independence.

A social and economic programme, so conceived, should receive the approval of large masses of our people, even though there might be many varieties of opinion among them, and open out opportunities for large-scale cooperative effort to realise it. The Congress itself has, during its long history, sheltered varieties of opinion, but has at the same time succeeded in having a large measure of harmonious working. Those varieties of opinion, provided they do not run counter to its basic principles and objectives, may still continue within its fold, but in a time of crisis, as today, nothing should be done on partisan lines which may be injurious to the larger interests of the Congress and of the country. The formation of special groups within the Congress, either on the part of a majority or a minority, is thus to be deprecated, as they tend to create hostile factions and disrupt the organisation.

In the great tasks ahead every effort should be made to bring all Congressmen together, so that they may have

the opportunity for cooperative effort and the organization should become as broadbased as possible. The door of the Congress should be open even to those who have left it, and Congressmen should not only engage in active cooperation among themselves but should also seek the cooperation of others.

ECONOMIC PROGRAMME

(Delhi Congress, October '51)

This Congress approves of the Election Manifesto adopted by the All India Congress Committee at its Bangalore meeting in July 1951.

The Congress believes that the establishment of a planned economy is essential for the most effective utilisation of the country's resources, for increasing national wealth and distributing it equitably, and for harnessing the energies of the people in the tasks of national reconstruction. The Congress, therefore, welcomes the draft of Five-Year-Plan formulated by the Planning Commission and calls upon the nation and, in particular, upon all Congressmen to offer the fullest cooperation in the execution of the National Plan.

The largest possible increase in production in every sphere of economic activity by all available means must figure in the forefront of our immediate economic programme. The production of food must be the first concern so as to put an end to dependence on foreign aid in this respect. It is also essential to make sure of an adequate supply of raw materials to keep the people employed and industries running to full capacity.

The underlying defects in the economic and social organisation of the country, which have led to economic stagnation, have to be removed so as to lead to higher standards of productivity and welfare.

Future progress depends on capital formation and the amount saved by the community every year for this purpose. In order to enlarge the savings of the community, consumption will have to be restricted. Traditional sources of investment should give place to corporate and collective savings as well as the small savings of a very large number of persons. Tax evasion and blackmarketing which have grown during the war and post-war period, have become social evils which are a serious impediment to economic progress and which may interfere with any effective planning. It is essential that the Government should take effective steps and the whole community should cooperate in order to destroy this menace to our social stability and welfare.

The administrative machinery of the State, both general and economic, has to be attuned to present-day needs in India and to the effective working of the National Plan. This necessitates the building up of an industrial and commercial cadre to plan for the country's economic life and recognise the existing economic structure in terms of the Plan and in accordance with the needs of social justice.

The building up of basic industries has to be given high priority. The Congress stands for the progressive extension of the public sector according to the resources and personnel available. For the present, however, the bulk of the resources available to the State have to be invested as a matter of priority in agriculture, irrigation and power, transport and cottage and small scale industries. The private sector should function in close accord with the public sector in the fulfilment of common national objectives. Labour should be able to participate in the day to day working of industrial undertakings and in the handling of the general problems of each industry.

Land is the base of India's economy. The agrarian system should be so organised that the fruits of labour are enjoyed by those who toil and land is worked as a source of wealth for the community. Some measures of land reform, notably the abolition of the zamindari and jagirdari system, protection of tenant cultivators, regulation of rents, the imposition of a ceiling on future acquisition of land and fixation of minimum wages for agricultural workers have already been given effect to in many States. These should be extended and completed, as speedily as possible, so that their full benefit reaches the masses.

The first step in the reorganisation of rural economy is to strengthen the village as a social and economic entity as against the separate interests of individuals, and for the purpose of effective administration for development. Village production councils should be charged with the responsibility of developing and increasing production and should serve as the link between the people and the agencies of the State. They should mobilise voluntary labour for community works. Management of all land not cultivated by occupants should vest in village production councils. Uneconomic and inefficient units of cultivation stand in the way of economic as well as social progress. Large cooperative farms are therefore necessary and agricultural and agrarian economy should be reorganised on the lines of cooperative village management.

Until cooperative village management is fully developed and organised, substantial individual farms should, as an interim measure, be brought under State direction and control. They should be required to conform to standards of cultivation and management laid down by Government. Inequality should be reduced through measures such as enforcement of minimum wages, levy

of betterment, fees in kind, agricultural income-tax and control of land values. In the event of failure, their management should be taken over by Government.

Incentives should be provided for the organisation of small uneconomic holdings into cooperative farms, and a large scale programme should be undertaken for the organisation of multi-purpose cooperatives.

The greatest asset of the country is its manpower. But if this is not used to proper advantage, it becomes a drag and a burden on the country. Apart from those who are wholly unemployed, there are a vast number of able-bodied persons who are only partially employed. Many of those who are employed or partially employed exhibit a low level of skill, thus leading to economic loss. Full employment and raising the level of efficiency are thus the most important objectives of national endeavour.

The growth of basic industries envisaged in the Plan, as well as the improvement in agriculture will provide additional employment. But the only way to provide useful employment on a large scale is by the development of cottage industries. Definite programmes of production through cottage and small-scale industries should therefore be framed and such industries should be given facilities for organisation, research, training, finance, materials, marketing, and an adequate measure of protection. It is necessary that such cottage industries should be worked on the highest technical level of efficiency. By this method unused human working capacity will be mobilised and harnessed for constructive activity.

The whole system of production and distribution has to be reorganised with the deliberate object of achieving the ends of social justice. The existing disparities in respect of material well-being between the rural and urban areas, the backward and more advanced regions

and communities and the different economic layers of the population must be progressively narrowed down, and a ceiling should be fixed for the higher incomes. Taxation and fiscal policies should be examined from this point of view.

The aim of planning must be progressive removal of economic and cultural inequalities, in order to realise and establish a cooperative commonwealth based on equality of opportunity and of political and social rights, aiming at world peace and fellowship, which is the object of the Indian National Congress.

ECONOMIC POLICY

(A. I. C. C. Indore, September '52)

The great and urgent task before the people of India is to fight poverty, unemployment, ignorance and disunity and to direct all their energies, in a disciplined and organised way, towards economic progress, greater production, more equitable distribution and the raising of the standards of the people, and thus to realise the objectives laid down in the constitution of India. In order to do this, the rate of economic progress will have to be quickened and deliberate steps will have to be taken to bring about equality of opportunity and progressively reduce disparities of income and property. Advance must be based on a transformation of the structure or the economy of the country, enabling greater capital formation by all feasible methods, and a greater investment in development schemes which expand employment and increase the purchasing power of the people. For this purpose, the voluntary labour of the people should be enlisted to the largest possible extent and the public should subscribe to the development loans of the States. Saving, including compulsory savings, should be encouraged. Conditions should be created in which the

community, through various organs of the State and through cooperatives, exercises a much greater initiative in the conduct and development of industry and trade, and the people themselves, with the help of the State, can play a greater role in accelerating the pace of economic progress. Production and trade, should be based progressively on cooperation and the service of the community, instead of competition and private profit. This will necessitate a change of outlook and methods on the part of the administration and large sacrifices on the part of the people, which must be according to capacity and on an equitable basis.

Such a transformation will necessarily have to pass through various stages. The A. I. C. C. trusts that the Five-Year Plan will reflect a full appreciation of the need for such a change and will move in this direction as far as possible. In particular, the A. I. C. C. hopes that the immediate programme of the Five-Year Plan will lay adequate stress on the achievement of food self-sufficiency, the growth of basic and small-scale industries, and increasing opportunities for employment.

The policy of the Central Government as well as the State Governments must be directed to this end. These objectives however cannot be realised by governmental action alone and require for their fulfilment public co-operation in the largest measure.

THE FIVE-YEAR PLAN

(Hyderabad Congress, January 1953)

The most important and urgent task before the country is to ensure economic advance for the nation and to raise the living standards of the people with a view to ending poverty and unemployment by greater production and equitable distribution, and thus realise the objective of social justice and equality laid down in the

constitution. To this end all the resources of the nation must be directed in a planned manner, aiming more particularly at providing productive employment for all, so that everyone becomes a partner in the welfare state, sharing in its burdens and benefits alike.

The Congress welcomes the first Five-Year Plan, the adoption of which is an event of great significance and promise for the people of India, as it initiates a process of planned economic development of the country with the purpose of realising progressively the objectives aimed at. The Plan is a realistic and flexible approach to this great problem and its full implementation will lay the sound foundation of rapid progress in the future.

The Congress agrees that the programme for rural development and increase in agricultural production in respect of both food grains and industrial raw materials is of the first importance and food self-sufficiency must be realised at the earliest possible date. The Congress welcomes the recommendations in the Plan in regard to land policy and the emphasis laid on the expansion and strengthening of village and small-scale industries, and the building of the community on cooperative lines.

The Congress views the Plan as a first planned and important step designed to prepare the way for much more rapid advance on all fronts of national activity and welcomes it as the promise of the progressive fulfilment of its aims and objectives. The Plan depends for its success on the cooperation of the people in the largest measure in every phase and at every stage of the process of implementation. It is a call to the country and an invitation for leadership, at all levels, to mobilise this cooperation and voluntary effort of the people. To this great enterprise and magnificent adventure of building up New India, the Congress invites all the people of the country.

SOCIAL AND ECONOMIC PROGRAMME

(Working Committee, May 1953)

The following resolution on Social and Economic Programme was adopted :

Since the attainment of independence, economic and social programmes have become matters of urgency and the pace of such progress has to be swift enough in order to yield adequate results. The Congress welcomes the first Five-Year Plan as the basis of national advancement and every effort should be made towards implementing this Plan in full.

The Working Committee welcomes the proposal for a National Extension Service, which, they hope, will speedily cover nearly the whole of India and bring relief and opportunity of progress to the very door of the peasant and the worker.

In the opinion of the Working Committee, every effort should be made to quicken the pace of progress, more especially in regard to land reform and industrial growth. In terms of the recommendations of the Planning Commission, immediate steps should be taken in regard to the collection of land data and the fixing of ceilings on land holdings.

The major test of the success of any plan is the measure in which one deals with the problem of unemployment. In a Welfare State, there should be practically no unemployment, and opportunities for work should be available to all those who desire it. The Committee recognise that this problem in a vast country like India is of great magnitude and cannot be fully dealt with in a short period of time. Nevertheless, the aim of social economic progress must be the attainment of full employment and the pace towards this goal should be as speedy as possible. The existence of unemployment is not only

a social evil and a burden to the nation but it also comes in the way of fuller production, as this potential productive labour power is wasted.

The problem of unemployment should, therefore, be tackled on all fronts and, more particularly by the organised growth of cottage and village industries, on an efficient basis as well as by other productive and development schemes which utilise this labour, increase the purchasing power of the people and add to general production.

Every effort should be made to add to the volume of investment for developmental purposes and compulsory savings should be progressively introduced. The Small Savings Scheme should be encouraged. A system of State insurance should be extended to rural areas and credit facilities for production purposes should be provided on an adequate scale, more especially through cooperatives.

The Committee welcome the Estate Duty Bill and are of opinion that taxation policy should have for its basic aim the reduction of economic inequalities.

Legislation relating to social reform, such as is envisaged in the various parts of the Hindu Code Bill, should be expedited. The legal system should be revised with a view to making it simpler, less costly and more expeditious.

The machinery of administration has now to face new problems connected with the establishment of a Welfare State. The Services should, therefore, be reorganised from this point of view.

SOCIAL AND ECONOMIC PROGRAMME

(A.I.C.C. Agra, July '53)

The Congress welcomes the first Five-Year Plan as the basis of national advancement. That Plan envisages numerous other activities and the A. I. C. C. welcomes the proposal for a National Extension Service which, it hopes, will speedily cover the whole of India and bring relief and opportunity of progress to every peasant and worker.

2. The pace of progress must, however, be quickened, more especially in regard to land reform and industrial growth. The Committee attaches the greatest importance to the introduction of far reaching land reforms in India. While progress has been made in this direction by several State Governments, much yet remains to be done in order to make the actual tillers of the soil the owners of the land. The State Governments should take immediate steps in regard to the collection of the requisite land data and the fixation of ceilings on land holdings, with a view to redistribute the land, as far as possible, among landless workers.

3. Every effort should be made to add to the volume of investment of developmental purposes. With this end in view, small saving schemes as well as other methods of saving should be encouraged and, wherever possible, compulsory saving should be progressively introduced. A system of State Insurance should be extended to rural areas and credit facilities for production purposes should be provided on an adequate scale, more especially through cooperatives.

4. The machinery of administration, and in particular the services, should be reorganised with a view to deal effectively with the problems connected with the establishment of a Welfare State.

5. Economic progress is intimately connected with the social structure, and social reform; therefore, should be given priority. The passage of the various parts of the Hindu Code Bill should be expedited.

6. The present legal system is expensive and dilatory. It should be revised and made simpler, less costly and more expeditious, so as also to serve the purpose and objectives of a Welfare State.

UNEMPLOYMENT

A. I. C. C. Agra-July '53

The aim of a Welfare State is to provide full employment to the people. An important test of national planning with a view to realise a Welfare State must therefore be progressively fuller employment of the people. The A.I.C.C. recognises that, as the implementation of the Five-Year Plan proceeds, the benefits in terms of employment will grow. Nevertheless, the Committee expresses its concern at the increase in unemployment in certain fields of economic activity, notwithstanding the fact that generally there has been an upward trend of production both agricultural and industrial, during the last 18 months. While the starting of new industries and public works has increased to some extent the volume of employment, the difficulties of large numbers of people in seeking employment have been accentuated. Employment is influenced to some extent by fluctuations in business resulting from changes in the international situation and other factors. But the major cause of unemployment is the insufficient expansion of opportunities of work in relation to the increasing population of the country. In view of the underdeveloped condition of the country, this deficiency can be made up only by a vigorous, adequate and mansided programme of economic development.

2. The situation, therefore, requires a re-examination of the Plan, with a view to its expansion, more especially in such directions as would lead to an increase in the volume of employment.

3. The State must accept an increasingly active and positive role in regard to the development of industries. Such obstacles as exist in the implementation of the Five-Year Plan should be removed by the Central or State Governments concerned. In particular, the State must assume a larger degree of responsibility in regard to cottage and small-scale industries by developing particular lines of production and the channels of distribution, and in providing technical, financial and other assistance. The success of cottage and small-scale industries depends upon constant improvements in the skill of the workers and the techniques of manufacture. Facilities for training should, therefore, be provided especially in rural areas for this purpose. The success of small-scale industries depends upon the adoption of the cooperative method. Cooperative societies should, therefore, be organised for cottage and small-scale industries.

4. Where unemployment becomes aggravated owing to special circumstances, the State should undertake programmes of work, including public works of different kinds in order to give relief and greater purchasing power to the people.

5. The problem of employment for those who receive education in schools and colleges is also becoming increasingly difficult. The number of such persons has increased out of proportion to the possible openings of the kind sought by them in present conditions, and the quality and kind of education which they receive is, in many cases, not well adapted to the present requirements. The educational system should, therefore, be reorganised from this point of view, and the admission to the public

services should depend on special tests and merit and ability and not merely the possession of degrees.

PLANNING AND DEVELOPMENT

(Kalyani Congress, January '54)

The Congress notes with satisfaction the achievement of many of the targets of the Five-Year Plan, notably in regard to the production of foodgrains, cotton, jute and sugarcane, and also in regard to the reclamation of land and the installation of additional power capacity. Adequate progress has also been made in regard to the production of cotton yarn, mill cloth, cement and fertilisers. The building of locomotives has exceeded the target and increasing numbers of coaches and wagons are being made. Progress in the building of national highways and roads has also been considerable.

The magnificent river valley schemes are nearing completion and numerous small irrigation schemes have been completed. Great factories for certain basic industries are also functioning or are under construction.

The Congress particularly welcomes the progress made in the community projects and the national extension services and records its appreciation of the widespread popular response to these far-reaching activities which are meant to cover, with the cooperation of the people, the whole of rural India within a short space of time.

While appreciating the very considerable progress made by the country in many sectors of the national economy, the Congress is of opinion that the pace of progress has to be quickened. In particular, improvement in village and small-scale industries has been slow and demands greater attention, more especially with a view to providing employment.

The Congress has also noted with concern the fact that there has been in many cases a short fall in the execution of projects which have been approved and for which money has actually been sanctioned. This has taken place both in the Central Government and in the States. This appears to be due principally to administrative difficulties and to the fact that the rules of procedure both at the Centre and in the States are elaborate and complicated and lead to delays. These rules and conventions were framed long prior to Independence and do not suit the conditions of a democratic State aiming at rapid development. Unless the procedures are so revised as to make such rapid development possible, even the resources at the disposal of the country will not be fully utilised. The Congress recommends, therefore, that early action should be taken in revising these rules, including those for the recruitment of the Public Services, and bringing them more in line with present-day conditions, and the demands made upon the State for rapid action.

The success of planning depends upon the people's understanding of it and their cooperation with it. It is clear that where the people have been properly approached they have appreciated the work done and have given their co-operation in full measure. It is necessary to keep in constant touch with the people and to invite them to share in the execution of the Plan and the building of new India. In particular, the Second Five-Year Plan should be built up with the co-operation of the 'panchayats', village communities, local bodies and the like so that it should be a People's Plan and local leaders should assume responsibility both in the formulation of the Plan and later on in executing it.

Future progress should envisage the completion of land reform so as to make the actual tillers of the soil

the owners of the land. Particular attention should be paid to the industrial sectors, more especially in regard to the basic and key industries, as well as the small-scale and village industries. In regard to small-scale and village industries, techniques of manufacture must be improved and, wherever possible, spheres of production should be demarcated.

The aim of planning must always be the establishment of a Welfare State and full employment. This involves not only greater production and equitable distribution but progress along all sectors of the national economy. It involves also social reform and cultural progress, more particularly in regard to the educational system which should be progressively based upon the principles of Basic Education and the training of technical personnel.

CONGRESS PRESIDENT'S LETTER TO PRESIDENTS OF PRADESH CONGRESS COMMITTEES

(May '54)

Our basic questions are after all economic and the land question is the most important of all. We have gone a good way in the direction of putting an end to zamindaris, jagirdaris and the like. Yet, even this step has not been completed in some States. But that step itself is not the final step and others have to follow. Ultimately, as the Congress has often said, there should be no intermediaries of any kind between the State and the cultivator. Also, we move progressively towards limiting the extent of a holding. Any hard and fast rule is difficult to make because of the differences in various parts of the country. Also we have always to bear in mind that production must not suffer.

The Second Five Year Plan will gradually take shape in the coming year or so. We want it to be a plan of

the people's making in which, to some extent, millions share. In that work, Congressmen can give a great deal of assistance and also in the work of the Community Projects and National Extension Service, which have begun so promisingly in a great part of India. We must all cooperate to the fullest extent.

LAND POLICY

(Working Committee, May '54)

The Committee discussed the Economic Policy specially relating to the land problem and reviewed the progress so far achieved with regard to the introduction of progressive land reforms in the different States. The question of fixing ceilings on land holdings was discussed at length. The Committee reiterated its earlier decision that there should be ceilings on land holdings in the country, although the exact size will be determined by the special conditions obtaining in each State.

The Committee was further of the opinion that adequate and effective steps should be taken in the different States to stop ejection of tenants.

PLANNED DEVELOPMENT

(A.I.C.C., Ajmer-July 1954)

The objective of the Congress is the establishment of a cooperative commonwealth and a Welfare State. This necessarily involves the elimination of unemployment, the production of much greater wealth in the country, and the proper and equitable distribution of this among the people. For this purpose, the present social structure, which still continues to be partly based on an acquisitive economy, has to be progressively changed into a socialised economy.

2. Planning must keep this in view and in working out programmes, the physical content should be emphasised. The great manpower and labour force of India should be utilised to the largest possible extent and changes brought about in the economy by improved techniques, which are so essential, should be such as not to lead to an overall increase in unemployment. Planning should further aim at satisfying the needs of the people as the national and per capita income increases.

3. As there can be no effective planning without full statistical data and systematic knowledge, every effort should be made to collect these data all over the country. In particular, full information should be obtained about the mineral resources. The development of railways, transport and other forms of communications must keep pace with increasing production. Planning thus must keep in view an integrated picture not only of the whole country but also of the various activities which form part of the plan.

REVIEW

(A.I.C.C., Ajmer-July 1954)

The A. I. C. C. has noted with satisfaction the improvement in the general economic situation in the country and the progressive achievements of some of the targets laid down in the National Plan. Production generally has increased and, at the same time, prices have come down, thus indicating a healthy tendency, which should enable the State to proceed at a much faster pace with programmes of development and public works. In particular, the Committee is gratified at the very great improvement in the food situation in the country which has exceeded expectations and the targets laid down and has assured the country of an adequate supply of foodgrains.

2. The Committee also expresses its satisfaction over the improvement in the handloom industry which had suffered considerably during past years, resulting in distress to the large numbers of weavers engaged in this industry. Rural conditions generally have shown some progress, even in regard to employment.

3. The opening of the Bhakra-Nangal canal system is also a symbol of achievement in a project of great magnitude over which the country can legitimately take pride.

4. The Committee is particularly gratified at the substantial progress made in the Community Projects and the National Extension Service schemes which already cover over 50,000 villages and a population of 36 million and through which it is intended to reach every village in India by the end of the Second Five-Year Plan. This tremendous undertaking will bring about basic changes in the entire structure and functioning of rural India. The success in these schemes is not only due to the trained workers but also to the public response which such schemes have evoked.

5. These advances and the progress made all over the country in various directions have produced a sense of self-reliance and achievement in the people and thus strengthened them for the great task ahead.

6. While fully appreciating these achievements and the progressive improvements in the rural areas of the country, the Committee views with concern the unemployment that exists more especially in the urban areas. This problem demands an approach from various directions, including large-scale public works, and the growth of cottage and small-scale industry, as well as big industry.

INDUSTRY

(A.I.C.C., Ajmer-July 1954)

The rapid growth of industry in the country is essential in order to increase the wealth of the people and give full employment to them. The First Five Year Plan laid particular stress on agriculture and food production and has achieved considerable success in those objectives. While agriculture must continue to be important and demand full attention, the growth of industry must henceforth be emphasised and find a major place in the Second Five Year Plan.

2. The basic objectives of our economic policy should be :—

- (1) maximum production ;
- (2) full employment ;
- and (3) social and economic justice.

The country already has a powerful State-owned public sector in Industry. This should be enlarged by the addition of other basic and new industries, wherever possible. Where social ownership of basic industries is not possible in the near future, effective social control should be exercised. The resources of the country should be utilised in building new state industries and not in nationalising existing private industries, except where this is considered necessary in the national interest.

3. In the conditions at present prevailing in the country, the private sector is both important and necessary in the industrial development of India. Such private sector should be given adequate freedom to develop, within the limits of the National Plan and subject to the conditions laid down by it. It should function as a part of the National Plan keeping before it the national good and not merely the individual or

group interest. Wherever necessary, the pattern of management should be changed so as to fit it with the objectives of the Plan and to remove the evils which have existed in the past.

4. While attaching importance to the growth of big-scale industry, the Committee is strongly of opinion that small-scale, village and cottage industries are and will continue to be an essential part of the economy of India and must be encouraged in every way. Such industries are likely to help in providing employment even more than the big industries. Improved techniques should be introduced in them and, wherever possible, electric power used. But in any change-over due to new techniques, the question of adding to unemployment must be borne in mind.

5. Wherever possible, the spheres of production between large-scale, small-scale and cottage industries should be demarcated.

6. Widespread provision should be made for cheap electric power. Where power is being generated by the river valley projects or otherwise, special attention should be paid to taking this to the villages for utilisation in agriculture and small-scale industries.

7. Financial assistance in the form of cheap credit should be provided for the organisation of industrial co-operatives and co-operative marketing for products of small-scale and village industries should also be organised.

8. Research and training in improved techniques and methods of production should be organised.

9. The Committee has noted that certain enquiries have been instituted in regard to cottage and small-scale industries and valuable reports have been received. Some further reports are likely to be presented to

Government soon. The Committee hopes that early attention will be paid to the recommendations made in these reports with a view to organising cottage and small-scale industries on a widespread and progressive basis.

10. An organised effort should be made and schemes prepared to tap the financial resources in the rural areas. In particular, it is desirable to start State insurance through the Post Offices, especially in the villages.

LAND REFORM

(A.I.C.C., Ajmer-July 1954)

The reform of the land system has always been a matter of deep concern to the Congress. Considerable progress has been made in the abolition of the Zamindari and Jagirdari and like systems. But much remains to be done in order to ensure social justice and, at the same time, to help in the economic development of the country. While in a large number of States intermediaries have been eliminated, this has not necessarily resulted in the tiller owning the land. As conditions differ in various States, a uniform approach is not feasible, but the general principles and objective should apply to all parts of the country. The process of eliminating the intermediaries must be completed all over India without delay.

2. In a number of States, legislation has been enacted as a result of which the scale of rents has been progressively brought down and tenants have obtained security of tenure and the right to acquire ownership of their holdings on payment of a moderate compensation. The pace of progress in this direction has, however, not been rapid enough.

3. The essential purpose underlying all these measures of reform is to make the tiller have full rights over the land he cultivates, and at the same time, to build up a co-operative organisation of rural life and

agricultural activities, so as to ensure the most rational and effective use of the country's resources.

4. The enforcement of an upper limit, for purposes of future acquisition of land as well as in respect of existing holdings, as laid down in the Five Year Plan is a necessary step and early attention should be given by the States to this aspect of land reform. To take effective steps to this end, adequate data are necessary. For this purpose, a census of land holdings was initiated some time ago. The Committee regrets that there has been delay in carrying out this census: it trusts that every effort will be made to expedite this process.

5. In the transitional stage, and because of varying conditions in different States, many problems arise, the solution of which has to be adjusted to these conditions. The ejection of tenants resulting from the resumption of land by owners for personal cultivation has, in certain States, become a matter for anxious consideration. Every tenant must be assured secure occupation of at least a minimum holding.

6. While an equitable distribution of land is necessary, this has to be accompanied by a full and proper utilisation of the land for increased production. Improved techniques should, therefore, be used and co-operative methods progressively introduced.
