17th August,1960.

2835

We [redacted]

substitute motion to the motion to be moved by [redacted] Shri G.L.Nanda, Minister of Planning, on the Third Five Year Plan.

Yours truly,

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"That the House, Having considered The Third Five Year Plan - A Draft Outline - laid on the table of the House on 1st August, 1960, disapproves of it because:

(a) it is unrealistic and misleading by reason of an over-estimate in the targets of production and of savings and other resources; it underestimates the required outlay mainly by ignoring the rising costs due to inflation inherent in the Plan; and is in the result improvident.

(b) the huge uncovered gap between resources and outlay, the continued resort to deficit finance, the threat of additional taxation, will all lead to accentuation of inflation and a continuing erosion in the real income and savings of the people which will cumulatively encourage anti-social forces. This rise in prices will also lead to a higher cost economy which will make it impossible to compete in the world markets and develop exports. The Plan makes no attempt to work out a stable price and money policy.

(c) while the desirability of encouraging equity capital coming into the country is neglected, there is too much dependence on foreign aid, which leads to mortgaging the future of the country.

(d) the insistence on fostering collective farming under the name of joint cooperative farming to the neglect of family farming will be a disincentive to agricultural production and will retard the progress of genuine multi-purpose cooperative societies which, in the way they are planned, will be stepping stones to collectivisation. The imposition of ceilings on agricultural incomes will be both a disincentive to production and an injustice to the rural population, besides being an attack on fundamental rights and the freedom of the citizen.

(e) the greater emphasis on heavy industry to the comparative neglect of consumers' goods will inflict added hardship on the mass of the people; it will also lessen the scope for providing maximum facilities for employment so badly required.

(f) the emphasis laid on what is called the public sector results in the creation of monopolies distributed among favoured individuals at the cost of real public, free and competitive enterprise. There is an attempt based on doctrinal prejudice to tilt the scales against the development of peoples' enterprise and the economy of self-employed people in the interest of State monopolies. Savings in the peoples' sector are sought to be drained away to the State sector. This will discourage the spirit of enterprise, hard work and taking of risks by the people and retard the growth of the national product and national income. It will result in the concentration of political and economic power in a few hands and attenuate the autonomy of the States. It will also continue the process of proliferation of the bureaucracy.

(g) the conception of compulsory labour in the Plan is contrary to the Constitution and to the principles of democracy and will prepare the ground for communism.

(h) the provision of hundreds of crores of public money by way of distribution through grants-in-aid and otherwise by the Union to the States, and by the States to local organisations including panchayats, cooperatives and welfare societies will lead, in the absence of a non-partisan approach and suitable checks, to a continuance of waste and corruption through political influence being brought to bear on the administrative apparatus.

(i) As a result of all this, the Plan would reduce the real income and the standard of life of the present generation and is therefore against the interests of the people. "