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Speech of Mr. M. R. Masani while opening the debate on the
Mid-term Appraisal of the Third Plan in the Lok Sabha on
December 5, 1963

Mr. Speaker, Sir, the objectives of the Third Plan as stated in the document were unexceptionable. They were, broadly, more savings and investment; secondly, greater production and productivity; and, thirdly, more exports. Unfortunately, Sir, the document that has been circulated to us and to which the hon. Minister has referred, which as he said is an honest document and on which I congratulate the Minister, shows that the results are entirely different from what had been hoped. Even if the admission of failures is 'ambiguously worded' as has been complained of in the Press, even if the attempt is made to 'wrap up unpleasant facts in verbiage and equivocation,' the fact remains that the picture is one of dismal failure. It is not that there are disappointing patches as the Minister just said. The whole picture is dark and without almost any redeeming patch.

In fact, it is the kind of picture which no Government should bring before Parliament without accompanying it with its own resignation. It is a picture of abject defeat, as abject as the defeat on the NEFA front sustained by this Government last year.

Now, let me say that this is a fair summary of what the document itself says and I shall quote or refer, because time does not permit quoting, the admissions in the document itself. On page 1, it says:

"It has been a period of slow economic growth. The increase in national income has been of the order of 5 per cent in 2½ years."

That is, 2 per cent per year, as opposed to what was hoped for, 6 per cent - one-third of the rate of growth expected to be achieved. And when it is recalled that our rate of population increase is more than 2 per cent, this means an absolute deficit, going back, not even keeping abreast. The Prime Minister often says we run hard but we do not move because the population increase takes up this increased wealth. But we are not any longer doing even that; we are moving backwards, instead of running fast. On foodgrains, the document says on pages 7-8:

"It was of the order of 77.5 million tons in 1962-63 as compared to 79.79 million tons in 1960-61 and 1961-62."

In other words, there is a drop, going backwards. The present indication, they say on page 19, is:

"There may be a shortfall of the order of 3.5 million tons in the output of foodgrains."

Industrial production does not show a much better picture. This is what it says:

"Industrial production increased by 6.5 per cent and 8 per cent in the first two years of the Third Five Year Plan."

Once again, it is clear that these increases are not in consonance with the rise of anything like 11 per cent per annum anticipated in the Third Plan document.

"In some sectors" -- I am quoting from page 21 -- "performance is likely to fall short of Plan targets to a limited extent, as for instance, in machine tools, aluminium, cloth, coal and iron ore. On the other hand, there are certain crucial projects like fertilisers or establishment of a fourth steel plant in the public sector, where the lag is not only likely to be considerable but also, in the present circumstances, unavoidable."

Then, on page 47:

"Shortfalls in production are expected in the case of steel, tea, oilseeds and cotton."

On page 75, it says:

"A major assumption in formulating the Third Plan programme for agricultural production was that consumption of chemical fertilisers would be considerably stepped up...it is clear that the level of availability of nitrogenous fertilisers at the end of the Plan period will fall short of the original targets."

On steel it says on page 125:

"Against the target of 6.8 million tons of finished steel, it is anticipated that the output would be of the order of 5.8 million tons in 1965-66."

On aluminium on page 126:

"Against the capacity target of 87,500 tons the capacity available by the end of the Third Plan period is likely to be about 68,000 tons."

On machine tools on page 127 it says:

"Against the target of Rs.30 crores of machine tools envisaged in the Plan, the output is now expected to be about Rs.25 crores."

I could go on quoting like this for one whole hour. If you turn page after page, as I said, you find not one redeeming picture, not one encouraging conclusion. It is the same about power, the same about industrial share values and small savings. Coming to employment, on page 53 it says:

"Taking a view of the additional employment to be generated during 1961-66, it does appear that in the first two years at any rate, employment has been somewhat below expectations....The conclusion given above is reinforced by the increase in the number of persons on the live registers of employment exchanges..."

There are only two things that have increased during the Third Plan and they are welcome to take credit for them, and those two things are prices and taxes.

Shri Tyagi: who should be proud for it?

Shri A.R. Masani: They should be proud of it because they inflicted further burdens on the people! They are welcome to take pride, if they want to. On prices, it is said on pages 10 and 11:

"If one takes the period of nearly two and a half years since the commencement of the Third Plan, the increase in the general price index would work out to about 7 per cent."

On taxation, on pages 1 and 2, they admit:

"Against a target of additional taxation of Rs.1,750 crores, during the first three years of the Plan, Central and State Governments have undertaken taxation yielding about Rs.2,400 crores over the Plan period."

So, the only two achievements that they have are rising prices and increased taxes. Against that, there is failure on every aspect of the economic front.

I would, therefore, say that this document of reappraisal is an honest document on which I congratulate the Minister and the officials who have been preparing it. Thank goodness, we are at least allowed to know the facts! I would say that this document represents a summary of 910 days, because that is the period it covers, of wishful thinking, wasteful spending, excessive intervention, rigid regimentation, dated dogmas and deepening discontent throughout the country.

As I said, any self-respecting government which presented this document should have the courtesy to tender its resignation simultaneously to this Parliament.

The conclusion to which I come is that this Plan must be scrapped. There is

nothing in this Plan that is worth preserving or maintaining. The whole thing is wrong-minded. The whole approach has been wrong, and it is not a matter only of implementation. It is a very easy excuse to say that our plans are good but the implementation is defective. I would only invite their attention to an effective cartoon in a Delhi paper two days ago on this subject. I refer them to my speech last August during the motion of no-confidence when I said that it is because the plans are defective, implementation is not possible. There is nothing wrong with the honest officials whom you ask to implement your plans. It is because your plans are wrong-minded, because your plans do not take into account human nature, because your plans are against economic realities and economic laws, that they are bound to fail, however honestly and well they are implemented.

Now, even the most wooden people seem to have something penetrate into them, and I am very glad to say that in the last few weeks both the Prime Minister and the Finance Minister have been making occasional statements that show the first glimpses of economic realism. The Prime Minister has made three or four intelligent statements in the last couple of months, a somewhat unusually high ratio! He said at a Seminar at the India International Centre on 22nd September that big plants are all very well but it is the villages which need attention and that when there is no drinking water in the villages, to talk of big plans is rather idle. I was glad to read this because only last August I said the same thing from these same benches when the Prime Minister said: "I did not think intelligent men like Masani did not think of the priority for steel plants." I am very glad that some sense of priority has come at least even to these gentlemen opposites. Shri Nehru also said that the Planning Commission has developed into something which he had not intended. He said it had become a huge bureaucratic organisation and went on to say that it has all the departments of government almost duplicated there.

Indeed, we from these benches have made this criticism that the National Planning Commission has no place in a democracy and that this Moscow Gostplan transplanted on our territory belongs to a communist dictatorship and that if you have a Moscow Gostplan in India then you are setting up a parallel government to the Parliamentary Government and to a cabinet responsible to Parliament and through it to the people. I am very glad that the Prime Minister at last has come to his senses and has seen that the National Planning Commission is seeking to duplicate the role of government. I am also glad that my hon. friend, Shri Asoka Mehta, who has become the Vice-Chairman of the Planning Commission, has stressed that the Planning Commission should have only an advisory role and should not become a parallel government. It is all very good that, though belatedly, these confessions and admissions are being made.

Perhaps the most important of the change of front is made on agriculture. Let me quote the Prime Minister at Jaipur in November. He said:

"Agriculture is the key and the base of all progress -- we dare not be slack. If we fail in agriculture, it does not matter what else we have got."

Not even steel, I presume, about which we have been so enamoured all these years! This is exactly what we have been saying. Read the manifesto of the Swatantra Party. It also makes the charges that the villages and the rural areas are being neglected for the benefit of grandiose plans, and now even Shri Nehru has started talking about the rural areas. But who has done all this? It is the Prime Minister and his government which are responsible for creating this National Planning Commission as a parallel government. It is the Prime Minister and his government who have been responsible for neglecting the villages and diverting their hard earned resources for these white elephant steel plants when they needed the resources badly for water, fertiliser, seed and so on. Let us, however, rejoice that, belatedly at least, wisdom has dawned on them.

But while imitation is a sincere form of flattery and one is pleased to hear these gentlemen mouthing slogans lifted from the manifesto of my Party (interruption), the question arises how sincere is this repentance, how sincere is this awakening?

Mr. Harold Wilson, the Labour leader in Britain who is our counterpart in that Parliament, said recently about his government something which is very applicable here. He said; "Imitation is the sincerest form of political desperation." It is not only flattery but it is also political desperation. This Government knows

that the country is turning against it. It knows that whatever majority it may have have in this House, an inflated and unreal majority as I have explained in the past, it is no longer valid in the country.

This repentance has taken a long time coming. But is it sincere? That is what everyone wants to know. I am quite prepared to keep an open mind. I am quite prepared to watch and see by action whether this repentance is sincere. That is what the people of India are going to do. They are not going to be taken in by resolutions. They will watch and see whether these professions of priority for villages, recasting the National Planning Commission into the kind of mould that we have been suggesting all these years, that of a purely expert body of advisers, whether all this is going to be done or not. There are many issues by which they will judge. They will judge by the form in which the Company Bills now before the House will finally be passed. They will judge by what happens to the Seventeenth Amendment, whether this piece of expropriation is persisted in or abandoned. That is how the peasants will judge. Finally, the people of India will judge by the next Budget. It is by these measures that the sincerity of the hon. Prime Minister and his Finance Minister who now talk the language of reason for the first time will be judged.

It is often alleged that we are just critical, that we have nothing to put in the place of this Plan. Let me suggest an alternative approach. You will say: "Supposing the Plan is to be scrapped, what takes its place?" I am prepared to make an alternative approach. The starting point of that approach will be something said by Gandhiji. Gandhiji once said:

"I will give you a talisman. Whenever you are in doubt, or when the self becomes too much with you, apply the following test. Recall the face of the poorest and weakest man whom you may have seen, and ask yourself, if the step you contemplate is going to be of any use to him. Will he gain anything by it? Will it restore him to a control over his own life and destiny?"

Shri Tyagi: This is most inspiring. Thank you.

Shri M.R. Masani: I appeal to people here, many of whom have deep regard for Gandhiji's teaching, to recall these words and to test the policy of their Government in day to day action against this touchstone.

What are the realities? After 17 years, if this had been the approach of this Government, would we be where we are today? Would our per capita income today be Rs.330 a year, would the consumption of the average man in India be Rs.300 a year, would the large majority consume less than Rs.150 a year? Today, the lowest 10 per cent of our population -- I am going by official statistics, I am not following my hon. friend, Dr. Lohia, I am following Shri Nanda -- according to Government figures, consume 27.5 naye paise daily. The highest 10 per cent, who are supposed to be fabulously rich, consume Rs.1 per day, and the highest 5 per cent, against whom the hon. Finance Minister has such venom with which he spoke an hour ago, consume Rs.2.37 per day. This is a measure of our destitution and of our poverty! And this is after 17 years of administration by the followers of Mahatma Gandhi!

Recently, in a book published abroad, After Nehru, Who? by Welles Hansen, the author has this to say:-

"India may boast a Parliament. It also has the lowest standard of living and the lowest per capital income anywhere in non-Communist Asia outside Pakistan."

Then he goes on today --

"Nehru often talks about India having entered the bicycle age but he does not often mention that it will take a little over 400 years at current rates of output to produce one bicycle for every one living in India today."

If this is the picture, are people going to wait for the Fourth Plan and for the Fifth Plan, as my hon. friends opposite expect? The other day, when somebody asked a question as to when something will be done, the hon. Minister got up and said: "At the end of the Fifth Plan," and everyone laughed because he knew that he did not mean a word of it. But who is going to wait till the end of the Fifth Plan?

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I want to warn this Government and this house that if they believe that the people of India are going to starve in silence and be exploited in silence by this new vested interest, this new ruling class, till the end of the Fifth Plan, they are making a mistake. They want change here and now. The people want change here and now. They are going to stand this 'pie in the sky when you die' business. They demand an immediate return for their hard work.

Our Plans have chosen the slowest possible method of advance, this, the State Capitalist method which gives the lowest dividend. An average return of 0.5 per cent or $\frac{1}{2}$ per cent on capital is no way of taking the country faster to a higher standard of living. Of all the paths open to us, we have taken the slowest and the lowest path.

Professor Galbraith was a good friend of our Prime Minister and his Government. He was a planner; he was a socialist; he was also the author of The Affluent Society. But he got cured after three years here. Let me read from the last talk he gave in this country. He talked to Bombay University before taking a plane out of this country. Read between the lines of what he says and you find a most damning condemnation of the whole pattern on which we have embarked. He says:

"The purpose of economic advance is not investment and economic growth. Rather it is the ends that these things are meant to serve, and that is improvement in well-being and popular enjoyment of life. This, the well-being or enjoyment of life by the average person, is the ultimate goal. Moreover, a poor country must make good on this promise with considerable promptness. The basic comparison in human affairs is always the present with the recent past."

Then, he says:

"An undue emphasis on the rate of growth...."

Rate of growth of steel, Sir --

"...can lead, and in important cases has led, to undue emphasis on current saving and on increase of these savings through taxation. As a result, in the name of increasing output in the long run, there has been reduction in the well-being of the average person in the short run. This...."

says Professor Galbraith,

"can be dangerous policy."

He had in mind what I said five minutes ago, namely, that the people will not wait for this.....(Interruption). They want justice here and now.

What then is the remedy? I would say that what we need to do is to concentrate on producing the things that the people need immediately. What are those? They are food, clothing and shelter, the needs of life, and some education for their children. I think, it is a fair summary of what comes first, that is, food, clothing, shelter, the bare necessities of life, daily comforts, and some education.

Let us just take food and clothing to understand what this means. A learned professor of economics has worked out -- and people in the Planning Commission also have confirmed this -- that a man needs Rs.30 a month or Rs.360 a year for the bare needs of life, that is, nutrition Rs.21 per month, clothing Rs.3 per month and shelter etc., everything, Rs.6 per month totalling Rs.30 a month. This was worked out in a seminar by a spokesman of the Planning Commission. I accept it. I am not quarrelling about figures now. It is a miserable pittance. I do not think any hon. Member would dream of living on this for a day.

How is this to be secured? Modest as it is, can we get this? It means that today's per capita income of Rs.330 a year must be converted into the national minimum by 1975. If even after 15 years you want this Rs.30 a month to be available to the average man, today's per capita or average will have to be the bottom or the minimum. In order to do that, our per capita income will have to go up to Rs.540 a year. In order to get Rs.330 or Rs.360 a year as the minimum, the per capita income will have to be Rs.540. These are things worked out in the Planning Commission itself. It has also been estimated that to get this per capita income of Rs.540 a year by 1975, we shall need a rate of growth, not of this miserable 2 per cent which has been put before us, but of 7 to 8 per cent a year, even more than the target which has not been fulfilled. Now, sir, 7 to 8 per cent a year is achieved in many countries. Japan

has touched 20 per cent; west Germany has touched it, and in Nationalist China which I have visited it was 7.7 per cent in the last two or three years. It can be done. But how can it be done and by whom? That is the question that really faces us. If the Plan has to be scrapped, how is it to be done otherwise and by whom?

Coming to this concentration on foodgrains and cloth, let us take an example. The per capita consumption of foodgrains in 1960-61 was 16.5 ozs. This has to be raised to 23.1 ozs. by 1975-76 to give what may be called a decent nutritional minimum. This involves the doubling of food production in India from 80 million tons in 1960-61 to 160 million tons in 1975-76. About cloth, today's per capita consumption is 15.8 yards. What is required in 1975-76 is 22.1 yards. Again, it involves doubling of the production of cloth from 9 million yards today to 18 million yards in 1975-76. This is the first thing: to double, more or less, the quantity of foodgrains, cloth and building materials which are needed by our people for food, clothing and shelter.

The second thing is to provide gainful employment to people so that their hands are used productively, so that there is money in their pockets, some purchasing power with which to buy things. This is important. I am not arguing humanism here. With these hardened Marxists opposites, humanism does not work. But let me put it even from the point of view of the rate of growth. Consumption is important. Production is certainly very important, but consumption is also important. A starving man cannot produce. A certain measure of nutrition is necessary before you can get a productive human being to produce. So, quite apart from humanism and decency, even from the point of view of increasing production, you want healthy, reasonably healthy able people. So, nutrition has relation to production itself. So long as the colossal under-utilisation of our manpower goes on, as it is today, we cannot expect production to go up. So, in some cases, consumption is even anterior or prior to production, although by and large the production has to precede consumption.

Now, the implications of this are that, if you must maximise production, the available resources have to be utilised where the return is highest. Every unit of production must give the highest possible return. And this can only be achieved where production and investment can shift in response to the needs of the consumers, where the common citizen can indicate his needs for cloth, shelter and other articles. So, we must keep pace with the demand. This means the sovereignty of the consumer, consumer preference, which is economic democracy going alongside of political democracy.

This can only be done by ending the State Capitalist, bureaucratic, monopolistic system that we discussed earlier this afternoon. It can only be done if the people can produce to meet their own needs and are given incentives and rewards for doing so. Nothing short of a complete reversal of the State Capitalist pattern will be required. Otherwise, you stick at your 0.5 per cent rate of return and take this country to its ruin.

Maximising production, therefore, means two things: first, a change in the order of priorities. Our Chinese Communist enemies, stupid as they are, have learnt at least that lesson. About a year ago, Chou En-lai went to the Chinese Communist Congress and said: Scrap all this heavy industrialisation. The new order of priorities, according to the Chinese Communists, is (1) agriculture, (2) light consumer goods industries, and (3) heavy and basic industries. This was the Great Leap Backwards after the Great Leap Forward which failed to materialise. Even these Communists, rigid as they are, the worst Stalinist lot, have come to their senses on this point at least. When then are we going ahead following the old Stalinist model which even the modern Stalinists have discarded?

Secondly, it means a reversal to a different allocation of the role of the State and of the people. I have said it before and I repeat it. We stand for the State playing an active part in our economic life. We stand for a mixed economy of free and State enterprise cooperating in serving, or competing in the service of, the people. There are legitimate spheres for both. The appropriate sphere of the State is to build the infra-structure, the foundation for economic advance. That is not a minor thing. It means irrigation and water supply, it means power; it means roads, transport and communications of every form; it also means education. And finally, there is an essential minimum regulation to stop anti-social practices. All this is the legitimate role of the State as understood in civilised society. But

that is where the role of the State stops. When the State starts making penicillin, when it starts making steel, it becomes an exploiting element, and it sells penicillin and steel at a price which is many times the cost it takes to produce or import.

That is why Professor Galbraith, the author of the Affluent Society, who preaches State enterprise in America, realises that in India something very different is required. And this is what he says in his book, which many of his admirers forget. He says:

"In poor and ill-governed societies, private goods mean comfort and life itself. Food, clothing and shelter, all technically subject to private purchase and sale, have an urgency greater than any public service with the possible exception of the provision of law and order."

I think, Sir, you will agree that neither I nor any of my colleagues on these Benches have ever put a proposition as extreme as this. We have never said that, with the possible exception of the police, Government should do nothing else, and only private enterprise should give food, clothing and shelter to the people. That is a very extreme position for a planner and a socialist to take. We take a very much more modest position. But when a man like this is driven to saying this, with his experience of this country, we have got to realise what realism means.

Therefore, we shall have to change this whole approach. If we want our country to have a decent subsistence, if we want our people to have adequate food, clothing and shelter, this Five Year Plan must be scrapped completely.

This does not mean that you have to abandon socialism. I said in August that the socialist objective is one that every human being would accept. Who does not want a free, prosperous and more equal society? Of course, we want it. But the State Capitalist path is the discarded nineteenth century, out-moded path to get to social justice. This is what socialists in one country after another have understood, except our own socialists. So, I am not calling for a surrender of the socialist objective.

Let me give an example. Only recently in October, the German Social Democratic party, one of the strongest in Europe decided as follows. I am reading from the New York Times of October 7th. It says:

"The German Social Democratic Party turned its back on 'economic planning'. A declaration of faith in private enterprise was proclaimed by Socialist leaders at an economic conference held by the party in Essen."

It further says:

"The Essen Conference...represented another long step in the evolution of German social democracy from a 'class' to a 'people's' party..... Socialist leaders began the evolution five years ago by scrapping the party's Marxist manifesto."

So, let them not follow my pattern, let them not follow the Swatantra pattern. Let them follow the Western socialist pattern, and we shall join in that, because that kind of socialism makes sense to us, not this Soviet-obsessed, Statist pattern which has been imported into our country from Moscow.

President Kennedy was a great favourite of our governmental leaders, and we all admired him. Nobody called him a reactionary. He made a speech, reported in Time magazine of November 29; it was made a few days before his death. I am quoting him. He said:

"We have liberalized depreciation guidelines to grant more individual flexibility, reduced our farm surpluses, reduced transportation taxes, established a private corporation to manage our satellite communication system, increased the role of American business in the development of less developed countries, and proposed to the Congress a sharp reduction in corporate as well as personal income-taxes and a major de-regulation of transportation."

Here was the great progressive President listing measures which my hon. friends here will call capitalist. But he was a true progressive. If we want to admire Kennedy, let us at least learn a little from him.

Now, I come to my conclusion. Since my return to the house in August, I have

become aware of a queer sense of unreality about some of the discussions and the atmosphere in this house. Outside, in my constituency and elsewhere, I find seething discontent. I find raging anger among the common people, and the poorest of them I am referring to. There is widening cynicism and a lack of faith in the honesty of purpose of this Nehru Government. There is a sense of desperation that they do not see how they can escape from this mess. Even the hope of an alternative government, of a change of government, does not appear before their eyes. This is something I deplore, because I am a democrat to my finger-tips and I do not want anything to happen which is outside the scope of the Constitution and parliamentary democracy. But I am worried about it because I see signs of this impatience with the democratic process. People think of short-cuts, desperate expedients.

And when we come to this house, what do we find here? An amazing sense of smugness and self-complacency. Months go by, years go by and problems remain unsolved; but ministers stand before this house radiant with self-satisfaction at their non-achievements! Only yesterday we had the spectacle of the Food Minister indulging in such a performance.

The economic policies of this Government have failed as miserably as their defence and foreign policies crumbled last year in October and November in NEFA. The patient grows steadily worse; his health subsides, he sinks. But the Chief Physician and his fellow-physicians gambol about the country proclaiming the soundness of the patient's health and their own magical curative powers. The Chief Physician is surrounded by sycophants who seek to transfer or transmute his record of dismal failure at home and abroad into a great, endless, triumphal parade.

This image of total composure may be reassuring to the hon. gentlemen on the Treasury Benches and those who support them here. But I want to ask: how long can they shut their eyes to grim realities? How long can they go on like this ignoring what the people are feeling, for the people have given through various manifestations in the last six or eight months the answer? They can go on like this only so long as the people remain drugged by ignorance, drugged by the cult of personality, and drugged by absence of knowledge. I can assure you, Sir, and the house that this will not last for long. Even illiterate people have been known to rebel; even an illiterate people's patience comes to an end. The people of India today are suffering; they are getting desperate. 'The mills of God grind slow but they grind exceeding small.' And the wrath of the people can be just as terrible as God's wrath.
