

INDIA'S
FIVE-YEAR PLANS
AND
SOCIALIST ADVANCE

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OUR country with its vast population of over 40 crores presents a tremendous challenge—perhaps unprecedented in history. The following indices will reveal the staggering nature of this challenge :

(1) *Per capita availability around 1950 :*

Foodgrains	—	14.09 oz per day
Cloth	—	11.70 yds per year
Sugar	—	27.60 lbs. per year

(2) *Levels of productivity (1949-50)*

(lbs. per acre)*

(i) <i>Agriculture :—</i>	Rice—688	(Egypt 3155, Japan 3281, Italy 4050)
	Wheat—584	(Denmark 2994, New Zealand 2286, Europe 1140)
	Sugarcane—3052	..
	Cotton—85	(Egypt 410, USA 268)
	(Fibre)	

*Figures in brackets do not correspond to any single year. They are meant to indicate the general level of productivity.

(ii) *Industry :* In the cotton textile industry, for instance, if 18 Japanese operators looked after 1000 spindles, in India about 30 workers were required for the same number. Similarly, if in Japan 48 workers were needed for looking after 100 looms, in India 98 were required for the same number.

Productivity is lowest in the world in most of the above respects.

(3) *Per capita income :* Rs. 250—one of the lowest in the world.

The annual rate of savings and capital formation is around 5%.

(4) *Health and Longevity*

Before 1921 : Birth rate above 40 for decades.
Death rate also correspondingly high.
Survival rate quite low.
Average expectation considerably low—around 25-27.
Epidemics and famines, a common and frequent phenomenon, taking heavy tolls.

After 1921 : Declining death rate.
Public health measures effective.
Survival rate going up.

1951 Census : Birth rate around 40.
Death rate around 27.
Annual rate of growth 1.24.

Expectation of life at birth—32 years.

(5) *Education*

Literacy around only 16%.

Thus a vast majority of 84% of the 40 crores and odd are illiterate.

The above indices indicate that India was altogether one of the poorest countries in the world with masses of people living on sub-human standards, steeped in ignorance and scourged by epidemics and diseases. The second World War had left us with an economy shattered in many ways. On top of it came the partition of the country with its enormous refugee problem. With the prospects of rapid increase in population, poverty would but increase; problems of food, cloth and shelter and unemployment would be aggravated,

Facing the Challenge

Political and economic aspirations of the people were fostered all along during the struggle for independence.

Dadabhai Naoroji was the first to link poverty to political bondage.

Ranade and Gokhale advocated State intervention in economic matters and the abandonment of classical economic ideas, developed in England.

Gandhiji laid stress on the last man—emancipation of of peasants. Congress is now a forum for nationalist economic programmes.

Stress was laid on cottage and small-scale industries whose role in the revival and development of Indian enterprise came to be recognised increasingly.

The foremost leader in lending a direct socialist form and content to Congress programmes during the thirties and after was Nehru. The emergence of the socialist group within the Congress, the formation of Kisan Sabhas etc., have revealed the prevalence of socialist influence.

The AICC resolution of 1929 laid emphasis on the need for revolutionary changes in the social and economic structure and specially the removal of grave social inequalities.

The *Karachi Resolution* of 1931 recognised the need for State ownership or control of key industries and strategic sectors.

The *Lucknow Agrarian Programme* of 1936 was intended to bring about change in the land tenure and tenancy systems and work for the rural unemployed masses.

The *Faizpur Session* advocated cooperative farming.

In 1938 : Formation of the National Planning Committee marked a revolutionary step. Congress began to evince concern for and deep interest in planning. It was not planning

only on paper because the Congress was in power in some of the provinces.

Independence and the Constitution

Thus, the advocacy of planning and social equality have a historical continuity—not a sudden development after independence. The Constitution—particularly, the Directive Principles—only enshrines what was already in our thinking and programmes of action—it concretised the aspirations, the one-time vague longing and distant expectations. It was a unique task of giving substance to political democracy. Democracy followed industrial revolution in the advanced countries; in India, it preceded it by many decades. It created its own problems, but the determination here was to use it as a dynamic means for development.

Categorical Imperatives

So, the categorical imperatives were :

- (a) quick rise in standards of living of the vast masses of people who had now political power;
- (b) the establishment of a modern industrial State both to fulfil the economic aspirations of the people and to build up the defence of newly-won freedom.

Planning, the Only Way

Thus, the major task ahead was to impart economic content to political freedom and planning was the only way to achieve this.

Briefly, planning connotes :

- (i) An assessment of where we are;
- (ii) Formulation of what we want; and
- (iii) Decision as to how to achieve it.

In other words, it presumes :

- (a) a social objective; and
- (b) a scientific approach to its realisation.

The essence of it all is to bring about the best utilisation of human and material resources through the application and development of science and technology towards certain social and economic goals.

As we proceeded with planning, with the history of freedom struggle at its back and the Directive Principles of the Constitution in front, the social goal came to be clarified more and more. In 1954, the Parliament passed unanimously a resolution for the establishment of a *Socialist Pattern of society* which was later unequivocally enunciated as the goal of the Congress policy at its Avadi session.

Socialism, though above all an ethical ideal, has its stress on the transformation of economic system, so that the productive forces of the society find their full expression without let or hindrance. It is realised that there is no other way of dealing effectively with the problems of India.

It not only secures equality, it maximises growth, ensures rapid advance and minimises waste and delay. This ideal was adopted as a result of clear realisation that the initiative and productive forces of the vast masses of people could be released and their sacrifices willingly made, only when the process of development ensured the following :

- (i) Equitable distribution of burdens;
- (ii) Equitable distribution of rewards;
- (iii) Fulfilment of the basic necessities of the vast masses of people.
- (iv) Equality of opportunity for all.

Ten Years Planning

The First Plan represented a modest effort but it had necessarily to be so, as it was formulated against the back-

ground of the ravages of war and partition, which had produced many imbalances and deficiencies in the economy. It was basically a plan for the rehabilitation of the economy and the one which had to lay the foundation for substantial step-up in national income and standards of living of the people. Although it contained a perspective of the next 30 years, it had more or less the features of a self-contained plan. Its main emphasis was on food and agricultural production and in both it succeeded admirably.

The First Plan

Total investment : Rs 3360 crores

Public sector : Rs. 1560 crores

Private sector : Rs. 1800 crores

Rate of investment went up from 60 per cent to over 84 per cent.

Rise in national income : 18%

Foodgrains production : 20%

Industrial production : 22%

With the inauguration of the C.D. movement, a silent revolution has been brought about in the countryside. The economy was in fine shape at the end of the Plan. Railways which had greatly suffered in preceding years have been rehabilitated. Refugee problem was almost fully tackled. This was a huge problem of millions involving crores of rupees.

It would have been of great advantage if we could set up a steel plant during the First Plan Period.

Against the stagnation of decades, this was an encouraging growth and it naturally created an atmosphere of confidence and faith in the process of planning. *But as it did not demand much in terms of effort, sacrifice, organisation and drive, it perhaps induced a measure of belief that the process was easy-going.* ..

The Second Plan

It was the first systematic effort to foster the long-term forces of growth and modernisation of the economy. *Socialist Pattern of Society* come to be the goal of planning. The main emphasis in this Plan was on rapid industrialisation and considerable expansion of employment opportunities. It has a *long-term perspective* with a synoptic view of the next four plans—doubling of national income by 1957-58 and of per capita income by 1973-74.

Hence stress was laid on heavy and capital goods industries—iron and steel, chemicals, power, fertilisers, heavy machinery and electrical and engineering goods. The significant move forward in respect of basic industries was to take the shape of three steel plants in the public sector, each of one million ton ingot capacity and expansion of the existing capacity of the major steel plants in the private sector; increase of coal production from both sectors, from 38 million tons to 60 million tons per annum; and all round railway development so as to expand traffic capacity commensurately with the industrialisation visualised. Together, these industrial and transport elements eventually came to constitute the “core” of the Plan.

Achievements of a Decade of Planning

During the First Five-Year Plan period there was a total investment of Rs. 3360 crores, the shares of the public and private sectors being Rs. 1560 crores and Rs. 1800 crores respectively. The Second Plan achieved a level of investment at Rs. 6750 crores—twice as large as that of the First Plan; the share of the public and private sectors being Rs. 3650 crores and Rs. 3100 crores respectively. So the total investment over the last 10 years would amount to Rs. 10,110 crores. It will be seen that the public sector is coming into prominence with its share of investment in the

Second Plan exceeding that of the private sector. The more significant comparison should, however, be in regard to investments in the organised manufacturing sector. Total investment in this field was a mere Rs. 49 crores in the public sector at the commencement of the First Plan. It is estimated at Rs. 974 crores (industries & minerals) in 1960-61. The corresponding figures for the private sector are Rs. 750 crores and Rs. 1900-2000 crores. Thus, the public sector is advancing much faster.

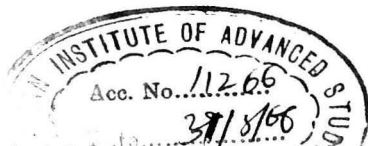
Since 1950-51 national income at 1960-61 prices is estimated to have gone up by 42 per cent and per capita income by 16 per cent. Agricultural production has gone up by 41 per cent while industrial output had a phenomenal growth at 94 per cent. This expansion in industrial production is shared both by capital goods and consumer goods industries. The expansion of the former, however, has been spectacular in certain strategic directions and this will go a long way in laying industrial base of the economy. Shipping has gone up by 131 per cent, railway goods traffic by 66 per cent and the mileage of surface roads by 48 per cent. In respect of per capita availability of essential consumer goods, the improvement has been quite striking. Per capita availability of foodgrains (calories), went up by 17 per cent, of cloth by 68 per cent and of sugar by 70 per cent. The output of bicycles (in the organised sector) increased more than ten-fold, that of Vanaspati doubled and that of radio sets went up by six times. Irrigated area increased from 51.5 million acres (1950-51) to 70 million acres in 1960-61. The consumption of nitrogenous fertilisers increased from 55 thousand tons to 2.3 lakhs tons, steel output rose from 9.8 lakh tons in 1950-51 and from 13 lakh tons in 1955-56 to 22 lakh tons in 1961. Cement production has also gone up from 2.7 million tons to 8.5 million tons and installed capacity of power generation from 2.3 million K.W.T. to 5.7 million K.W.T. The

number of towns and villages electrified has increased from 3,678 to 23,000. Traditional khadi production has gone up from 7 million yards in 1950-51 to 72.0 million yards in 1960-61. Handloom cloth output increased from 742 million yards in 1950-51 to 1900 million yards in 1960-61. In the social services sector, the number of active doctors went up by 25 per cent, hospital beds by 65 per cent, rural post offices by 88 per cent, and urban post offices by 35 per cent. Since Independence, the various State Governments have put through, in terms of a general land reform policy laid down by the Planning Commission, legislation for the abolition of intermediaries like Zamindars and Jagirdars, reduction of rents and tenancy reform. Although the pace of land tenure and farm tenancy reform has not been as fast as one would have liked it to be, it has certainly been steady, measured and substantial.

Third Five-Year Plan

The Third Five-Year Plan should not be considered as an isolated or autonomous programme of development. It is a part of long-term process and objectives. It has to be particularly viewed as a substantial advance towards the achievement of a process of self-sustaining growth leading to a kind of economic independence by 1970. It is expected that India would be free from dependence on foreign assistance at the end of 10 years and the economy would gather so much dynamism and momentum that it will generate an annual rise in national income with voluntary savings. In other words, we hope to accomplish what is called "take-off" by Prof. Rostow, adopting a vivid phrase from aeronautic parlance.

It has also to be viewed as a logical extension of the Second Five-Year Plan and a natural follow-up of the process of dynamic growth initiated by it. In fact, a synoptic view of the growth of the economy is contained in the



Second Five-Year Plan Report and what is contemplated in the Third Five-Year Plan is more or less in keeping with it. The Second Five-Year Plan had envisaged that the national income would be doubled by 1967-68 and the per capita income by 1973-74. The programmes of the Third Five-Year Plan confirm it. The size of investment envisaged for the Third Five-Year Plan was of the order of Rs. 9900 crores. If we take into account the rise in prices and other relevant factors, the upward revision by Rs. 500 crores is more or less in line with it.

The two pillars of the Third Five-Year Plan are :—

- (a) a very substantial increase in agricultural production particularly in the output of foodgrains by 25 to 30 million tons. This means an annual rate of increase of 6 per cent in foodgrains; and
- (b) A substantial step-up in the growth of basic industries which means development of steel, fuel and machine-building industries. The development in this field is crucial to the achievement of economic 'take-off'. In fact, with the significant development of metal industry, the role of machine-building is going to be very wide. It, therefore, becomes the pivot of the strategy of economic development adopted by Indian planners.

On the basis of experience in other countries as well as India, it is estimated that one-third of the entire investment consists of capital equipment, machines, etc. On this basis, machines and capital goods worth Rs. 3400-3600 crores would be required for the materialisation of an investment of Rs. 10,400 crores or so. We will have to add to it the cost of replacements of the order of Rs. 600 crores or so. That means machines and capital goods of the order of Rs. 4,000 crores or so would be required during the Third Plan. If the size of investment in the Fourth Plan is going to be

Rs. 15,000-16,000 crores, on a similar basis the capital goods and equipment worth Rs. 6400-6500 crores would be required for it. It is generally found that one-fourth of the investment normally takes place in the last year of the Plan. It can, therefore, be assumed that machines and capital equipment required in the last years of the Third and Fourth Plans would be Rs. 1,000 and 1,600 crores. As the present output of machines is only of the order of Rs. 250 crores, it is obvious that to do away with dependence on foreign assistance for this, the programme of output of machines will increase to Rs. 756 crores at the end of the Third Plan and finally to Rs. 1500-1600 crores by the end of the Fourth Plan. Unless this perspective and strategy of development are fully realised, the significance of the Third Five-Year Plan would be completely missed.

It is in this view that the Third Five-Year Plan apart from reiterating the objectives of the Second Five-Year Plan has specially emphasised the objective of self-sufficiency in food.

Indian planning stepped into the period of adolescence in the Second Five-Year Plan and this process is going to be intensified during the Third. It is, therefore, clear that the Indian planning is going to come to grips with real issues during the Third Plan. The main problem is going to be the mobilisation of domestic savings. It would be recalled the Second Plan envisaged that the rate of domestic savings would increase from 7 per cent of national income to 10-11 per cent of national income. Instead, it has increased to only 8 per cent or so. This is now expected to increase upto 11 per cent during the Third Five-Year Plan. This, along with the problem of agricultural development, is going to be the challenge of Indian planning during the Third Five-Year Plan period. The whole problem of resource mobilisation is bound up with the problem of increase in production.

In other words, if the physical fact of 5 per cent increase in national income is brought about, and the rate of increase in consumption is restrained, ways and means can be found to mobilise the required domestic savings.

A rapid advance in agricultural production, as mentioned earlier, is another important challenge. More than what was achieved in the last 10 years is now sought to be achieved during the Third Plan period. There are many factors which justify the hope that it should not prove to be a very difficult task. Important amongst there are—

- (a) The investment incurred during the last 10 years would come to materialise more fully during the Third Plan period—particularly, the irrigation potential may be expected to materialise more or less fully.
- (b) The investment in fertilisers is going to be very substantial.
- (c) With the completion of many important aspects of land reform, particularly the finalisation of ceiling legislations, the state of uncertainty is going to end.
- (d) Co-operative credit is going to increase four to five-fold.
- (e) The increase in industrial production in the Third Five-Year Plan is going to be also very substantial.

It would mean an annual rate of increase in industrial production of 10 per cent or so. The important target in industrial production is the building-up of 10 million ton capacity for steel. Apart from the expansion of the existing units in the public sector, Bokaro steel plant is going to be set up. A matter of far-reaching significance is also the establishment of the machine-building plant at Hatia (Ranchi). So also, the development with regard to

heavy electrical equipment and oil are extremely important. The development of nuclear power during the Third Five-Year Plan is another target of great importance.

It would thus be seen that the programmes envisaged in the Third Five-Year Plan mean scarcely less than the doubling of efforts made during the Second Plan period. It must be emphasised that there is no escape from it if we take into account the compulsions of the economic situation we are facing. The rate of increase in population which is now found to be about 2 per cent or so per annum, the colossal problem of unemployment, the rising aspirations and consciousness of the people and the imperative need not to lag behind countries which have simultaneously launched upon the career of economic development—all these, and not to say the least, the problem of defence of the country, dictate a rapid and substantial growth of the economy. There can, therefore, be no question of relaxation in our effort for quite some time. This must be burnt into the consciousness of the people.

The problem of prices is bound to loom large during the Third Plan period. In fact, towards the end of the Second Plan, it began causing concern though some price rise is inherent in the process of accelerated growth and may even be considered to be a stimulant for it. Any significant rise has to be prevented by adequate measures. Particular care will have to be taken to see that poor man's rupee does not depreciate. If agricultural production and the production of some other essential consumer goods envisaged in the Plan materialises, the situation may be under control.

A substantial advance of the public sector during the Third Plan would lead to the advancement of the social

objective. This is borne out by the following figures of investment in the public and the private sector:

	<i>Public sector</i>	<i>Private sector</i>
	(Rs. crores)	
First Plan	1,560	1,800
Second Plan	3,650	3,100
Third Plan	6,300	4,100
	(Provisional)	

Socialist Advance

In our concern for growth we have not lost sight of our socialist goal, both in the short and long run. Broadly, socialist advance at this stage can be measured by two yardsticks: (i) High rate of economic growth which can bring about and sustain rising standards of living of the masses; and (ii) Equality of opportunity.

The principal instrument for achieving this is the enlargement of the public sector and the cooperative sector. During the last 10 years there has been considerable growth of the public sector and big programmes for the expansion of co-operative activity. The public sector is steadily making a headway in the production of strategic industrial materials and capital goods like iron and steel, heavy machinery, engineering and electrical goods, fertilisers, power and fuel and so on. In respect of generation of power it has already a principal share. As compared to 1950-51, by the end of the Third Plan the public sector would increase its share from less than 2 per cent to nearly a 4th in the output of organised manufacturing industry and from less than 10 per cent to over 1/3rd in mineral production. When the steel factories in the public sector go in full operation their contribution would far exceed that of the private industry.

In respect of equality of opportunity, as a first step, our efforts must be to provide basic necessities to all—food, work, education, better conditions of health and sanitation, better housing and a minimum level of income. Concrete programmes for achieving this may be enumerated as follows :—

- (1) Free and universal education at primary level—a goal which is fairly within our sight;
- (2) Wider opportunities for vocational and higher education;
- (3) Provision of scholarships and similar other assistance;
- (4) Improvement in the conditions of health, sanitation, water supply and housing;
- (5) Provision of minimum amenities in rural areas;
- (6) Modest beginning in social security with employment assistance for industrial workers and relief for the destitute, orphans and the handicapped;
- (7) Creation of work for rural masses through rural works programme in certain areas.

The Third Plan and the following plans would be providing larger opportunities for vocational and higher education, particularly to the poor and the deserving through scholarships etc. We are already committed to the provision of such minimum amenities in the rural areas like the supply of drinking water, village school, approach road, etc. In this context, two vital programmes must be mentioned. During the last 10 years, we have already distributed 7.8 million acres of land to the landless and during the Third Plan this figure would go up to 13 million acres. We have also contemplated large scale programme of rural works in densely populated regions in slack seasons in the Third Plan.

Side by side, much thought is being given to the prevention of concentration of economic power and growth in income inequalities. This is obviously very important even from the point of view of growth because rapid development is possible in a society which functions through common values and a sense of shared citizenship. The Mahalanobis Committee is expected to throw more light on this problem.

It must, at the same time, be realised that at this stage of our development, genuine conflicts arise between economic growth and social justice and one would feel that socialism at this stage should be more growth-oriented than distribution-oriented.

Role of Political Parties

Political parties have a great and vital role to play. In fact the responsibility of making a success of democratic planning directly devolves on them and must be squarely faced. With the introduction of Panchayat Raj and the creation of democratic institutions at various levels from the village above, planning from below has come to acquire a fresh significance. It is the political parties that can energise the people, foster local initiative and prepare them for greater tasks ahead. Most important programmes that affect people directly are education, health, sanitation, agriculture and animal husbandry and so on. With the inauguration of Panchayat Raj, much of the initiative in formulation and implementation of the programme rests with the people.

Our responsibility does not end with the adoption of the Plan. Adoption implies readiness to make the necessary sacrifices. This realisation is slow to come. It will not do for any one to say: Let the Plan succeed; but not at my cost. If every one wishes that the Plan be imple-

mented at some body else's cost, it would mean that it should succeed at nobody's cost. People from Mars are not going to come down to bear the burdens of planning for us!

Workers of political parties must take up the task of spreading Plan consciousness among the people and must bring home to them the implications of acceptance of a plan. Preparing the minds of the people for the burdens the plans involve is perhaps the greatest responsibility of the party cadres.

