

Tirunelveli have voluntarily loaned over a crore of rupees, is another shining example of the new spirit prevailing among the people, who have come to realize that, in a democracy, the degree to which they can participate in running the Government depends mostly on their own will to co-operate. The progress of the co-operative movement in this State has also helped to spread this spirit of co-operation and the zeal for constructive activities. Madras leads the country in the field of co-operation, the working capital of the co-operative movement in this State being more than even the revenues of the whole State. We in Madras have thus the background necessary to approach the task of planning, conscious of our responsibility and confident of success.

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Magnitude of the Plan

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The Magnitude of the National and State Plans is indicated in the statements below

Government of India Plan (1951-'56)

| Items of Revenue | In Crores of Rupees | Items of expenditure | In Crores of Rupees |
|--|---------------------|------------------------------------|---------------------|
| 1. Surplus on Revenue account ... | 211 | 1. Agricultural Development ... | 191.70 |
| 2. Resources normally set apart in Revenue account ... | 393 | 2. Irrigation and Power ... | 450.26 |
| 3. Resources available from Capital account for development ... | 487 | 3. Transport and Communication ... | 388.20 |
| 4. Resources available for railway development out of the ordinary revenues of railway ... | 30 | 4. Industry ... | 100.99 |
| | | 5. Social Services ... | 254.08 |
| | | 6. Rehabilitation ... | 79.00 |
| | | 7. Miscellaneous ... | 28.54 |
| Total ... | 1,121 | Total ... | 1,492.77 |

Note: Reprinted from the Special Planning Number, Madras Information, October, 1951.

Madras State Plan

| | | In Crores of Rupees | | | In Crores of Rupees Total |
|--|-----|--|--------|--|------------------------------------|
| 1. State Revenues available for development expenditure on the present scale ... | 30 | I. Agriculture and Rural Development— | | | |
| 2. Possible economies in expenditure ... | 5 | (1) Agriculture ... | 16.00 | | |
| 3. Surplus from Deposit transactions ... | 8 | (2) Veterinary and Animal Husbandry ... | 1.5 | | |
| 4. Loans from the open market ... | 17 | (3) Dairying and Milk Supply ... | | | |
| 5. Withdrawals from reserves ... | 27 | (4) Forests ... | 4 | | |
| 6. Assistance from the Centre ... | 30 | (5) Co-operation ... | 1.00 | | |
| 7. Additional taxation ... | 20 | (6) Fisheries ... | 1.00 | | |
| | | (7) Rural Development ... | 2.00 | | 21.90 |
| | | II. Major Irrigation and Power Projects— | | | |
| | | (1) Irrigation ... | 30.16 | | |
| | | (2) Electricity ... | 50.24 | | 80.40 |
| | | III. Industry— | | | |
| | | (1) Cottage Industries ... | 1.2686 | | |
| | | (2) Other Industries ... | 851.4 | | 2.12 |
| | | IV. Transport—Roads ... | 5.00 | | 5.00 |
| | | V. Social Services— | | | |
| | | (1) Education ... | 8.00 | | |
| | | (2) Medical ... | 12.00 | | |
| | | (3) Public Health ... | | | |
| | | (4) Housing ... | 3.00 | | |
| | | (5) Amelioration of Backward Classes ... | 4.50 | | 27.50 |
| Total ... | 137 | Total ... | | | 137.01 |

Deficit Financing Involved

The National Plan may involve deficit financing of 290 crores if no further foreign assistance is forthcoming. In the State Plan, the proportion of prospective items is even larger. Nonetheless, it is criticised that the finances of the plan are of a small order, the total increase in expenditure being stated by the Commission to be an increase of only 10 per cent of the current year's figures, as against an increase of 100 per cent which has taken place since 1947. It is argued that from such expenditure the "sensation of change", which the Prime Minister considered necessary to transform the attitude of the people, cannot be expected.

It appears necessary to understand the magnitude of the plan with reference first to the economics of the country, and second to other proposals in the plan. The Commission is quite frank in admitting that the economy is greatly strained, inflation being 4½ times, raw material production being below requirement, industrial output below capacity, accompanied by a sudden increase of population due to natural causes,

as also to partition. The Commission, therefore, concludes that there are structural deficiencies in the economy which prevent the creation of conditions of full employment. The Commission fears that full employment without corresponding increase in production would stimulate an upward trend in prices. Accordingly a disinflationary fiscal is forced on the Commission which accounts for the modest size of the budget of the plan.

There are some economists who argue that planned employment implies corresponding production and this should reduce rather than increase prices. In any case labour which is idle consumes food and other essentials and remains engaged only in increasing the population. It is further pointed out that reconstruction which is proceeding throughout the world involves expenditure far in excess of the revenue. This may be true in theory but India has received no appreciable foreign aid for reconstruction and perhaps cannot strain its financial system without risking inflation like the one which has overtaken nearly all countries in the East. In any case the Plan has to show the country its strength before any risk is taken with the fundamentals of its economy.

Village Production Councils

As more money cannot be found, the Commission relies on other processes to capitalize the land and labour of the country. The most important of these relate to agriculture, which is the fountain head of the incomes of all groups. The one proposal, which involves no expenditure, and is at the same time potential of revolutionary change is of the institution of Village Production Councils. These will be charged with the following duties:

- (1) frame programmes of production to be achieved at each harvest by the village;
- (2) frame budgets of requirements for supplies and finance needed for fulfilling the programmes;
- (3) assess results attained at each harvest;
- (4) act as the channel through which all Government assistance is provided to the village;
- (5) take steps to bring under cultivation land at present lying uncultivated;
- (6) arrange for the cultivation of land not cultivated or managed by the owners;
- (7) assist in securing minimum standards of tillage to be observed in the village with a view to increasing production;

- (8) stimulate production through prizes and other incentive schemes;
- (9) promote the cultivation of high-yielding food crops;
- (10) organize voluntary labour for community works;
- (11) estimate and assist in the provision of requirements of local raw materials for the artisans of the village; and
- (12) assist in the procurement and sale of surplus foodgrains.

Madras can take pride that this proposal stems from the one suggested by them for "Progressive Villages." The difference is that the proposal for Progressive Villages provided an incentive in remissions of revenue for carrying out the programme, judged on a collective basis. However the Village Production Councils which are based on democracy should capitalize the potentials of land and labour in the villages and incentives and collective responsibility can be added if found necessary. At present how low these potentials are can be judged from the fact that the yield per acre, has fallen since 1939, from 619 to 565 lb. while fallows have increased by 10 million acres and greater areas of culturable land remain to be reclaimed. If Village Production Council can mobilize the cultivators to a sustained effort, the food deficit could be wiped out and the purchasing power of the country greatly raised to allow an immediate extension of the plan.

Enlisting Public Co-operation

Public co-operation is also to be secured through the institution of the Bharat Sevak Sangh. The Commission considers that the unused time, skill and other resources of the people should be canalized on a voluntary basis. Voluntary service can be marshalled in rural areas for the construction and repair of sources of water supply, roads, school buildings and works for better sanitation, and for satisfying a variety of needs which would otherwise remain neglected for years because the State has no financial resources to spare for the purpose. Voluntary activity of these lines, mostly on a sporadic character, is being carried out in different places, in the country. The State itself has lent support to such activity in several cases. It is necessary to evaluate and pool the varied experience in recent years, and work out the most effective methods for the utilization of the available voluntary effort.

An aspect of public co-operation, which deserves to be explored and developed, is the possibility of harnessing the spare manpower in the country for the cheaper execution of irrigation and power projects. In the performance of these tasks small groups everywhere can find scope for co-operative activity and the exercise of initiative, and every individual can have something to which to devote his spare time and

energy. Large scale opportunities can thus be furnished to the student community all over the country, for building up both physique and personality. These acts of disciplined service on the part of individuals and groups will foster the growth of leadership at all levels and will strengthen the economic and moral foundations of the community.

To awake Social Consciousness

The question is asked if such voluntary service will be forthcoming, considering the general lack of social consciousness. There are some therefore who suggest that some pressure should be organized against the recalcitrants. For instance it is suggested that the growing class of idle rich in the towns who now kill time in clubs, race courses, cinemas and other places of amusements could be made to give the benefit of their education, to schools, hospitals, slums, rural welfare by the simple expedient of their incomes or share in the family income being considered as unearned and taxed accordingly. The mere threat of such an imposition would awake such people to their social responsibilities.

Similarly labour could be commanded as condition precedent to the irrigation works from those to be benefited in proportion to the size of their holdings. As far as students are concerned, their degrees may be given only after a period of social service, the record of which will be considered at the examination.

The degree to which compulsion of this nature can be introduced will depend on the country's determination to use its available resources to increase the magnitude of its plans for reconstruction.

Financial Aspects of the Madras Plan

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The estimated cost of the Five-Year plan for Madras covered by the first part of the Commission's report is Rs. 137 crores under the following heads :—

| | <i>Rupees in lakhs.</i> | <i>Total Rupees in lakhs.</i> |
|--|-----------------------------|-----------------------------------|
| I. Agriculture and Rural Development : | | |
| 1. Agriculture ... | 1,600·00 | |
| 2. Veterinary and Animal Husbandry ... | } 150·00 | |
| 3. Dairy and Milk Supply ... | | |
| 4. Forests ... | 40·00 | |
| 5. Co-operation ... | 100·00 | |
| 6. Fisheries ... | 100·00 | |
| 7. Rural Development ... | 203·00 | |
| | <hr/> | 2,100·00 |

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