

are brought under cultivation and larger quantities of power are generated, the scope for private investment in agriculture and small industry will vastly increase. Even in the period of the present plan the scope for private enterprise will be considerable. The execution of the plan is expected to make possible net private investment of the order of Rs.1,600 million per year in the early stages, rising progressively to an annual rate of Rs.2,600 million by the end of the six-year period. The sources of savings for this investment will be the reserves of companies and private savings, both of which are expected to increase as the programme proceeds. In addition to this investment, private savings are expected to contribute an average of Rs.400 million net a year towards financing the programme, through subscriptions to Government securities.

Limitations on the Programme

15. The prime limitation on the execution of the programme is the availability of internal and external finance. This problem is dealt with at length in subsequent paragraphs. Another limitation is the availability of technical skill. At present India can provide most of the lower and medium grade technicians it needs as well as a considerable number of highly skilled personnel, such as engineers, doctors and agricultural experts. More trained men of the latter category will, however, be required for the execution of the programme. In addition more experts from abroad will be needed in certain very specialised fields of industry, agriculture, medicine and education. Facilities will continue to be required for Indian students to undertake post-graduate studies and research abroad in certain specific subjects. The country's requirements under these heads are discussed in greater detail in Chapter IX and are listed in Appendix 3.

Financing the Programme

16. The development outlined in the plan involves public investment of Rs.3,070 million (£230 million) per year, as compared with the recent rate of Rs.2,250 million (£169 million). Taking into account net private investment, it is estimated that the current rate of total investment is about 4 per cent. of the national income. At the end of the period the contemplated increase in public and private investment should raise this rate to around 5½–6 per cent. of an increased national income. These rough estimates are illustrated as follows:—

Table 5.—India : Current and Future Rates of Investment

	Rs. millions		
	1950–51	1951–52	1956–57
Government investment	2,250	3,070	3,070
Estimated private investment	1,600	1,600	2,600
Total investment	3,850	4,670	5,670
Balance of payments deficit on current account	1,400 (£105 m.)	2,180 (£163 m.)	1,310 (£98 m.)
Investment financed from domestic resources	2,450	2,490	4,360
Investment as a percentage of national income*	4%	4½% to 5%	5½% to 6%
Domestically financed investment as a percentage of national income	2½%	2½%	4% to 4½%

* National income of the Union Provinces for 1948–49 is about Rs. 80,000 million; on the basis of this figure the national income for the whole of the Indian Union is assumed to be about Rs. 96,000 million; the latter is expected to rise to about Rs. 103,000 million by 1956–57.