

Preliminary Survey

INDIAN INDUSTRY AND ITS PROBLEMS

VOL. I. FACTORS IN INDUSTRIAL
DEVELOPMENT

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INDIAN INDUSTRY AND ITS PROBLEMS

VOLUME II

Industries of the Basic Order

VOLUME. III

Non-Basic Industries

TO
DR. GILBERT SLATER,
a token of gratitude for his many kindnesses

PREFACE.

Since the beginning of the present century a loud chorus of protests and complaints against the industrial policy of the Government has been emanating from the platform, the newspaper press, and the publications of professional economists in India; but all these splashings of printer's ink and oral expressions of indignation have not so far resulted even in the formulation of a plan of action, far less in action itself. The only tangible result of this long agitation has been that a regular procession of Royal and plain Commissions has marched past the scene during the past few years. They are all supposed to have left behind a carefully-constructed engine to haul Indian industry along the road to progress. And yet during all these years industry in India has obstinately refused to move an inch onward. Where lies the fault?

It seems that these engines were not complete units at all; they were only parts of a machine-unit, and, what is more unfortunate, they were indifferently constructed by different batches of designers and craftsmen who were, moreover, never given a chance to co-operate. The products of this motley crowd of workmen were clumsy in shape and form, and, designed as they were under widely different conditions and at different times, were turned out more or less according to the whims and fancies of a particular batch of designers and not according to the requirements of other component parts of the machine. The result was that, try as our rulers might, these parts could never be fitted together to form a complete machine-unit. Moreover, quite a number of vital parts were missing, which no one ever cared to provide. In these volumes an attempt has been made to re-shape the defective parts, to provide the missing nuts and wheels, and to fit the lot together into a complete, workable machine-unit.

Although, in conformity with the time-honoured principles, I have divided my plan of industrial

reconstruction into three parts, and devoted a separate volume to each part, it cannot be broken up and dealt with piecemeal. It is obvious that neither basic nor non-basic industries will flourish until the problems relating to power supply, labour, finance, fiscal policy, transport, and various forms of direct and indirect State assistance to industry have been definitely solved. Again, it would not be possible to expedite the development of non-basic industries so long as basic industries are not established on sound lines; and it would not be possible to take any action with a view to establish the various basic and non-basic industries in the country without a thorough examination of the conditions governing the establishment of these industries. These facts speak for the unity, or rather the indivisibility, of my plan for all practical and theoretical purposes.

The practical efficacy of the plan I have presented cannot be established by argument; but I hope I have provided sufficient data in these volumes to prove that if a solution of the problem of industrial development is ever sought in India, a beginning will have to be made on the lines identical to those suggested by me. Indeed, I am prepared to go so far as to assert that although practical experience will necessitate readjustments and changes in the programme of industrial reconstruction, those readjustments and changes will affect only the details of action and not the principles on which this plan is based.

It will be noticed that I have furnished a historical background in my treatment of various main topics. These historical portions, however well-set, may appear to be rather superfluous in a work aiming, so to speak, at grasping the future, but it will be conceded that in avoiding mistakes and settling controversies nothing is more effective and useful than an appeal to history.

One more objection I feel bound to meet in advance—the objection that in estimating the potentialities of India's financial resources and in calculating the cost of power in the coal zone I have made my conclusions less dependable and convincing by using data which are not quite up-to-date. I have only to say that the omission

is deliberate. Since the year 1928 financial conditions in India, as all over the world, have been so abnormal that in order to explain away the various abnormalities in connection with banking deposits and new flotations long digressions would have been necessary; and these digressions would not have served any useful purpose, especially as I could by no means base my estimates on the data relating to abnormal times. In these circumstances it would have been unscientific not to depend on the pre-depression figures as the basis of calculation. Similar considerations are responsible for my dependence on comparatively old data in connection with power costs. During the past four years industry in Europe and America has been in a state of collapse, with the result that power stations have been operating on extraordinarily low loads; and this has been naturally reflected in the average cost of power. In these circumstances I could not afford to be very punctilious in selecting the most up-to-date data. Moreover, recent statistics suggest that, load factor apart, periodical variations in different items comprising the total working cost tend to follow the same course in every country, so that the index numbers for the total working cost do not show any startling dissimilarities from country to country. If that be a correct view, it would not be unscientific to use my data as a basis of calculation for a number of years to come.

I have just one more explanation to offer. It will be noticed that in dealing with the problems of labour I have not referred to the report of the Whitley Commission, although I have made full use of the evidence collected by them at various centres. This extraordinary conduct is explained by the fact that the chapters on labour were completed in December, 1930, while the Commission's report was not published till August, 1931. In these circumstances I had no other alternative but to incorporate the evidence (which was being broadcast by press correspondents in those days) in this work without waiting for the Commission's report. I had certainly plenty of time to incorporate the recommendations of the Commission; but as I found my own views and

ideas diametrically opposed to those of the Commission in many important particulars, I decided to leave the report severely alone. I have given plenty of facts and arguments in support of my own contentions, so that I feel that any direct criticism of the Commission's findings and recommendations would be superfluous.

As these volumes are meant more for laymen than for "highbrow" technicians, I have endeavoured to explain the various technicalities—especially those relating to the manufacturing processes—in as simple and popular a language as possible. While speaking of the language I have employed, I am reminded of some curiosity-stricken manuscript readers' criticism of certain unvarnished phrases I have used in tracing the economic consequences of viciousness, dishonesty, and corruption; but I can always justify my action by retorting that in speaking of matters affecting the destiny of a people nothing is gained and everything is lost by not calling a spade a spade.

I am not so fortunate as to be able to conclude this preface in the customary fashion. There is no one whom I could thank for correcting the proofs, or even for preparing the index. It would, however, be sheer ingratitude if I do not acknowledge the kindness of numerous Indian, British, German, French, Belgian, and other Continental factory owners and managers in granting me facilities for conducting my investigations. I also owe a debt of gratitude to a number of British technicians and writers on technical subjects with whom I was brought in contact by my work, and who often went out of their way to help me.

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