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THE EVOLUTION OF INDIAN INDUSTRIES

THE EVOLUTION OF INDIAN INDUSTRIES

BY

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PREFACE

The problem of industrial development in India has assumed an important phase since the last Great War. At no period in the economic history of India was the problem so much discussed as during and after the War. The War demonstrated the unsoundness of the country's industrial system more forcefully than previously. The gradual ruralisation of the country throughout the nineteenth century was viewed with alarm, but attempts to check it were characterised by hesitancy and growth of industries after the Western system was slow. The aptitude of the people was marked more by apathy and indifference than by earnestness and determined efforts. It is only in the current century that a distinct tendency has manifested towards rapid industrialisation. The lessons derived from the economic development of Western countries and Japan are inspiring the people of India to take their legitimate place among the industrially civilised countries of the world. In addition, there is the stronger and more imperative need for opening up new avenues of employment to the growing intelligentsia and the surplus agricultural population of the country. The loss of wealth consequent on the export of agricultural products and raw materials and the importation of manufactured goods is considerable, and it is realised that the lack of balance between agriculture and industry should be remedied.

The task of industrialisation in the modern world is not an easy one. The future development of industries in a country must take stock of the progress already made and the difficulties encountered. It is the object of the

following pages to present in an outline the ground lost and the progress made. The decline of Indian handicrafts is deplored, but it was inevitable as the contest between the hereditary crafts and the modern machine industries has everywhere been unequal. The scope for small-scale industries unaided by modern mechanical contrivances is limited, and in the competitive world mass production has become the rule. The introduction of the modern system of industries is to be attributed to British influence and contact, but the development has not been commensurate with the size and the resources of the country. The growth of large-scale industries in India has given rise to many social and economic problems. The lives of labourers have been profoundly influenced and the country has had to seek on the lines of legislation in other countries, remedies to check the evils of industrialism. The problems of housing and educating the labouring population have assumed an important phase. The future industrial edifice of India must be built on the solid foundation of a healthy and contented labour force and the formation of a permanent class of industrial operatives is a desideratum from the point of view of industrial efficiency.

The development of modern industries is vitally connected with fiscal policy. Even when comparative advantages exist, the task of building up a new industry is attended with serious difficulties at the initial stage specially when foreign competition is to be faced. It is a happy sign of the times that the Government of this country has yielded to the national demand for a policy of protection for the development of industries. But that policy is still marked by hesitancy, and the measure of assistance rendered to some of the industries is inadequate and half-hearted. It is admitted that mere tariffs cannot create industries in a country but adequate tariffs are often essential to inspire the confidence of the industrialists.

The uneven distribution of the mineral resources has in no small measure been responsible for the imperfect industrial development in some of the provinces. The problem of finding new sources of power requires to be solved. The direct and indirect efforts of the State for the promotion of industries have been inadequate. Industrial research has received very little attention in India and it is felt that as the future of industries will be based largely on the products of the country, their manufacturing possibilities require to be fully explored. The existing arrangements for this purpose have been quite inadequate. The policy of purchase of Stores for public requirements has been greatly modified in the direction of local purchase in recent years, but more ought to be done in this direction. Little has been done to enlist the co-operation of active business men and industrialists for removing difficulties in the way of industrial expansion and for planning a constructive programme of future development.

The problem of railway rates in India presents a complicated issue. It has hitherto been customary to look at this problem from the point of the accountant rather than that of the industrialist. With the increased control of the Legislature over railways it is hoped that attention will be paid to the development of industries by a judicious regulation of railway rates.

In the preparation of this work I have relied mainly on authoritative Government publications, correspondence and personal investigations. Finally, I must take this opportunity of expressing my deep indebtedness to Dr. Pramathanath Banerjea, M.A., D.Sc. (London), Minto Professor of Economics, Calcutta University and to Professor S. C. Ray, M.A., who have helped me all along by valuable suggestions and criticisms which I have always appreciated.

R. M. CHAUDHURI

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