

THE
BOMBAY PLAN
A
CRITICISM

By
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AND
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[*Second Edition*]

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PREFACE TO THE SECOND EDITION

The Press in India, with a few exceptions, seems to have exercised a rigid censorship over the first edition of the present brochure. It is all the more gratifying, therefore, to find that a second edition is being called for in such a short period of time. There has been a persistent demand for copies since it went out of print, and we have, therefore, thought of bringing out a second edition. We have refrained from making any alterations in the text of our criticism, except for the corrections of some misprints and the addition of a few foot notes. To increase the utility of the brochure, we have also added an appendix giving a brief summary of the Bombay Plan. We have felt no need for amplifying or modifying any part of our criticism. The events of the last few months, since the appearance of the brochure, seem to have amply borne out our fears and prognosis. The holy alliance between Indian and British capitalists has been considerably strengthened since we wrote. The persistent propaganda against Soviet Russia and a drive against the Communists are a clear vindication of the correctness of our reading of the signs on the politico-economic horizon visible when we wrote the first edition. Fear of radical changes has been clearly manifest in the attitude of the Indian National Congress towards the Communists, and in the advocacy by a prominent member of the Working Committee of the Congress of the use of violence against the Communists. The same trend is apparent in the Bombay Provincial Committee's move to weed out the Congress Socialist Party from the ranks of the representatives of economic orthodoxy.

And events in India seem to be marching in tune with events in the larger setting of the world situation. There were many in this country and elsewhere who looked forward with high hopes to the prospects of the rapid inauguration of a socialist organisation in Great Britain with the advent of the Labour Government. Recent developments in the Pacific area involving the use of British arms for the perpetuation of French Imperialism in Indo-China and Dutch Imperialism in Java, and the diplomatic exchange of views with Czechoslovakia on the question of the nationalisation of industries in which British capital is invested, ought to be a sufficient

warning against all ill-conceived optimism of over zealous admirers of the Labour Government. If the same policy of gradualism, that was once followed in 1929 by the predecessors of the present government, is to be pursued in the immediate future, we need not be surprised that history might repeat itself and we should find ourselves face to face with Neo-fascism in a democratic garb.

Our fears are not entirely groundless. Not long ago a representative figure in the Congress organisation defended in no hesitating terms the slogan of "one party, one leader, one organisation." It was reminiscent of the Nazi liquidation of all progressive and rival movements within the National Socialist Party. The attempt to start rival movements under the aegis of the Congress to counteract the radical forces, amongst workers and peasants and the diversion of the country's attention in the exclusive field of village uplift and reconstruction may be harmless in themselves, but fairly indicative of the trend of coming events.

The recent resignation of Sir Ardeshir Dalal as the Planning and Development Member for "personal reasons" does not make any difference to the force of our criticism. Let us briefly allude to the current of affairs in our country after we wrote the first edition of our brochure. Sir Ardeshir Dalal regretfully admitted that all his attempts to secure the abrogation of the clauses in the Act of 1935 which bore on commercial discrimination had proved futile. The visit of the unofficial (!) delegation of our industrialists to the United Kingdom and the U.S.A. which coincided with the visit of the Planning Member, the utterances of some of the leading lights of the capitalist world and their expert advisers regarding commitments in their private capacity, and the exchange of telegrams between Birla and Gandhiji—all these have a cumulative significance and convey a warning which we shall neglect to our cost. "Having eyes, see ye not? and having ears, hear ye not?"

To those of our critics who allege that we have not examined the plan on its economic merits, we can only plead for a softening of their hearts such as would permit them to undertake a more careful reading of our criticism. As for those others who grieve that we have thrown off our academic garb and are on the war path, that it would have been better if we had confined ourselves to an economic analysis only, may we remind these puritans that economic planning by its very nature goes beyond economics, and that it has wider political and sociological implications which demand

examination from every honest student of the Social Sciences? It is no use burying our head in sand like ostriches, simply because an honest analysis of the plan is likely to reveal unpalatable implications. Finally to the critics who grumble that ours is only a destructive criticism, and who nevertheless are in agreement with all that we have said, our reply is that our aim in the present brochure was only to examine the implications of the Bombay Plan, and we never thought of bringing within its scope the development of any constructive proposals.

Bombay,
January, 1946

P. A. WADIA
K. T. MERCHANT

PREFACE

The criticism of the Plan which the industrialists and businessmen of Bombay have placed before the country in two parts, a criticism which we embody in this small brochure, has been written dispassionately and in the background of national and international events in the political and economic fields. We do not discuss in detail the specific statistical data and the schemes presented by the authors of the Plan : we have confined ourselves to a consideration of the broader aspects and issues of the Plan. To emphasise the significance of phrases and words used by the Planners, we have put them in italics. Parts of the first three sections have been adapted with certain changes from our criticism of Part I of the Plan which was published last year in the *Bombay Chronicle*, the *Hindustan Weekly* and other journals.

Owing to the revolutionary conquest of mechanical energy during the past hundred years, we stand at the beginning of a new era. (The age of individualism in economy is approaching its end. We are at the opening of a new era of planning and control. Believing as we do, that capitalism and a genuine democracy can never go together, we feel there is an imperative need for raising a note of warning. When we emerge from the dictatorship that the war has imposed upon us, let us see to it that we do not find ourselves under a worse dictatorship of which we have analogues in the history of Italy and Germany, and which may be reproduced in the post-war world under a democratic garb, signs of which are

clearly evident in the Anglo-American attitude towards the recent happenings in liberated Greece, Belgium, Italy and Austria. Such a dictatorship may seek a cloak under the slogan of a "national government", and gild the profit motive by a half-hearted homage to social service. But our criticism of the "national government" of the Plan must not be tortured into a criticism of all national government as such. We earnestly believe that there can be no salvation for our country so long as it remains under the present regime. The factors for such a dictatorship seem to be present in our country. There are the impoverishment of the middle classes, absence of even a remote approach to democratic methods and the threat, pretended or real, of a communist movement.

(The prevailing values of any age are the values of its dominant class. Today our Bombay Planners talk in terms of these values; they are "efficiency", "enterprise that is truly enterprising", "freedom to expression to personality". The new age that is dawning demands the recognition of other values—the dignity of work, leisure for all, equality of opportunities, the recognition of the intrinsic value of every human soul, for which there is hardly any scope in a society based upon private property, profit incentive and private enterprise. "The rulers of the gentiles lord it over us and call themselves our benefactors. But in my kingdom it shall be otherwise. Let him who is the greatest amongst us be the servant of all.")

Hormuzd Villa, }
 Cumbala Hill, }
 Bombay, }
 April, 1945 }

P. A. WADIA
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I

The Plan in General

Our country has had before it for some time past a plan for the economic development of India prepared by eight leading representatives of finance, capital and industry.¹ The authors of this plan urge that they are only putting forward the outlines of (a plan for doubling the present *per capita* income within a period of fifteen years from the time that the plan comes into operation.) In view of the radical changes in the economic life of the country which are likely to follow the close of the War, (they feel that as industrialists and financiers, they should not be behindhand in playing their part in the new economic development ; and whilst, on the one hand, they appeal to the country as the friends of a National Government working in the interests of a poverty-stricken population, on the other hand, there has been no place in this brochure where any the slightest reference is made to the control of profits² and the organisation of agriculture and industries on a socialist basis so as to remove the possibility of the exploitation of the masses.) If economic life will have to be rigorously controlled under the plan, the authors are careful enough to point out that such control of "individual liberty and freedom of enterprise" will have to be only temporary and provisional. (They contemplate the possibility of raising the necessary finance for their plan by "private voluntary investment".) ("The free choice of consumers in respect of consumption goods should suffer no restriction", as far as this can be assured under a system of planning.)

(In short, the scheme presented to us by our industrialists is a scheme that contemplates the permanence of a capitalist order and organisation. It is to be worked out by a National Government that will have the support and co-operation of our industrialists and businessmen.) It is only the "extent" to which capitalist

(1. Part I was published in January, 1944, dealing with production and its targets and methods of financing it.

Part II was published in January, 1945, dealing with distribution and the role of the State.)

2. Whilst the plan refers to the limitation of dividends, the authors have left untouched the huge profits made at present under the Managing Agency system, and which are called remuneration for services rendered.

methods of production will be employed which was left undetermined in the first part of the plan that has now been indicated in too general and vague a manner in Part II.¹

Laissez faire Capitalism

In judging the merits of the plan placed before us, we have to view it in its relation not only to the trend of economic development of our own country in the past, but also in relation to the development of economic forces in the international sphere. As we have pointed out elsewhere, "Nineteenth Century liberalism was an attempt to develop an economic organisation based on the absence of government interference. Enlightened self-interest, working under a system of free competition was supposed to bring plenty for all, to benefit the consumer by the lowering of costs, and to secure increasing satisfaction of all human wants. . . . Government control was deemed superfluous, if not injurious."²

Towards the end of the nineteenth century, however, private enterprise was subjected to a radical change as the result of a new technical revolution. The growth in the scale of business organisation weakened the power of the consumer and destroyed the theoretical foundations of *laissez faire* doctrine. But *laissez faire* has still a considerable following. The very basis, as it is, of nineteenth century industrialism—all the forces of economic conservatism are ranged on its side. Its prestige and vitality, however, were seriously undermined by the War of 1914. In the first place, the war brought about a phenomenal increase in the degree and extent of combination among producers and, consequently, in the regulation of industry. In the second place, the growth of economic nationalism led to the linking up of industry with the national State. The use of political power for economic purposes involves the final abandonment of individualism and *laissez faire*. No one can defend today unregulated competition as an ideal.

While individualism and *laissez faire* thus came to be abandoned, capitalism still retained its vitality. In spite of mass unemployment, stagnation in investment, the depression of the thirties—all alike the symptoms of the break-up of a world-wide economic system—capitalism still seeks for a new lease of life by an *entente*

1. We discuss this in separate section.

2. Re :—Great Britain see "Vested Interests or Common Pool" by N. E. H. Davenport, especially Appendix I—"The Controllers," p. 173.

cordiale between the men in the political power and the industrialists—by a kind of amalgam of collectivism and capitalism, under which the State still provides a “fair” return to the businessmen, running with their help the entire productive machinery for the benefit of the Nazi or Fascist rulers and the capitalists. The mass of the workers get enough to keep them on their feet at the machines; they are chained to the machine for the benefit of the capitalist and the militarist and the man in political power. Both Nazism and Fascism may be characterised as capitalist collectivism, under which rent, interest, and profits are retained, along with capitalist property laws and capitalist exploitation.

Objective behind the Plan

In the light of these observations, we ask ourselves the question: “What does this plan of economic development for India adumbrated by our industrialists and businessmen aim at?” Economic difficulties, starting from 1919 and intensified since the persistent spread of unemployment from 1929, have so strengthened criticism and confirmed doubts about the adequacy of capitalism that the idea of a planned economy has caught on in every country of the world in different ways. National economic planning may mean anything from the introduction of limited plans for limited fields to the complete transformation of the entire economic structure upon a socialist basis.

It is obvious that our industrialists, whilst they tell us that they aim at bringing about a doubling of the present *per capita* income within a period of fifteen years from the time the plan comes into operation, presuppose the continuance of the present capitalist order, and do not anticipate any radical departure from the methods of production and distribution characteristic of the present economic organisation. At the same time, they inform us that their scheme is based on the assumption that, on the termination of the war, a National Government will come into existence at the centre “vested with full freedom in economic matters.” They contemplate the formation of a National Planning Committee in which the various interests concerned will be represented, and to which the responsibility for drawing up plans will be delegated. The execution of the plans will be left to a Supreme Economic Council. They fail to inform us, however, if the interests of the consumers are to be represented in the Planning Committee and the Council. Their

reference to individual liberty and freedom of enterprise would imply a capitalist order in which the financiers and businessmen and industrialists would join hands with a National Government for the intensification of production which would give reasonable scope for the play of the profit motive.)

Planning within the Capitalist Economy

(May we suggest that this plan definitely rejects the idea of the control of the economic organisation in the interests of the consumers on a socialist basis, and only contemplates planning *within* the present economic structure? So long as the profit motive functions in a capitalist structure, the possibility of periodic crises and chronic unemployment cannot be overcome. Nowhere in the present scheme do we find a reference to this inherent weakness of a capitalist order. But it is naively assumed by the authors of the plan that they can organise our economic life in such a way that some parts would be fully owned and managed by the State, others merely managed, while others would be only controlled. In other words, they propose a sort of dual or mixed economy, one sector being fully free, others partly controlled and/or managed by the State. But it is forgotten that attempts at the regulation of one part of the economic structure may serve to sharpen the conflicts of competition in the structure as a whole.)

If we look at the politico-economic situation as it faces us in India today, we find that the direction of the entire economic system is in the hands of an irresponsible government. The capitalists and industrialists and businessmen cannot relinquish altogether the prospects of future control of the economic machinery by allying themselves with the present government. They therefore, clamour against the Government and denounce it today as standing in the way of industrial development. But they are concerned primarily with earning their dividends, and their plea for a National Government might ultimately turn out to be a plea for a Government of a Bourgeois type ready to increase the productive output and intensify the productive drive, regardless of the ways in which the increased wealth of the country may be distributed. We do not want a capitalism that will be satisfied with State control and/or management and/or ownership of a few industries. Such an eventuality would be tantamount to a real postponement of socio-economic reconstruction. It may give increased employment to

those who are unemployed especially the intelligentsia, and keep them reconciled to their lot by the "bread and circuses" which capitalism can provide, and stave off the liquidation of the capitalist order. But we have not sufficient justification in the proposals placed before us in the present plan for the belief that they will bring about a radical improvement in the economic condition of the masses in India.

The present war has raised many issues, but one thing is certain that even in the midst of this titanic struggle, the democratic countries have not given up the basis of capitalist economy and the war efforts consequently have been to a certain extent impaired as can be seen from the fact that most of the government control boards and committees appointed in Great Britain and the U.S.A. are in charge of the capitalists themselves.¹

These capitalists who are in charge of planning production during the war have realised that as they cannot go back to conditions of pre-war free competition, it is best to devise schemes and plans of economic development which would ensure the security of the vested interests, whilst they might be regarded as sympathetic in their concern for the welfare of the masses. Thus, under the label of economic planning, they are putting forward plans like the plan of the Federation of British Industries and the Unilever plan. In the U.S.A. also a number of plans have been put forward. These plans are intended to secure the utmost help of the State for the preservation of the *status quo* in the economic sphere as far as possible and to win over the masses by their projects of saving the country from unemployment, starvation and depression.

In spite of limited industrialisation our economy has already seen the development of the latest phase of capitalism, namely, finance capitalism, and therefore it cannot remain far behind in this world process. The 10,000 crores plan has to be judged in the background of world trends. As all these plans aim at planning *within* the economy and not *of* the economy, can we not see in these plans an attempt of capitalism to get a fresh lease of life with active State help? So far as the capitalists are concerned, what matters to them now is increase in gross profits. For, the rate of profit cannot be increased in view of increasing accumulation of

1. Re :—Great Britain see "Vested Interests or Common Pool" by N. E. H. Davenport, especially Appendix I—"The Controllers," p. 173.

capital and the narrowing field of exploitation due to increasing competition. World War I, the drive towards *autarky* in the post-war period, the Great Depression and the increasing proportion of government investments as in the U. S. A. have emphasised the need for increase in gross profits. In the post-war period, competition between nations will be more severe. It is not without significance that plans like those of Morgenthau which have been reported to have been blessed by Churchill and Eden of reducing the German State into a number of small agricultural statelets have been put forward. There is also a talk of destroying the Japanese and the German industrial structure, ostensibly in the interests of humanity, but in reality to eliminate two powerful economic competitors in the post-war period. England is already talking of increasing her exports in order to maintain her eve-of-the-war standard of living, but, at the same time, she is talking in terms of Beveridge security for all in the face of huge foreign debts. According to the Budget White Paper Britain's overseas "disinvestment" totals £2,843 million for 4 years 1940-43. Moreover, there are the large sterling claims by overseas countries, specially India. It is estimated that by the middle of 1945, the deterioration in the capital position of Britain in relation to the rest of the world will easily exceed £4,000 million. This would entail a corresponding loss of investment income in the future, an income which accrued to England in the pre-war days in the form of invisible imports. Similarly, in America, they are talking about raising the standard of living beyond the eve-of-the-war level and thus to keep up the boom of the war period.¹ The Atlantic Charter and the so-called Four Freedoms emphasise the view point of the highly industrialised countries like America and Britain, when equal access to raw materials is being talked of. The meaning of this seems to be clear to all but those who deceive themselves by indulging in vague talk about international co-operation.

The Record of Capitalists

The capitalists in our country clearly see the dangers ahead in the shape of intensified competition. They also foresee the

1. In the present war, the U.S.A. has increased her productive capacity by 75% over the pre-war level. A report of the Commerce Department of the U.S.A. has raised a warning against the probable huge unemployment in the post-war period surpassing that during the last depression, if there is no further expansion of production beyond the present and increase in exports.

possibility of checks and restraints on our industrial development under the plea of free trade and general access to raw materials. Their plans are partly a reflection of the world trend and partly the product of the growing consciousness of their own precarious position in the post-war period as against competitors from abroad. (Moreover, during the present war period, they have profiteered a lot and their problem is the profitable investment of huge accumulations of capital. There is not a shadow of doubt that the inflation has enriched the capitalists to a very great extent. In spite of heavy Excess Profit Tax huge profits have been earned, and due to the fact of the concentration of industries and concerns in the hands of a few big trusts there has been a very rapid accumulation of capital. But when the plan is put forward on the plea of "love for the masses", a plan "to improve the lot of the have-nots", as "the last hope for masses" etc., one stops to think as to what are the causes which have led these industrial and financial magnets suddenly to be overwhelmed by this love for the masses. Their record during the war is not reassuring. None of them has raised his voice against the inflationary methods of war finance. This is quite understandable in view of the fact that inflation means high profits for them, and there is not a shadow of doubt that these rich people have become richer at the cost of masses of the people. When inflation has been working havoc among the people, these advocates, of 'mass-welfare' have been content to pile up their bank balances.) Nay, some—the Ahmedabad group—(one of whom is a signatory to the Report) proposed to the Bombay Industrial Disputes Court early last year a cut in the dearness allowances of 45 per cent on the plea that they could not afford the prevailing scales, while all along the industry was making unprecedented profits. Luckily for the workers, this proposal was rejected by the Court. To find people of this type drawing up plans for relieving India's poverty makes one sceptical. What is more significant is that, whilst they are busy making huge profits during the war, they propose the same methods of financing as part of their fifteen year plan.

II

Production in relation to Distribution

Coming to an examination of the Plan in detail—and we propose to make it brief—we find that the authors naively assume that

the *per capita* income of the population will have to be increased to at least Rs. 74 per annum, if the rural population is to be provided with the *basic necessities of life, like food, shelter and clothing*, education, and medical relief. They quote Dr. V. K. R. V. Rao who had estimated the *per capita* income of British India at Rs. 65 in 1931-2. They omit to mention the fact that Dr. Rao has estimated the *per capita* income of the rural population which constitutes 90 per cent of our total population for the same period at Rs. 51 per annum. Even if the total national income by means of increased production works out at a figure of Rs. 135 per head, which a tripling of the total national dividend will imply,¹ this is not the same thing as raising the income of the rural population unless specific measures are adopted to secure a more equitable distribution of the income. We shall have occasion, later on, to examine the proposals contained in Part II of the Plan for securing a better distribution. What we are concerned with for the present is to raise a doubt about the possibility of securing a minimum standard of living on a basis of increased production aiming at an average of Rs. 74 per annum per head. There is an obvious bias, moreover, in favour of greater industrial production in the Plan as compared with agricultural production. Aiming at a threefold increase in the total national production by the end of fifteen years after the plan has been brought into operation, the authors contemplate an increase of 130 per cent in agriculture, as contrasted with an increase of 500 per cent in industry and 200 per cent in services.² There is an equal bias from the point of view of distribution in favour of industries, as the authors calculate the increase in agricultural income at 93 per cent as compared with 129 per cent in industrial income.³ In other words, at the end of the fifteen years working of the Plan the condition of the agricultural population will be relatively worse as compared with that of the industrial population. We have no desire to criticise the Planners in their calculations: for even if they are inaccurate they can be corrected. At the best they are approximations. Moreover, even granting that the *per capita* income will be doubled, they do not tell us as to how they propose to bring about eventually the provision of a minimum standard for every one.

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1. Part I, p. 21.
 2. *Ibid.* p. 23.
 3. Part II, p. 18

Agriculture

(It is not unnatural that, as the authors are obsessed by the inherent merits of private enterprise and a competitive economy, they should think that increase in agricultural production to an extent that exceeds 130 per cent of the present production is not likely to be absorbed within the country.¹) The problem of a closed as contrasted with an open economy seems to have been overlooked. (In Part II they realise the importance of stable agricultural prices and suggest the need for fixing "fair prices" for the principal agricultural crops.² But, they say, "in fixing a fair price account should be taken of the cost of living in the area concerned as well as the cost of production.") It is difficult, if not impossible, however, in a capitalist society of the open type to fix "fair prices" or any prices at all. Only recently when the U.S.A. Government was contemplating subsidies for exports to the cotton trade, our businessmen, including some of the planners, were disturbed and raised public protests. Fixation of prices is only possible under a rigid closed economy, where control of imports and control of exports go together. That kind of economy is not visualised by the Planners at least explicitly. They do not think simply in terms of the internal market. They are aware that a considerable proportion of our agricultural production consists of commercial crops like jute, tea, cotton and oilseeds, "the fortunes of which are to a substantial extent dependent on foreign trade" and "would have to be adjusted to the conditions of international trade that might prevail in the post-war period."³

Our authors go on to observe in an oracular fashion that "increase in agricultural production presupposes certain fundamental reforms." When we consider, however, their suggestions which they call "fundamental reforms", they consist of the age-worn measures of consolidation of holdings, co-operative farming, conciliation and liquidation of debts through co-operative societies, terracing of cultivable land, afforestation, irrigation, extension of cultivation and improving the yield per acre by better rotation of crops, better types of seeds, manure and improved implements. They solemnly observe with regard to the cultivation of 94 million acres classified as cultivable waste, "the question deserves to be thoroughly investi-

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1. Part I, p. 24.
 2. Part II, p. 12.
 3. Part I, p. 29.

gated."² Let us carry out these schemes, incur a non-recurring expenditure of Rs. 850 crores and a recurring expenditure of Rs. 400 crores and we shall achieve the miracle of plenty in this land of poverty. We are not told, however, as to how a peasantry living a half-starved existence will be rich enough to avail itself of all these methods of increasing the output. These proposals are a rechauffe, and not even an ably done or comprehensive rechauffe, of materials contained in the Agricultural Commission Report and the Report of Sir John Russell. So also in the second part of the Plan discussing the problem of unemployment in agriculture, the remedies they suggest are mixed farming, better irrigation, cultivation of more than one crop in the year and provision of subsidiary industries.

Agricultural Debt

Let us take their proposal for liquidating the agricultural debt. (As representing the interests of big business, and believing, therefore, in the sanctity of property rights, the authors would naturally shrink with horror from any proposals for a drastic reduction of this debt, much more for a cancellation of the total debt. They would liquidate the debt through co-operative societies which would have to be reorganised for the purpose. But "the finance required for the purpose is not included in the estimate of capital expenditure, since the debt of the agriculturist represents the savings of another class, and these savings would themselves be available for financing co-operative societies."²) By a miracle the *sahukars* and *marwaris* will be converted from their vocation of usury into simple minded depositors for helping the very men whom they ruined in earlier days! Does not Gandhiji similarly hope today to convert the capitalists into trustees administering their possessions for the benefit of the millions of the dispossessed? Even assuming for a moment that such a miracle did happen, it would help agriculturists in the future. But such a miracle would not solve the problem of the existing debt and the difficulty of finding the finance for its liquidation.

Land Tenures

Turning to the question of land tenures, our authors refer to it in the second part, as an after thought suggested by the criticisms

1. *Ibid.*, p. 31.
2. *Ibid.*

to which Part I was subjected. It is obvious that there is a lack of unity and vision in the plan, which is more a patch work of halting proposals than an attempt at a systematic reconstruction of the country's economic life with a definite objective. Part II which is supposed to deal with problems of distribution and the rôle of the State raises the question of land revenue and land tenures. They have nothing to say about the inequity of the land revenue in the ryotwari areas, and only vaguely hint at the possibility of fixing an exemption limit for agricultural income. All that they say is that the incidence of land revenue is fairly heavy and that there is lack of uniformity in the basis of assessment and in the incidence. The fact that the land assessment is a substantial encroachment on the minimum of subsistence of the cultivating classes, and therefore stands condemned by the elementary principles of taxation, is not a matter within the purview of a plan that professes as its fundamental objective the securing of a minimum standard of living for the millions of our country! As regards the Zamindari system they suggest a *gradual* application of the recommendations of the Floud Commission. (They are even apologists for the Zamindari system. "Contrary to the common belief," they say, "the actual cultivator under the Zamindari system, who in the large majority of cases is the occupancy tenant, is for all practical purposes the proprietor of the land he cultivates. His rent is fixed save to the very limited extent to which enhancement is possible under certain conditions: his holding is both heritable and transferable. . . . The incidence of rent under the Zamindari system often compares favourably with rents prevailing in the ryotwari areas."²)

Our authors forget that the protection afforded by tenancy laws is available to a very small section of the tenants, due to the great increase in sub-infeudation and to a hierarchy of middlemen. They also seem to forget the numerous illegal exactions to which the poor cultivators, like the serfs of old, are subjected by the zamindars. The Planners, however, go on to observe: "As a general proposition it is nevertheless true that under the Zamindari system the landlord has largely become a mere rentier and that the system as such has ceased to serve any national interest."² If the rentier from land is to be liquidated, why not the rentier from investments?

1. Part II, p. 15; 2. *Ibid*, p. 16.

Our Planners believe, as they appear to do, in the establishment of a class of peasant properties; but it is difficult to reconcile peasant proprietorship with the objective of maximising agricultural production, which involves large scale farming with modern technological appliances. Co-operative farming even with a dose of compulsion in a capitalist society cannot achieve what is possible under a socialist organisation.

It may also be pointed out that ever since the beginning of the slump period the tendency of agricultural prices to fall to a relatively greater extent as compared with the prices of industrial goods has been accentuated. It would be obviously desirable, under any system of planning, to restore the balance between agricultural prices and those of industrial goods. Till lately, it paid the highly industrialised countries to obtain cheap raw materials from the colonies and backward tracts; but it is now increasingly realised that the resulting reactions on the home markets in agricultural production imperatively demand a restoration of equilibrium. Attempts at restricting agricultural production, as under the New Deal in the U.S.A., have, however, failed and demonstrated the difficulty of achieving the result under a competitive capitalist order. The prosperity of India definitely implies the prosperity of the agricultural population; even after the plan is fully carried out, agriculture will still remain a predominant occupation, as the Planners themselves admit. The comparative lag in agricultural production, envisaged in the plan, would indicate a distinct bias in favour of industrial production, which implies increasing profits for businessmen and industrialists. The Planners grow enthusiastic about increasing—doubling and triplicating the present national dividend, but they give us no definite details as to how this national income will be distributed as between the haves and the have-nots.

Thus, the authors dismiss in a light-hearted manner the entire problem of agriculture, and seem to believe that if they can enter on an intensified development of industries in which they are primarily interested, with the help of a national government, they will miraculously achieve a sudden improvement of the submerged agricultural population of 300,000,000 of today or of the 350,000,000 of fifteen years hence. If our huge agricultural problem is to be solved, it will not be solved by such tinkering methods as believers in the sacred rights of property and in the value of the profit incentive suggest. We shall need leaders who could fight the age long tradi-

tions of the masses rooted in religious orthodoxy and, at the same time, smash class privileges, whether embedded in parasitic landlordism or in the usurers armed with their legal rights of enforcing claims upon the submerged millions.

It is not necessary for us to examine the schemes of industrial and transport development sketched in the plan. Our authors emphasise the importance of the basic industries, but out of concern for the masses they would likewise develop industries dealing with consumer's goods. They believe in freedom of choice of the consumer : they do not want the choice to be restricted, except in so far as it conflicts with planning.¹ But consumer's choice in a capitalist economy, except for the fortunate few, is a figment of the imagination of "bourgeois" economists. We would also leave it to the authors to reconcile the contradiction between their advocacy of schemes undertaken in earlier years which would require a minimum skilled labour and their emphasis on giving priority to basic industries which would require high grade skilled labour.

III

Finance

(The weakest part of our authors' plan seems to be the methods suggested for financing the estimated expenditure of Rs. 10,000 crores.) Without entering into a discussion of their detailed proposals, we shall confine ourselves to indicating in a general way the shortcomings of these proposals. They count, *firstly*, on the sterling claims of our country which already exceed a thousand crores. Only a few months ago a paper like the *Financial Times* of London observed in this connection : "Those who contend that India can in the future retake in imports of goods the price of a substantial part of her present war expenditure should remember that Britain cannot afford unlimited *gratuitous* exports." If Britain could repudiate the American debt a few years ago, pleading inability to pay, *she could equally, and with a clearer conscience, repudiate a debt she has incurred for the "security" of a dependency.*² *Secondly*,

1. Part I, p. 27.

2. The London *Economist*, also making a plea for "renegotiation" observed, "The bigger that claim, the smaller becomes the chance of converting it from its virtually blocked character into a multilaterally convertible asset. . . . The extent to which Britain will be able to meet these claims will ultimately depend . . . on Britain's capacity to pay." June 3,

as regards the hoarded wealth of the country, the figure of Rs.300 crores suggested by the authors of the plan is a purely speculative figure, unless they contemplate the confiscation of the hoards of the princes and rajahs, a measure far beyond the ken of our capitalists and vested interests. In the *third* place, the Rs. 600 crores from balance of trade spread over fifteen years on which stress is laid as a source of finance seems to evidence an undue optimism regarding our foreign trade in the post-war period. They seem to forget that a substantial part of our favourable balance of trade was the result of the annual payments we had to make to Great Britain for services rendered. In the *fourth* place, the annual savings which are estimated at 6 per cent of the national income and which aggregate Rs. 4,000 crores in fifteen years are an estimate which can be saved from the realm of the fantastic only on the assumption that profits are so heavily taxed as to bring about a transformation of economic order, such as the authors of the plan cannot contemplate with equanimity. *Finally*, the creation of additional purchasing power by the use of the printing press is, of course, the cheapest, but not the least dangerous method of financing—a method familiar in the desperate conditions of war, familiar also to the dictator who would not hesitate to face bankruptcy for the preservation of power.

(The plan, as we have stated, partly relies on “created money” for its successful working.) Now so long as there are undeveloped resources to be utilised there is no reason to fear the expansion of

1944. So also on June 19th, 1944, the same paper observed: “India’s accumulation of sterling assets has been considerably stimulated by the rise of rupee prices. Post-war sterling balances will represent a considerably greater purchasing power than that which created them. If only on this comparison of real terms of trade, there seem strong grounds not merely for renegotiating the settlement, but for some retrospective re-consideration of a debt which has arisen from the element.” The recent American Loan Agreement has a clause insisting on reduction of British sterling debt, and it has been reported that shortly an Indian delegation will proceed to the United Kingdom to settle the matter. It is significant that one of the authors of the Bombay Plan, Mr. A. D. Shroff, should have approved of the idea of reducing our sterling claims on grounds of political expediency. These sterling claims are the product of the sacrifices of the toiling millions, the sweat and blood, the toil and tears of the mass of our poverty stricken population. The people who volunteer, in a mood of generosity and in the name of expediency, to make a present to Great Britain of these hard earned claims, have had not only no share in this toil but who might actually have profited at the cost of our millions. The suggestion of a gift at the cost of a dearly beloved neighbour is, far from being an expression of generosity, describable by an ugly name.

currency and credit which "created money" involves. But the problem of creating more money is not so simple as the Planners seem to think. All their calculations are based on 1931-39 prices, and as they do not want deflation, they seem to have ignored the reaction of huge amounts of additional money on the already high price structure. The Planners suggest that "the objectives to be kept in view in controlling consumption will be to enforce fair selling prices . . . and to prevent inflation."¹ They also refer to control of new capital issues and control of trade and exchange: and they naively believe that this can be accomplished without nationalising the banking structure.

(Created money in a capitalist economy is doubly dangerous, even with the proposed controls. The *fundamental principle* to be kept in mind in the use of this method of finance is that the burden of costs should be so distributed that the broadest backs can bear the greatest burden. This implies rigid control of profits and prices, and the total suppression of black markets and hoarding.) Experience has already made us wary about the exercise of controls by a government which is in essence the representative of big business. Millionaires caught for breaches of control orders may be let off with fines which are relatively immaterial in view of the big profits which a breach of orders brings to them, whilst petty shopkeepers may be punished with fines which they are unable to pay for trifling failure of conformity to the requirements of the law.² Created money may stimulate production, but there will be a period of transition between the issue of more money and the availability of goods, when the poorer classes will suffer acutely. In other words, created money, during the transition period at least, would be tantamount to "forced savings" so far as the masses are concerned, with their low standard of living. The mere existence of idle resources cannot save the masses from the stress and strain of inflation in a capitalist society. Our Planners do not suggest any subsidies to consumers, though they would unhesitatingly support the giving of subsidies to producers in periods of hardship. The hardships on the poorer classes will be all the greater, during the transition period, when we take account of the possibilities of credit expansion through

1. Part II, p. 32.

2. It must not be forgotten that the cases of breaches of control orders by "big" capitalists are hardly known to the public as their news is suppressed due to the effective control of the press by the capitalists.

banks controlled by private enterprise supplementing of expansion of currency. Capitalists may sing in jubilant notes of the prosperity which created money would bring. How can we expect them to be alive to the blood and tears which created money may bring, for however short or long a period, to the millions with limited incomes? And even granting the necessity of created money for increasing production, it can only be justified if the scheme of distribution is definitely biased in favour of the masses who are likely to suffer from this created money. And the scheme of distribution proposed in the Plan relegates to a subordinate position the mass of the rural population.

The proposals for taxation of income adumbrated by the authors sufficiently bear out our contention about the inequalities in their system of distribution. "The most important method", they say "of preventing gross inequalities is direct taxation... a steeply graduated income tax, which would keep personal incomes within limits, would obviously be the most important weapon in the fiscal armoury of the country. But in any such scheme of taxation, consistently with the development programme envisaged in the Plan, it is necessary to emphasise that adequate remission should be granted in respect of the depreciation of the assets employed in production, and that incomes ploughed back for increasing industrial or agricultural production should also be granted similar remission."¹ The qualifications introduced at the end are sufficiently wide to call into operation all the manifold resources of human ingenuity, backed by the technique of modern accounting, for the successful evasion of the "steeply graduated income tax", so that "unto him that hath, more shall be given, and he shall have abundance, but from him that hath not, shall be taken away even that he hath."

IV

The Second Part

When the authors of the first part of the Bombay Plan held out promises to deal in a subsequent part with such essential matters as the organisation required for carrying out the plan, and the question of the control to be exercised by the State over economic activities, we naturally looked forward to a detailed examination of the extent of the control over specific industries and of the methods by which the standard of living of the masses was to be

improved, apart from the vague hope that, if the volume of production was increased, it would in some ways increase the *per capita* income of the entire population of India. Instead, we find in this second part sentimental generalisations about the undesirability of a total abolition of inequalities, about full employment in a country with millions of unemployed and half-employed, about international agreements for stabilisation of agricultural prices, and an academic discussion about methods of state intervention in relation to economic activities. The authors of the plan are evidently orthodox believers in the creed of capitalism and *laissez faire*, and whilst they are reluctantly compelled to pay homage to a compromise formula, a *via media* between state and private enterprise, they look upon state control as a temporary measure during the planning period, and end up with a reverential quotation on "gradualism" from Professor Pigou's characterisation of a possible future economic order for Great Britain. The future "national government" of India is intended to base its economic policy on the assumption that what is good for Great Britain is good for India, an assumption which has proved so costly and disastrous to the life of our country, whether we think of the land reforms of Cornwallis, or the nineteenth century free trade policy.

(In this second part, the Planners begin by accepting the shortcomings of the present day capitalist economy based on private enterprise and ownership. They admit that "it has failed to bring about a satisfactory distribution of the national income."¹ Nevertheless their attachment to the system prompts them to maintain that "it possesses certain features which have stood the test of time and have enduring achievements to their credit,"² achievements which they like to retain in their plan. What these features are they do not discuss at all. They condemn an economic enterprise which is "a mere cloak for sluggish acquisitiveness", whilst they would retain "free enterprise which is truly enterprising."³ They would like to make sure that the fruits of enterprise and labour are fairly apportioned among all who contribute to them "and not unjustly withheld by a few from the many."⁴)

With this laudable objective before them, they proceed to ex-

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1. Part II, p. 1.
 2. *Ibid.*
 3. *Ibid.*
 4. *Ibid.*

found their scheme of distribution. They admit that, under the present *competitive* economy, production is misdirected, and they claim that equitable distribution is necessarily implied in their plan for increased production. They set before themselves two aims: "(a) to secure to every person a minimum income essential for a reasonable standard of living, and (b) to prevent gross inequalities in the incomes of different classes and individuals."¹

If the second of these objectives is to be achieved they admit it would be undesirable to have "concentration of the means of production in the hands of a small group of people." They regard this concentration as one of the potent causes as also an effect of such inequalities. They would, therefore, "gradually reduce the existing inequalities of wealth and property and decentralise the ownership of the *means of production*", by the "imposition of death duties and other similar levies,"² by a government fully responsible to the people. They also suggest for the same end, the reform of the system of land tenures, encouragement of small scale and cottage industries, particularly in the production of consumption goods, and measures for securing widespread distribution of shares in joint stock companies by regional distribution of industries and through the development of co-operative enterprises. A reduction of inequalities might also result by state ownership or management of public utilities and basic industries.

An attempt at Compromise

(But, they maintain, that "the total abolition of inequalities would not be in the interest of the country."³ Subject to the provision of a basic minimum, they would allow for variations in income according to ability and productivity. In other words, they would stick to the profit motive for improvement in efficiency.) They quote the example of Russia and suggest that after the first flush of enthusiasm variations in income were allowed as an incentive to efficiency. They regard *Stakhanovism*⁴ as an equivalent of

1. *Ibid*, p. 3.

2. *Ibid*, p. 4.

3. *Ibid*. No one, not even the Socialists, have ever advocated total abolition of inequalities.

4. "Stakhanovism is a method of accomplishing the job in hand in the most efficient and productive way through the medium of team work." ("A Visit to Russia" A Report of the Durham Miners on their visit to the U. S. S. R.) Stakhanovism which has introduced differential wages in Soviet Russia cannot be compared to the profit incentive making for efficiency under capitalism, for it is the nature of profit and not of wages which distinguishes the socialist from the capitalist system.

the profit motive, and quote Lord Keynes, who, it has to be remembered, is not so much an authority on psychology as on economics, in justification for significant inequalities of incomes and wealth.

Along with this the authors of the Plan suggest control of rewards to the factors of production—viz., wages, interest and profits, and in the same breath refer to the desirability of these rewards being determined by *demand and efficiency*, subject to the proviso that wages should not fall below a certain minimum and that interest rates should be controlled with a view to maintaining full employment. Profits are also to be controlled through fixation of prices, restriction of dividends and taxation. But care is to be taken to leave *sufficient incentive* for expansion of production.

Nowhere is it possible to find an attempt at compromise that involves such inherent contradictions as we find in this present creation of capitalist imagination. A policy of tinkering with the economic organisation may keep the ignorant and illiterate mass of the workers in industry pacified for a time—but you cannot regulate prices and restrict dividends and at the same time maintain the sanctity of profits as an incentive for efficiency and expansion of production. In India as in other countries, you may limit the volume and expression of active discontent by concessions such as the authors of the Plan contemplate, but you cannot allow wages, interest and profits to be determined on a basis of demand and efficiency and also in the same breath talk of fixing wages at a certain minimum and limiting profits. If the authors of the Plan indulge in such verbiage as a foil to contradictions, it is natural that the advocates and apologists of such plans should outdo them in their zeal. The *Eastern Economist*, for example, which has been systematically at pains to expound the beauties and merits of the Plan, gives us the following exegesis in one of its recent issues. The authors of the Plan, we are told, "seek to envisage a rationalised economic structure with maximum decentralisation of initiative and ownership-control-management subject to the overriding necessity of maintaining the efficiency of the entire system."¹ Whoever can unravel the mysteries of this exegesis, with its bold combination of decentralised initiative with ownership, control and management, with efficiency added on, will command our highest admiration and

1. *Eastern Economist*, February 23, 1945. This weekly is owned by Mr. G. D. Birla, one of the Planners, and has become the theoretic mouthpiece of big business.

respect. When an attempt at compromise degenerates into such patent contradictions, we may well characterise it as bankruptcy of thought.

(What the authors of the Plan seem to have in mind when they use terms like initiative and enterprise is the preservation of the motive of profit and individual gain; they still think in terms of charity and *noblesse oblige*. They regard the economic system as a self regulating machine, which has unfortunately developed a few defects, that must be set right by a little of control here, and a little of management there. Instead of realising that social services are bound to become more unified, and that economic controls will have to continue on an increasing scale, they hope to rid themselves of these controls as the years advance, enthroning once again the incentives of profit and individual advancement as the pivotal features of economic prosperity.) They seem to forget that freedom of scientific research and creative activity in art, as also freedom of discussion and criticism, can only be possible on the foundations not of drab organisations concerned with the relief of unemployment or ill-health or old age, but of collectivist organisation of industries and agriculture and commerce, which will convert our industrialists and businessmen into salaried officials, serving the community in which they live, mobilising our resources for social ends, and harnessing the new forces of human nature in an atmosphere of hope and shared creativeness.

Rights and Wrongs of a Capitalist Economy

(What, in the next place, are the creditable features of the capitalist economy which the authors of the plan refer to? If they have in mind *efficiency in production and increased productivity*, shall we remind them that the tremendous expansion in production which marked the transition from the feudal economy to the nineteenth century industrialism was accompanied by a social cost and human misery of which we have glimpses in the writings of William Morris, Ruskin, Hammonds and Marx?) Shall we also remind them that this achievement by western countries of expansion in production was made possible by the blood and tears of the colonies and Eastern dependencies whose self-sufficient village economy, which had "married agriculture and industry" in a happy balance, was ruthlessly uprooted? The history of this phenomenal expansion in productivity is a record of slums and overcrowding, the

denial of elementary amenities of sanitation and education and water supply to the millions in the dependencies and colonies, of malnutrition and semi-starvation for the blacks and the browns.

(The history of the recent years of capitalist economy is a different type of history. It bears witness to the fact that capitalist efficiency in production can now be kept up only by "economics of restrictionism" and by eliminating competitors by war and more ruthless exploitation of dependencies.) Laski has aptly characterised the dominant features of present day capitalism: "The commercial aristocracy of our age at once impoverishes and degrades the men who serve it, and then abandons them to the charity of the public. The power to distribute fails everywhere in our civilisation to keep pace with the power to produce that is at our disposal; and businessmen are compelled to ask the aid of the state in restricting, in the interests of their profits, the supplies which men so badly need. The character of our class relations makes scientific discovery, on the one hand, the enemy of the worker it displaces, and on the other, of the producer whose plant it renders obsolete; and it thus frustrates the central implication of science which is the extraction of abundance by human power over nature."¹

Modern Capitalism

Relatively speaking, capitalism is a recent arrival on the historic stage. We have been used to the thought that the capitalist system is something eternal, something that has existed from the foundations of the earth, and must therefore necessarily exist for all time. Capitalism, in its modern form, is the product of the last century and a half; and the present stage of capitalism, involving monopoly and concentration of resources in the hands of corporations and cartels, is a feature that marks capitalism only during the last fifty years. Monopoly capitalism to-day has arrived at a stage when there are signs of imminent disintegration and the only way out seems to lie in the direction of abandoning this system and replacing it by a new one. The sickness from which modern economic society suffers is organic and constitutional, not due to any defect in the mechanism of production or distribution, but to the very nature of the social system. Private ownership of the means of production confers social power on the owners. The unequal

1. Harold Laski, "Reflections on the Revolution of Our Own Times", 1943, p. 39.

distribution of social power leads to inequalities and injustice, aggravating the unequal *distribution of wealth*.

So again mass production, which capitalism involves, requires *mass consumption*. The consumption capacity of the masses, however, has to be limited, as otherwise a more equitable distribution of wealth would destroy the power of the owners of wealth. If the social injustice which makes capitalism morally untenable is rooted in the very nature of capitalism, it is easy to understand why the capitalists will fight to the very last in defence of the power and privileges which they have enjoyed, whilst they may profess to welcome criticism, in a spirit of tolerance, because it gives a semblance of morality to the exercise of their own. So in earlier ages did Frederick the Great attach Voltaire to his court and a Katherine of Russia welcome Diderot, the famous Encyclopædist. A Stuart Chase, an H. G. Wells and a Bernard Shaw need not be persecuted and clapped into prison, much less need they be beheaded. It is enough to ignore them, or to use some of these preachers of righteousness as tools when occasion arises for reinforcing their ranks.

Democracy in the West

The authors of the Plan have made a liberal use in the second part of words like "fair" and "reasonable" and "sufficient". All these terms are capable of different interpretations, and it would be worth while knowing to what extent these representatives of big business would be prepared to allow encroachments on their pockets for the welfare of the millions. Even in the West where democracy has been supposed to be working for more than a hundred years capitalism, as Laski observes, "has shaped most of our institutions and our habits of thought to its inner and immanent necessities. It knows no test of survival save the power to make profit. It has accepted no social reforms save those that were forced upon it. The freedom for which it has invariably been concerned has been that of profit making; the operation of the equality upon which it has insisted has invariably been limited to the owners of property . . . Historically the owners of property have fought every concession that they were ultimately driven to make until it could only be denied at the cost of violence; historically, also, it has made every concession without decisively touching its hold upon the central citadel of its power."¹ If this is the experience of the West

1. Op. cit. p. 150.

where an educated electorate can bring the pressure of public opinion to bear upon the law-making body, what shall be our experience in the East where an illiterate mass, liable to be subjected to every kind of insidious propaganda and led like dumb driven cattle, may be made to hail with approval a planned economic order which will rivet the newly made and more attractive chains of indigenous manufacturers under a national government?

The remarkable expansion in production which has been achieved in Soviet Russia in the last twenty-five years has given legitimate cause for wonder to those "bourgeois" economists who had predicted complete chaos and anarchy under a socially planned economy. But we are asked by our Planners to look at the cost by which these results were achieved. In the first part, they refer to their anxiety "to avoid the heavy cost in terms of human suffering" which the U.S.S.R. had to pay.¹ Later on, they themselves admit: "Planning without tears is almost an impossibility."² But who are the people who are to suffer and pay the cost? Is it impossible to so distribute the cost and the tears that they should fall more heavily on those who are capable of bearing them? What about the achievements of capitalism? The working classes thrown into the dust and the mire, labour laws that sanctioned a twelve and sixteen hours day, children in factories, millions living in utter misery, their bodies diseased and liable to early death, seeking distraction in sordid joys and liquor, working, slaving and starving—could any cost in human sufferings be greater? and yet this was the cost at which capitalism achieved its splendid results. Let it not also be forgotten that a great part of the heavy cost that Russia had to pay was due to the direct and indirect hostility of the entire capitalist world, which moved heaven and earth to throttle Soviet Russia at her birth and later made her a "pariah."

Capitalism and War Time Experience

Apart from this, we may be permitted to question the productive efficiency of Indian capitalists. Writing about labour conditions in India Dr. Kuczynski observes, on the strength of data supplied by Government publications: "Underfed, housed like animals without light and air and water, the Indian industrial worker is one of the most exploited of all in the world of industrial capitali-

1. Part I, p. 23.
2. *Ibid*, p. 50.

sm."¹ The efficiency (!) of production under the profit incentive in our country in war times is all too obvious. "Sufficient" incentive has led to increase in selling prices at every turn under the guidance of controllers and advisory committees who are mostly drawn from the ranks of industrialists and businessmen, and on which the consumers are in no way represented. The story of the textile industry in India during the last few years is a sad commentary upon the efficiency and "true enterprise" of our businessmen under the profit incentive. The recent decision to switch over from standard cloth to utility cloth has provoked even the *Times of India* to say, "Can it be that the millowners consider the profits from the sale of standard cloth are not adequate."² It is the same story everywhere. The study of economic conditions in Great Britain in war times by American observers revealed that "major air craft factories farmed out only that work on which profit margins were narrow, keeping the lucrative business for themselves."³ "Moreover the orders were not so placed that the parts necessary to complete air-planes were on hand when needed. Bottlenecks appeared everywhere."⁴ Aeroplane parts which were easiest to make were held up for lack of four or five gadgets. And what about America? The automobile industry in the U.S.A. was the greatest source of equipment and skill in America for the production of arms and ammunition. Even as late as 1941, 80 per cent of its production was controlled by three competitive concerns. All of them worked miracles in operating new factories built at Government expense; but none of them were willing to convert their existing plants, because each thought that the unilateral reduction of its civilian products would weaken its competitive position after the war. And the result? It was in 1942 that the Red Army begged for a second front, and was not even supplied with the arms that it required. American soldiers died of malarial fever by the thousands in Bataan, because an American monopoly had withheld the development of a substitute for quinine.⁴ The power of monopolies, subjected as it has been to government control in war times, has

1. "A Short History of Labour Conditions in Great Britain and the Empire" 1943, p. 137.

2. 14th April 1945.

3. M. Straight, "Make This Last War," 1943, p. 99.

4. *Ibid.*

5. *Ibid.*, p. 125. What about the millions who died in war times in India, because of the shortage of quinine?

not been effectively curbed in the West. Is the East to repeat the mistakes of the West in the name of "reasonable" and "sufficient" incentives to private enterprise?

When we pass on to a consideration of the jejune proposals of the Planners for securing an equitable distribution of income, we find them talking about the need for *gradually* reducing the existing inequalities of wealth and property and decentralising the ownership of means of production. Their proposals include (1) imposition of death duties, (2) reform of the system of land tenures, (3) provision of full scope for small scale and cottage industries and (4) encouraging wide spread distribution of shares in joint stock companies.

Who is *not* familiar with the philosophy of "gradualism" in history? It was, and continues to be, used by those who style themselves the trustees of the welfare of the Indian masses; and it is now used by our industrialists and businessmen in the interests of the same masses of the Indian population—the very businessmen who talk of the need of an *immediate* organisation of a "national government" for the successful working of their plan. It is a historical fact that today the continued existence of capitalism is irreconcilable with a rising standard of life for the mass of the people. Capitalism in depression throws men out of work because it cannot afford to employ them. "Rationalisation" under capitalism in prosperous periods throws the same men out of work, because it pays better to employ machines. Social insurance schemes may for a time afford temporary relief, but the conviction grows in the workman's mind that under capitalism he is fighting a losing battle against forces that are too strong for his aspirations.

Palliatives Suggested

What, in the next place, are the palliatives that our businessmen suggest? (1) Imposition of death duties and similar levies undertaken in pursuance of well-defined objectives. In the first place, the duties are evidently not to be calculated on a scale that will abolish the right of inheritance. Death duties, however, can easily be avoided by transference of property during one's life time; they may even destroy the very foundations of capitalism by converting saving into current expenditure. Moreover, as Bernard Shaw points out taxation in the form of death duties "has never existed, and would have broken down" if it had not been confined

to individual cases at long intervals. "Confiscation of unearned incomes is practicable only to the extent to which socialistic enterprise provides employment."¹ There are two other considerations to be kept in mind. The experience of other countries where death duties are substantially high has been adduced to show that the average standard of living has risen. If it has risen, it may have probably risen more as a result of a rise in the total national income than as the result of a redistribution of income. Secondly, we do welcome the imposition of death duties as such, but we do not desire the perpetuation of a capitalist society by the adoption of mere palliatives. Such palliatives may, on the other hand, seriously discourage private enterprise and defeat the object which they are intended to serve. Death duties will not, therefore, result in an economics of plenty which only a subordination of the profit motive to social purposes is likely to achieve under a collective organisation. (2) As to reform in the system of land tenures our authors are discretely reticent and obviously find even the recommendations of the Floud Commission too drastic for their whole hearted approval. (3) It is impossible, at least, exceedingly difficult, under a capitalist system of production, to reconcile large scale production and concentrated enterprise with the encouragement of small scale and cottage industries, though it may be feasible under a socialist organisation. To the capitalist we might well say that he cannot serve two masters. (4) As for encouraging widespread distribution of shares in joint stock companies it is a device already familiar to the student of economics in the history of American capitalism. The diffusion of ownership by the sale of stocks to workers and consumers, even the granting of special terms of purchase to employees may be a clever method of spreading ownership and dividing risks. But the investment trust does not affect the vital character of a profit economy and still further divorces ownership from responsibility. Moreover, the more scattered the ownership, the smaller the group of insiders who can control big business. Diffusion of ownership may be characterised as a psychological device for making the small shareholder feel that he is a capitalist without transferring to him any power. It is a method of securing contented workers who would not be seriously concerned about participation in control. It is one of the features of that new phase:

1. "Everybody's Political What is What", 1944, p. 102.

of American capitalism that supplements sugar plums with the gestapo and the strong-arm squad against troublesome labour unions. We do not desire to have the counterparts of the Fords and the General Motors in our Tatas and Birlas and Dalmias.

(Thinking on somewhat similar lines as the authors of the Bombay Plan Lord Keynes looked forward, some years ago, with hope to the socialisation of the great industrial trusts. Desirous of maintaining the essentials of capitalism, he thought that the diffusion of ownership of stocks, the limitation of dividends and the development of technical efficiency would convert the trusts into social benefactors. Similarly Stuart Chase in the U.S.A. looks upon the trusts as the stepping stone for state industries. The fundamental issue which both of them have failed to raise and answer is whether public ownership will imply control by all the citizens or only by those who have government or trust bonds.)¹ Such proposals, like diffusion of ownership referred to in the Bombay Plan, might replace planlessness with a plan, but would still leave behind them economic conditions in which some will have a chance for education and health and leisure which others are denied.

1. In the U.S.A., a country famous for its anti-trust laws and trust-busting, where diffusion of ownership is supposed to have spread to a considerable extent, and where the proletariat class is alleged to be fast shrinking, the concentration of wealth and economic power has grown apace. "Less than 3% of the families of the nation have such a large proportion of wealth and income as to dominate American economic life. In the business community they are in control, despite the relatively large number of small proprietors... In manufacturing and distributive industry, they are in an even more dominant position; and in finance their control is complete... The top 2.7% of all the families received in 1935-36 20.9% of all income.

They collected 19% of all rents.

They obtained 24.7% of all entrepreneurial incomes.

They received 40.7% of all interest paid.

They get 48.1% of all property income.

They receive 71.2% of all dividends."

"A considerable part of the wealth of the nation is now lodged in a few families which so skilfully handle their income and inheritance taxation that they continue to assume an ever larger place as 'owners' in each successive generation." "Investigation of Concentration of Economic Power," Temporary National Economic Council, Monograph No. 20, Appendix A, "Who owns the United States?" p. 314, Washington, 1941.

With this evidence before us, we are asked to believe in the diffusion and decentralisation of ownership and its healthy effects on our economic life!

Full Employment

When we pass on now to the measures which the authors of the Plan have in view for securing a minimum standard of living, we find they divide these measures, under two heads : (1) those that would raise the general level of income, and (2) those that would reduce the burden of individual expenditure on consumption goods and services, i.e., the cost of living. Amongst the measures for increasing the general level of income they include, in the first place, provision of full employment. They regard this as of primary importance. They acknowledge that such provision of full employment presents formidable difficulties, but "without it the establishment of a decent standard of living would remain merely a pious hope."¹ They would "ensure for every grown up person suitable opportunities for earning his or her livelihood, . . . increased mobility of labour being an essential condition for achieving this object."²

The authors of the Plan seem to overlook entirely what one may call the basic pre-requisite of any programme of full employment. As G. D. H. Cole observes, "The state which sets out to guarantee full employment must have complete control over the money machine. It must make sure both that there is enough credit to set every one to work, and that there is enough actual investment in real capital to provide every one with the right tools. This requires public control over the direction of credit and investment as well as the total amount."³

If we are to move, at the end of the war, into an era of planned society in which the economics of scarcity involved in monopoly capitalism is to be replaced by an economics of plenty, the most vital preliminary is the control of the supply of capital and credit. Speaking in reference to post-war England, Laski observes that such control "means the nationalisation of the Bank of England, of the joint stock banks, of the insurance companies, and of the building societies. There is no other way to be sure that investment is directly and continuously related to public need and not to private profit. We have to think of this investment as the conscious instrument of

1. Part II, p. 6.

2. *Ibid.*

3. G. D. H. Cole and others, "Plan for Britain, Essays", 1944, p. 20.

an economic plan which aims at re-equipping the nation to play its part in the post-war world."¹

Banking

Thus, we cannot have effective planning with a view to full employment, unless we have nationalised our entire banking organisation. There is not a word, however, in the two parts of the Plan to indicate that the authors were alive even to the importance, much less to the necessity, for securing that our banks and the financial machinery should be worked with the sole object of making credit available for the welfare of the entire population.² The Reserve Bank today has been placed beyond any kind of control, either through the legislature or an organised public opinion. Even with a national government in the future what effective control in the interests of the population as a whole can be exercised in a country where public opinion does not exist or can be easily made amenable to an oligarchy of industrialists and businessmen in possession of the instruments of propaganda?

There is another aspect of the investment and finance problem in our country to which the authors of the Plan, in their attachment to private enterprise, do not seem to have given sufficient attention. Much of the capital in the running of our industries is British and foreign capital. The need for capital for the development of our agriculture and industrial potentialities will be as urgent in the immediate future as ever before. A completely nationalised banking organisation can alone command the capital which it will require, if necessary from abroad, on terms which will no longer involve the exploitation of indigenous labour for the benefit of the foreign investor. The future for investment which the authors of the Plan envisage is evidently a holy alliance between foreign capitalists and themselves on a profit making basis, of which we have had such bitter experience in the past and in the present.

1. Op cit. pp. 307-8.

2. Need we remind the authors of the Plan about the famous words which Mayor Anselm Rothschild, founder of that illustrious house wrote at the end of the 18th Century—"Give me control of a nation's money and I care not who makes its laws." Are they not true in our own times? Cf. the limerick—

The People still go to the poll,
And think they have final control;
But really they dance
To the tunes of Finance,
Consoling themselves with the dole.

Full employment also postulates that the available capital should be fully used, and that no one shall be permitted to restrict production through monopolistic combinations. This would only be possible if present combines and monopolies are transferred into public hands. The whole trend during the last few years in India, and particularly during the five years of the War, has been in the direction of the concentration of our industries in the hands of a few powerful trusts; some of the authors of the Plan are actively associated with the trusts. It is not humanly conceivable that they would come forward in a spirit of generosity to hand over their pet creations, the products of their own initiative and "truly enterprising" efforts, as gifts to the future national government of India, to be worked in the interests of the consumers. It is but natural, therefore, that there should be no specific reference in the Plan even to the possibility of extinguishing these big businesses. Nay, we find the authors naively putting forward the suggestion that new industries or industries new to particular areas, which may require financial assistance from the state in the initial stages, may be not only managed, but owned by the state. If later on, however, private finance is prepared to take over these industries, "state ownership may be replaced by private ownership."¹ In other words, we have the amusing proposal that so long as an industry involves risks and losses, the burden of the loss should be imposed upon the community, but as soon as the industry begins to yield profits, private enterprise should step in and appropriate the profits at the cost of the community. In a capitalist society even the canons of decency have their own peculiar stamp suited to a commercial environment!

The authors of the Plan observe that full employment is possible on one essential condition, viz., increased mobility of labour. It is not, however, simply mobility that is an essential condition but much more the adaptability of labour, its ability to speedily transfer itself to alternative occupations, with the assurance of maintenance during the period of retraining. Both these conditions are non-existent in this country. In the first place, intra-provincial mobility of labour in India was not only difficult to secure due to the conservatism of the rural population, and attachment of the factory worker to his village; it may now become increasingly more

1. Part II, p. 28.

difficult due to intra-provincial jealousies and differences. Migration certificates and naturalisation papers as between province and province are distinctly within the range of probabilities in the near future. Much greater are the difficulties connected with the adaptability of labour, in a country where the rural population from which the labour will have to be drawn is illiterate and unskilled. To expect the sudden transformation of this crude labour force into a group of trained workers capable of responding to the shifting changes in modern industry, under an economic organisation directed by private enterprise is to expect nothing short of a miracle, and yet this is an obviously essential condition for full employment.

Small Scale Industries

Our authors expect that the industrial expansion that they suggest will absorb a considerable part of the working population when the plan is completed. To secure maximum employment they propose a smaller proportion of capital per worker than in industrialised countries and the fullest possible development of small scale industries. They quote the example of Japan where, as in India, labour is plentiful and capital scarce. "Besides employment in industries," we are told, "a large part of the population will be absorbed in trade and other services."¹

As part of the programme of full employment, the Planners have in view the fullest possible development of small scale industries. We are told, in support of their proposal for developing cottage industries, of the example of Japan where in 1930 one half of the persons employed in the manufacturing industry were in work places employing under 5 persons each, and about 70 per cent were in work places employing under 50 persons. We might also have been told that in that very year in Japan there were approximately 7,500,000 jobless workers, compelled to wander from city to city and that the lucky fellows holding jobs were constantly threatened by wage cuts and unemployment. And the population of Japan did not exceed 40,000,000. Moreover, what about the standard of living of the Japanese worker?

In the second place, even granting for a moment that such co-ordination of small scale with large scale industries is possible under a regime of private enterprise, the success of such an endeavour

1. Part II, p. 7.

presupposes a policy of national self-sufficiency in the economic field, in days of increasing international relationships. Are the planners thinking of the tariff barriers of the interregnum between 1919 and 1939? And yet hope to find an outlet for their surplus products abroad?

As we have already stated, given a capitalist economy resting on the profit motive, it is difficult, if not impossible, to combine large scale, mechanised production with "the fullest possible development of small scale industries." It is evident that in industries like the textile and chemical industries there is no room for small or cottage industries under a capitalist system. In a free market under competitive conditions it is inconceivable that the small businessman or craftsman who works on his own can ever survive the floods of standardised, machine made commodities of combines and cartels. Under a collectivist organisation this may be possible, with control of capital and investments for social objectives. It is impossible under any other conditions. But, in the next place, will industrial expansion absorb "a considerable part of the working population" when the plan is completed? We had in 1931 22.1 millions occupied in industry. It is suggested that out of 75 millions added to the total working population by 1962, 36 millions more will be absorbed in industries.¹ Even under the most rapid and phenomenal industrial expansion of our time, viz., under the Five Years Plan of Soviet Russia not more than one million of extra hands per year could be absorbed. Our increase of population per year is about five million and our tempo of industrialisation in a capitalist society can never be so rapid as in Russia. To talk of absorbing a considerable part of the working population of India—48 per cent of the additional total working population—in industry within 15 years can only be characterised as wishful thinking. And what about the 100,000,000 landless labourers who today constitute our agricultural proletariat, who may be regarded as an additional burden on land?

Our Planners might also have remembered that between 1911 and 1931 the percentage of workers in industry to the working population had dropped from 11.7 to 10, that is by 9.1 per cent, and the percentage of industrial workers to the total population from 5.5 to 4.3, that is by 20.8 per cent. The percentage of fall

1. Part II, p. 9.

would be found to be still greater if we take into account the figures for 1941. There has been during these thirty years a trend towards "de-industrialisation", a process of squeezing out the small scale and cottage industrial worker under a competitive economy. The fullest possible development of small scale industries under a profit economy would imply subsidising these industries on a scale not within the purview of a capitalist society. For it would involve taxation of profits irreconcilable with capitalistic premises. Moreover, if the "disguised unemployment," that prevails in our country is the 'crux of our problem,' it will hardly be touched by their policy of full employment, as they themselves admit.

In the next place, only an expanding capitalist economy will be able to satisfy the demand for higher wages with full employment. World conditions today set definite limits to such expanding economy, as the history of Great Britain and America evidences. Higher wages, under these circumstances, will involve a curtailment of profits and prospects of profits, a slackening in the process of further investments and the precipitation of a crisis with resulting unemployment. Such a crisis could only be avoided by resorting to fascist methods, the firing squad and imprisonment for resisters.

Then again, we need not repeat that a policy of full employment within the existing structure will sooner or later result in a "crisis of over production," as under capitalism distribution does not and cannot keep pace with production. There will always be, what Marx has called, a "conflict" between the growing productive power of society and the restricted consuming power of the masses."

Social Legislation

The issue that faces us today is broadly an issue between the patching up of the capitalist system and the introduction of a socialised economy. We need to realise that no amount of tinkering or improving or modifying the capitalist order will make it function satisfactorily. The whole German system of social insurance and social legislation, so enthusiastically welcomed in earlier days in the name of social justice, was deliberately devised by Bismarck as a counter-measure to suppress the growing demand for a socialist regime. It was successful : but can we see in this success a preparation for Hitler's rule? And it is possible that, consciously or un-

consciously, those who advocate social insurance schemes in any country are sowing the seeds of a whirlwind to come.

The financial aspects of a policy of full employment seem to be glided over by the authors. Realising the necessity of raising the general level of wages, they refer to the advisability of the *gradual* adjustment between industrial and agricultural wage rates, so as to remove the present disparity. They state that improvement in the living standards of industrial workers cannot be advanced beyond a certain limit, unless those of the rural population are also substantially improved. Referring to income distribution, based on the estimated income from agriculture, industry and services at the end of the Plan, they observe that whereas the average income per occupied person in industry will increase by 129 per cent as compared with the income at the initiation of the Plan, the income per occupied person in agriculture will increase only by 93 per cent. In other words, the agricultural masses will find themselves relatively in a worse condition at the end of the planning period than they are today. For whereas in 1931 the average occupied person in agriculture got 71 per cent of the income of the industrial worker, he would get in 1962 only 60 per cent. As there is to be no great disparity between the standard of living of industrial workers and that of rural workers, the significance of this distribution trend is quite evident. The major portion of the future increased production will go to big business in the shape of profits.

Our authors suggest a beginning of a minimum wage in a few well established industries, like the textile, cement and sugar industries, but add a significant proviso that "the minimum below which wages should not be allowed to fall should be related to the normal wage level prevailing in each industry."¹ This is delightfully vague. For, the minimum is to be related to the normal, and the normal wages in most of the industries are not enough for a minimum standard of living, and we are told the minimum has again to be revised so as to correspond to a reasonable standard of living. Revision is to be entrusted to a standing committee which is to have representation of workers along side of employers. But so long as powers of employment and discharge are not within the purview of such a committee, revision may more often be scaling down to the normal, than a scaling up to what is reasonable from the worker's point of view.

VI

Economic Organisation

Discussing the choice of economic organisation the authors of the Plan observe that "the plan must fit in with the general outlook and traditions of our people ; and the cost of efficiency in terms of human suffering and loss of individual freedom must not be unduly heavy." Admitting the necessity of a considerable measure of intervention and control by the state in the interests of the community in any sort of planning, they, nevertheless, go on to point out that "planning is not inconsistent with a democratic organisation of society," that "if a planned economy involves, as it necessarily must, the restriction of individual freedom in various degrees, such restriction under a democratic government will be of limited duration and confined to specific purposes." "Democracy rests on the belief that the freedom of the individual to give full expression to his personality is one of the supreme values of life ; the state cannot demand a surrender of that freedom except with the assent of the community freely expressed through constitutional channels, and with opportunities for the free functioning of parties holding divergent views." "If democracies can successfully plan and organise their resources for waging war, it stands to reason that they can do so so equally for fighting social evils such as poverty, disease and ignorance."¹

All through this part of their programme our authors have mixed up planning on a capitalist basis in the existing capitalist organisation with socialist planning, which aims at the removal of the profit motive. Therefore, they assure us that in view of recent developments "the distinction between capitalism and socialism has lost much of its significance from a practical standpoint." They may have in mind the programme of the New Deal in America ; but they forget that this was merely an attempt at recovery and was successful in so far as it could "prime the economic pump" by the economies of scarcity which involved deliberate destruction and restricting the production of goods urgently needed by the millions. Obviously, in a capitalist society like the U. S. A. there was, under the New Deal, a closer approach to Fascism than to Socialism, as under the N. R. A., trade associations, which for the previ-

1. Part II, pp. 23-5.

ous forty years were trying to get the anti-Trust Laws repealed, were given legal recognition, so that they could regulate hours and wages of labour and fix prices,—functions which previously were subject to legislation.

The authors of the Plan claim the merits of proposing "a combination of the principles" associated with capitalism and socialism. Having created this confusion of thought, and this mixture of incompatibles, they have gilded the mixture, rather sweetened it, by adding a spurious democratic element, as they claim for their plan "a voluntary acceptance of controls by the community."

In the first place, as we have observed on more than one occasion, political democracy as it exists to-day in the West is a disguised form of an economic oligarchy; voluntary acceptance of any plan by the community is a dictated acceptance garnished by the popular vote of an electorate dependent upon the oligarchy, and influenced by the press and the radio manipulated in the interests of the oligarchy. Voluntary acceptance of any plan in our country by the community would be only accepted by those in power voting under the guise of an electorate that is illiterate and incapable of understanding even the elements of planning. The development of industrialisation results in the concentration of material resources wielded and controlled by a decreasing number of people. It is obvious that in a highly industrialised country political authority is exercised by economic powers which are themselves exempt from political control. Freedom even in the economic sense is only freedom for the few who possess: it is not freedom for the millions who do not possess. It would be mockery under these circumstances to suggest that such a spurious democracy secured the freedom of the individual to give full expression to his personality. A government built on planning in a democracy of this kind, even if it be called a national government, will not be very different from a government based on *laissez faire* principles.

Freedom Negative and Positive :

There is a fundamental difference between a negative freedom based upon the absence of legal restraint and a positive freedom which involves through the operation of restraints the enjoyment of opportunities for self-expression. In the Soviet Union to-day as Laski points out, there is a real freedom in the latter sense. The Soviet Union is a planned system based upon the common owner-

ship of the instruments of production. "If the Russian worker may not criticise Stalin, as the British worker can criticise Mr. Churchill, he can criticise his foreman or the manager of his factory in a way that is not easily open to the British worker. . . . His health is a national concern ; the well-being of his children is the first care of the state."¹ His labour power confers upon him *dignity*, because it has ceased to be a commodity that is bought and sold. "He has felt, for a generation, the zest of great adventure. . . . What is true of the working man is even more true of women. . . . That the communist dictatorship has in fact achieved for millions the sense of a capacity for growth seems to be beyond the possibility of serious denial. That sense of a capacity for growth, which enables its possessor to affirm his or her personality, is the very secret of freedom."² "It is impossible not to notice in the Russian worker a pride in initiative, a sense of new horizons of opportunity, a refusal to be confined to ancient standards, which has made Russian freedom in industry on balance positive and not negative."³

Private Enterprise and Public Welfare :

But (for our Bombay Planners even this hotch-potch of capitalism and state control is to be of short duration. Restriction of individual freedom, they say, "will be of limited duration and confined to specific purposes."⁴ They desire to revert to *laissez faire* at the earliest opportunity ; it is evidently difficult for them to break away from their old moorings. When they assert that the distinction between capitalism and socialism has lost much of its significance, they seem to imply an alliance between big business and the state, and evidently contemplate with equanimity a monopoly of capitalism supported by a national government—the phase of economic development with which the world has been familiarised as fascism. The people who manage private industry and capital and believe in the creed of private enterprise cannot be expected to run industry as a means to public welfare. If they find themselves in a position to control industry through the authority of the state and through legislation, they will instinctively aim at controlling labour by the management, as they did in Germany under Hitler. They will organise an economic autocracy with political

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1. Op. cit., p. 343.
 2. *Ibid.*
 3. *Ibid.*, p. 349.
 4. Part II, p. 24.

authority as its means of control. State intervention and control cannot convert an economic organisation based upon the profit motive as its central principle into socialism, even though these are backed up by social security schemes. In the last analysis, any amount of social security can never be an alternative to a complete and radical reorganisation of our economy on a socialist basis so as to secure a decent standard for all.) It may be said to be a logical impossibility to plan for abundance for the millions, under a profit system with private ownership of the instruments of production. In a crisis, the maintenance of profits demands restriction of production. It is a truism that men starve in the midst of potential plenty. Capitalism, however, cannot convert that potential plenty into actuality. What we want is not sharing a little more equitably the wealth that we have, but of producing and then sharing the abundance that we *ought* to have. Moreover, no social insurance scheme can satisfactorily solve the problems that capitalism raises; such schemes, by diverting the thought and energies of the people who are interested in human welfare to futile palliatives, can only serve to delay the coming of a better social order.

Their fondness for compromise makes our authors even suggest the simultaneous operation of both capitalism and socialism in the same industry; they believe that this will provide a useful incentive and corrective to each system, resulting in a maximum contribution to the well-being of the community.¹ They even refer to the possibility and desirability of a socialised form of production being handed back to private enterprise. When the attempt at compromise leads to the advocacy of inherently incompatible proposals like these, we begin to ask if their eagerness to restore private enterprise does not run away with their reasoning potentialities. For, planning suggests avoidance of waste and unnecessary competition; and to allow state and private enterprise to compete in the same line of production as a means to maximising community welfare is a measure that might tax the understanding of even the divine intelligence.

G. D. H. Cole to the Rescue

To strengthen their views our authors quote G.D.H. Cole, and give us a quotation from his "Great Britain in the Post-War World". "Within a single branch of production there may be

1. Part II, p. 31.

some parts which it is desirable to socialise, and others which are best left under private ownership and control."¹ It is the same Mr. Cole who not long ago observed : " It is possible that whereas what is really needed is a world transition to socialism, brought about by concerted international action and based on ordered international planning for the world's economy, what will really happen is a disorderly breakdown of the capitalist system in one state after another, followed by a distressful and damaging period of transition out of which will emerge, to the accompaniment of unnecessary suffering, the basic institutions of the new socialist order."² Moreover, it has to be remembered that Mr. Cole is primarily writing about post-war planning in Great Britain, a country already highly advanced economically and completely industrialised, a country where the sense of civic duties and the traditions of parliamentary forms of government have been deeply rooted in the minds of the population. These conditions are conspicuous by their absence in India. What is possible and desirable in a post-war Britain is not possible nor desirable in a post-war India. Our adolescent capitalists show no evidence of profiting from the errors and weaknesses of Western industrialism. There are, on the other hand, manifestations of greed, indifference to the interests of the workers, opposition to trade-unionism, on as large a scale as in the days of Victoria in England. It is surprising that with the clear evidence of greed in a socialised war time economy on the part of industrialists in Great Britain and the U.S.A. Mr. Cole should indulge in such futilities as handing back industries to private enterprise in

1. Our authors quote Cole, as above, in support of their argument for capitalism, but they omit to mention the list of industries which according to Cole call definitely for socialisation. The list includes steel making, ship building, heavy chemicals, heavy engineering, most of the non-ferrous metal trades, the coal industry, railway and road transport, electricity, gas, banking and foreign trade, discount houses, and import trade. These proposals for socialisation are contained in paragraphs which immediately follow the quotation used by our authors, and these proposals for socialisation, says Mr. Cole, are based "on certain over-riding considerations which ought to govern public policy in deciding what to socialise, and what not". The sentences quoted by our authors are, therefore, picked out of their context to support preformed views. One is reminded of a saying about Scripture being similarly quoted. Our authors, whilst they admit the need for state ownership of some key industries, do not contemplate even the socialisation of essential public utility services like electricity, gas and transport, for which they advocate subsidies by the State in order to secure a cheap supply to consumers. (Part II, p. 19.)

2. In " Recovery through Revolution ", Ed. by Schmalhausen, p. 41.

post-war Britain if socialisation does not yield good results.

Controls

Our authors proceed to enumerate some of the temporary controls to be instituted during the planning period, similar to those which are at present in force under war conditions. Control of production is intended by them to secure better regional distribution, and will operate through a system of licenses for establishing *new units and extending existing ones*. Control is also to include rationing and distribution of consumers' goods. But in controlling consumption the objective will be to enforce *fair* selling prices. What are fair prices? Fair to whom, producers or consumers? What may be demanded as a fair price by the producer will be extremely unfair to the consumer. Our authors obviously do not want that any control of consumption should involve a substantial reduction of profits. Even during the present war the fixing of fair prices of cloth, ostensibly for counteracting inflation, has involved untold *burden and sacrifice on the poorer classes*, whilst the black market has opened up enormous opportunities of profiteering to the richer classes. Do we want a repetition of this tragic history in *normal* peace times?

Our authors further assure us that "the wide powers of direction and control, with which the state would be invested for the successful execution of the plan, would be exercised through a national government responsible to the people." In the first place, a "national government" responsible to the people in a country like India conveys no precise meaning. The present Viceroy has spoken of his government as a national government. So also, as we urged earlier, a government by the representatives of big business who are Indians and who can manipulate the votes of an ignorant electorate may also claim to be a national government. Responsibility of such a government to the people, unaccustomed to the working of representative institutions, and whose only contact with the Government may be a village mamlatdar or a policeman, is an abstraction that has no relation to actualities. A national government, as our authors contemplate it, will be a government representing their capitalist interests and amenable to their wishes.

As regards control of investments, the Planners advocate approval by the state of new capital issues, "to secure a proper distribution of available resources, to prevent inflation, to provide for

the orderly development of new enterprises, and generally to maintain and promote the interests of Indian nationals."¹ Such a control will not necessarily lead to the desired results, when we remember that the economic structure in India is dominated by a few big trusts, which with the help of the state will eliminate new competitors from the existing industries and leave the field for new industries open to themselves. Control by the state under present conditions will be control by the big trusts.

Assuming that the capitalist foundations of economic society remain what they are, it is not difficult to imagine how a dictatorship of big business and propertied classes, immune from parliamentary criticism, may carry through a comprehensive plan. Even in a pseudo-democratic country like Great Britain there can be no general planning within the capitalist frame work. As the favourite economist of our authors Mr. G. D. H. Cole observes, "*Under capitalist auspices planning is most unlikely, save to the accompaniment of some sort of Fascism, to advance beyond the point of purely sectional reorganisation, designed to improve productive and marketing efficiency in this or that particular branch of production. A Fascist system may go further, because it will rely on its power to preserve the class system of distribution by sheer coercion of the poor. A planned economy may not be inconsistent with Fascism, but it is plainly inconsistent with capitalist parliamentarism.*"²

It is thus obvious that, except in the case of a real shift in the balance of forces within the social organisation, mere nationalisation, mere ownership and/or control and/or management by the State will result in very superficial changes. The type of "national government" envisaged by the Planners, even if it represents every considerable section of political thought and sentiment would, by its very nature, be occupied in keeping the balance between the rival groups and interests, as the keynote of its policy would inevitably be fairness as between them, rather than subordination of all sectional and partial interests to a clearly conceived economic plan. It is significant that no prominent leader of any of the major political parties in India today has stepped forward to denounce the large scale war profiteering carried on by our businessmen in all parts of the country.

Looking to the trend of events in other parts of the world,

1. Part II, p. 32.

2. "Principles of Economic Planning," p. 402.

we do not find it in any way strange that the Bombay Plan should have made its appearance at the present juncture. It faithfully reflects the trend of capitalism all over the world. It is a plan for the profitable utilisation of vast accumulations of capital, at the end of the war, accumulations that were made possible for our businessmen and financiers throughout war profiteering. But so far as our country is concerned, the processes of capitalist exploitation are not to be confined to our own countrymen. Prof. A. V. Hill who came out to India as an eminent scientist visitor has suggested the possibility of partnership between British and Indian capital for the successful development of our potential resources. Our businessmen have explored the possibilities of co-operation with American industrialists who have significantly hinted that no help from America in the shape of finance or supply of capital goods would be forthcoming except on a partnership basis. The Prime Minister observed in March last that the Nuffield Group were concluding working arrangements with Indian firms. There have been reports about American interests in the manufacture of automobile tyres and the enamel industry and Canadian interests in aluminium industry. More significant than these reports was the reply given by the Commerce Member to a question in the Legislative Assembly that during the four years ending 1942-43 there were five foreign firms known as "India Limited" with their head office outside India and 108 companies under the same name registered in India, in the five years ending 1943-44.¹ The Commerce Member coolly added that there had been no remarkable growth during recent years of non-Indian Companies of this nature, and that Government did not propose to take any action for the present. Middleton Murry writing about the allied decisions at Yalta observed in the Fortnightly Review: "The danger that premature self-government on the Parliamentary pattern may be seized as an opportunity to establish an industrial capitalism of the most ruthless kind is becoming much more evident to passionate Indian nationalists than it was before the war." He might have likewise pointed out, what is equal-

1. Reported in the *Free Press Journal*, March 29, 1945. The Birla Nuffield Combine and the Tata I.C.I. Combine are two striking examples of the holy alliance between British and Indian Capitalists revealed to us since the publication of the first edition of this brochure. It need not be stressed that Messrs. G. D. Birla and J. R. D. Tata are two of the joint authors of the Bombay Plan. More significant is the association in these enterprises of some of our Indian States. The Tata I.C.I. combine is to be operated in Kashmir.

ly evident to us, that this ruthless industrial capitalism was not to be of an exclusively Indian brand, but that it was to be a mixed brand in which British and American interests would share the privileges side by side with Indian interests in the name of world co-operation.

VII

Second Part of the Plan

The second part of the Bombay Plan saw the light of day, a year after the publication of the first part. Events in India like events in the rest of the world, follow one another at an increasingly rapid rate. In the interval between the two plans one of the signatories to the first part, Sir Ardeshir Dalal, was appointed to the Viceroy's Executive Council as member in charge of the new portfolio of Planning and Development. Obviously, therefore, it was not possible for him to put his signature to the second part.

The first part of the Bombay Plan told us that the objective was to double the present *per capita* income of the country within a period of 15 years, "to increase the volume of India's economic production to the fullest extent to which its natural resources would allow", "to secure a general standard of living which would leave a reasonable margin over the minimum requirements of human life". The Bombay Planners realised that the simple planning of production by utilising the available resources to secure the maximum return might lay them open to the charge of concentrating all resources and mobilising them for a profit economy. They have, therefore, in the second part endeavoured to emphasise the problem of distribution, and they claim as their primary object the improvement of the standard of living of the masses. How far this claim is borne out by their actual proposals contained in the second part we have already examined and we may say that the vociferous proclamation of this objective, even assuming that it is sincere, is worlds away from the possible realisation of the objective through the methods and economic machinery which they advocate.

A National Government

Planning as a central control is control by a central political power. Even assuming that planning can be carried out for purely economic or non-political ends, it must inevitably involve political planning. Economic planning cannot be put into a compartment

by itself ; its consideration involves the political aspect. The Bombay Planners, therefore, start by stating in the first part that their whole scheme is based on the assumption that "on the termination of the war or shortly thereafter a national government will come into existence at the centre" vested with full freedom in economic matters. It is, therefore, significant to find Sir Ardeshir Dalal¹ affirming with no little emphasis that the objectives of the Government Plan and those of the Bombay Plan are the same. The two reports issued by the Reconstruction Committee of the Council are amongst other things the plan referred to as the Government Plan. Sir Ardeshir goes to the length of suggesting that whereas the authors of the Bombay Plan (including himself) "do not give a detailed blue print", but merely put forward a statement of objectives, "the Plan which Government is considering must deal with greater details."² Whilst the authors of the Bombay Plan vehemently assert that the Plan contemplates a national government not as a matter of sentiment, but as a necessary *sine qua non* of putting the Plan into execution, one of the authors who is now the Planning Member observed in the course of a broadcast talk in December last : "Circumstances being what they are, what is the alternative at present? Even in nationalist circles the feeling is now growing that it is not possible to sit with folded hands and do nothing until a national government comes into power."³ A little further on the same speech we find the Planning Member, the erstwhile author amongst others of the Bombay Plan, saying : "In politics there is no vacuum, and if a national government cannot be formed to carry on this work, it has got to be carried out by some other agency if a national disaster is to be prevented. . . . We are planning on the basis of the existing constitution for the whole of India, because it is not possible to plan on any other basis, and it is not possible to state what the future constitution of India will be."⁴

If the English language is replete with words rich in the variety of shades of meanings that they can convey in different contexts, there is likewise a danger in this very richness of the language. Very often it promotes confusion in thinking, and nowhere is this danger so great as in the live issues of economics and political

1. Sir Ardeshir Dalal resigned in January 1946 as the Planning and Development Member for "personal reasons."

2. *Indian Information*, January 15, 1945, p. 24.

3. *Ibid.*, p. 25.

4. *Ibid.*, p. 26.

theory. What is a "national government" of the Bombay Plan on which their authors were and continue to be so keen as the *sine qua non* of the success of their Plan? Is it to be the Government of India by Indians when India has won its independence? Is it to be, moreover, an Indian Government responsible to a legislature and controlled by the masses who have a predominant claim to be included in the people of India? Or is it to be a Government of Indians, ostensibly subject to a legislature elected by an ignorant electorate under universal suffrage, but in reality subject to an oligarchy of industrialists and financiers controlling the press and other instruments of propaganda? Hitherto we were tempted to believe it was a Government of the latter variety that was implied in the Bombay Plan. For if, in a country like Great Britain brought up under traditions of two centuries of the Parliamentary form of government, a "national government" is an oligarchy of plutocrats not very much altered in its nature by a left wing Labour Party tamed into docility by the allurements of power, what can a "national government" in India mean except the government of an oligarchy resting on the support of Indian plutocrats, and responsible to a legislature whose composition would reflect the "public opinion" of an ignorant and illiterate electorate voting to dictation from behind and from the top?

But now we find a different meaning of the term "national government" in the pronouncements of one of the authors of the first part of the Bombay Plan and now head of the planning department of the Central Government. What is more natural than that one of the authors of the Plan who spoke of "national government", and who still thinks that the restraints and interference with the established habits of the people which the plan involves can only be carried out by a government which feels that it has the full support of the people behind it, should be tempted to believe that the government of which he is actually a part has this support because the people realise that the plan "is to their ultimate benefit?" If, as he says, "even in nationalist circles the feeling is growing that it is not possible to sit with folded hands", is he not making the transition easy from "national government" which is to come into power to the present government as in some sense "national", because it claims to work for "the benefit of the people?"

So also one of the authors of the Bombay Plan has recently

assured us that it is only with a responsible government at the centre—(responsible to whom?) that a plan like theirs could be worked and that they had made these proposals with no mental reservations but purely as citizens. Another of the signatories to the Plan referred to the suggestion that the Planners meant by a national government a government in the pockets of the capitalists. He repudiated the suggestion, and pointed out that they had stressed individual liberty and the free expression of individual personality. He pathetically asked the public to judge the plan objectively and without prejudice.

Judging the Plan Objectively

One is tempted to quote the French saying "*Qui s'excuse s'accuse*": there need not have been, there was no occasion for, all this apologetic protestation, when one reminds the authors of the Plan of the chorus of applause and hallelujahs on the part of the Press and of our expert and qualified economists. How do we judge objectively the proposals contained in the Bombay Plan? They and their confreres will be the men who will be responsible for its successful execution. Are we not judging objectively when we take into account some of the doings and attitudes and outlook of our businessmen and industrialists and financiers, entrusted as many of them have been with responsibilities connected with control boards and committees during these years of war? Is it a record of work for the sole benefit of the dumb millions? Not a few of them have been intent on increasing their bank balances without the least regard or concern for the masses. Is it not to some extent a record of hoarding and huge profiteering in the black markets? And when the authors of the Plan who represent big business urge that a certain amount of criticism was aimed not so much at the plan itself but at its authorship, can we not in the consideration of the plan raise the question who are its authors, the Planners and what are their credentials? If the authors of the Plan prefer to tell us that state interference and government control are to be minimised as things return to the normal, and yet talk of a national government which could put *their* plan into force, if one of the authors who is now a Planning member of the *present* Government¹ pleads that the present Government should start the preliminaries of their plan which is not different from the Bombay Plan, if the businessmen's fear about a revolution and their zeal for "stability and

orderly development", for "enterprise which is truly enterprising" are inspired by the apprehension that the residuary legatees of revolutionary changes may be the masses, are we unreasonable in questioning the credentials of the authors of the Bombay Plan?

A planned economy may be defined as an economy governed by the idea of planning. Do the authors of the Bombay Plan give us even the outlines of a planned economy? Obviously not. It is difficult to lay down precisely the degree of centralisation and control needed for a planned economy. We cannot plan and regulate everything: but the broad fact remains that the economy of the U.S.S.R. is governed by the idea and subjected to the rules of a planned economy. It is equally clear that the economy of pre-war U.S.A. was an unplanned economy, because it was governed primarily, not by the principle of planning, but by those of the price and profit system: it was planning inside the capitalist organisation. The Bombay Plan is a plan of this latter type—it involves an unplanned economy. Nay, what is more significant is that like the New Deal in the U.S.A., not unlike Fascism in Italy and Nazism in Germany, it involves state help for production without socialist distribution. Substituting state capitalism in a limited way for the old order is justified by our Planners on the ground that the complete development of modern production is beyond the means of private enterprise. What Bernard Shaw says in his recent book seems characteristic of the trend of events alike in the East and in the West: If the plutocrats "could retain their control of the state and use it for their own enrichment instead of for the general good, they could make fortunes undreamt of by their competitive forbears."¹ A planned society and the existence of the profit motive are incompatibles. The enemy in the path are the vested interests. They may appeal for an objective view, and they may plead that they are planning as 'citizens'. But so long as prescriptive titles bound up with the relations of production continue, so long as the limits of what is practicable are set by the fears they inspire in the rich, no planning of the kind adumbrated in the Bombay Plan, however much it may talk in terms of an "equitable distribution" will secure an equal access to a common culture for all the citizens which a planned society involves.

Our world is rapidly changing. The economic organisation of

1. Op. Cit. p. 12.

today is fundamentally unlike what it was fifty years ago. During the last few decades the control over business by Government has been extended. Government ownership and management of enterprise are taking the place of private ownership and management. The economic life of the nations seems to have arrived at the cross roads. Shall it be a return to and a perpetuation of slavery? The workman may be bought by the industrialist in a holy alliance with the Government for "bread and circuses", with the loss of everything else. Vocational choice may be eliminated along with the right to a fair hearing. The strong hand may be employed to crush trade unionism. Protest against economic grievances may be suppressed as a threat to law and order. Even the intelligentsia—the economists and the intellectual leaders of the proletariat and the erstwhile upholders of the rights of the workers—may be bought over and tamed into silence by the offer of soft jobs with security of tenure. Shall the future history of India be a repetition of European history between 1919 and 1939?

VIII

The Future

The problems that face the Western world today may be to some extent different from those which we have to face in India in the immediate future. In the West, one of the central problems is the transformation of the character of present methods of production and distribution. Capitalist methods obviously stand across the path of progress. They cannot adequately provide for the world as it now is, leaving aside the provision for universal cultural development. And the reason, as Veblen pointed out years ago, is that capitalism is forced by its own nature continually to commit sabotage upon itself, hinder production for holding up prices and maintaining profits. The possibility for increased production is limited to the profitableness of that increase to the owners of the business, *which falls far short of the needs of society as a whole*. It is a fact that the capitalist order in every nation finds profits in war far exceeding those in peace times, profits drawn out of death, drawing interest, shall we say, on the millions who die in the battle fields.

What economic order is to replace capitalism cannot be clearly anticipated. No privileged class, however, has yielded, or will yield

power without a desperate struggle. The prestige attaching to property in an "acquisitive society" makes the giving up of this property exceedingly difficult. Loss of income is looked upon as evidence of incompetency. It was a saying of Prof. Carver that capitalism arises wherever force is absent. It is undoubtedly true today, however, that capitalism cannot maintain itself without the use of force. *Emergency Acts in Great Britain*, sedition statutes in the U.S.A., habitual disregard of the constitutional guarantees of freedom of speech by the police and administrative officials, point the way. Behind all these is the fear of economic change. Capitalism converts the habitual respect of free peoples for law as the protection of freedom into a weapon for the destruction of freedom. It even harnesses the workers of brain to the triumphant chariot of *money making*, and prevents them from using their brains for the transformation of the existing order. If capitalism in the West shows no signs of a peaceful transition to a new order, brought about by concerted international action, is it not heading for a breakdown in one state after another, involving a terrific amount of unnecessary sufferings? What is to be the outcome? Is it going to be socialism of the Russian pattern, or is it going to be an imitation of what Bernard Shaw calls "Anglo-American Fascism?"

We do not wish to pursue this criticism further. Whoever reads carefully the two parts of the Bombay Plan will immediately realise that it is a crude, halting, half-hearted compromise between capitalism and a collectivist organisation of society. There is a fear of vast socio-economic changes behind the view that large and radical changes are not advisable. It is the "bourgeois" mentality that is apparent throughout the Plan. Whilst they admit that the present distribution of wealth is not just, and the present system of private ownership not quite equitable, they hope to win over the masses by talking in terms of a "national government" and "social security." There is a hesitation to arrive at great decisions, lest they should disturb, if not destroy, their own sense of security. They seem to believe that the arrangements which would safeguard their hold upon property and the centres of power would work in the interests of the whole community. In a commercial aristocracy of the type which underlies the proposals before us there can be very little sympathy for the younger generation of thinkers who realise that social security plans are a form of "charity", degrading not only the recipients but those who dole out the charities, and

who, therefore, demand fundamental changes in the socio-economic structure as the only way out of the misery and poverty of this ancient land.

Prospects for the Future in India

Finally, we ask, what are the prospects before us in the coming years? Watchman, what of the night? Will the national government of the future be capable of planning, not on the lines of the Bombay Plan, or the plans innumerable of our present day Provincial and Central Governments, but of planning with a vision so as to transform a nation rooted in the past, and morally and mentally bankrupt as it is materially bankrupt, into a people throbbing with new ideas and creative impulses? Russia was able to achieve this result in a quarter of a century, because it had a highly centralised leadership guided by a set of overruling purposes, creating a potent public opinion, bringing into power young and unspoiled classes hitherto suppressed by the nobility and the capitalists, and today animated by social incentives in which the love of personal gain plays but a small part. We have no leadership of this kind in India—except a leadership which would make us revert to medieval modes of living and reconcile the masses to stagnation and poverty. Instead, we have the prospects of an alliance of our industrialists (in partnership with foreign capitalists) with a “national government”, which will employ its energies in denouncing the injustices of Communist Russia, the cruelty of the OGPU and the attacks on the kulaks, and endeavour to bolster up its authority by preaching a philosophy of gradualism and by the offer of bread and circuses. The Socialist Government of Great Britain, not many years ago, claimed to proceed by a policy of reasonable stages in their efforts at bringing about a transformation of the economic and social structure of the country. The result of such a compromising policy was complete surrender of power to their rivals; they witnessed the bankruptcy, rather than the success, of a policy of gradualism. It was impossible to put new wine into old bottles, to expect figs to grow on thorn bushes. We, in India, shall be probably committed to the same pursuit of a philosophy of gradualism. We only hope that we shall not have to pass through the experiences of a neo-Fascist form of government—an alliance of the Rulers with industrialists and zamindars and the landlords, wearing a nationalist garb, and supported in their professions of promoting the welfare

of the masses by the "bourgeois" intellectuals. We are living in an age when academic science is increasingly conscripted in defence of opposing ideologies. Social science and anthropology become pleas for the dictatorship of the capitalists or the dictatorship of the proletariat. Biological science is exploited in the defence of militarism, and economic science pampers business and finance. Ideologies seem to be determined by class consciousness and the vested interests of the social structure, and the tolerant liberalism of the Victorian age takes its place behind machine guns directed against revolutionary thought, in the name of law and order. We intellectuals of today are faced with this issue. Shall our thoughts be the product of the dictatorship of a capitalist bourgeoisie, or shall it be the product of a human society that transcends pseudo-nationalism and aims at the vindication of the fundamental rights of man to life, to liberty and to happiness?

APPENDIX

A BRIEF SUMMARY OF THE BOMBAY PLAN

The plan is a statement in a concrete form of objectives, lines of development and the demands on the country's resources which planning will involve. The plan presupposes a national government and the economic unity of India. It contemplates a national planning committee and a supreme economic council for execution of the plan. The objective is to bring about a doubling of the present PER CAPITA income in 15 years and a doubling of the total national income to allow for an increase of population at the rate of 5 millions per annum. The fifteen-year period is to cover only the execution of the plan and does not include the time required for the necessary preparatory work of three to five years. It proposes to raise the output of agriculture to a little over twice the present figure and of industry to five times the present output. Attention is to be derived primarily to the creation of industries for production of power and capital goods. Provision is also to be made for manufacture of essential consumption goods, the fullest possible use being made of small scale and cottage industries.)

The estimates of capital expenditure mentioned in the plan are of such colossal dimensions that the whole scheme may appear impracticable to people whose minds are still dominated by orthodox financial concepts. As Lord Wavell remarked, "It has always seemed to me a curious fact that money is forthcoming in any quantity for a war, but that no nation has yet produced the money on the same scale to fight the evils of peace,—poverty, lack of education, unemployment, ill-health." Money or finance is not the master of a country's economic but its servant and instrument. The real capital consists in materials and man power, and money is simply an instrument of activating them. So, the capital expenditure proposed in the plan is within our means and that, from a business point of view, such expenditure will constitute a sound and a profitable investment for the country.

Studies made by nutrition experts suggest a well-balanced diet with an energy value of 2,800 calories. The cost at pre-war prices of such diet would be Rs. 65 per adult per annum, involving an

annual expenditure of Rs. 2,100 crores for a population of 389 millions. For clothing, at 30 yards per year per person, we would require 11,670 million yards, and an expenditure of Rs. 255 crores at 3½ annas per yard. The total expenditure for housing would be Rs. 1,400 crores, with a yearly maintenance cost of Rs. 258 crores.

The Plan goes on to point out that for a minimum standard of living provision would have to be made for sanitation and water supply in rural and urban areas, and for dispensaries, general hospitals and maternity clinics, as well as specialised institutions for treatment of tuberculosis, cancer, leprosy, etc. The total cost of health and medical services would be :

	Rs. (crores)	
	Non-recurring cost	Recurring cost
Sanitation, water supply, etc. ..	100	7.5
Rural Dispensaries ..	132	141.9
General Hospitals ..	22	16.5
Maternity Clinics ..	8	6.6
Specialised Institutions ..	19	21.5
	281	185.0

The Plan also contemplates recurring expenditure on primary education at 90 crores of rupees per year. Thus in order to secure a minimum standard of living, the Plan requires a *per capita* income of Rs. 74 at pre-war prices. The objective is to secure a three fold increase in the total national dividend within a period of 15 years, raising the aggregate income of British India to Rs. 5300 crores per year. Assuming the plan to start in 1945, the population of India will increase by 1960 to 489 million, and a three fold increase in the total national dividend would in effect mean a *per capita* income of Rs. 135, representing a doubling of the 1931-32 figure. This three fold increase would involve the following increments in the net income from industry, agriculture and services :

	Net Income in 1931-32 (Rs. crores)	Net income expected after 15 years (Rs. crores)	Percentage increase
Industry ..	374	2,240	500
Agriculture ..	1,166	2,670	130
Services ..	484	1,450	200

As compared with the U.S.S.R. this goal might appear to be too modest for a planned economy to achieve. But, as our resources are not as extensive and varied as those of the U.S.S.R., and as we are

anxious to avoid the heavy cost in terms of human suffering which the U.S.S.R. had to pay to achieve her spectacular result, we must necessarily fix our objective at a lower figure.

Industries are classified into (a) basic industries, (b) consumption goods industry. The basic industries should be developed as rapidly as possible, namely, power industries, mining, machinery and machine tools, chemicals, armaments, transport, cement, etc. Consumption goods industries, like textiles, glass, leather goods, paper, tobacco and oil are to be further developed. Adequate scope is to be provided for small scale and cottage industries. The total amount of capital required to increase the net industrial output to Rs. 2,240 crores would be about Rs. 4,480 crores, as against the pre-war capital invested in industries, excluding railways and other forms of transport, estimated at Rs. 700 crores.

The agricultural production is planned to increase by 130%. The target has deliberately been fixed low, for the demand for food crops which form the bulk of our agricultural products is comparatively inelastic. Even after taking into account the probable increase in population, and the higher level of income which the plan will bring about, and the larger demand for industrial raw materials, it is not likely that a more than 130% increase will be absorbed within the country. The plan for agricultural development aims not merely at increasing production, generally, but also of crops necessary for feeding the people which would need a re-adjustment of the areas under cultivation of different crops. Areas under commercial crops like jute, tea, cotton, oil seeds, etc., the fortunes of which are to a substantial extent dependent on foreign trade, and which have introduced a serious element of uncertainty in our economic life, would have to be adjusted to the conditions of international trade in the post-war period. Increase in agricultural production, however, presupposes certain fundamental reforms.

The agricultural production is to be increased by consolidation of holdings, co-operative farming with some measure of compulsion, liquidation of the agricultural debt through co-operative societies, by measures for prevention of soil erosion and extending the area under cultivation. Cultivators are also to be educated to improved methods of cultivation through a large extension of model farms. The capital required for increasing production to the largest figure is estimated at Rs. 1,095 crores for non-recurring expenditure and Rs. 150 crores for recurring expenditure.

The plan also contemplates an increase of 21,000 miles in Railways, and 300,000 miles in roads, and provision for more harbours. This would involve a non-recurring expenditure of Rs. 897 crores and recurring expenditure of Rs. 49 crores.

The all round development aimed at by the plan will require a huge personnel trained for technical posts in agriculture, industry and trade and for general administration. This would necessitate all round development of educational facilities which would involve a non-recurring expenditure of Rs. 267 crores and recurring expenditure of Rs. 237 crores

The total requirements of the plan would amount to Rs. 10,000 crores distributed as follows :

	(Rs. crores)
Industry	4,480
Agriculture	1,240
Communications	940
Education	490
Housing	450
Health	2,200
Miscellaneous	200
Total	10,000

The Plan then goes on to indicate the sources, from which the capital expenditure may be met, as below :

<i>External Finance</i>		
Hoarded Wealth	300	
Sterling Securities	1,000	
Balance of Trade	600	
Foreign borrowing	700	2,600
<i>Internal Finance</i>		
Savings	4,000	
"Created money"	3,400	7,400
	Total	10,000

In mapping out the stages of development, special attention is to be paid to basic industries. In order to shorten the period of dependence on foreign countries, priority to basic industries, and speeding up of the development of such industries is necessary. Planning without fear is almost an impossibility. But we can avoid the errors of the Russian plans which caused misery and hardships to the masses. Thus it is necessary for us to pay special attention to basic industries ; but it should be our aim to develop simultaneously consumption goods industries.

For purposes of execution, the Plan is divided into three plans, each covering a period of five years, with expenditure as indicated below :

	First Plan	Second Plan	Third Plan	Total
Basic industry	480	1,200	1,800	3,480
Consumption goods industry	310	330	360	1,000
Agriculture	200	400	640	1,240
Communications	110	320	510	940
Education	40	80	370	490
Health	40	80	330	450
Housing	190	420	1,590	2,200
Miscellaneous	30	70	100	200
Total	1,400	2,900	5,700	10,000

The second part of the Plan discusses the methods of distribution and the part assigned to the State in a planned economy. The authors recognise the failure of the existing economic organisation, based on *private enterprise and ownership*, to bring about a satisfactory distribution of the national income. Still, they feel that in spite of its admitted shortcomings, it possesses certain features which have stood the test of time and have enduring achievements to their credit. Therefore, the plan is for change but also for stability and orderly development. The future economic structure of the country to function effectively must be so based that it must provide for *free enterprise which is truly enterprising* and not a mere cloak for sluggish acquisitiveness and that the fruits of enterprise and labour are fairly apportioned among all who contribute to them. The authors refer to the inequalities in income amongst different classes, and admit the necessity of gradually reducing the existing inequalities of wealth, but make it clear that total abolition of inequalities, even if feasible, would not be in the interest of the country. Towards achieving this object they would include amongst the measures to be taken imposition of death duties, reform in the system of land tenures and provision of the fullest scope for small scale and cottage industries. They also include control by the State, accompanied by State ownership or management of public utilities, basic industries, etc. Wages, interest and profits should continue to be determined on the basis of demand and efficiency, provided wages do not fall below a certain minimum. In-

Interest rates should be controlled with a view to maintaining full employment. Profits should be kept within limits through fixation of prices, restriction of dividends, taxation, etc.

To secure a minimum standard of living, there should be provision of full employment. Industrial expansion would absorb a considerable part of the working population. Industrial co-operatives of the China type might contribute to the same result. A large part of the population will be absorbed in trade and other services. Seasonal unemployment in agriculture is to be met by mixed farming, cultivation of more than one crop in a year and by provision of subsidiary industries. To increase the general level of income, measures like full employment, increase in efficiency, improvement in urban and rural wages, security of agricultural prices and development of multipurpose co-operative societies and reform of the land system are advocated.

The Plan anticipates that in 1962, that is, in the year following the completion of the plan the distribution of working population would be as follows :

	1931		1961	
	millions	percentage	millions	percentage
Agriculture	106.3	72	129.7	58
Industry	22.1	15	57.9	26
Services	19.2	13	34.7	16
Total working population	147.6	100	222.3	100
Total population	338.1	..	494.0	

Due to inherent imperfections in the working of a social policy, a small percentage of population will always be without work. There will be seasonal unemployment, and displacements owing to changes in demand and technique of production. Schemes of relief like unemployment insurance might be devised. Wage rates in agriculture will increase with the development of farming. A beginning in the establishment of minimum wages might be made in industries like cotton textile, sugar, cement, engineering, jute and mining, with the help of a standing committee constituted for each industry, consisting of representatives of employers and workers.

For the principal agricultural crops Government should fix fair prices and regulate the volume of imports by tariffs or by fixing quotas. Multipurpose co-operative societies should be established to enable the cultivator to find adequate finance, to market his crop

and obtain storage facilities. The Plan also envisages development of communications, standardisation of weights and measures and spread of commercial intelligence. Land tenure problems are then considered. The Plan approves of the recommendation of the Flood Commission to do away with the Zamindari system, and suggests the gradual application of the principle of Ryotwari system to Zamindari areas in the whole of India, where the landlord is not directly interested in the cultivation of the land. The assessment of the land revenue is to be lowered with an exemption limit.

The Plan contemplates an increase in *per capita* income at the end of the plan as below :

	Average income per occupied person		
	1931	1961	Increase per cent
Agriculture	Rs. 114	Rs. 200	93
Industry	„ 161	„ 368	129
Services	„ 264	„ 397	50

Measures for reducing the cost of living include provision of free social services, e.g., education and medical treatment and of utility services like electricity and transport at low costs. Setbacks in conditions of living due to unforeseen causes are to be guarded against by the creation of a national relief fund. Sickness insurance and holidays with pay for workers in organised industries are to be introduced as a beginning in the direction of social insurance.

Gross inequalities of income are to be remedied by a steeply graduated income tax and death duties. But the planners consider it a dangerous thing to vest large powers of taxation in a foreign government bred in traditions of imperialistic exploitation. The plan of development and the proposals for meeting its cost imply the existence of a responsible national government as an essential condition.

The Plan must fit in with the general outlook and traditions of the people. An enlargement of the positive as well as preventive functions of the State is essential to any large scale economic planning. An integrated plan of economic development is reconcilable with democracy, which rests on the assumption that the freedom of the individual to give full expression to his personality is one of the supreme values of life. If a planned economy involves the restriction of individual freedom, such restriction under a democratic go-

vernment will be of limited duration and confined to specific purposes. Capitalism in so far as it affords scope for individual enterprise and the exercise of individual initiative, has a very important contribution to make to the economic development of India. At the same time, unless the community is endowed with powers for restraining the activities of individuals with selfish aims, no plan of economic development will succeed in raising the general standard of living.

Coordination of economic activity, management of currency and public finance, collection of statistical and other information, and adoption of legislation for protection of economically weak classes are some of the legitimate duties of the State in the economic sphere. Another set of functions advocated by enlightened opinion include (1) ownership, (2) control, and (3) management of economic enterprises. Control, says the Plan, is more important than the other two. Mobilisation of means of production and their direction to socially desirable ends can be adequately secured by State Control.

State ownership is necessary in enterprises important to public welfare or security, and also where the circumstances of the industry are such that control is ineffective unless it is based on State ownership. Where ordinary methods of State control are supplemented by State ownership, it is necessary to place management also in the hands of the State, as in the case of armaments manufactures, posts and telegraphs. Enterprises owned wholly or partially by the State, public utilities, basic industries, monopolies, industries using or producing scarce natural resources and industries receiving State help should normally be subject to State control. As illustrative of control the Plan mentions fixation of prices, limitation of dividends, prescription of conditions of work and wages for labour, nomination of government directors on the board of management, etc.

All enterprises owned by the State need not be managed by it. There are three alternative methods of management, viz., by the State, by private enterprise and by *ad hoc* public corporations. It is not possible to lay down a general rule, and each case has to be decided on its own merits.

During the planning period additional controls of a temporary character will be necessary, similar to those at present in force under war conditions. Control of production will secure better regional distribution of economic enterprises. Distribution will be controll-

ed with the object of determining priorities for the release of raw materials and capital goods. In early stages of planning control will also include rationing and distribution of consumers' goods, with a view to securing fair selling prices and preventing inflation. Control of investments will take the form of approval by the State of new capital issues. Trade and exchange will be controlled for conserving foreign exchange and protecting Indian industries. These controls will be exercised through a national government responsible to the people, a government adequately representative of every considerable body of political thought and sentiment in the country.

**THE GANDHIAN PLAN
OF
ECONOMIC DEVELOPMENT
FOR
INDIA**

by
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FOREWORD
by
MAHATMA GANDHI



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BY THE SAME AUTHOR

IN ENGLISH

THE MEDIUM OF INSTRUCTION

(A Plea for the introduction of
Mother-tongue media)

FOREWORD BY : MAHATMA GANDHI

ENGLAND THROUGH INDIAN EYES

FOUNTAIN OF LIFE

(With an appreciation by Rabindranath Tagore and
Foreword by Sir S. Radhakrishnan)

IN HINDI

Segāon Kā Sant

Roti Kā Rāj

Mānava

SEVAGRAM
Via Wardha (I. P.)

सेवाग्राम
वर्धा सी. पी.

FOREWORD.

Acharya Shriman Narayan Agarwal is one of those youngmen who have sacrificed a prosperous, perhaps even brilliant career for the service of the Motherland. Moreover, he happens to be in full sympathy with the way of life for which I stand. This brochure is an attempt to interpret it in terms of modern political science. Acharya Agarwal seems to have made an earnest study of modern literature on the subject. I am sorry to have to say that I have not gone through the treatise with the attention it deserves. Nevertheless I have read enough of it to be able to say that he has not misrepresented me in any place. There is no pretence at an exhaustive presentation of the implications of the Charkha economics. It claims to be a comparative study of the Charkha economics based on non-violence and the industrial economics which to be paying must be based on violence, i.e., exploitation of the non-industrialised countries. Let me not anticipate the author's argument. I commend the treatise to the careful attention of every student of the present deplorable condition of the country.

SEVAGRAM,

16-10-'44

PART ONE

I

INTRODUCTORY

With the end of *laissez-faire*, economic planning has assumed special significance in all countries. Before the Great War, planning touched national life only at a few points like labour welfare, housing and unemployment. But in the post-war period, Planned Economy has become much more comprehensive, embracing almost all the aspects of national life. The Five-year Plan of Soviet Russia was the first in the field and it set the fashion for planning throughout the world. President Roosevelt inaugurated his New Deal in America with a view to tiding over the Great Depression. Hitler launched his Four-year Plan mainly to prepare Germany for the present world war. England was rather late in the field and remained satisfied with piecemeal and haphazard planning. The recent Beveridge Plan of Social Security is, however, a systematic attempt in this direction.

In India, Sir M. Visvesvaraya was, perhaps, the first to address himself to the task of economic planning on Western lines. It was, however, the National Planning Committee appointed by the Indian National Congress which attempted to prepare the detailed blue-print of a systematic and comprehensive plan for the economic development of India. Unfortunately, its work was interrupted by circumstances which are only too well-known to all of us. To divert public attention from the present atmosphere of deep bitterness and frustration, the Government of India have set up Post-war Reconstruction Committees to plan for India's future. But the less said about such Government committees the better. Moreover, I am con-

vinced that Delhi is hastily planning for Britain and not for India. The recent India Debate in the House of Commons leaves no room for doubt in the general belief that such economic plans drawn up by the Government of India are only meant to by-pass and side-track the fundamental issue of Indian independence. At a time when the nationalist voice of India is hushed and strangled, the eight distinguished Industrialists have, undoubtedly, rendered a positive service to the country by presenting a Fifteen-year Plan of economic development, popularly known as the Bombay Plan. We cannot question the sincerity and patriotism of these able and eminent businessmen. Nevertheless, we cannot shut our eyes to the fact that it is essentially a Capitalist Plan on Western lines. M. N. Roy has also published a Peoples' Plan which contemplates a total expenditure of fifteen thousand crores of rupees in 10 years.

But I feel that (these plans have not taken into account the special cultural and sociological foundations on which our economic planning in India must be based. Merely copying Western plans, whether of the capitalist or the socialist type, will not do. We must evolve an indigenous plan with its roots firm in the Indian soil. Well-organized and powerful Village Communities have been the distinguishing feature of India from times immemorial. The socio-economic culture which these communities developed in this country has perhaps been unique in world history. It was based on cottage industrialism which embodied the spirit of humanism, equality, justice, peace and co-operation. It is essential, therefore, that India should produce an economic plan of its own which, instead of merely imitating the West, might give a lead to other countries as well and thus, ultimately, help the world to reconstruct a new Order. Mahatma Gandhi has been emphasizing these very ideals of ancient Indian economy for the last two decades and even distinguished Western thinkers are now lending support to his economic ideas.) As I have had the opportunity of not only studying Gandhiji's writings but also of personally discussing with him various economic problems of India, I make bold to place Mahatmaji's ideas before the public in a systematic manner

adducing the testimony of renowned economists and sociologists of the West. Gandhiji has written profusely on Indian economic problems. But he is not an economist of the orthodox type using time-worn and stereotyped words and phrases. His ideas are often instinct with deep emotion and sentiment which are supposed to be out of place in cold economic reasoning. Yet we can easily catch in his writings the glimpses of an economic order which is based on ancient Indian traditions and which, if worked out in details, may give to the war-torn world a really sound plan of peace, security and progress rather than of war, exploitation and annihilation.

We should not, however, forget even for a moment that without political freedom all Plans are bound to be futile. Independent India must be the first postulate of any scheme of economic reconstruction. This brochure is only an humble attempt to present Gandhiji's economic ideas in a scientific manner in order to evoke honest and constructive thought on these problems at a time when other schemes of post-war reconstruction are being seriously studied, discussed and formulated. If I succeed in providing some new food for thought and study to those who have the welfare of India at heart, my labour in preparing this brochure will have been amply rewarded.

II

PRINCIPLES OF PLANNING

Deluged with numerous Plans, Deals and Reconstruction Schemes, (we are not to forget the fundamental idea that Planning is only a means to an end and not an end in itself.) Like advertised medicines, each Plan professes to be the best, and the popular imagination has a tendency of investing such Plans with a miraculous potency capable of curing all our economic ills. Of course, Planning is not at all a bad thing ; on the other hand, it implies vision and wisdom. But when complicated and imposing Plans are employed as cloaks to hide subtle and ugly forms of exploitation, we cannot but view them with doubt and caution.

Thus, (Planning as such will not solve our thorny problems and make for a better world. It all depends on the end which a Plan professes to achieve. As in Soviet Russia, Planning may attain considerable success in raising the standard of living of the people, though at the cost of individual freedom. As in Nazi Germany, Planning might improve the conditions of employment through ruthless regimentation of the masses for the speedy erection of a huge war economy. America's New Deal may merely serve as an experiment in weathering a passing storm or as a palliative to soothe temporary disorder in national economic life. The Beveridge Plan may succeed in providing better social security for the English people by exploiting the colonies and dependencies to a greater extent. Planning is like a huge machine ; it may be used for good or for ill. It is, therefore, the purpose, the aim and the spirit of Planning which is of the essence.)

What, then, should be the chief objective of economic Planning ? It is not enough to say that our aim is "to raise the standard of living," or "to create greater prosperity." The objective of the Bombay Plan is "to bring about a doubling of the present *per capita* income within a period of fifteen years." But merely the doubling of average income, even if it is possible to do so in terms of the masses under the present dispensation, is not a sufficiently *desirable end in itself*. Economic values can no longer be divorced from human and cultural values of life, for a man does not live by bread alone. The Congress National Planning Committee is also of the opinion that Planning must include "cultural and spiritual values and the human side of life."

In the West, where it is now not possible to raise the standard of living still further, the aim of Planning is said to be "full employment." That, again, involves a vicious circle because employment cannot be the end of Planning when it in itself is only a means to an end. We are also told that Planning should aim at increased productivity by exploiting to the fullest extent the natural resources and man-power of a country. But the nemesis of productivity and industrialisa-

tion—the curse of poverty in the midst of plenty is too patent to need an elucidation at my hands.

To what end then, shall our Planning be? (Prof. Cole wants us “to resort to a form of planned economy which will take as the guiding principles of its activity the full utilisation of the available productive resources and the planned distribution of incomes so as to promote the standards of consumption most consistent with common welfare.”*) Prof. Aldous Huxley's criterion of good Planning is “whether it will help to transform the society to which it is applied into a just, peaceful, moral and intellectual progressive community of non-attached and responsible men and women.”†) According to the Peoples' Plan, “the object of planned economy must be to provide for the satisfaction of the immediate and the basic needs of the people.” But, in this connection, I cannot think of anything better than the Three Peoples' Principles of Dr. Sun Yat-sen—nationalism, democracy and livelihood. Our Planning should be based on the indigenous culture and civilization of the nation and should be in the nature of an organic growth; it should also promote the welfare and happiness of the whole nation, and not merely of a small selected class or group. This, to my mind, should be the first principle of any Plan of economic development. Secondly, our Planning should not result in excessive regimentation of the masses by divesting them of their legitimate liberty in social, economic and political life. We must plan for democracy and not for totalitarian control. By imposing a rigid and elaborate plan on a nation, we may succeed in raising its standard of life. But, of what avail shall such material prosperity be, if the people lose their soul—their spirit of freedom and self-government? Economic Planning, therefore, should necessitate the least amount of State control and coercion. That Government is best which governs the least. I go a step further. Planning should not only preserve democracy but also promote and enrich it by making it more real and enduring. Further, we should be on our guard not only to preserve and enrich democracy in our own country but should also be cautious not to despoil other

* *Principles of Economic Planning*, p. 408.

† *Ends and Means*, p. 32.

undeveloped countries of their democracy and freedom. As Prof. Robbins points out in his *Economic Planning and International Order*, "this international outlook must not be abandoned on account of over-enthusiasm for one's own nation, for the loss of democracy abroad inevitably tends to rob democracy at home."

(We should remember that political democracy is impossible without economic equality. "Political equality," says Prof. Laski, "is never real unless it is accompanied by virtual economic equality." "Political power, otherwise, is bound to be the hand-maid of economic power."*) That is why capitalism and democracy are incompatible as there exists a gaping gulf between the 'haves' and the 'have-nots' in a capitalist society. Consequently, a sound system of national economy should not admit of great disparity between the incomes of different individuals; otherwise, democracy will sooner or later yield place to plutocracy and even oligarchy.

The third principle of Planning should be that every citizen of a nation is entitled to earn his or her livelihood by just and honourable means. Each citizen has an inalienable right to work and to reap a decent harvest of his honest labour. We should not confuse livelihood with 'doles' and 'unemployment insurance.' They are, indeed, very different things, because the former means work and life and the latter is 'rotting and death.' The problem of unemployment and, therefore, of livelihood, can be satisfactorily solved only when we realize that the attainment of increased productivity with the help of efficient and labour-saving machines is not and should not be our goal. We can no longer afford to neglect the *human* aspect of our economic life. Man is much more valuable and important than machines or material goods. Productivity and national wealth are to be increased for man and not at the cost of man. This, to me, is the correct interpretation of Dr. Sun Yat-sen's 'Three Peoples' Principles.' Curiously enough, another great Asiatic leader, Mahatma Gandhi, has emphasized the same principles, though in different words. In the following chapter I shall briefly examine the various Plans of the capitalist and

* *Grammar of Politics*, p. 162.

the socialist type and see how far they fulfil the above-mentioned essential principles of Planning.

III

WHY A GANDHIAN PLAN ?

During the last few decades, there has been tremendous advance in productive power, not only in the domain of industry but in agriculture as well. This improvement in productive power has everywhere outrun the growth of population. Obviously, such progress in productive capacity ought to make the world richer, healthier and happier, and the problem of poverty should be automatically solved. Instead of all that, what do we find ? The world witnessed an unprecedented economic depression which shocked it to the marrow of its bones. There were large stocks of foodstuffs and raw materials for which no buyers could be found at a remunerative price. Millions of men and women could find no work because those who controlled the factories could find no means of selling their goods at a profit. The world stands aghast at its own productive power and the more this power increases, the less is the world able to make use of it. Prof. Cole rightly asks :

“ Of what use is it that scientists should devise means of making human labour more productive, if the result is to be that the increase of productive power becomes a positive cause of unemployment and distress ? Of what use is it to devise means for the lightening of labour, if these means will only throw more and more people out of work and income ? And what are we to say of a world in which a farmer, when he sows his crop, has to pray for a bad harvest in order to rescue him from financial difficulties ? We live in an odd world and no mistake.”*

Our physical power to produce goods has outrun our ability to provide for their consumption, and the result is seen in wide-spread unemployment, suffering and bodily and mental deterioration of the people. “ We are faced, indeed, with the spectacle of industry, through sheer progressive efficiency, pro-

* *The Intelligent Man's Guide through World Chaos*, p. 65.

ducing more and more and killing the demand for its product as it does so.”* It is ludicrous that man should starve in the midst of potential and even of actual abundance, and there should be sordid poverty in the midst of untold plenty. Wrote Crabbe :—

“ *When plenty smiles—alas ! she smiles for few,
And those, who taste not, yet behold her store,
Are as the slaves that dig the ore,
The wealth around them makes them doubly poor.*”

It is, of course, abundantly clear that the cause of our troubles is not the abundance of production, but the organization of our economic system, and the ideals for which it stands. Capitalism has not only brought in its train exploitation and unemployment, but has also reduced man to cannon-fodder and cogwheel. Slowly though surely, it has liquidated democracy by reducing it to a mockery. It has thrown humanity out of gear, and Gold the Tyrant strides the world like Colossus. Vain and disgraceful attempts are made to drape capitalism in the garb of freedom, justice and democracy, but everybody now knows that the velvet glove conceals the iron fist. For, if the supremacy of capitalism is challenged and threatened, it raises its ugly head with savage might and dictatorial insolence in the form of Fascism or Nazism. Prof. Laski in his *Where Do We Go from Here*, has traced the recent political history of the West and has conclusively proved that democracy is an impossibility in the capitalist countries. Where opposition is not powerful, capitalism can afford to keep up appearances and maintain parliamentary forms of administration. But in the face of danger and insecurity, it does not hesitate to employ draconian violence and totalitarian control.

(Lord Keynes, in his *The End of Laissez-faire*, defines the principle of capitalism as “ the dependence upon an intense appeal to the money-making and money-loving instincts of individuals as the main motive of the economic machine.” This inordinate greed for money has created the intricate chain of

* *Work, Wealth and Happiness of Mankind*, by H. G. Wells, p. 522.

exploitation, colonisation and imperialism which inevitably lead to sanguinary wars and wholesale human slaughter. "Capitalism," says Bernard Shaw, "has no conscience and no country.") Its ambition is profit; its God is Gold. This is what we call 'Economism' instead of humanism. As the American Vice-President, Mr. Wallace, warns us, "the business-bosses are apt to put Wall Street first and the nation second." Prof. Soddy calls money "the Achilles heel of civilization." "To regard money as made for man rather than man as made for money, would, to the money expert today, be as great a heresy as it was at one time to believe and teach that earth went round the sun and not the sun round the earth."* We live, therefore, in a money-mad world, where the capitalists are the supreme rulers. As Chakotin would put it, the frantic and incessant race for profit and money has resulted in a calamitous 'rape of the masses.' But capitalism carries within itself the germs of its own destruction, because limitless greed, sooner or later, recoils on itself and spells ruin and disaster. If we sow a wind, we are sure to reap a whirl-wind. As the famous Communist Manifesto put it, "modern bourgeois society with its relation of production, of exchange and of prosperity, a society that has conjured up such gigantic means of production and exchange, is like the sorcerer who is no longer able to control the powers of the nether world whom he has called up by his spells." What, then, is the remedy? How to solve this curious paradox of poverty amid plenty, of abundant production and wanton destruction? We cannot afford to be idle and complacent, leaving things as they are in the fond expectation that time itself is the best healer. "It is like sitting idly in a carriage when the horse is running away. You can excuse it by saying 'what else can I do?', but your impotence will not avert a smash."†

THE FASCIST PLAN

Three distinct types of plans have so far been tried in different countries of the world. The first is the Fascist or

* *Money Versus Man*, p. 108.

† *The Intelligent Woman's Guide to Socialism and Capitalism*, by Bernard Shaw, p. 40.

the Nazi Plan, but in this case the remedy is undeniably worse than the disease. The German Four-year Plan of economic self-sufficiency proclaimed by Hitler himself in September 1936, has, undoubtedly, reduced unemployment by measures of armament and national economic equipment for self-sufficiency. But fuller employment did not lead to a higher standard of living ; instead, the nation was armed to the teeth and the German people were taught to prefer 'guns' to 'butter.'). The Nazi economy proved to be essentially a war economy. It was highly explosive and it did explode and shook the whole world to its very foundations. Although attempts were made to appease and placate the labour class in the name of a 'Corporate State,' Big Business continued to pay the piper and call the tune. In fact, Fascism itself was born out of decadent and hence aggressive capitalism, and its essential function was to buttress the tottering fortress of greed and exploitation. In the Fascist Plan, the individual has been ruthlessly subordinated to the totalitarian control of the State. "We are living through the most dangerous idolatry of all ages, the deification of the State."* Democracy, which is fundamentally based on respect for human personality has been sedulously suppressed to yield place to all-powerful dictatorship. "Man is the measure of all things," said the Greek thinker Protogoras. But, instead of man, the State has now been made the measuring-rod of all our principles. The Athenian ideal was totalitarian man ; but the Fascist economy follows the Spartan principle of Totalitarian State.

AMERICA'S 'NEW DEAL'

The second type of economic Planning has been tried in the United States of America. I refer to President Roosevelt's 'New Deal.' In fact, the New Deal has never been a Plan in the proper sense of the word. It has been a series of expedients designed to see capitalism safely through a bad time. It was a determined attempt to reconstruct the capitalist system by removing the more obvious causes of *mal-adjustment*. President Roosevelt did not intend to establish a new economic

* *The Totalitarian State against Man*, by Count Coudenhove-Kalergi, p. 20.

system in the United States ; he only tried to make the old system work again by drastic overhauling and repair. Public works were started to help the capitalists to improve the level of effective demand by providing additional employment ; hours of work were reduced and wages were raised, tariff walls were re-adjusted, agriculture was helped by public purchase in order to avoid glutting of market, areas under certain crops were reduced to raise the level of farm prices. State loans were advanced to Banks to restore their financial soundness) Open-market operations and inflation were used to regulate the general price level. These measures helped America to tide over the crisis to a great extent. But it was no permanent cure of the inherent disease ; only symptoms were treated as a temporary measure to alleviate the trouble. (" The New Deal was not designedly a move towards any sort of even semi-socialism, but rather an attempt to set American capitalism once more firmly on a profit-making basis. " *)

BRITISH PLANNING

Great Britain, in consonance with her conservative traditions, has been following the policy of ' drift ' in the sphere of economic planning as well. It can be said with a very close approximation to truth that upto 1914, she furnished an almost perfect example of a planless economy. This freedom could not, however, survive the experience of war when Government control of trade, industry and agriculture was imperative. After the post-war economic slump, Great Britain had also to resort to certain measures of economic planning. But all the Planning has been done piecemeal, without co-ordination, and, to all appearances, without any clear objective in view. She has done only what she had to do under the stress of circumstances at particular times. (The latest attempt in this direction is the well-known Beveridge Plan. Its chief objective is " full employment, " and a guarantee for every citizen of a National Minimum in all the contingencies of life by means of Employment Insurance, Disability Benefits, Old Age Pensions, Children's Allowances and Medical Services. It is meant to level down the rich by taxing them and levelling

* *Practical Economics*, by G. D. H. Cole, p. 164.

up the poor by granting them various amenities of life out of the proceeds of such taxation. D'sraeli had remarked that England was divided into two nations—the nation of the rich and the nation of the poor. But, as a result of schemes like the Beveridge Plan, the country will now be divided, to borrow Dean Inge's expression, into "two nations of the tax-payers and the tax-eaters."^{*}) It is true that unemployment insurance is not so humiliating as 'doles'; but we have to concede that the difference is only of degree and not of kind. This kind of Planning is a round-about process of first allowing the capitalists to exploit the poor and then throwing crumbs of financial help to the exploited by taxing the exploiters. The whole procedure is unnatural, degrading and uneconomic.

THE SOVIET PLAN

(The third kind of Planning is that of the Soviet Union.) The two Russian Five-year Plans attracted universal attention and admiration because they were founded on principles different from Capitalism. All over the world, the Soviet experiment was hailed as the saviour of exploited humanity. (It is also true that the U. S. S. R. did succeed in raising the standard of living of the masses by a thorough and systematic planning. The capitalist class was systematically eliminated and rooted out with an iron hand. There were mass murders, treason-trials and purges, and the Communist Party reigned supreme as the 'dictator of the proletariat.' Individual freedom had to be rigorously curtailed and circumscribed. Yet the Soviet experiment was recognized as a great landmark in the history of economic reconstruction, because it dethroned capitalism from the high pedestal and planned economic life in terms of the masses. Industry, trade and commerce were owned and regulated by the State in the interest of the people. Naturally, therefore, the Russian Revolution filled the poor, exploited and downtrodden nations of the world with hope and admiration.) But the reaction has now set in, and the erstwhile supporters and admirers of the Russian Revolution and the Soviet Socialist Economy are feeling disillusioned. Writers and

* *The Fall of the Idols*, p. 105.

thinkers like Louis Fischer, Max Eastman, Andre Gide and Freda Utey, who had lived in the Soviet Union for years and who interpreted the Russian experiment to the world, are now disappointed by the direction in which the Revolution is progressing. In our own country, enthusiastic socialists like M. R. Masani are now greatly dissatisfied with the fruits of Soviet Planning. Socialist society was, originally, meant to be classless, democratic and international. The 'dictatorship of the proletariat' was supposed to be a passing phase, as the State itself was 'to wither away' after the period of transition. Democracy was to be the key-stone of Soviet organisation and the ultimate aim of the Revolution was international communism. Instead, the society, far from being classless, is dominated by a new and powerful section—the Managerial class.* Moreover, inequalities of incomes are also daily increasing, the difference being as much as 80 : 1. The Government shows not the least tendency to relax its complete stranglehold of individual liberty of any kind, and the complete regimentation of the people has been the culmination of the dictatorship of the proletariat. "That dictatorship is no longer even of the Communist Party, but that of one leader functioning through a ruthless and merciless Secret Police, the G. P. U., on which Hitler has modelled his Gestapo."† The U. S. S. R. has now openly shed the last vestiges of internationalism by liquidating the Communist International and the *Internationale* as its anthem. With a return to nationalism, it is almost impossible to resist the natural consequence—a return to imperialism, even though it be of the 'socialist' brand. And with the progress of the present war, there are now sufficient facts to indicate that Russia is fast developing into a huge and haughty 'Socialist' Empire, or, to use a milder and sweeter word, 'Socialist Commonwealth.'

The pivotal cause of this transformation is not far to seek. With centralized control and large-scale planning, individual liberty is bound to be crushed and liquidated, and the ensuing political power is sure to corrupt the rulers, however great and

* See Burnham's *Managerial Revolution*.

† See *Socialism Re-considered*, by M. R. Masani, p. 20.

noble-minded they may be. Prof. Joad in his *Guide to the Philosophy of Morals and Politics* observes :

“ The study of history suggests that dictatorships from their very nature become, as they grow older, not less, but more extreme ; not less but more sensitive to and impatient of criticism. Developments in the contemporary world support this view. Yet the theory of communism postulates precisely the reverse of what history teaches, and maintains that at a given moment a dictatorial Government will be willing to reverse the engines, to relinquish power, and, having denied liberty, to concede it. Neither history nor psychology affords any warrant for this conclusion.”

It is true that in Soviet Russia, the State owns the factors of production. But the point of fundamental importance is : who owns the State ? Totalitarian control of political and economic affairs has concentrated power automatically in the hands of the supreme dictator Stalin and his managerial bureaucracy. Dr. Gyanchand observes in his *Introduction to Industrial Problems of India* :

“ The dangers of economic and political despotism inherent in a system of centralized control of the entire system of production have to be admitted. It is bad enough to have to be subservient to an employer for one's living, but subservience imposed by the State which controls every avenue of employment is infinitely worse.”

Prof. Ginsberg, in his *Psychology of Society* remarks :

“ Any centralized form of Government is bound to be oligarchical in tendency. We are told that the State will ‘wither away’ . . . But in that case there is certain to arise a new dominant minority . . . Any policy of reconstruction that is to be of real value must aim at decentralisation.”

Judged by the Three Peoples' Principles of nationalism, democracy and livelihood, all the three types of Plans—Nazi, American and Russian—fall short of our ideal. The last one

satisfies to a great extent at least the last principle of livelihood. But mere livelihood is not enough ; there must be freedom and scope for the development of the individual.

THE GANDHIAN PLAN

What, then, is the alternative ? (The solution lies in simplicity, decentralisation and cottage industrialism. And it is from this point of view that Gandhian economic ideas have assumed unusual significance at a time when other economic theories have led us to a blind alley. There was a time when Gandhiji's economics was scoffed at as chimerical, faddy and unpractical. But subsequent experience, not only in this country but all over the world, has compelled careful study of the economic implications and potentialities of decentralised cottage industrialism. Even prominent British economists like Prof. Cole are forced to concede that " Gandhi's campaign for the development of the home-made cloth-industry—Khaddar—is no mere fad of a romantic eager to revive the past, but a practical attempt to relieve the poverty and uplift the standard of the Indian villager."*) A Gandhian Plan, therefore, is a practical and imperative need of the moment because it presents to the perplexed and war-torn world an economic system based on peace, democracy and human values.

IV

THE FUNDAMENTALS OF GANDHIAN ECONOMICS

Before drawing an outline of the Gandhian Plan of economic development for India, it will be useful to analyse and understand the various fundamental principles underlying Gandhiji's economic thought. Without comprehending these basic ideas, it may be impossible to grasp the real significance of his emphasis on village industries and decentralised production.

SIMPLICITY

Gandhiji is not medieval and anti-diluvian in his outlook ; he is not putting the hands of the clock back. (A practical

* *A Guide to Modern Politics* by G. D. H. Cole, p. 290.

idealist as he is, Gandhiji has been able to diagnose the real and deep malady of modern civilisation, and by pointing out the remedy of that disease, he is not behind but ahead of our times. The present Western civilisation attaches greatest importance to material welfare and maintains that the goal of a progressive individual or nation should be the ever-increasing accumulation of physical comforts and luxuries. As Gandhiji points out in *Hind Swaraj*, "The true test of modern civilisation lies in the fact that people living in it, make bodily welfare the object of life.")

But this has not been the Indian ideal. "We notice," says Gandhiji, "that the mind is a restless bird; the more it gets the more it wants, and still remains unsatisfied." "The more we indulge our passions, the more unbridled they become. Our ancestors, therefore, set a limit to our indulgences. They saw that happiness was largely a mental condition. A man is not necessarily happy because he is rich, or unhappy because he is poor. The rich are often seen to be unhappy, the poor to be happy . . . Observing all this our ancestors dissuaded us from luxuries and pleasures . . . It was not that we did not know how to invent machinery, but our forefathers knew that if we set our minds after such needs, we would become slaves and lose our moral fibre. They, therefore, after due deliberation, decided that we should only do what we could with our hands and feet. They saw that our real happiness and health consisted in a proper use of our hands and feet."* "I do not believe," observes Gandhiji, "that multiplication of wants, and machinery contributed to supply them is taking the world a single step nearer its goal." "I wholeheartedly detest this mad desire to destroy distance and time, to increase animal appetites and go to the ends of the earth in search of their satisfaction."† As Theotocopulas cries out in Wells's *Things To Come* :

"What is all this progress? What is the good of all this progress? Onward and onward! We demand a halt, we demand rest. The object of life is happy living!"

* *Hind Swaraj*, pp 87-88.

† *Young India*, 17-8-1927.

Thus idea of Gandhiji may appear to be ascetic and philosophical to those who are intoxicated with the 'abundance' of modern civilisation. But the truth of the matter is that Gandhiji has gone to the very roots of the present economic chaos and political conflict and laid his finger on the basic cause of all our ills. "Socialism and Communism," observes a distinguished English writer, "belong to the same circle of ideas as acquisitive capitalism." Both regard the possession of money and the things which money can buy as the supreme good. That is why Bertrand Russell is constrained to remark that, "if Socialism ever comes it is only likely to prove beneficial if non-economic goods are valued and consciously pursued."*

Modern civilisation, like the Greek youth, Narcissus, seems to have fallen in love with itself—its own splendour of wealth and abundance—and, therefore, bids fair to pine away and die. The mad race after money and material goods has thrown the world into the whirlpool of callous exploitation, sturdy imperialism, and bloody carnage. If we do not examine and readily alter our ideals and attitude towards life, no amount of clever planning and expert devices of economists shall be able to save the world from final annihilation. The world is, indeed, too much with us and all our energies are being wasted on the amassing of wealth, which has become the be-all and end-all of our existence. Money, which began simply as a convenient medium of exchange, has now itself become the most coveted commodity, and the world groans under its tyrannical reign. We are all familiar with the significant story of King Midas who was mad after gold. We must needs learn a timely lesson from the story, because if we persist in this craze, we, like Midas, will convert all human values into gold, and, perhaps, end by ourselves becoming lifeless though golden statues. Cash-nexus should not be the only point which holds society together, and the best things in human life are not those in which one man's gain is another man's loss. The real wealth of a nation consists in its honest, cultured and unselfish men and women, and not in its palatial buildings, huge factories:

* *Roads to Freedom*

and multitudinous luxuries. We might as well remember the memorable lines of Burns :

*' The honest man, though ev'e so poor,
Is King o' men for a' that.'*

“ Of what avail is it to add and add and add ?” asks Tagore. “ By going on increasing the volume or pitch of sound we can get nothing but a shriek. We can get music only by restraining the sound and giving it the melody of the rhythm of perfection.”* Even Kautilya, the distinguished Indian thinker of the fourth century B. C., who is renowned for his robust and practical commonsense, wrote in his *Arthashastra* :

“ For the aim of all sciences is nothing but restraint of the organs of sense. Whosoever is of reverse character, whoever has not his organs of sense under his control, will soon perish, though possessed of the whole earth bounded by the four quarters.”

To an Oriental mind, these ideas are as real as one's own hands and feet ; he imbibes them with his mother's milk. But to the Occidental mind, these notions of ' simple living and high thinking ' are Utopian and visionary based on vacant sentimentalism. Since the modern science of economics is founded exclusively on Western ideals, the oriental thought has not yet been able to influence its theories and principles. But the East had and has even now its own economics which is as scientific, if not more, as the Western economics. Gandhiji, therefore, experiences no hesitation or diffidence in giving emphatic expression to his own basic economic concepts which are typically Indian. Simplicity, thus, is the first fundamental principle of Gandhism. Gandhiji does not identify progress with increased complexity ; to him a progressive economic system should lead to greater simplicity, though fuller life.

To Gandhiji, industrialism connotes the ceaseless pursuit of material wealth which inevitably undermines character and human values. Hence his uncompromising and unbending opposition to its introduction in India :

* *Thoughts from Tagore.*

“My views on national planning differ from the prevailing ones. I do not want it along industrial lines. I want to prevent our villages from catching the infection of industrialism.”*

Apart from the moral and psychological values of simplicity in life, Gandhiji discourages, to use Plato's phrase, ‘reckless pursuit of wealth’ by means of industrialism because without maximum self-dependence through manual labour, we are liable to get intricately involved in the chain of economic serfdom. He, therefore, abhors all kinds of centralisation so far as the necessities and minimum comforts of our daily life are concerned, and insists on the desirability of everyone becoming self-sufficient as far as possible through his or her manual labour. Gandhiji contends that the aim of all our activities should be the development and unfoldment of human personality in an atmosphere of freedom. Hence, the need for decentralisation and localisation of industries. Large-scale production will, undoubtedly, provide us with more comforts and luxuries. But we will find our life determined at every step, and like the Savage in Aldous Huxley's *The Brave New World*, we are bound to be miserable and helpless, having lost our ‘freedom to be free.’ Real democracy will be conspicuous by its absence. “For depend upon it, democracy can only survive—in fact, it can only be born—if the ‘population’ which rules is composed of individuals who are each ruling his or her own life.”†

NON-VIOLENCE

(The second basic principle of Gandhian economic thought is non-violence. Gandhiji holds that violence, in any shape or form, cannot lead to any kind of lasting peace and socio-economic reconstruction. True democracy and real growth of human personality are conceivable only in a non-violent society. Violence breeds greater violence and whatever is gained by force needs to be preserved by greater force. Violence is inconsistent with true freedom, and liberty gained through it is tainted

* *Harijan*, 29-8-1940.

† *The Modern State*, p. 161.

with human blood.) 'For all they that take the sword shall perish with the sword.' Gandhiji will, therefore, have nothing to do with violence because in a planned society Planning is only a means and not an end in itself. Even if it were the End, he does not subscribe to the theory that the End justifies the Means. In order to conserve the purity of the End, the Means employed towards its attainment must be equally pure. That is why Gandhiji maintains that even a Socialist society should be established through non-violence, and not through a bloody revolution.

I submit that this idea of non-violence is no religious sentimentalism ; nor is Gandhiji alone in stressing its need and importance. Prof. Laski, after closely analysing the trend of social and political development, has frankly recognized the futility of active hatred and violence, and advocates a 'revolution by consent' :

"For hate is of all qualities the most Cancer-like to its possessor. It leads us to develop in ourselves the character we condemn in others . . . Might in the modern world needs to be clothed with right if it is to be sure that it will achieve permanence. The spiritual life of Europe belongs not to Caesar and Napoleon but to Christ ; the civilisation of the East has been more influenced by Buddha than by Ghengis Khan or Akbar. It is that truth we have to learn, if we are to survive. We overcome hate by love, and evil by good ; baseness begets only a progeny like to itself."*

In his *Strategy of Freedom*, Prof. Laski observes :

"We believe that solutions made by democratic consent prove, in the end, to be more lasting than those imposed by the coercion of violence."

Surely Harold Laski cannot be dismissed as a sentimental thinker.

The last World War was fought to make the world safe for democracy and to establish lasting peace. But the violent suppression of Germany gave birth to Hitler and if Hitler

* *Grammar of Politics*, p. 280.

is overwhelmed by force, a super-Hitler is sure to be born in the wake of violent peace. It is no use remarking that violence has been the way of the world and it cannot be changed by Buddhas and Gandhis. The biological theory of human society has long since been exploded and to say still that the world must continue to be 'red in tooth and claw,' is vain intellectualism. True peace, happiness and equality cannot be achieved by traversing the beaten track of blood and force ; it is sure to lead us into the deep abyss of death and destruction. The trend of world events bears ample testimony to this view. Even the Atlantic Charter is forced to concede that " all the nations of the world, for realistic as well as spiritual reasons, must come to the abandonment of the use of force." To me, therefore, Gandhian non-violence is not a ' futile sentiment ' but the frank recognition of stark realities and a way out of the present slough of Despondency.

(Gandhiji's economics may also be called Non-Violent Economics, because it is the creed of non-violence which colours his economic ideas all along the line. The basis of Capitalism is the exploitation of the 'surplus value' of human labour, which is sordid violence. Machine is the hand-maid of Capitalism ; it ousts human labour and concentrates wealth and power in the hands of a few. Wealth is, thus, accumulated by violence and requires to be preserved by violence. Gandhiji, therefore, wants to have no truck with lop-sided mechanisation and large-scale production, which to him, are the roots of the present world catastrophe.) Says Gandhiji :

" I suggest that if India is to evolve along non-violent lines, it will have to decentralise many things. Centralisation cannot be sustained and defended without adequate force. Simple homes from which there is nothing to take away require no policing ; the palaces of the rich must have strong guards to protect them against dacoits. So must huge factories. Rurally organised India will run less risk of foreign invasion than urbanised India well-equipped with Military, Naval and Air Forces."*

" India's destiny," says Gandhiji, " lies not along the bloody way of the West, of which she shows signs of tired-

Harijan, 30-12-1934.

ness, but along the bloodless way of peace that comes from a simple and godly life.”*

Gandhiji discountenances the use of force and coercion even for bringing about ‘economic equality’ in the present society :

“ A non-violent system of Government is clearly an impossibility so long as the wide gulf between the rich and the hungry millions persists. The contrast between the palaces of New Delhi and the miserable hovels of the poor labouring class cannot last one day in a free India in which the poor will enjoy the same power as the richest in the land. A violent and bloody revolution is a certainty one day unless there is a voluntary abdication of riches and the power that riches give, and sharing them for the common good. I adhere to my doctrine of trusteeship in spite of the ridicule that has been poured upon it. It is true that it is difficult to reach. So is non-violence difficult to attain . . . I think we know the violent way. It has not succeeded anywhere. Some claim that it has in Russia in a large measure. I doubt it. It is too early to make an unchallengeable claim . . . The non-violent experiment of ours is still in the making. We have nothing much yet to give by way of demonstration but my observation leads me to think that the method has begun to work ever so slowly in the direction of equality. And since non-violence is a process of conversion, the conversion, if achieved, must be permanent. A society or a nation constructed non-violently must be able to withstand attack upon its structure from without or within.”†

Prof. Huxley also believes that “ no economic reform, however intrinsically desirable, can lead to desirable changes in individuals and the society they constitute, unless it is carried through in a desirable context and by desirable methods.” “ So far as the state is concerned, the desirable context for reform is decentralisation and self-government all-round. The desirable methods for enacting reform are the methods of non-violence.” Like Gandhiji, Prof. Huxley is opposed to the violent Socialism of Russia :

* *Young India*, 7-10-1926.

† *Constructive Programme*, pp. 18-19.

“Ruthlessness begets resentment ; resentment must be kept down by force. As usual, the chief result of violence is the necessity to use more violence. Such, then, is Soviet Planning—well-intentioned, making use of every means that are producing results utterly unlike those which the original makers of the Revolution intended to produce.”*

In the non-violent society of Gandhiji’s conception, therefore, there will be no room for exploitation, because production will be for immediate use, and not for distant profitable markets. Each village or a group of villages will be almost self-governing and self-sufficient, and there will be no need for rigid centralised Planning. Only, then, shall people be able to enjoy true democracy and freedom. These non-violent Village Republics will, of course, have ‘narrower’ frontiers ; but, apart from their economic self-sufficiency, their general outlook need not and will not be narrow. Localisation of economy is not incompatible with wider nationalism and still wider internationalism in the sphere of thought and culture.

SANCTITY OF LABOUR

(The third important principle underlying the Gandhian economic civilisation is the dignity and sanctity of manual labour. To Gandhiji, labour is the law of nature and its violation is the pivotal cause of our present economic muddle.)

“It is a tragedy of the first magnitude that millions have ceased to use their hands as hands. Nature is revenging herself upon us with terrible effect for this criminal waste of the gift she has bestowed upon us as human beings.”†

Again :

“We are destroying the matchless living machines, *i.e.*, our own bodies, by leaving them to rust and trying to substitute lifeless machinery for them.”‡

* *Ends and Means*, p 70.

† *Young India*, 17-2-1927.

‡ *Young India*, 8-1-1925.

“ He that will not work,” said St. Paul, “ neither shall he eat,” and he glorified himself in that he had laboured with his hands and had not been chargeable to any man. In the *Gita*, we are told that “ if one eats fruits of the earth, rendering to kindly Heaven no gift of toil, that thief steals from his world.” To Gandhiji as well, ‘ work is worship ’ and ‘ an idle mind is a devil’s workshop.’

He holds that intelligent manual labour is essential for the proper development of the mind ; hand-culture is indispensable for mind-culture. This fact is amply borne out by modern psychology. The scheme of Basic Education, popularly known as the Wardha Scheme, which was adumbrated by Gandhiji, is based on the same psychological principle of ‘ learning through doing.’ Prof. Dewey of America has laid stress on this very principle in education :

“ Education through occupations combines within itself more of the factors conducive to learning than any other method. It calls instincts and habits into play ; it is a foe to passive receptivity.”

Tolstoy learned through experience that “ physical labour, far from rendering mental work impossible, not only increases its merit but improves it and aids it.”* He, therefore, began to recognize toil to be not a curse but the joyful business of life, as it had the power to make man healthier, merrier, fitter and kindlier. Physical labour, to him, was man’s dignity, his sacred duty and obligation. Gandhiji also has firm and unwavering faith in this dignity of labour. As Samuel Smiles would put it, ‘ labour may be a burden and a chastisement but it is also an honour and a glory.’ Prince Kropotkin in his *Anarchist Communism*, observed : “ With us, work is a hobby, and idleness an artificial growth.”

THE LURE OF LEISURE

Gandhiji, therefore, regards the cry for more leisure as dangerous and unnatural :

* *What, then, Must We Do?*, p. 340.

“Leisure is good and necessary up to a point only. God created man to eat his bread in the sweat of his brow, and I dread the prospect of our being able to produce all that we want, including our foodstuffs, out of a conjurer’s hat.”*

Again :

“Supposing a few millionaires from America came and offered to send us all our foodstuffs and implored us not to work but to permit them to give vent to their philanthropy, I should refuse point-blank to accept their kind offer . . . specially because it strikes at the root of the fundamental law of our being.”†

Bernard Shaw has to make some interesting remarks on this problem of leisure in his *Intelligent Woman’s Guide to Socialism and Capitalism* :

“Those who try to make life one long holiday find that they need a holiday from that too. Idling is so unnatural and boring that the world of the idle rich, as they are called, is a world of ceaseless activities of the most fatiguing kind.”

As a Poet remarked :

“*His only labour is to kill time,
And labour dire it is, and weary woe.*”

Shaw also points out how the rich who have ample leisure, instead of doing nothing, are always ‘doing something to keep themselves fit for doing nothing.’ In his own Shavian style, he tells us that ‘the best definition of Hell is perpetual holiday.’

In fact, it is not labour as such which is detested, but the particular kind of soulless, monotonous and strenuous work which the modern labourer has to undergo in huge factories. There is no joy in modern labour ; hence this clamour for leisure. To Gandhiji, ‘the lure of leisure’ is a dangerous moral trap, for the problem of rightly utilising leisure will be

* *Harjan*, 10-5-1936.

† *Harjan*, 7-12-1935.

even more difficult than the problem of finding leisure, and want of sufficient work will generally lead to physical, intellectual and moral dissipation. He, therefore, recommends healthy and open-air work in rural cottages in place of the suffocating and nerve-racking daily labour in modern cities.

Gandhiji does not underline the necessity and desirability of physical labour only on moral and psychological grounds. He is anxious to strike at the very root of economic exploitation by insisting on everyone becoming as self-sufficient as possible. The present economic disorder is due to the unjust exploitation of the labour of others, with the result that there is, on the one hand, an 'idle rich' class with no physical work at all, and, on the other, the overworked labour-class crying for more leisure. But if we have almost self-sufficient Village Communities in which everyone works for his or her living on a co-operative basis, there will be almost no room for exploitation and the middle-men will be gradually eliminated. Explaining this point of view to Gurudeva Tagore, Gandhiji observed : " ' Why should I, who have no need to work for food, spin ? ' may be the question asked. Because I am eating what does not belong to me. I am living on the spoliation of my countrymen. Trace the source of every coin that finds its way into your pocket, and you will realise the truth of what I write " ! *"

It may be replied that in a Socialist society this kind of exploitation is not possible and hence reverting to the primitive economic order is unnecessary. But, as has already been indicated, such Socialist Planning necessitates rigorous centralised control which unfailingly stifles individual freedom and stultifies the natural growth of human personality. Moreover, a Socialist society of the Russian type cannot be established without violence to which Gandhiji does not lend countenance. Consequently, Gandhiji advocates ' production by masses,' as against ' mass production'. " Under my system," says he, " it is labour which is the current coin, not metal." " Any person who can use his labour as that coin is wealthy. He converts it into cloth, he converts his labour into grain. If he wants paraffin oil, which he cannot himself produce, he uses

* *Young India*, 1-10-1921.

his surplus grain for getting the oil. It is exchange of labour on free, fair and equal terms—hence it is no robbery. You may object that it is a reversion to the primitive system of barter. But is not all international trade based on the barter system ?”*

‘Bread-labour’, therefore, is, to Gandhiji, an article of his faith, and he insists that in an ideal society of his conception everyone must have adequate scope for eight hours’ work a day. Eight hours’ sleep, eight hours’ work and eight hours’ leisure for other social and cultural pursuits—this according to him is an ideal distribution of time.

HUMAN VALUES

⤴ The fourth fundamental basis of Gandhian economy is a change in the standard of values. Orthodox economics has been laying undue emphasis on the values of money and material wealth to the exclusion of moral and human values. But we are already witnessing ‘the end of the economic man.’ and a revolution of economic standards is now a vital necessity. To Gandhiji, like the great French economist, Sismondi, economics and ethics cannot be divorced ; life must be viewed completely and as a whole :→

“ I must confess that I do not draw a sharp or any distinction between economics and ethics. Economics that hurts the moral well-being of an individual or a nation is immoral and, therefore, sinful. Thus the economics that permits one country to prey upon another is immoral. It is sinful to buy and use articles made by ‘sweated labour.’ It is sinful to eat American wheat and let my neighbour, the grain-dealer, starve for want of customer. Similarly, it is sinful for me to wear the latest finery of Regent Street when I know that if I had worn the things woven by the neighbouring spinners and weavers, that would have clothed me, and fed and clothed them.”†

“ The value of an industry should be gauged less by the dividends it pays to sleeping shareholders than by its effects on the bodies, souls and spirits of the people employed in it. Cloth is dear which saves a few annas to the

* *Harijan*, 2-11-1934.

† *Young India*, 13-10-1921. ✓

buyer, while it cheapens the lives of the men, women and children who live in the Bombay Chawls.”*

This insistence on human values is the essence of Gandhiji's ideal of Swadeshi. The economic law that man must buy in the best and the cheapest market is, to him, one of the most ‘inhuman’ among the maxims laid down by modern economists.

Ruskin also criticized this idea very bitterly :

“ So far as I know, there is not in history record of any thing so disgraceful to the human intellect as the modern idea that the commercial text ‘ buy in the cheapest market and sell in the dearest,’ represents, or under any circumstances could represent, an available principle of national economy. Buy in the cheapest market ?—Yes ; but what made your market cheap ? Charcoal may be cheap among your roof timbers after a fire, and bricks may be cheap in your streets after an earthquake ; but fire and earthquake may not, therefore, be national profits. Sell in the dearest ? —Yes, truly ; but what made your market dear ? You sold your bread well to-day : Was it to a dying man who gave his last coin for it and will never need bread more ?”†

In the West, however, money and profit are supposed to be the sole considerations. Hence we have to witness unabashed and callous exploitation, tragic unemployment and ‘sweated labour.’ As Prof. Kumarappa aptly remarks :

“ The factory workers might be made into minced meat, but the machinery of the meat-packers of Chicago could not be stopped to save the life of a labourer.”‡

To Gandhiji ‘man is the supreme consideration,’ and ‘life is more than money.’ “ It is cheaper to kill our aged parents who can do no work and who are a drag on our slender resources. It is also cheaper to kill our children whom we have

* *Young India*, 6-4-1922.

† *Unto This Last*.

‡ *Why the Village Movement*, p. 10.

to maintain without getting anything in return. But we kill neither our parents nor our children, but consider it a privilege to maintain them, no matter what their maintenance costs us.’*’

Explaining his ideals of economics, Gandhiji says :

“ Khaddar economics is wholly different from the ordinary. The latter takes no note of the human factor. The former concerns itself with the human.”†

“ Khadi spirit means fellow-feeling with every human being on earth. It means a complete renunciation of everything that is likely to harm our fellow-creatures.”‡

“ Khadi represents human values, mill cloth represents mere metallic value.”§

It is on these four corner-stones of ‘Simplicity, Non-violence, Sanctity of Labour and Human Values,’ that Gandhiji builds his ideal economy of decentralised cottage industrialism and self-sufficient Village Communities. In the following chapter, I shall examine in detail the implications and potentialities of decentralisation with special reference to Indian conditions.

V

VILLAGE COMMUNISM

India has been a land of Village Communities or Gram Panchayats from times immemorial. It is claimed that the system was first introduced by King Prithu while colonising the Duab between the Ganges and the Jamuna. There are definite references to the existence of these ‘Gram-sanghas’ in the Shantiparva of the *Mahabharata* as well as in the *Manusmriti*. Kautilya, who lived in 400 B.C., has also described these Village Communities in his *Arthashastra*. In the Valmiki *Ramayana*, we hear of the Janpada, which was, perhaps a sort of federation of the numerous village-republics. It is also certain that the

* *Harijan*, 10-12-1938

‡ *Young India*, 22-9-1927.

† *Harijan*, 18-7-1931.

§ *Harijan.*, 9-2-1934.

system was widely in existence in this country at the time of Greek invasion, and Megasthenes has left vivid impressions of these 'Pentads' as he termed these Panchayats. Chinese travellers Hieun Tsang and Fa Hien, tell us how India at the time of their visits was "very productive," and the people were "flourishing and happy beyond compare." An account of these Panchayats during the middle ages is provided in Shukracharya's *Nitisara*.

INDIAN VILLAGE COMMUNITIES

The Village Communities which were self-governing little republics all over India flourished under Hindu and Muslim governments and survived the wreck of dynasties and the downfall of Empires. Even the Committee of Secrecy of the East India Company reported in 1812 :

"Under this simple form of Municipal Governments, the inhabitants of the country have lived from times immemorial . . . The inhabitants give themselves no trouble about the breaking up and division of kingdoms ; while the village remains entire they care not to what power it is transferred or to what sovereign it devolves ; its internal economy remains unchanged."

"One foreign conqueror after another has swept over India," comments Sir Charles Trevellyn, "but the Village Municipalities have stuck to the soil like their own Kusha grass." In his famous minute of 1830, Sir Charles Metcalfe, the then Acting Governor-General of India, described these Village Communities as little republics having nearly everything within themselves, and almost independent of any foreign relations :

"They seem to last where nothing else lasts . . . The Union of the village communities, each one forming a separate little State in itself, has, I conceive, contributed more than any other cause to the preservation of the people of India through all revolutions and changes which they have suffered, and it is in a high degree conducive to their happiness and to the enjoyment of a great portion of freedom and independence. I wish, therefore, that the

village constitutions may never be disturbed and I dread everything that has a tendency to break them up."

But that was not to be. An extreme anxiety to enhance the land-revenue to its utmost limits induced the East India Company to make direct arrangements with every individual cultivator, instead of with the village community as a whole. An equally unreasonable anxiety to centralise all judicial and executive powers in their own hands led the British administrators to virtually set aside the village functionaries, and thus deprive them of their age-long powers. These republics, therefore, gradually fell into decay. As R. C. Dutt remarks in his *Economic History of India*, "one of the saddest results of British Rule in India is the effacement of that system of village self-government which was developed earliest and preserved longest in India among all the countries of the earth."

It is interesting to know that the attention of Karl Marx was also drawn by these Indian Village Republics. In his *Das Capital*, he writes :

"The small and extremely ancient Indian Communities, which still exist to some extent, are based upon the communal ownership of the land, upon a direct linking up of manual agriculture and handicraft and upon a fixed form of the division of labour which is adopted as a cut-and-dried scheme whenever new communities are founded. They constitute self-sufficient productive entities, the area of land upon which production is carried on ranging from a hundred to several thousand acres. The greater part of the products is produced for the satisfaction of the immediate needs of the community, not as commodities; and production itself is, therefore, independent of the division of labour which the exchange of commodities has brought about in Indian society as well . . . In different regions of India we find different forms of such communities. In the simplest form, the land is commonly tilled and its produce is divided among the members of the Community, while every family carries on spinning, weaving, etc., as an accessory occupation. The simplicity of the productive organism in these self-sufficient communities . . . unlocks for us the mystery of the unchangeableness of Asiatic society, which contrasts so strongly with the perpetual dis-

solutions and reconstructions of Asiatic States, and with the unceasing changes of dynasties. The structure of the economic elements of the society remains unaffected by the storms in the political weather."

Sir Henry Maine points out in his *Village Communities : in the East and West*, that "Indian village community was a living and not dead institution," and that "the Indian and the ancient European systems of village communities were, in all essential particulars, identical." "It is a very remarkable fact," observes Sir Henry, "that the earliest English emigrants to North America organized themselves at first in village communities for purposes of cultivation." Prince Kropotkin, in his remarkable book, *Mutual Aid*, has devoted considerable space to the historical study of these communities in the West, specially in Russia, Germany, France and Switzerland. He has pointed out that these self-sufficient organisations did not vanish from the scene as a result of natural evolution, but were studiedly and systematically rooted out by the 'vested interests' :

"In short, to speak of the natural death of the village communities by virtue of economical laws is as grim a joke as to speak of the natural death of soldiers slaughtered on a battle-field."

How apt is this observation of Prince Kropotkin in regard to our own country is only too well-known to students of *Indian Economic History* !

(The Indian villages had evolved a well-balanced social, economic and political system by eschewing the two extremes of *laissez-faire* and totalitarian control. They had developed an ideal form of co-operative agriculture and industry in which there was hardly any scope for spoliation of the poor by the rich. As Gandhiji puts it, "production was almost simultaneous with consumption and distribution," and the vicious circle of 'money-economy' was conspicuous by its absence. Production was for immediate use and not for distant markets. The whole social structure was founded on non-violence and

fellow-feeling. That is why Gandhiji has been vehemently advocating the revival of ancient village communities with their prosperous agriculture, artistic and decentralised industries and small-scale co-operative organisation.)

IDEAL DEMOCRACY

From the point of view of political organisation, these Village Republics were an ideal form of democracy. "The only Government which can fully satisfy all the exigencies of the Social State is one in which the whole people participate," wrote John Stuart Mill. This test of true democracy was in a large measure fulfilled in Europe by the Greek City States in which the supreme power for all purposes was vested in the whole body of citizens. "That body," says Lord Bryce, "was at once a Parliament and a Government, and an Executive, Legislature and Judiciary in one." "The small size of a Greek Republic made it easy to bring within the hearing of one voice a majority of all who were entitled to vote in the popular Assembly and enabled everybody to form his opinion on the personal qualities of those who aspired to leadership or to office."* The ancient Indian Gram Panchayats, like the Greek City States, carried on their internal administration with ease and harmony because 'what concerned all was decided by all'; there was almost no scope for injustice and fraud. Democracy in the West has failed mainly because the existence of large constituencies has made it impossible to elect the right sort of representatives, and the intimate contact between the leaders and the masses is lacking. Various solutions which have been suggested for the reform of modern democracy, therefore, emphasize the imperative need for devolution and decentralisation. Syndicalism, Guild Socialism and Anarchism, however much they may differ in other questions, are all at one in laying stress on the importance of organising small local units. Says Prof. Joad :

"It follows that if men's faith in social action is to be revived, the State must be cut up and its functions distributed. It must be made possible for the individual

* *Modern Democracies*, p. 187.

to belong to a variety of small bodies possessing executive powers, dealing both with production and with local administration, as a member of which he can once again feel that he counts politically, that his will matters, and that his work is really done for society . . . It would seem, then, that the machinery of Government must be reduced in scale : it must be made manageable by being made local, so that in seeing the concrete results of their political labours before them, men can be brought to realise that where Government is a fact, society is malleable to their wills because society is themselves.”*

Dr. Boodin also considers ‘small closely knit republics to be the true moral units of civilisation.’†

EVILS OF MECHANISATION

Apart from the considerations of political democracy, Gandhiji passionately advocates the revivification of Village Communities in India because he detests mechanised large-scale and centralised production which tends to reduce men to mere cog-wheels and drains out their finer human feelings.) It may be pointed out that the Mahatma is not alone in denouncing large-scale mechanisation. Even Adam Smith, the father of modern Political Economy, who, otherwise favoured division of labour in modern industries, was forced to concede that a man whose whole life is spent in performing a few simple operations “generally becomes as stupid and ignorant as it is possible for a human creature to become.” “The uniformity of his stationary life naturally corrupts the courage of his mind . . . His dexterity at his own particular trade seems in this manner to be acquired at the expense of his intellectual, social and martial virtues.”‡ David Ricardo was also convinced that “the substitution of machinery for human labour is often very injurious to the interests of the class of labourers.” “This opinion is not founded on prejudice and error, but is conformable to the correct principles of political economy.”§ “Owing to the extensive use of machinery and division of labour,”

* *Modern Political Theory*, pp. 120-21.

‡ *Wealth of Nations*.

† *Social Psychology*, by F. H. Allport.

§ *Principles of Political Economy*.

declares Karl Marx, "the work of the proletariats has lost all individual character, and, consequently, all charm for the workman." "He becomes an appendage of the machine . . ."^{*} In his *Das Capital*, Marx affirms that modern manufacturing process "transforms the worker into a cripple, and a monster." "The independent peasant or handicraftsman," on the other hand, "develops knowledge, insight and will." "Skilled artisanship," observes Prince Kropotkin, "is being swept away as a survival of a past condemned to disappear." "The artist who formally found aesthetic enjoyment in the work of his hands is substituted by the human slave of an iron slave."[†] "Work in a modern factory," points out Mary Sutherland, "often stifles every creative faculty and leaves them with only enough energy in their leisure time to be passive consumers of mechanised entertainment." "It is not only the question of conditions of factory work, but of the nature of much of the work."[‡]

Tracing the history of pin-making from the age of Adam Smith to modern times, Bernard Shaw, in his *Intelligent Woman's Guide to Socialism and Capitalism*, observes :

"The man, it is said, could turn out nearly five thousand pins a day and thus pins became plentiful and cheap. The country was supposed to be richer because it had more pins, though it had turned capable men into mere machines, doing their work without intelligence, and being fed by the spare food of the capitalist, as an engine is fed with coals and oil. That was why the Poet Goldsmith, who was a farsighted economist as well as a poet, complained that 'wealth accumulates, and men decay.'"

In his *Evolution of Industrial Organisation*, Prof. Shields clearly proves that the modern methods of scientific management "provide a stimulus to greater efficiency and larger output, but there is no effective check to overspeeding or exhaustion of the workers." "The modern tendency towards extreme specialisation is intensifying, and the worker is deprived of all

* *Communist Manifesto*.

† *Facts, Factories and Workshops*.

‡ *Victory or Vested Interest?*

thought, initiative, sense of achievement and joy in his work." From the standpoint of psychology, Ernest Hunt feelingly comments :

" We are witnessing an extraordinary development of power which tends to turn craftsmen into cogs in a soulless mechanism. Whereas in former days the artisan had pride in the creative element in his work, which he, very often, carried on in his own house or workshop, he has now become a mere cipher in a factory, perhaps not even known by a name but by a number."

These evils are inherent in the present system of industrialisation, and mere socialism cannot eradicate them. Karl Marx recognized these evils in very explicit terms, but hoped that they would be absent in a Communist State. But excessive rationalised mechanisation, whether in a capitalist or a socialist State, is sure to exercise its baneful influence on the physical, moral and mental health of the workers. As Borsodi says in *This Ugly Civilisation* :

" The elimination of exploitation by the abolition of private ownership of production and distribution does not reach the root of the trouble. The factories' ineradicable attributes will still remain to plague mankind. Socialisation or functionalisation of the factory will never produce the utopia for which so many idealists are working. Socialisation must fail as a remedy because it does not treat with the real disease which the factory system has inflicted upon mankind. Socialisation must fail because it contains no balm for efficiency-scourged mankind."

Mahatma Gandhi is of the same view :

" Pandit Nehru wants industrialisation because he thinks that, if it is socialised, it would be free from the evils of capitalism. My own view is that the evils are inherent in industrialism and no amount of socialisation can eradicate them."*

* *Harijan*, 29-9-1940.

GANDHIJI'S ATTITUDE TOWARDS MACHINERY

It must, however, be clearly understood that Gandhiji is not against all machinery. "I have no design upon machinery as such," says he. "The spinning wheel itself is a piece of valuable machinery." His objection is directed to the 'craze for machinery' and its 'indiscriminate multiplication.' He, therefore, desires not to destroy machinery but to impose limitations on it. Gandhiji would "welcome the machine that lightens the burden of crores of men living in cottages." But he has set his face against all machinery which turns men into 'robots' and as a result, ousts human labour :

"Mechanisation is good when the hands are too few for the work intended to be accomplished. It is an evil when there are more hands than required for the work, as is the case in India . . . The problem with us is not how to find leisure for the teeming millions inhabiting our villages. The problem is how to utilize their idle hours, which are equal to the working days of six months in the year."*

"Dead machinery," says he, "must not be pitted against the millions of living machines represented by the villagers scattered in the seven hundred thousand villages of India." He can have also no consideration for machinery 'which is meant to enrich the few at the expense of the many.'

(Gandhiji is not against scientific invention and improvement in machinery. "I would prize every invention made for the benefit of all." An improvement in a small machine which adds to the efficiency of cottage industries and which a man can handle without being its slave, is to be welcomed. But he is not in favour of the modern 'craze for labour-saving devices' :)

"Men go on 'saving labour' till thousands are without work and thrown on the open streets to die of starvation. I want to save time and labour, not for a fraction of mankind, but for all. I want the concentration of wealth, not in the hands of a few, but in the hands of all. Today, machinery merely helps a few to ride on the backs of millions. The impetus behind it all is not the philanthropy to save labour, but greed. It is against this constitution of things that I am fighting with all my might."†

* *Hirijan*, 10-11-1934.

† *Young India*, 13-11-1924.

UNEMPLOYMENT

In Europe and America, mechanisation was a necessity because those countries had abundant capital but suffered from the scarcity of labour. To exploit and develop their natural resources fully, they were compelled to invoke the assistance of machinery. But, in India, conditions are just the reverse of those obtaining in Western countries ; there is paucity of capital and abundance of labour. The problem with us, therefore, is not that of inventing labour-saving devices, but of providing employment to those who are being crushed under the heavy weight of forced idleness. Even in the West, the machine has outlived its utility by being carried beyond legitimate limits ; it has even grown into a menace and a tragedy. The machine has thrown out of work millions of people who have to suffer the degrading humiliation of living on 'doles.' The United States of America has carried mechanisation to the highest degree of perfection that the human mind can conceive of. The productive capacity of the people of the United States equals that of 14 other leading countries of the world, and the per capita production is 25 times that of India. Still, millions of people are unemployed in the U. S. A. The same is true of other industrial countries of the world. I take the following figures of unemployment from the *Statistical Year Book of the League of Nations for 1939-40* :

	1935	1939
United States of America	7,450,000	6,240,000
United Kingdom ..	1,730,194	1,298,801
Germany	3,48,675	284,132
France	465,875	404,604
Japan	356,044	237,371

In India, the 1931 Census shows that at least two crores of people are totally unemployed besides millions of half-employed villagers who are either landless or possess uneconomic holdings. According to Western standards, I think 50 per cent. of the Indian population should be regarded as unemployed. As is well-known, 90 per cent. of the people in our country are employed in agriculture and allied occupations, 10 per cent. in industry of which only about 2 million are working in large-scale

industries. Even if these industries are developed further to meet the entire needs of the country, they would not be in a position to absorb more than 5 per cent. of the whole population.

In small scale industries, the number of workers employed is about five times the number engaged in large-scale production. Dr. V. K. R. V. Rao's calculations are :

(Figures in thousands)

Number of workers in large-scale industries	...	...	1,482
Number of workers in small-scale industries	...	...	228
Number of workers in cottage industries	...	...	6,141

In this connection, it will be interesting to compare the figures of labourers engaged in Indian Textile Industry and workers employed in Khadi manufacture. According to the *Indian Year Book* of 1943-44, the average number of hands employed daily in cotton mills in British India and Indian States during 1940 was 4 30,165. While the figures of the All-India Spinners' Association show that the total number of spinners and weavers engaged in the same year in Khadi work, carried on by the Association alone, was 269,445, besides nearly 10 million hand-loom weavers spread all over the country. Although there has been approximately a four-fold increase in the number of factories in India during the last 30 years, the percentage of workers in industry to the total population has been steadily decreasing :

Year			Percentage.
1911	...	...	5.5
1921	...	...	4.9
1931	...	...	4.3
1941	...	...	4.2

These figures are sufficient to indicate that mere large-scale industrialisation of Ind'a, whether of the capitalist or the socialist type, cannot solve the problem of unemployment. That is one of the chief reasons why Gandhiji desires to have no truck with Plans for the industrialisation of Ind'a on Western lines.

PROBLEM OF DISTRIBUTION

Apart from the problem of unemployment, Gandhiji favours cottage industrialism from the viewpoint of distribution :

“ Granting for the moment that the machinery may supply all the needs of humanity, still it would concentrate production in particular areas, so that you would have to go in a round-about way to regulate distribution, whereas, if there is production and distribution both in the respective areas where things are required, it is automatically regulated, and there is less chance for fraud, none for speculation.”*

“ Distribution,” says Gandhiji, “ can be equalised when production is localised, in other words, when distribution is simultaneous with production.”

Gandhiji does not lend countenance to the socialist method of distribution :

“ You want me to express opinion on State-controlled industry, i.e., an economic order in which both production and distribution are controlled and regulated by the State, as is being to-day done in Soviet Russia. Well, it is a new experiment. How far it will ultimately succeed, I do not know. If it were not based on force, I would dote on it. But to-day, since it is based on force, I do not know how far and where it will take us.”†

As an eminent economist remarks, “ large-scale machinery, if privately owned, leads to giant business and monopolistic competition ; and on the other hand, if it is publicly owned, it creates a new leviathan, the might of which can be remorselessly abused.” Moreover, Gandhiji does not like the round-about method of distribution in Russia. Centralised production and state distribution has led to the creation of a Managerial Bureaucracy which is tending to become oligarchical.

Hence Gandhiji, instead of mass production on a large-scale basis, desires production by masses on a small-scale and decentralised basis. Referring to the production of Khadi, he says :

“ It is mass production, but mass production in peoples' own homes. If you multiply individual production on to millions of times, would it not give you mass production on a tremendous scale ? But I quite understand that your

* *Harijan*, 2-11-1934.

† *Ibid.*

' mass production ' is a technical term for production by the fewest possible number through the aid of highly complicated machinery. I have said to myself that that is wrong. My machinery must be of the most elementary type which I can put in the homes of the millions.'*

NATIONAL DEFENCE

Even from the standpoint of defence and foreign aggression, decentralisation and ruralisation of industries is a vital necessity. The centralised industries provide an easy target for air-bombing, and the destruction of a few industrial centres not only makes the country militarily more vulnerable but also throws the whole economic life of the country completely out of gear. Consequently, the industrialised countries like Great Britain, Germany and Japan are now planning to decentralise their production with a view to strengthening their defensive capacity on the economic front. The real secret of Chinese success against Japanese powerful aggression lies in the wonderful organisation of the Industrial Co-operatives. Since India has yet to plan for the future, will it not be foolish to repeat the mistakes of other countries ? Instead of concentrating textile industry, for example, in big cities like Bombay and Ahmedabad, will it not be better to encourage cottage production of Khadi in every village ? Writes Gandhiji :

“ It is any day better and *safer* for the millions spread in the seven hundred thousand villages of India scattered over an area 1,900 miles long and 1,500 miles broad that they manufacture their clothing in their own villages even as they prepare their own food. These villages cannot retain the freedom they have enjoyed from times immemorial, if they do not control the production of prime necessities of life.”†

COST OF PRODUCTION

The protagonists of large-scale industrialisation argue that mill-made goods are more economical than the handicraft products, because their cost of production is comparatively less

* *Harijan*, 2-11-1934.

† *Young India*, 2-7-1931.

owing to certain external and internal economies. But this is, again, a fallacious argument. Dr. Gyanchand makes a pertinent observation in this connection :

“ This conception of costs, according to the underlying assumption of this argument is wrong and is based on a false standard of values for industrialisation is extremely costly from the social standpoint. Besides leading to the growth of slums, sordid conditions of life and work, it necessitates the creation of a mechanism which sets up intolerable social stresses and strains and is liable to frequent breakdowns and violent disturbances. All that has to be reckoned as costs of factory production. They are not costs for the individual industrialists, but for society they are very heavy costs.”

He further remarks :

“ In so far as the war is due to economic causes, its terrific cost in men and materials should also be debited to factory production.”

In his report of the Industrial Survey Committee of the Central Provinces and Berar, Prof. Kumarappa writes :

“ Centralised production, as it gathers its raw materials from distant places and focuses its productive capacity in a definite locality, has to control the means of transport and facilities for controlling the production of raw materials. These involve control over the activity and life of others and, therefore, it cannot well be delegated to private control. Without such powers it is impossible to produce on a large-scale . . . Therefore, if there is any cheapness in production from the large-scale industries, it is due in some measure to certain part of the expenses connected with this method of production being charged up to the general revenues of the country. It is foolish to argue, therefore, that articles produced under large-scale industries are cheaper.”

This is the reason why, taking the example of textile industry, Gandhiji maintains that “ though yard per yard Khadi may be dearer than mill-cloth, in its totality and in terms of the

villagers, it is the most economic and practical proposition without a rival.”* Similarly hand-pound rice may be costlier than mill-polished rice, but if the ill-effects of polished rice on nation’s health are also computed, it will not be found dearer. So with *ghani-oil* and mill-oil. Moreover, the external and internal economies that accrue to large-scale industries are not due mainly to their concentration in one locality. They are largely due to the wholesale purchase of raw materials, wholesale disposal of their manufactures, greater facilities of capital, preferential railway rates, Government subsidies, and such other facilities which are, at present, denied to small-scale or cottage industries. But if the village industries are organised by the State on a scientific basis, there is no reason why they should not be able to compete successfully with large-scale production of factories. Referring to the immense potentialities of ‘domestic’ power-loom industries in India, Sir Victor Sassoon, in the course of his Presidential Address to the first session of the All-India Textile Conference, said :

“ There is a big possibility in this country for the development of the manufacture of light power-looms with small electric motors, so that the purchase of a small number of these looms and motors would be within the reach of any small capitalist . . . Small plants of this type would enable India to compete in *quality and price with any country*, specially if such enterprises are marshalled into a co-operative movement.”

Sir Victor visualises such decentralised production on a capitalist basis. This is not desirable. Decentralised units, though independent, could be co-ordinated with one another by means of Industrial Co-operatives as in China. But the opinion of Sir Victor as regards the quality and price of decentralised production as compared with large-scale manufacture is significant. Even Henry Ford, one of the greatest industrial magnates that the modern world has produced, admits that “ as a general rule, a large plant is not economical.” “ Big business, keeping service to the public always in mind, must scatter

* *Harijan*, 20-6-1936.

through the country not only to obtain the lowest costs but also to spend the money of production among the people who produce the product.”* Other mechanical and engineering aspects of the question have been thoroughly dealt with by Richard Gregg in his *Economics of Khaddar*.

TESTIMONY OF BIOLOGY

The resuscitation of Village Communities is desirable from the biological standpoint as well. Malthus was haunted by the possibility of over-population, but the present biologists and sociologists are now faced with the possibility of human extinction, because there has been for the past few decades a steady decrease in the population of several countries. It is an established principle of sociology that the fecundity of the rich people residing in towns is much less than that of ordinary people living in rural surroundings. Even Adam Smith had written in the *Wealth of Nations*, that “luxury in the fair-sex, while it inflames perhaps the passion for enjoyment, seems always to weaken and frequently destroy altogether the powers of generation.” This is due to a variety of causes, chief of them being urban congestion, alternative distractions which compete with the satisfaction of the claims of parenthood, and the impact of a new pattern of social relations on the stability of the family group. Mechanised production in urban areas has a tendency to mechanise life itself with the result that the natural instincts of sex and parenthood are deprived of their normal vitality. Prof. Lancelot Hogben, the well-known English biologist, analyses this phenomenon with penetrating intelligence :

“In rural surroundings where children grow up in contact with the recurrence of parenthood in animals and plants, the processes by which life renews itself are accepted as natural events. In the city, reproduction is an unwarranted intrusion of hospital practice on the orderly routine of a mechanised existence. The machine, which neither creates nor begets sets the fashion of human relationships.”†

* *My Life and Work*.

† *What Is Ahead of Us*, p. 184.

Sociologists who are still largely prejudiced by the 'Malthusian mythology' too easily believe that population will look after itself if Capitalism is abolished. But, as Prof. Hogben points out, low fertility in urban areas is not a special characteristic of Capitalism. It is very largely a trait of modern industrialism with all its concomitants. Biologists, therefore, plead for a 'back to village' movement in order to plan for 'human survival' itself.

TESTIMONY OF AGRONOMY

The organisation of small and self-sufficient rural communities is not a difficult task even from agronomical considerations. There has been, of late, extraordinary development in the science of agro-biology, and it is now possible for all countries to grow various crops within themselves without depending on imports from other territorial units. Agro-biology has enabled not only different countries but also their small economic-units to be self-sufficient. The novel system of 'dirtless farming,' devised by Prof. Gericke of California is still in the experimental stage; but if it turns out to be satisfactory, it bids fair to revolutionize modern agronomy by being able to produce a larger supply of food with less labour and on a smaller area. For a fuller study of the subject, readers are referred to Dr. Willcox's book, *Nations Can Live at Home*.

The famous American sociologist, Lewis Mumford, in his, *Technics and Civilisation*, and *The Culture of Cities*, comes to the conclusion that big cities with congested factories are out-of-date and unnecessary. According to him, the recent achievements of science can make small workshops situated in small garden cities spread all over the countryside "the most efficient, healthy and wholesome units of industry and of society." A few decades ago, Kropotkin, in his two books, *The Conquest of Bread* and *Fields, Factories and Workshops*, had taken pains to drive home the same truth, with a wealth of study and research.

INTERNATIONAL PEACE

Besides the biological and sociological considerations, the plan of decentralised co-operative industry is essential from

the standpoint of international peace and harmony. Large-scale production, whether State-controlled or privately managed, inevitably leads to participation in the frantic race for 'foreign markets,' which sooner or later ends in blood-thirsty wars and brutal massacre. That has been the sad experience of the last two centuries. The root cause of the present as of the last World War, is this unfettered greed for profits. This tendency is inherent in large-scale mechanisation. The recent experience of Soviet Russia is also extremely discomfoting. Even among the United Nations, there are already taking place heated discussions regarding 'Post-war Markets.' The recent debate in the House of Commons relating to Dominions' markets should be an eye-opener to all of us. That is why Gandhiji has been against the present international economy. As has already been pointed out, he is not against international trade as such, provided it satisfies the real wants of different nations on a basis of mutual interest. But this is next to impossible in the existing conflict of Empires. Gandhiji, therefore, wants India to plan her national economy in terms of peace and self-sufficiency without entertaining any ambitions of world markets for her manufactures. "Don't you see that if India becomes industrialised, we should need a Nadirshah to find out other worlds to exploit, that we shall have to compete ourselves against the naval and military power of Britain and Japan and America, of Russia and Italy? My head reels to think of these rivalries."* The National Planning Committee also defined their aims as "the attainment of national self-sufficiency for the country as a whole without being involved as a result of such efforts in the whirl-pool of economic imperialism." Dealing with the advantages of the Chinese Industrial Co-operative movement, Nym Wales observes :

"It is important that China should not become an imperialist power, nor an instrument for future imperialist conquest by the Japanese. If, instead, the interior is industrialised on a democratic co-operative basis, this danger will be removed. Such a healthy, balanced industry will not be competitive abroad but will raise purchasing power

* *Harjan*, 29-8-1936.

at home and create its own market as well as that for foreign trade on a basis of equality."

OTHER TESTIMONIES

Village Communism based on cottage industrialism is, thus, not a Gandhian fad ; it is sound and scientific from various angles of vision.) During recent times, it has, directly or indirectly, won the admiration and support of several important writers and thinkers of the West. Sir William Beveridge, the well-known author of the British Social Security Plan, while discussing a similar plan for India recently remarked :

"India's industry would probably expand, but it is important that it should be properly distributed to avoid the dreadful sprawling towns that we have in this country (England), and the United States."

A noted French economist, Hyacinthe Dubreuil, has shown that "even the largest industrial undertakings can be organised so as to consist of a number of co-ordinated but self-governing groups," and he has adduced reasons for supposing that such an organisation would not reduce the efficiency of the businesses concerned and might even increase it. The distinguished European thinker, Count Coudenhove-Kalergi, in his *Totalitarian State Against Man*, has suggested the establishment of "Agricultural Co-operatives," as a final and lasting solution of all the ills of the war-weary world. Discussing the need for an 'economic revolution,' he observes :

"It demands a free economic system and operation. Its aim is the creation of the greatest possible number of independent existences bound together by the principle of co-operation. It rejects both economic Anarchy and collectivism. Its model is to be found in the Agricultural Co-operatives, which combine all the advantages of private property with the spirit of brotherhood and reciprocal aid."

In our own country, Dr. Radhakamal Mukerji has emphasized the need for a rural civilisation :

“ The object of planned economy for India is neither economic autarky and national aggression as sought in the Fascist countries nor economic imperialism based on the power and prosperity of a small capitalistic and directive class, as in the democratic countries, nor again, a bare materialistic and regimented culture as in Soviet Russia. The ideology behind economic planning in India is the broadening of the economic base of a peaceful agricultural civilisation for the purpose of national self-defence, on the one hand, and the full and free expression of her ancient moral and social virtues in the changed economic world, on the other.”*

The Bombay Planners as well have not failed to take cognizance of the importance of cottage industrialism in Indian national economy :

“ It is an essential part of our Plan for the re-organisation of industries that adequate scope should be provided for small-scale and cottage industries along with large-scale industries. This is important, not merely as a means of affording employment, but also of reducing the need for capital, particularly of external capital, in the early stages of the Plan.”

But I should be excused for frankly remarking that, despite these observations, the attitude of the Planners towards Village Industries is not very clear. Do they wish to provide adequate scope for such industries only “ in the early stages of the Plan,” owing to certain conveniences, or do they regard the revival and development of rural industries as a desirable end in itself with a view to building up a healthy and balanced national economy ? If the cottage industries are to be developed during the period of transition to reduce the need for capital, only to make room for large-scale and rationalized industries in future, the Bombay Plan needs a fundamental change in outlook.

IN CHINA

Cottage industrialism has been an eminent success in war-torn China. Nym Wales in her book, *China Builds for Demo-*

* *Economic Problems of Modern India.*

cracy, gives us a vivid and fascinating account of the working of the Industrial Co-operatives, or, as their abbreviated form is termed, 'Indusco.' By 1938, Japanese war machine had annihilated about 80 per cent. of Chinese industries, rendering thousands of workers idle and homeless. The whole future of China hung in the balance. It was at that critical juncture of national history that a few Chinese youngmen, under the leadership of Rewi Alley, formulated a plan for 'Guerrilla' industries on co-operative basis in the interior of China. The Industrial Co-operatives are now Chinese glory and wealth; they have not only served the country as impregnable lines of defence against foreign aggression, but have also sustained the vitality of the nation by providing it with all the necessary consumption goods at a time when the whole economic organisation was bombed to pieces. There have emerged in China thousands of small Co-operative Communities which are economically self-governing and self-sufficient, producing with manual labour and small machines all the necessaries of life like food, cloth, paper, soap, oil, glass, chemicals, drugs, iron goods and machine tools, leather goods, hospital equipment, furniture, etc. These Industrial Co-operative Communities are also running nurseries, day and night schools, hospitals and recreation halls. In 1940, the number of such Co-operatives was 1,500; in 1942, about 6,000; and in 1943, the number rose to about 10,000. The most remarkable fact about these industries is their monthly turnover. It is stated that the value of their monthly production is two times greater than the capital investment. This may be due to war factors; nevertheless, it is astounding. The 'Indusco' are of supreme value to China, not only during war, but also for its future industrial development. "It is the carefully considered opinion of Chinese industrial experts and a number of American and British observers," writes Nym Wales, "that the Industrial Co-operatives can provide not only the best but the most feasible form of industry for China in the future as at present." "In the midst of the wars and social upheavals that characterize our era, this dynamic movement now stirring in the heart of interior China is of no small significance. Its potentialities are very

great and the mere struggle to rebuild industry on a democratic base in the middle of a battlefield is an exciting one that has already captured the imagination of hundreds of observers interested in social and economic change and in the fate of China." Writing on China's 'Guerrilla Industry' in the *Asia and the Americas* of May 1944, Edgar Snow expresses the same view :

"Not only could it help to win the war in its final phase, but if given a chance it could fulfil the original hope of its founders to create a happy economic foundation on which to build the future of China along democratic, peaceful lines."

The value of the Chinese 'Indusco' movement to India is very great, indeed. In this connection, Pandit Nehru, in the course of his Foreword to Nym Wales's book, makes significant observations :

"India, like China, has enormous man-power, vast unemployment and under-employment. It is no good comparing with the tight little countries of Europe which gradually became industrialised with small and growing populations. Any scheme which involves the wastage of our labour power or which throws people out of employment is bad. From the purely economic point of view, even apart from the human aspect, it may be more profitable to use more labour power and less specialized machinery. It is better to find employment for large numbers of people at a low income level than to keep most of them unemployed. It is possible also that the total wealth produced by a large number of cottage industries might be greater than that of some other factories producing the same kind of goods."

IN JAPAN

As is sufficiently well-known, Japan, too, is the home of small-scale 'domestic' industries. Guenther Stein, in *Made in Japan*, gives the following rough estimates of the relation between different categories of industrial establishments in Japan :

Smallest industries	...	...	10 per cent
Small industries	...	...	29 per cent
Medium-sized industries	...	...	35 per cent
Large-scale industries	...	...	26 per cent

These 'dwarf' units produce not only consumption goods but also machines. It is pointed out that only 34 per cent of the machinery manufactured in Japan is produced in large factories. Prof. Allen in his book *Japanese Industry : Its Recent Development and Present Condition*, remarks :

“ We may conclude that the predominance of the small technical unit in many of Japan's industries is not an indication of the economic weakness of the country, but that it represents an appropriate adaptation of industrial methods to the economic conditions existing there . . . In that country, capital is relatively scarce and dear, while industrial labour is relatively plentiful and cheap.”

The same is the case with India. But these small-scale units in Japan are, unfortunately, co-ordinated and controlled not by Co-operative Communities as in China, but by a few big capitalists. This is undesirable, as the cottage workers, instead of being their own masters, are subject to Capitalists' stranglehold and exploitation.

OTHER COUNTRIES

The “ Owner-producers' Co-operatives ” in Soviet Russia, popularly known as the ‘ Incops,’ have also attained marked efficiency. Sidney and Beatrice Webb, in their ‘ *Soviet Communism : A New Civilisation* ’ point out how under the Soviet Government these owner-producers have been, from 1919 onwards, and specially since 1932, revived and encouraged. “ In this type, the members are not recipients of salary or wage ; indeed, not employed under any contract of service at all. They are, individually or jointly, owners, or part-owners not only of the instruments of production, but also of the products of their labour.” At the beginning of 1932, the number of definitely organised Co-operative Societies of this kind was estimated at

about 20,000 with 30,000 workshops or other establishments having a total membership of 2,350,000 men and women, representing a census population of 7 or 8 millions, with an aggregate gross production of commodities valued at about four and a half thousand million roubles.

Even in England, there is renewed interest in the Co-operative 'self-governing workshop,' due to the need for self-management of decentralised industrial units during the war. The Trade Unions could easily organise and manage small industrial units to speed up production and protect it from Blitzkrieg. There are said to be about 44 co-operative factories in England now. As Nym Wales points out, Co-operative movement in the United States is also concerning itself with Producers' Societies, rather than being content with merely consumers', marketing and credit organisations. There are Co-operative farms, co-operative health associations and co-operative insurance societies. The Department of Labour figures show that in 1936 the total number of distributive and service co-operatives was 4,100 with 8,30,000 members. Both Australia and New Zealand are also using co-operative industry to meet the wartime emergency. Even in Germany, Hitler, it is said, has been compelled to introduce several cottage industries with a view to providing full employment to the German nation.

CONCLUSION

Thus, the general trend of world economic thought is towards decentralisation and 'cottage communism.' This system was in existence in India from very ancient times. It must needs be revived and revived, of course, with necessary changes to suit modern conditions. Let us not imitate the West which is now reaping the rich harvest of 'dragon teeth' that have been sown all these decades. India must evolve a Plan of economic organisation which shall be congenial to her genius and culture. Such a Plan will set a fashion for other countries as well. The blue-print of such an indigenous system was first outlined in the Commonwealth of India Bill prepared by Dr. Annie Besant. Gandhiji has upheld almost the same economic Plan based on Village Communities and rural industrialism.

I need offer no apology for devoting so many pages of this brochure to the analysis and exposition of fundamental principles underlying Gandhian economic ideas. The Gandhian Plan is based on new standards of value and the elucidation of those values is much more important than a statement of mere figures and statistics in terms of crores of rupees.

PART TWO

VI

THE ECONOMIC PLAN

OBJECTIVE

India is a poor country in which about 90% of the people are engaged in agriculture and allied industries. People residing in rural areas are not only engulfed in abject poverty but also steeped in deep ignorance. (The chief objective of the Plan is, therefore, to raise the material as well as the cultural level of the Indian masses to a basic standard of life within a period of 10 years. As this Plan attaches main importance to the welfare of rural areas, greatest emphasis has been laid on the scientific development of agriculture and the subsidiary cottage industries.) (Planning, however, cannot afford to neglect other aspects of national life. Proper attention has, consequently, been devoted to the establishment of the basic or key industries as well. In fact, no department of national economic life has been left out. But, as has been explained in earlier chapters, the fundamental principle underlying Planning in all sectors of life has been a harmonious combination of material, moral and cultural well-being of the people.)

THE BASIC STANDARD

(A decent and basic standard of material and cultural welfare connotes the availability of all the basic necessities of life together with the minimum comforts. They are :—

- (i) Balanced and health-giving food containing the necessary proteins, carbo-hydrates, fats, minerals and vitamins.
- (ii) Clothing sufficient for the protection of body from the inclemencies of weather.

- (iii) Housing accommodation of 100 square feet for each individual.
- (iv) Free and compulsory basic education for every boy and girl of school-going age, and a working knowledge of reading and writing for every male or female adult.
- (v) Medical facilities—every individual should have an easy access to a fairly well-equipped dispensary or hospital. Women should have adequate provision for Maternity Clinics.
- (vi) Public Utility services for all citizens, like Postal, Banking and Insurance facilities.
- (vii) Recreational facilities, specially in rural areas, like playgrounds, folk-dances, indigenous theatres and Bhajan-mandals.

FOOD

It will be desirable to study the Food and Clothing requirements in some detail.

It is common knowledge that the diet of the bulk of Indian population is very ill-balanced and deficient in caloric value. The composition of a well-balanced diet for an adult, according to the calculations of Dr. Aykroyd is roughly as follows:—

(Ounces per day)

	Balanced diet	Common Ill-balanced diet
Cereals	15	20
Pulses	3	1
Vegetables		
Non-leafy	6	2
Green Leafy	4	2
Fats-Oils	2	5
Fruits	2	—
Milk	8	2

The balanced diet of an adult will yield approximately 2,600 calories, which are necessary for the maintenance of normal health. According to Dr. Aykroyd, the value in calories of the common ill-balanced diet is not more than 1800. This, too, is perhaps an optimistic estimate. The *per capita* income is un-

believably low and the people cannot afford to have a nutritious and balanced diet. Moreover, the present supply of food in our country is not adequate for maintaining the standard of national health. Hence the urgent need for a systematic planning and improvement in agriculture on scientific lines. A mere increase in the quantity of food-stuffs is not enough ; crops will have to be planned with special reference to their nutritive value. The present system of money or commercial crops will have to be done away with. Instead, it will be necessary to plan ' food crops ' in accordance with the needs of regional units.

CLOTHING

Among the necessities of life, clothing stands next to food. The quantity of cloth required will, naturally, be different in various provinces according to the climate. The *per capita* consumption of cotton piece goods in India in 1936-37 was 15.5 yards. The figures for a few other countries in 1929 were as follows :—

	(In yards)	
U.S.A.	64
Germany	34
Japan	21.4
Egypt	19.1

The Congress National Planning Committee and the Bombay Planners have fixed 30 yards per head as the reasonable figure for India's clothing requirements. But in a poor country like India, where there is considerable disparity between the ' haves ' and the ' have-nots,' such calculations of averages are likely to be misleading and deceptive. It will, therefore, be better to specify that for 90% of the rural population, the *per capita* consumption of cloth should be at least 20 yards. It is also necessary to add that the durability of 20 yards should be one year. If cloth lasts only for, say, six months, the average requirement of a villager will have to be doubled.

PER CAPITA INCOME

Various estimates have been made of the *per capita* income of India from time to time. Dadabhai Naoroji was the first to

make an attempt in this direction, and his estimate was Rs. 20/- per head per annum. The latest estimate is that of Dr. V. K. R. V. Rao for the year 1931-32 ; according to him, the *per capita* income of British India is Rs 65/-.

Such calculations, however, do not present to us a realistic picture of economic conditions. They include the fabulous incomes of millionaires and multi-millionaires on the one hand and the incredibly low earnings of the 'teeming millions' on the other. It is like the stupidity of a man who calculated the average depth of a river by finding out the depths at the bank and the midstream, and who, while trying to ford the river, got drowned. The disparity between the incomes of the rich and the poor is, indeed, very great. It is calculated that, in India, one per cent commands 35%, 32 per cent get 33% and the 67 per cent receive only 32% of the total National Dividend. Thus, an increase in the *per capita* income, according to the present system of calculation, may take place on account of a substantial increment in the incomes of the moneyed class only, without touching the lives of the majority of the population. It will be a magic of cold figures, devoid of a living contact with reality and truth.

In his *Report of the Industrial Survey Committee of the Central Provinces and Berar* (1942), Prof. J. C. Kumarappa observes :—

“ Our survey, being broad-based and covering 606 villages, shows us clearly the uniformity in the low level of the incomes received by the people. In even skilled industries, such as weaving, people are not able to get more than 50 to 70 rupees per annum per family which works out to about 12 rupees per head. If a cottager is able to make about an anna per day on the average throughout the year, he considers himself well off. We may safely say that the *per capita* income per annum in the province would be in the neighbourhood of Rs. 12/-. If anyone disbelieves this statement which has been the result of information given to us with remarkable consistency in regard to the income obtained for the various industries surveyed, covering all the districts of this province, he has only to go into any village and see for himself the condition of the people.” (Part I, Volume I, page 6.)

Since the Central Provinces and Berar is comparatively a poor province in India, we may conclude that the actual *per capita* income of 90 per cent. of the Indian population living in villages is in the neighbourhood of Rs. 18/- per annum. This is, undeniably, a very low figure with the result that the standard of living in villages is extremely poor and the people are head over ears in debt. In this connection, it will be useful to state the figures of *per capita* income in other countries :

Country	Year	Per capita income (Rupees)
U. K.	1931	1,013
U. S. A.	1932	1,186
Germany	1925	520
Japan	1925	176
U.S.S.R.	1925	133

MINIMUM INCOME NECESSARY

Well-balanced diet in India, according to the calculations of Dr. Aykroyd will cost about Rs. 6/- per head per month in terms of pre-war prices.

In rural areas, it may cost about Rs. 5/- per month or Rs. 60/- per year. Calculating 20 yards as the *per capita* consumption of cloth in villages, the annual expenses of clothing at the rate of 3 annas per yard will be Rs. 3-12-0 or, to give a round figure, Rs. 4/-. Recurring expenditure on house maintenance, medicine charges and other miscellaneous items would approximately amount to Rs. 8/- per head per year. The total annual expenses for each individual, therefore, will be *at least* Rs. 72/-. As has already been pointed out, the present average annual income in rural areas is only Rs. 18/-. It will, consequently, be necessary to quadruple the *per capita* income of at least 90% of the Indian population. This could be done only by organising the villages into more or less self-sufficient Co-operative Communities and by undertaking the development of agriculture and cottage industries on scientific lines.

VILLAGE COMMUNITIES

(In order to reconstruct India on peaceful and democratic foundations, it is desirable to establish self-governing village

Communities or Gram Panchayats as of old, with necessary modifications to suit modern conditions. These Panchayats will be very different from the present Local or District Boards which possess limited powers. They will be autonomous so far as their internal administration is concerned, and will be, as far as possible, self-sufficient in regard to at least the basic necessities of life, like food, clothing and building materials.) They will, however, be linked up with the taluka, district, division, province and the country as a whole, for purposes of common policy and interests. In the Village Communities, there will be universal adult franchise and a system of direct elections. But in the cases of taluka, district and other higher councils, indirect election will be the general rule. The merits of such decentralised economic and political units have been already discussed in the previous chapter. (The foundation of our Planning will, thus, be the village unit ; the economic reconstruction will be from the bottom upwards, and not from the top downwards.)

THEIR FUNCTIONS

The main functions of these Gram Panchayats shall be :

- (a) Allotment and collection of Land Revenue on behalf of the village. This point has been explained in detail while dealing with land tenures.
- (b) Maintenance of peace and order in the village with the help of local police.
- (c) Administration of justice in local disputes by arbitration and amicable settlement. The present system of litigation is not only complicated and highly expensive, but has also cut at the very roots of village honesty and *esprit de corps*.
- (d) Organisation of Basic and Adult education. The schools shall be under the management of the Panchayats.
- (e) Provision of medical aid by the establishment of dispensaries, cottage hospitals and maternity centres.
- (f) Sanitation and maintenance of buildings, roads, tanks, wells and other public places.

- (g) The improvement of agriculture of the village by co-operative effort.
- (h) Regulation of village trade, industry and commerce by organising credit and non-credit co-operative societies under the supervision of the Panchayat.
- (i) Making arrangements for the co-operative purchase of raw materials and consumption goods, and the co-operative sale of farm produce and articles of village handicrafts.

The Co-operative movement in India has not borne the desired fruit because it was foisted on the villager from above and did not have its roots in the Indian soil. The Panchayat Acts in different provinces have also not produced satisfactory results owing to their limited scope and powers. It is true that the resuscitation of the old village community system will have to proceed slowly, though steadily. We will have to face a number of practical difficulties. The existing caste divisions and growth of individualism will stand in the way of smooth working of these Panchayats. But in their revival alone lies the hope and prosperity of the Indian nation.

VII

AGRICULTURE

The development of agriculture, which is the main occupation of the Indian people, must be the most prominent item in any plan of economic reconstruction. Moreover, there is no antagonism between agriculture and industry; they are complementary. To regard industry and agriculture as, more or less, water-tight compartments, and then to try to establish a 'balanced economy' by fixing their respective percentages, is not reasonable. Except for the large-scale key industries, the aim of economic planning should be to integrate agriculture and industry by running them together, side by side, so that there are workshops and cottage factories adjoining the fields. This *integration of labour* will not only be conducive to the physical health of the nation, but will also establish a really balanced and wholesome national economy.

While developing agriculture in India, the following points are to be borne in mind :

- (a) The primary objective should be the provision of adequate and nutritious food for the entire population.
- (b) With the differences in climate and soil, the planning of crops in various parts of the country will also be different.
- (c) The country should, as far as possible, be made self-sufficient in regard to food crops and raw materials for industries. Only the surplus produce should be exported to other countries.
- (d) An attempt should be made to make even the different regions self-sufficient in foodstuffs and raw materials, in order to avoid undue strain on the means of transport.
- (e) The present system of commercial farming which is dependent not on local needs but on distant markets, should gradually disappear.
- (f) Research work should be undertaken by the State by establishing more experimental farms, which shall also serve as Model farms.

FOOD SHORTAGE

According to Dr. Radhakamal Mukerji's calculations, India is a deficit country in regard to foodstuffs. The estimates are as under :*

India's population capacity, 1935	..	329	millions
India's food shortage	.. ..	41.1	billion calories.

Number of ' average men ' estimated			
without food	.. ..	48	millions†

The recent Bengal Famine, though it was man-made, has, nevertheless, underlined the urgent need of increasing the yield of food crops in this country. The average yields of Indian crops are very low as compared with the figures of other countries.‡

* *Food Planning for 400 Millions*, p. 26.

† *Statistical Year Book of the League of Nations, 1933-34.*

‡ *Even this figure is, perhaps, an under-estimate.*

(lbs. per acre)

Countries	Wheat	Rice	Sugarcane	Cotton
Egypt	1,918	2,998	70,302	535
Japan	1,713	3,444	47,534	196
U. S. A.	812	2,185	43,270	268
China	989	2,433	—	204
India	660	1,240	34,944	89

LAND TENURE AND RENT

In order to raise the average productivity of various crops in India, a few radical reforms and changes are very necessary. The first of these reforms is the nationalisation of land and a system of Village Land Tenure. The *Zamindari* system is, more or less, a remnant of feudalism and is, therefore, out of date. The *Ryotwari* system was introduced in India in order to extract the maximum Land Revenue by entering into direct contracts with individual cultivators. (It will, consequently, be desirable to introduce a *Mauzawari* settlement or Village Land Tenure system, in which the whole village community is collectively responsible to the State for the payment of the total revenue. Allocation of rent among different cultivators shall also be decided by the Community and not by the *patwari* as at present.) The *ryotwari* system was a direct cause of the disintegration of ancient Village Communities in India. (Introduction of Village Tenure system will, once again, revive India's corporate rural life. The Gram Panchayats will lease out village lands to individual farmers and the long leases will continue so long as the fixed rent is regularly paid. The present rates of Rent and Revenue will have to be considerably reduced.) Arrears of rent shall be recoverable in the same manner as civil debts, and not by ejection. As in ancient India, rents will be payable not in cash, but in kind—at least partially—in the form of a fixed portion, say 1/6th or 1/8th, of the total produce. The system of payment *in kind* will certainly be inconvenient to the State ; but from the viewpoint of the ryot it will be much more economic, equitable and convenient because the rent shall vary according to the fluctuations in the quantity of the harvest. Moreover, it is not an infrequent

thing to find villagers forced to sell their products to pay their rents in cash. These forced sales have the effect of lowering prices, and later on these very people are obliged to buy back the goods at a much higher price. Payments in kind will also save the farmers from the clutches of the money-lenders.

NATIONALISATION OF LAND

The introduction of *Mouzarari* settlement will necessitate the abolition of the present 'vested interests,' like the Zamindars, Taluqdars and Malguzars. In other words, the Land will have to be nationalised, and there will be no middlemen between the peasants and the State. (Land will be given on long leases by the State to those *who actually till it*. It will pass from father to son. It shall not be alienated except to one who undertakes to till it himself. The absentee landlords will be out of the picture. Of course, a reasonable period of transition will be allowed for the gradual abolition of the existing proprietary rights. A reasonable compensation may also be paid to the title-holders after minutely scrutinising their titles to land. Many plots of lands have gone over to the landlords owing to defective law or callous usury. The present owners of such plots shall not deserve any remuneration.) Land may also be gradually nationalised by levying heavy inheritance taxes or death duties. Any succession to a landed property must be liable to a tax not less than 50% of the capital value of such land. In this manner, private property in land will automatically be ended in about two generations.

FRAGMENTATION

Perhaps the greatest handicap in the way of increased productivity of agriculture in India is the sub-division and fragmentation of holdings due to the Indian law of Equal Inheritance. The disadvantages of such fragmentation are too patent to be repeated here. The average holding in all parts of India, is, at present, not more than 3 acres. Regarding the number of acres per cultivator, the Census Report of 1921, gives the following figures :

Bombay	..	12.2	Bengal	..	3.1
Punjab	..	9.2	Bihar & Orissa	..	3.1
C. P. & Berar	..	8.5	Assam	..	3.0
Madras	..	4.9	United Provinces	..	2.5

It would be instructive to know the average size of holdings in other countries :*

	Acres		Acres
U. S. A.	..	145	Germany .. 21.5
Denmark	..	40	England .. 20.0

(In order to lessen the evils of fragmentation, the following remedies are suggested :

- (a) Consolidation of holdings on a voluntary basis through co-operative societies, as has been done in the Punjab, C. P. & Berar and Baroda.
- (b) Co-operative farming of adjoining plots of land by removing the boundaries between various small size holdings. This should not be confused with the giant collective farms of Soviet Russia. Co-operative farming will combine the advantages of private ownership and joint cultivation.
- (c) Modification of the present system of Inheritance. For example, land should not be partitioned beyond a certain minimum. If the minimum fixed is, say, 20 acres, and an owner of 20 acres has two sons who want to separate, one of them would have to purchase the other brother's share. The land cannot be divided into two plots of 10 acres each.
- (d) Uneconomic holdings should, for the present, be exempted from the payment of rent.)

RURAL INDEBTEDNESS

Another problem which demands our special attention is the crushing burden of rural indebtedness. Although the indigenous moneylender has played an important role in Indian rural economy, his inordinate greed and usury must needs be condemned in strongest terms. According to the estimates of

* Nanavati and Anjaria: *The Indian Rural Problem*, p. 40.

the Central Banking Enquiry Committee, the total agricultural indebtedness in British Indian provinces in 1929 was in the neighbourhood of Rs. 900 crores. The Agricultural Credit Department of the Reserve Bank of India calculated the rural indebtedness to be approximately Rs. 1,800 crores in 1937. Besides the usury of the village Bania, some of the causes of this indebtedness are the existence of uneconomic holdings, decline of subsidiary cottage industries, the Land Revenue policy of the Government, and the low yield of crops.

The liquidation of debt is, thus, an urgent need, if the Indian agriculturist is to be lifted above his present misery and abject poverty. Attempts have been made in different provinces in this direction by passing Agriculturists' Relief Acts and establishing Debt Conciliation Boards. But this is touching only the fringe of this serious problem. More drastic and comprehensive planning is essential. The following are a few suggestions :

- (a) All the accounts of debts should be carefully scrutinised by special tribunals ; bogus and unjust debts are to be cancelled without compunction. Other debts are to be rigorously scaled out.
- (b) Any debt of more than 10 years' standing on which interest has been paid regularly, should be deemed to have been fully discharged.
- (c) The Government should assist the villagers in the liquidation of their debts by issuing, say, 20 years' State Bonds to the moneylenders concerned and asking the ryots to pay their revised debts conveniently in 20 annual instalments.
- (d) Cheap long-term credit facilities should be provided to the agriculturists through Village Panchayats, Credit Co-operative Societies or Land Mortgage Banks. The maximum rate of interest for new debts should not be more than 6%.
- (e) Private money-lending should be prohibited. Only Village Panchayats, Co-operative Societies, or Land Mortgage Banks should be allowed to engage in this business.

at present, largely exported and the farmers are not conscious of their manurial value.

The State should also pay attention to the manufacture of artificial fertilisers and this should be regarded as a key industry, owned and controlled by the Government. But before introducing artificial fertilisers on a large scale, it is necessary to explore all the possibilities of manure preparation in the villages themselves out of cow-dung, human excreta and bones.

- (b) *Improvement of cattle vs. Mechanisation.*—Almost all our economists have suggested that the mechanisation of agriculture in India is an imperative necessity. But to judge the advantages and effects of the use of mechanical traction, it must be borne in mind that while in the case of tractors, variable costs are high and fixed costs low, in that of draught animals the variable costs are trifling and fixed costs considerable. In other words, the tractor, though expensive when in actual operation, costs little when idle, while the cost of keeping draught animals, though scarcely higher when they are at work than when they are resting, is continuous, since they have to be fed and cared for, whether working or not. “Hence the use of tractors is most profitable when a great deal of work has to be done in a short time. Animals, on the other hand, are more economical when the work is divided fairly evenly over the entire year.”*

In India, where the size of holdings is also very small, mechanisation will not be an economical proposition. Of course, better types of implements are absolutely essential, specially when co-operative farming is introduced.

- (c) *Cow Protection.*—Since the use of tractors on a large-scale is not desirable in India, it is necessary that the cattle wealth should be improved on scientific lines. From this standpoint, the cow needs all the protection of the State, because it is the economic unit of an

* *European Conference on Rural Life, 1930—Document No. 5, page 20.*

agricultural country like India. It provides the farmer with bullocks for cultivation, irrigation and transport, with manure for the improvement of crops and with nutritious and wholesome milk for his physical wellbeing.

The buffalo is not an economical unit in India for the following reasons :*

- (i) The male calves of the buffalo are practically useless for agricultural purposes.
- (ii) The buffalo is more susceptible to diseases than the cow.
- (iii) A buffalo requires more looking after and is only happy when there is a large grazing area with plenty of water which is not in the reach of a small cultivator.

For the improvement and protection of the cow in India, the breeding of healthy stud-bulls, starting of dairies and provision for pastures and fodder-crops are the most important items of economic Planning.

- (d) *Better Implements.*—Although India does not require mechanisation on Western lines, the need for improved and efficient implements cannot be over-emphasised. At present, the farmer uses very antiquated ploughs and harrows, which must needs be replaced by better ones.
- (e) *Better Seeds.*—‘As you sow, so shall you reap,’ is a well-known adage. If agricultural crops are to be improved, better seeds must be provided for.
- (f) *Agricultural Insurance.*—As is common in several European countries, the Indian agriculturist must be insured by the State against famine, floods, water shortage, frosts, pests and cattle diseases. The farmers should be allowed to pay their contribution in kind. Responsibility for agricultural insurance should lie with the Provincial Governments.
- (g) *Co-operation.*—Above all, the hope for the proper development of Indian agriculture lies in co-operative

* *Harijan*, 24-10-1936

effort. The feeling of 'all for each and each for all' must be cultivated among the village folks. Special attention should be devoted to Co-operative Farming, Co-operative Marketing and Co-operative Credit. The Co-operative movement in India has, so far, been a failure primarily because it has not been a growth from within. With the revival of Village Communities, which were an ideal form of Co-operation, Indian agriculture is bound to prosper once again.

VIII

ALLIED INDUSTRIES TO AGRICULTURE

ANIMAL HUSBANDRY

India is the richest country in respect of the animal wealth. The total live-stock population of India (including Burma and the Indian States) as shown in the Census of 1935 was approximately 360 millions, the members of the ox-tribe and the buffaloes being 168 and 47 millions respectively. But the quality of the cattle is very poor, and, consequently, their yield, specially in case of milk, is extremely low. The following are some of the causes of the poor quality of the cattle in India :

- (a) Lack of fodder-supply. 'Mixed farming,' *i.e.*, the cultivation of both food and fodder crops by a scientific system of rotation is desirable. Village pastures should also be revived and developed.
- (b) Unscientific breeding and want of healthy stud-bulls.
- (c) Absence of subsidiary industries as the by-products of animal wealth. *i.e.*, dairy-farming, tanning, leather work, bone-manufacture, etc. If these industries are developed, the use of cattle will be more profitable and they will be better fed and cared for.

DAIRY FARMING

This industry will not only improve the economic condition of the Indian ryot—the annual cash value of dairy products has been estimated at over Rs. 800 crores—, but will also solve the problem of an adequate and pure milk supply. Compared

with other countries, India stands second to the United States of America in the volume of her milk production. She produces over 4 times the output of Great Britain, over 5 times that of Denmark, over 6 times that of Australia. In spite of this huge output of milk, the consumption of milk in this country "falls to the lowest place among those countries for which statistics are available."* The following are the figures of milk consumption per head in various countries :

	In Ounces.
New Zealand	56
Australia	45
Denmark	40
Great Britain	39
U. S. A.	35
India	7†

According to the calculations of Dr. Wright, the milk production of India must be at least doubled within a few years.

Hence, it is necessary that dairies should be started in Indian villages and towns on a co-operative basis. The All-India Go Seva Sangh, Sevagram, under the guidance of Gandhiji, has addressed itself to this important, though difficult task of reviving and spreading the dairy industry in India. According to the calculations of the Sangh, an ideal and economic dairy should consist of 50 cows. The farmers of a village can pool their individual cows together in the form of a co-operative dairy by erecting a simple cattle-shed for the purpose and purchasing a good stud-bull. Management could be free and by rotation. Besides milk, the dairy could produce ghee, butter, and cream as well. The National Government should bestow special attention on the problem of the adulteration of ghee and other milk products.

From the point of view of milk, the cow is to be preferred to the buffalo for the following reasons ‡:

1. A buffalo matures on an average one year later than a good Indian milch-bred cow.

* Report on the Development of the Cattle and Dairy Industries in India by N. C. Wright.

† *Harijan*, 15-2-1942.

‡ Even this figure is, perhaps, an over-estimate.

2. The dry period, *i.e.*, the time when she goes dry and up to the time she calves, is more than thrice that of a cow.
3. A good cow will give even more milk than a buffalo.
4. A buffalo feels the heat and cold much more which results in the deterioration of the milk yield ; but that is not the case with a cow.

The only point in favour of keeping a buffalo is that she gives a much higher percentage of fat than a cow ; but a good cow beats a buffalo even in that respect. Moreover, the vitamin value of cow's milk is higher than that of a buffalo :

	A	B	C	D	E
Cow	XXX	XX	X	X	X
Buffalo	XXX	X	X	X	

Thus cow's milk has more of the B vitamin than buffalo's milk which has no E vitamin at all.

TANNING AND LEATHER WORK

Besides dairying, each village, or a group of villages could start a tannery for manufacturing chappals, shoes, suit-cases and other leather goods. The hides and skins of dead cattle of the village could be utilized for the purpose. It is estimated that as many as 13 million of cattle die every year in India. At present, a dead animal is a burden to the owner who has to incur some expense to remove it. Hide is sought after by the Chamars. But the rest of the carcass is a waste causing nuisance to the locality. The method of indigenous tanning by the Chamars is, moreover, not scientific. If village tanneries are started on scientific lines, they could serve as economic subsidiary industries in our villages. Useful articles could also be prepared from the hair, bones, horns, teeth, hoofs, tissues, fat, blood and guts of the dead animals. The tannery of Nalwadi Ashram at Wardha, has been carrying on successful experiments in this direction.*

* Unhappily, the tannery is, at present, in Government's possession.

FRUIT CULTURE

Fruit industry has been greatly neglected in India. So far as necessary statistics are available, the area under fruit is about 2.5 million acres. Having a diversity of climate, India grows almost all kinds of fruits known the world over. But fruit culture is, at present, in ignorant and untrained hands. If, side by side with agriculture and dairies, orchards are planted and developed in the villages, the farmers will not only get fresh fruits for their diet, but will also be able to add decently to their meagre incomes.

There is, no doubt, considerable scope for the fruit preservation and canning industries in our country, specially in the rural areas.

VEGETABLE GARDENING

The nutritive value of green leafy and non-leafy vegetables cannot be over-estimated. At present, the growing of vegetables by farmers is haphazard and unscientific. There is, therefore, considerable room for improvement.

FOREST INDUSTRIES

The total area under forests is about 89 million acres. This represents about 1/7th of the total area of British India. The economic potentialities of forest resources in India have not yet been fully explored. Systematic research work is needed for the adequate development of forest industries, like the making of paper pulp, extraction of turpentine, oils, gums, resins and dyeing materials.

IX

COTTAGE INDUSTRIES

As has already been emphasized in previous chapters, the chief objective of National Planning in India should be the attainment of maximum self-sufficiency in Village Communities, at least in regard to the consumption-goods industries. The units of self-sufficiency will, of course, vary with different industries. In some cases, the unit may be a village or a taluka ; in others, a district or a division, or even a whole province may

constitute a self-sufficient economic unit. The following cottage industries shall occupy an important place in the Indian rural economy :)

(a) *Khadi*—Spinning and weaving have been the national industries of India from ancient times. Mummies in the Pyramids, dating from 2,000 B. C., have been found swathed in finest Indian muslin. Kautilya's *Arthashastra* contains several detailed references to the practice of spinning and weaving. The fineness of Indian hand-spun and hand-woven cloth had won world-wide fame and admiration. The ladies of Rome's Imperial Courts delighted to deck themselves in Indian silk. In 73 A.D., Pliny seemed well-informed of the trade and cloth manufacture of India, and he spoke highly of the superior excellence of the Bengal (and specially Dacca) muslins. Tavernier, a French traveller, who visited India 6 times during the second and third quarters of the 17th century, tells us in his *Travels in India* how Muhammad Ali Beg, when returning to Persia from his embassy to India, presented Shah Safi "with a cocoon of the size of an ostrich's egg, enriched with precious stones, and when it was opened, a turban was drawn from it, 60 cubits in length and of a muslin so fine that you would scarcely know what it was that you had in your hand." Even in the pre-British period, spinning and weaving were universally followed as a part-time work to supplement the incomes of the farmers. How this great national industry was intentionally and cunningly destroyed and rooted out by the East India Company is a sad tale of sighs and woe. How the untold tyranny of the Company's servants compelled the Dacca muslin weavers to cut off their thumbs is a tragic story which this country can never forget. But it will be foreign to the purpose of this brochure to go into these details of national history. Suffice it to say that the Khadi industry occupied a proud place in our national economy till the advent of the British merchants, who, later, became rulers of this hapless land. Spinning is now almost completely extinguished. Handloom weaving of mill-yarn is still common. But the dependence of weavers on spinning-mills is fraught with danger. The mill-owners can wipe out the weavers at any time with one stroke of concerted policy.

Thanks to the untiring and continuous efforts of Gandhiji, the national industry of Khadi manufacture is once more being gradually revived. The work of the All-India Spinners' Association has, indeed, been very useful and creditable. The Report of 1940 indicates that 95,51,478 Sq. Yards of Khadi were produced by almost 2,75,000 spinners and weavers scattered in over 13,450 villages. The total amount of wages received by the spinners and weavers stood at Rs. 34,85,609/-.

“ But the mission of Khadi is not merely to supply the towns people with fashionable Khadi that will vie with the mill manufactures and, thus, like other industries, supply a few artisans with employment ; but it is to become a supplementary industry to agriculture. In order that it may fulfil this mission, it has to be self-sustained and its use must spread in the villages. Just as the villagers cook their own roti or rice, so must they make their own Khadi for personal use. The surplus, if any, they may sell.”*

The All-India Spinners' Association has supplied me with facts and figures which prove beyond a shadow of doubt that our villages can be not only self-sufficient in respect of cloth, but can also produce surplus Khadi for towns. The calculations are as follows :—

The average population of an Indian village is calculated at 500. At the rate of 20 yards a year, the total Khadi required for a village will be 10,000 yards. Four ' gundis ' of yarn are required for weaving one square yard of cloth. At this rate, 40,000 gundis will be necessary for producing the required cloth for a village. Ordinarily, a person can spin one gundi of yarn of say, 16 counts in 3 hours. The whole village, therefore, will have to spin for only 120,000 hours. Assuming that there are 25% incapables,—including children under six, infirm, invalid and crippled persons,—375 inhabitants will have to spin for the whole village. One person will, thus, be required to spin for only 320 hours during the year. This means that if each able-bodied person spins for about an hour per day, they can easily produce the required cloth for the village. But, if they like, the villagers, including women and the children

* *Economics of Khadi*, page XIV of the Introduction.

of Basic Schools, can spin on an average for two hours a day. Thus the Indian villages can not only be self-sufficient in regard to cloth, but also produce surplus quantity for the use of towns.

The equipment required for the production of Khadi is comparatively very cheap. As regards weaving, one weaver is able to weave 6,000 gundis during a year. Seven weavers, therefore, will be sufficient to weave the cloth for the whole village.

(b) *Paper Making*—Next to food, housing and cloth, paper consumption is supposed to be the fourth most important necessity in modern life. From this point of view, the importance of paper-making as a cottage industry cannot be over-estimated. The All-India Village Industries Association has been trying to revive and organise this industry in various provinces on scientific lines. Paper-making is a simple industry needing little equipment and within the capacity of women and children in the home. It is not intended to make hand-made paper compete with machine-made paper, but, if carried on, it can easily bring some wealth to the villagers. The following raw materials can be used for paper-making :—Cotton wastes and cotton rags, sunn-hemp, linseed fibre, jute wastes, rice straw, bamboo, plantain-stem fibre, sugar-cane stalks and thrash, paper waste and grass.

(c) *Oil Extraction*—Despite the progress of oil mills in this country, the indigenous oil-presses or *Ghanis* have been able to hold their own, so far. This industry requires little equipment and if its use is encouraged in our villages, it can not only enable the agriculturists to add to their meagre incomes, but also provide them with more nutritive oil. Scientific experiments have shown that the mill-oil possesses less vitamins than the *Ghani* oil. The All-India Village Industries Association has tried to improve the various types of village *Ghanis* that exist in different provinces at present. Although mill-oil may be comparatively cheap than *Ghani*-oil, on account of the advantages of large-scale production, it is in the larger interests of the villagers to use their own *Ghani*-oil, and instead of sending

their money into the pockets of the capitalists, provide subsidiary employment to their own village folk.

The A.I.V.I.A., has also invented a new type of lantern called the 'Magan Dipa' which consumes Til or Linseed oil. With the development of indigenous oil industry in the villages the use of kerosene oil in the hurricane lanterns could also disappear.

(d) *Paddy-husking*—It has been conclusively proved that polished rice loses considerable food value in the process of milling. As the Government of India's Health Bulletin No. 28 points out, rice, when milled, loses the outer layers which contain more protein, mineral salts and vitamins than the starchy inner parts of the grain. Deficiency of specially vitamin B produces very serious consequences. The prevalence of beriberi is mostly due to the deficiency of vitamin B in polished rice. The contents of protein, phosphorus, calcium and iron in hand-pounded rice are also superior to those of machine-milled rice. Moreover, the cost of hand-pounding as compared with machine-milling is almost identical so far as unpolished rice is concerned. Even from the economic point of view, therefore, it is advisable to encourage paddy-husking industry.

Unfortunately, the progress of rice mills in India has been quite alarming. They have not only undermined the health of the people, but have also ousted a considerable number from employment. It is, therefore, desirable that the State should abolish rice mills, or, at least, rigorously restrict their scope and market. The State should also see that mill-husking is less complete than what it is at present. Rice being the staple food of millions of our people, the State cannot afford to neglect this important problem. The following figures* will make my statement clear :—

	<i>Hand-pounded Rice</i>	<i>Machine-pounded Rice</i>	<i>Loss per cent.</i>
Phosphorus Content	0.23	0.13	54
Calcium Content	0.043	0.013	70
(Bengal Varieties) Iron Contents	2.2	1.0	55

* *Rice*, published by A. I. V. I. A., Page 47.

(e) Other *miscellaneous cottage industries* would include the following :—

Gur-making out of sugarcane, date-palm or palmyra : bee-keeping, soap-making, flour-grinding, poultry farming, carpentry, smithy, match industry, pottery, toy-making, cutlery, bamboo and cane work, rope-making, tiles and brick-making, glassware and bangles.

National Government will have to pay special attention to the development of gur-making and flour-grinding. From the standpoint of nation's health, it has been scientifically proved that gur is more nutritious than sugar and hand-ground flour contains more vitamins than the milled flour. It will, therefore, be necessary to control and restrict the sugar and flour mills.

It is not claimed that the above list is exhaustive. More industries could be easily developed in our villages in accordance with local conditions and needs.

STATE AID

(The State should regard the revivification of cottage industries as the chief plank of its industrial programme and Planning. It should assist the village artisans in the following ways :

- (i) Providing cheap credit facilities through credit co-operative societies. The artisans require finance for purchasing raw materials, stocking them, and for holding finished articles.
- (ii) Imparting suitable technical education in basic schools and adult classes.
- (iii) Setting up research establishment for the purpose of expanding the scope and improving the mechanical efficiency of cottage industries. The results of such research work should be made available to the artisans through the Village Panchayats.
- (iv) Arranging for the collective purchase of raw materials which are not produced in the villages.
- (v) Assisting the co-operating marketing societies in disposing of the surplus goods at remunerative prices in the towns.

- (vi) Protection from competition with large-scale industries.
- (vii) Concessions in railway or steamer freights for hand-made products.
- (viii) Granting subsidies to cottage industries by taxing the mills, if necessary.

X

BASIC INDUSTRIES

(As we have already seen, the consumption-goods according to this Plan, will mainly be supplied by cottage industries. But in a free India, the development of a few basic or key industries shall not be neglected. The basic industries will not hinder but help the growth and evolution of cottage factories. The following basic industries shall receive special attention :

1. Defence Industries.*
2. Power—Hydro and Thermal Electricity.
3. Mining, Metallurgy and Forestry—Iron, Steel, Coal, Mineral Oil and Timber. Mining of ores is included.
4. Machinery and Machine tools—specially efficient small machines for agriculture and cottage industries.
5. Heavy Engineering—Ships, Locomotives, Automobiles and Aircraft.
6. Chemicals—Heavy chemicals, fertilisers, pharmaceuticals.)

Electricity.—The dangers of war and bombing have necessitated the decentralisation of basic and large-scale industries. The supply of cheap electricity, specially for such decentralised key industries is, therefore, essential. In this connection, the instances of Soviet Russia, Japan and China are before us. Electricity could also be used for certain agricultural processes and cottage industries.† But its use in this domain must, of course, be limited and controlled with a view to avoiding the possibilities of rural unemployment and in order to minimise

* Although Gandhiji is an uncompromising pacifist and a staunch believer in non-violence, he is practical enough to concede that a free India may require an armed defence.

† 'If we could have electricity in every village home, I shall not mind villagers plying their implements and tools with electricity' *Harjan*, 22-6-1933.

dependence of village communities on a power supply whose distant source may be beyond their immediate control.

The real potentialities of electric power have not yet been sufficiently explored in India. There is much scope for expansion and development. The following statistics will give us an idea of the low output of electricity in our country :

Electric Power Output (In millions of Kwatts.)

<i>Country</i>	<i>1930</i>
U.S.A.	120,000
Germany	30,661
U.K.	16,620
Japan	13,957
Australia	2,436
India	976

It is wrong to assume that electricity generated from water is always cheaper than the electricity generated from coal. Hydro-electric power operating on the Grid System must be related to a sufficient load in order to be cheap. Moreover, Hydro-electric installation is not only costlier than Thermal electricity but also takes longer time to construct. The use of these two types of electric power will have to be determined in accordance with the particular conditions prevailing in different localities and regions.

State Ownership.—There will be adequate scope for private or co-operative enterprise and initiative in the organisation of village industries which will supply in a large measure the consumers' goods to the villages as well as towns. But it is one of the corner-stones of this Plan that the basic and key industries shall be owned and managed by the State in the interests of the nation as a whole. The key industries are meant to be beneficial to the whole country and, as such, cannot and should not be left in private hands. The cottage industries, though not state-owned, will not provide much scope for the 'vested interests.' Hence under this Plan, there will scarcely be any chance for Indian or foreign capitalists to exploit India for their own selfish ends.

PERIOD OF TRANSITION

The general policy of the State towards large-scale and basic industries during the period of transition shall be as follows :—

- (a) If it is not possible to purchase or acquire private establishments all at once, they should, for the time being, be put under rigid control and supervision of the State as regards the prices of goods, profits, conditions of labour and competition with cottage industries.
- (b) No further expansion of such industries under private control shall be allowed under any circumstances.
- (c) All foreign business establishments shall be gradually purchased by the National Government. Only those concerns shall be allowed to function during the transitional period which are completely under Indian control, so far as their direction of policy and management are concerned. The present cunning policy of foreign companies to add ' (India) Limited ' after their names shall no longer be allowed to deceive the unwary public.
- (d) The large-scale consumers' goods industries like textile, oil, sugar, paper and rice mills shall be allowed to continue, provided they fall in line with the strict discipline and control of the State. They shall not be permitted to compete with the corresponding cottage industries. They shall exist only so long as the village industries are not able to produce the required quantities of these consumers' goods.

XI

PUBLIC UTILITIES

Besides the development of cottage and key industries, the following Public Utility services shall receive adequate attention of the National Government :

- (1) Transport and Communications.
- (2) Public Health and Sanitation.
- (3) Education.
- (4) Banking and Insurance.

(5) Statistics and Research.

Let us deal with these, one by one.

TRANSPORT AND COMMUNICATIONS

Under this head, we shall have to consider the problems of railways, roads, inland waterways, coastal shipping, air-transport, postal and telegraphic facilities.

Railways—The total route mileage of railways on 31st March 1942 was made up of—

Broad-gauge	.. .. .	20,648
Metre-gauge	.. .. .	15,968
Narrow-gauge	.. .. .	3,860
		<hr/>
Total		40,476

It must be admitted that, as compared with other countries, the mileage of railways in India is quite low. Moreover, the construction of railways has been haphazard without a proper and systematic survey of the rural economic needs of the country. The main objective of railways in India has, so far, been to assist the British trade by draining raw materials from the land, and carrying British manufactures into remotest villages. This policy has brought about the ruin of Indian trade and industry, to a great extent. The flow of goods has been carefully controlled and manipulated by discriminating and preferential railway rates. The goal of maximum self-sufficiency, as adumbrated in this Plan, will reduce the strain on national transport to a considerable extent. But it may still be necessary to extend railway facilities in some parts of the country. The National Government shall regulate and control railway traffic in the interests of the masses, and not to suit the convenience of Indian or foreign capitalists. Railways shall not hinder but help the cottage industries by supplying them with cheap raw materials and facilitating the sale of their surplus produce.

Roads—The grand total of mileage of extra-municipal roads maintained by public authorities in India, including Indian States, was 347,132 on March 31, 1938. That it is desirable

to increase the mileage of roads in India will be evident from the following statistics :—

*Comparative Statement showing road mileage
to the square mile.*

Japan	..	..	..	3·00
U. K.	..	..	..	2·00
Germany	..	..	..	1·19
U. S. A.	..	..	..	1·00
British India	..	..	..	0·18

The development of roads in India has been, more or less, without any definite plan. That is why there is considerable duplication of roads and railways, so much so that about 30% of the metalled roads in India are parallel to railways. This needless over-lapping may be due to commercial and military considerations. Nevertheless, the fact remains that the road policy of the Government of India has not kept in view the needs of rural economy.

The future development of roads in this country, therefore, must be primarily helpful to the poor farmer and the village artisan by promoting his economic welfare. From this stand-point, particular attention should be devoted to the construction of subsidiary roads, connecting the villages with the main roads, so that the agriculturist could find a remunerative price for his produce in the nearest market town. Since the main vehicle of transport in rural areas is the bullock-cart, it is not essential to have *pukka* roads for them. Such roads will not be comfortable to the agriculturist because of the iron-tyred carts. The proposal that the village carts should be provided with pneumatic tyres is unsound because it is uneconomical from the viewpoint of the villager.* In our enthusiasm for better roads, we should also not forget that carting is a subsidiary occupation in rural areas and the farmers should not be deprived of this source of supplementary income by constructing metalled roads for motor-bus services. Besides the provincial or district councils, the Village Panchayats should be entrusted with the responsibility of bearing partial costs of the maintenance of such feeder roads.

* See Prof. Kumarappa's article on the subject, *Harjan*, 3-10-1936.

Inland Waterways—With an increase in the number of canals for providing better irrigation facilities, the use of these inland waterways as cheap means of transport shall also be developed and encouraged by regulating rates of railways so as not to allow them to compete with river and canal traffic. Such competition will, of course, automatically disappear when all means of communication are owned and managed by the State. The Government have so far not paid sufficient attention to the development of inland waterways because the railways provide better opportunities for the profitable investment of British capital. Needless to mention that the use of waterways would be cheaper and hence more profitable to the Indian agriculturists.

Coastal Shipping—With a coastline of over 4,000 miles, India enjoys great possibilities of cheap coastal shipping. With a view to promoting such transport, it will be necessary to eliminate foreign Navigation Companies which are, at present, competing with Indian Shipping concerns. Even the Indian shipping companies shall have to be gradually purchased and owned by the State in order to regulate transport in the interests of the nation.

Besides coastal shipping, India should also develop its Mercantile Marine which was its glory in the past. For the purposes of international trade, it is desirable that we should depend on our own means of economic transport.

Civil Aviation—In the Post-war world, Air Transport is bound to occupy a prominent place, and India shall not be able to resist its expansion. Although aeroplanes will have a very limited use as means of transport, they will be increasingly popular as vehicles of travel and postal communications. Air navigation, being owned and controlled by the State, shall be largely restricted to urban areas.

Postal and Telegraphic Facilities—The means of communication within the country require improvement and extension. To this end, the postal, telegraphic and even telephonic facilities shall be extended with special attention on the needs of rural areas.

PUBLIC HEALTH

It is admitted on all hands that the present standard of health in India is very poor. Epidemic diseases, such as small-pox, typhoid, dysenteries, cholera and malaria are widespread. Out of 6,165,234 deaths in 1939, malaria accounted for 1,411,614, smallpox for 48,103, cholera for 97,566 and dysenteries for 260,300.* Tuberculosis is spreading and each year presents a more menacing problem. Nutritional diseases due to mal-nutrition are also omni-present. As a British journalist recently remarked, India is a veritable "microbes' paradise."

The following figures would give us a comparative idea of the low health of our country :—

	Expectation of life.	
	(Years)	
	Male	Female
U. S. A.	60.60	64.50
U.K.	60.18	64.40
Germany	59.86	62.81
Australia	63.48	67.14
Japan	46.92	49.63
India	26.91	26.56

The methods of ameliorating public health in India fall under two distinct heads :—

1. Preventive measures, like sanitation, water-supply, housing, maternity and child welfare.
2. Curative treatment, like the provision of adequate medical facilities through hospitals and dispensaries.

Sanitation, Water-supply and Housing—“Divorce between intelligence and labour has resulted in criminal negligence of the villagers. And so, instead of having graceful hamlets dotting the land, we have dung-heaps. The approach to many villages is not a refreshing experience: obviously one would like to shut one's eyes and stuff one's nose, such is the surrounding dirt and offending smell.”† Proper instruction in regard to sanitation, health and hygiene will, therefore, have to be imparted to the villages by the Village Panchayats. This

The Health of India by John. B. Grant, p. 8.

Constructive Programme by M. K. Gandhi, p. 12

kind of instruction should form an integral part of basic and adult education. The habit of digging pits for dirt and refuse will have to be inculcated. This will not only improve village sanitation, but also provide rich manure for the fields. The use of trench-latrines should be taught and encouraged. The standard of municipal sanitation in urban areas also leaves much to be desired.

The facilities of adequate water-supply, both in towns and villages, will have to be improved and extended. It is estimated that out of 1,471 towns in British India in 1939, only 253 towns enjoyed proper facilities for water-supply. This is, undoubtedly, inadequate. The position in villages is much worse. The water of dirty pools and wells is used both for washing and drinking purposes. The cattle as well as human beings share their needs of water almost on an equal footing. Consequently, various epidemics take a heavy toll of life.

The need for cleaner and better-ventilated houses cannot be overlooked. The State should supply to Village Councils or Panchayats model plans of simple but convenient houses for the guidance of villagers. Co-operative Housing Societies could do considerable work in this direction. With an increase in their incomes, the village folk will be able to incur sufficient expenditure for improved housing conditions.

Maternity and Child Welfare—The following figures leave no room for doubt that the infantile mortality in India is very high :

	(Per 1,000 births)			
India	167
Japan	114
Canada	61
Germany	60
U. K.	53
U. S. A.	48
Australia	38

This heavy rate of mortality is partly attributable to the custom of early marriage which impairs the vitality of the mother and, therefore, of the child. But the basic cause is, unmistakably, the grinding poverty of the masses.

The second peculiarity in connection with the Indian death-rate is the excessive mortality among women of child-bearing age. Many girls die during child-birth or contract Tuberculosis after delivery.

Hence, apart from the general problem of raising the standard of living, it shall be incumbent on the National Government to establish numerous Maternity Clinics, both in towns as well as villages. These Clinics shall impart general knowledge to women about the art and science of child-bearing. The system of maternity welfare in Soviet Russia is, perhaps, the best in the world.

Akhadas and Sports—It should not, however, be forgotten that the best way to prevent diseases is to improve the general health of the nation. This should be done by establishing numerous *Akhadas* all over the country. *Swadeshi* games and sports which are both cheap and health-giving should be revived and encouraged.

Hospitals and Cottage Dispensaries—As regards curative measures, it will be necessary to establish more and better equipped hospitals in towns and cottage dispensaries in rural areas. The example of U. S. S. R. in this respect is, again, worth emulating. In India, the number of hospitals and dispensaries stands at about 7,000 only. The number of practising doctors is estimated to be about 42,000, which means one doctor for 9,000 persons. This total is less than Japan's for a population approximately the same as Bengal. Even if we calculate the number at the rate of 1 doctor per 2,000 of the population, India would require 200,000 doctors. The total number of nurses is only 4,500, i.e., 1 nurse for 86,000 persons. In Great Britain, with only 1/8th of India's population, there are 109,500 nurses and 61,420 doctors, i.e., 1 nurse per 435 persons and 1 doctor per 776 persons.

Arrangements for training the personnel is, thus, an urgent problem, and the Indian National Government will have to tackle it in all seriousness with special reference to the needs of rural areas. Every village must have a cottage dispensary under the management of the Panchayat and under the supervision of the Provincial Government.

Systems of Treatment—In developing medical facilities in India, special care should be taken by the State to patronize indigenous methods of treatment like the Ayurvedic and Unani systems. Continuous research work must be carried on by the State in order to evolve these indigenous systems specially for the villages which cannot afford to spend substantial amounts on Allopathic medicines. Besides Ayurvedic and Unani systems, Homoeopathy, Bio-Chemistry and Naturopathy should also be encouraged and developed. These methods of treatment are convenient and cheap, and hence more congenial to Indian conditions. It must, however, be recognised that Allopathy need not and cannot be banished altogether. A judicious combination of all these systems will, therefore, be desirable.

EDUCATION

According to the 1941 Census, only 12% of the population in India is literate. The figures of literacy for a few other countries are :—

			Year		Percentage.
U. K.	..	..	1921	..	76.1
U. S. A.	..	..	1920	..	74.5
Canada	..	..	1921	..	71.6
Germany	..	..	1925	..	80.5
France	..	..	1926	..	80.1
Japan	..	..	1925	..	71.7

The urgent need of expanding education in India, therefore, needs no argument.

It will be better to treat this subject under five heads :—

1. Infant education.
2. Basic education.
3. Secondary education.
4. University education.
5. Adult education.

Infant Education—Education of children in the Pre-Basic stage has, so far, received scant attention in our country. Thanks to the untiring efforts of the late Acharya Gijubhai, Gujarat is, perhaps, the only province where infant education has made considerable headway. Although 'home' is and should be the best infant school, the fact remains that most

parents are not able to pay adequate attention to the education of their children between the ages of 3 and 6. It is, therefore, necessary to organise infant education all over the country by establishing 'Bal Mandirs'. The Montessori and Kindergarten methods are expensive for a poor country like India. It should be possible to adapt these systems to Indian conditions by devising simple but educative apparatus.

Basic Education—The present system of primary education is a farce designed without regard to the wants of the India of the villages and, for that matter, even of the cities. "Basic education links the children, whether of the cities or the villages, to all that is best and lasting in India. It develops both the body and the mind, and keeps the child rooted to the soil with a glorious vision of the future in the realisation of which he or she begins to take his or her share from the very commencement of his or her career in school."*

The Wardha Scheme of Education lays down that basic education, being free and compulsory, should last for 7 years and should include the general knowledge gained up to the Matriculation standard less English and plus a substantial vocation. For the all-round development of boys and girls, all training should, as far as possible, be given through a profit-yielding vocation. In other words, vocation should serve a double purpose—to enable the pupil to pay for his dues through the products of his labour and, at the same time, to develop the whole man or woman in him or her through the vocation learnt at school. Land, buildings and equipment are not intended to be covered by the proceeds of the pupil's labour.† Needless to mention that the Wardha Scheme of Education, with its main principle of learning through activity, has been endorsed by eminent educationists all over the world. Even the Government of India have accepted it as the only kind of mass education suitable for a poor country like India.

The management of basic schools should vest in the Village Panchayats. The towns will also have basic schools, although their basic crafts may be different from those of the rural schools.

* *Constructive Programme*, p. 13.

† *Harijan*, 2-10-1937.

Secondary Education—The Secondary Education shall be a continuation of the Basic Education and shall impart advanced technical knowledge for 3 years in the crafts already learnt in basic schools. The principle of *correlation*, will, of course, continue in the secondary and even higher stages.

It must, however, be emphasized that secondary education should constitute a self-sufficient unit, and ought not to be regarded as merely a preparation for colleges.

University Education—There are, at present, 18 Universities in India with a total enrolment of 176,291 students.* 'The vast amount of the so-called education given in our colleges, is sheer waste and has resulted in unemployment among the educated classes. What is more, it has destroyed the health, both mental and physical, of the boys and girls who have the misfortune to go through the grind in the colleges.† The present system of higher education, therefore, needs a radical change.

University education should be devoted mainly to research work and higher technical knowledge of different subjects. The State Universities should train specially those youngmen whose services may be required by the State. For example, Training Colleges for doctors, nurses, teachers, engineers, rural workers, etc., should be started by the National Government. For all other branches of learning, private enterprises should be encouraged. Some of the State Universities should be mainly Examining Bodies, self-supporting through the fees charged for examinations.‡

Medium of Instruction—With a view to avoiding colossal waste of national energy, the medium of instruction, at all stages of education, must be the mother-tongue. "The English medium has sapped the energy of the nation, it has shortened the lives of the people. It has estranged them from the masses ; it has made education unnecessarily expensive. If this process is still persisted in, it bids fair to rob the nation of its soul. The sooner, therefore, educated India shakes itself free from the hypnotic spell of the foreign medium the better it will

* *Mr. John Sargent's Report, Appendix Table D.*

† *Harijan, 9-7-1938.*

‡ *Ibid.*

be for them and the people." In the post-war world, let us hope, India will enjoy political freedom. If we are unfortunately not liberated from the English domination, we must at least be freed from the tyranny of the English medium of instruction.

For a detailed study of this problem, the reader is referred to my brochure, *The Medium of Instruction*.

Adult Education—Merely teaching of the three R's is not enough for Adult Education. Literacy is a means and not an end. The aim of adult education should be to raise the economic and cultural level of the people—economic, because without arousing their interests in everyday economic life, the masses shall not be able to continue their study for study's sake.

"It is a good pedagogy from several viewpoints to begin with the economic phase. A man learns best when his interests are keenest ; and his needs determine his interests."* Hence, adult education for the masses must have a definite economic bias ; it should enable the people to improve their economic condition by learning through some craft or profession. As in basic education, the medium of instruction for adults should also be a productive economic activity. In the process of learning a particular craft well, the adults would not only pick up the knowledge of the three R's, but shall also imbibe sufficient knowledge of health, hygiene, sanitation, civic rights and co-operative effort.

Needless to mention that the ignorant adults should be supplied with useful and cheap literature on various topics of practical interest. In the absence of such suitable literature, they are bound to lapse into illiteracy. There can be no two opinions on the need of having good teachers who are imbued with the spirit of national service.

The revival of indigenous theatre, folk-dance, folk literature, and community music should form an integral part of Adult Education.

Masters of Their Own Destiny, by M. M. Coady, p. 112.

BANKING AND INSURANCE

The execution of any large-scale economic Planning in India will, of necessity, require huge amount of capital specially for providing long-term credit facilities for various purposes. This will necessitate an extension of Banking organisation which should not be left in private hands. National Banking should be owned and controlled by the State in public interests. It should have a special department for rural areas on the lines of 'the Farmers' Bank' in China. With the progress of economic Planning, the scope for Insurance, specially Agricultural Insurance, shall be enormous. The field should not be left to private enterprise but ought to be managed by the State, in the larger interests of the nation. The State will have either to purchase the existing Insurance Companies and Banks or to strictly control and supervise their business, specially in regard to the rates of interest and fields of investment. It is of great moment that the nation, instead of becoming a helpless spectator of the cunning jugglery of Financiers and Bankers should be able to manage its own house according to its vital and real needs.

STATISTICS AND RESEARCH

The existing machinery for the collection of useful economic, technical and scientific statistics is very defective. For example, there are, at present, no sufficient data regarding internal trade, fruit and vegetable production, dairy farms, cattle wealth and cottage industries. Even the data that are available cannot be regarded as very correct and reliable. As the Bowley-Robertson Report pointed out, the need for improving the present machinery of statistical information is imperative. The establishment of a Bureau of Survey and Statistics directly under the National Government with its branches in all provinces is, therefore, essential.

Moreover, the prevailing system of statistical calculations needs a radical change. The method of finding the averages is, to say the least, highly deceptive and illusory. For example, by increasing, say, 10 times the incomes of a small section of moneyed people in the country, it could be proved statistically

that the *per capita* income has improved. But the poor masses will remain where they were, wallowing in their abject poverty. Similarly, to say that the *per capita* consumption of cloth in India is 16 yards, is a mockery of truth. We know, that the minority wears hundreds of yards of cloth every year, while the majority goes naked or half-naked. Our statistical calculations should, consequently be more realistic and should present before our minds a true picture of economic conditions.

The organisation of research work in India is hopelessly inadequate. In order to plan for the nation on sure and sound foundations, it is indispensable to arrange for scientific and technical research in the domains of agriculture, industries, commerce, transport, trade, health, education, etc. The Research Department should be directly under the National Government with its branches in different provinces.

XII

TRADE AND DISTRIBUTION

INTERNAL TRADE

The organisation of, more or less, self-sufficient economic units in the country will reduce the need for trade to the minimum. Internal trade, therefore, should be so conducted as to provide for local consumption of the greatest possible portion of the total produce. This will avoid exploitation by middlemen, maintain a measure of price stability and minimise the strain on country's Transport system, Banking service and Currency.

As has been pointed out earlier, the regional units of economic self-sufficiency will differ with different commodities. In some cases, the unit may be a village or taluka ; in other cases, it may be a district or even a province. Ordinarily, however, a fairly big village or a group of villages within a radius of, say, 5 miles could be self-sufficient so far as, at least, the necessaries of life like food, clothing and housing are concerned.

The regional economic units need not conform to the present boundaries of provinces which are irrational and unscien-

tific. The provinces will have to be re-distributed on the basis of linguistic and economic considerations.

Restricted internal trade will take place between different economic units, mainly with the direction and control of various village communities on the basis of mutual interest. Private individuals could also be authorised to carry on internal trade, of course, under the control of the State as regards prices, margin of profits and extent of markets. A regional economic unit shall export only those commodities of which it has a distinct surplus or which can be produced or grown only there ; it shall import only those goods which it cannot produce but must possess as some of the necessaries of life. For example, cotton, which is necessary for the production of cloth, cannot be grown everywhere. Cotton-growing areas will, therefore, have to export cotton to those areas where it cannot be cultivated. At present, cotton is grown mainly as a commercial crop. But, with research and experiments, it should be possible to grow cotton in several other parts of the country from the viewpoint of maximum self-sufficiency. " It must be the aim of planned economy to do away with every avoidable act of exchange of commodities or services in order to economise national energy."* The traditional distinction between producers and consumers will be gradually eliminated. Producers shall also be the consumers and *vice versa*.

DISTRIBUTION

With localisation or regionalisation of production and consumption, the problem of distribution will be greatly simplified. The round-about method of distribution in a centralised Socialist State will be unnecessary in a system of decentralised cottage industrialism. In the absence of such self-adjusting, automatic and equitable system of distribution, even a substantial increase in the aggregate National dividend would materially affect only a fraction of the rich population by making it richer.

With decentralisation of production in small self-sufficient economic units, and the owning by the State of the basic indus-

* *Principles of Planning*, by K. T. Shah, p. 89.

tries and public utilities, the rentier class shall have scarcely any place in national economy according to this Plan. The economic ills relating to Interest and Profits will largely disappear, resulting in a lesser disparity of incomes.)

POSITION OF TOWNS

The following statistics would give us an idea of the distribution of rural and urban population in India :—

	1941		1931		Percentage of population.	
	Places	Population (Million)	Places	Population (Million)	1941	1931
Total Population	658,595	389.0	666,924	338.1	100	100
Rural areas	655,892	339.3	664,444	300.3	87	89
Urban areas	2,703	49.7	2,480	37.4	13	11

Thus the percentage of the urban population to the total is only 13. According to the 1941 census, there were only about 40 towns in India having a population of more than a lakh. The percentage of urban population ranges from 2.8 in Assam to 26.0 in Bombay, which is the most urbanised of the major provinces. Compared to this, the urban population in France is 49%, in Northern Ireland 50.8%, in England and Wales 80% and in the U. S. A. 56.2%.*

The problem of urban congestion is comparatively insignificant in our country. Only the following points have to be borne in mind in regard to the future of towns of India :—

- (a) No further increase in the number of towns is to be encouraged in order to avoid congestion and centralisation of production.
- (b) The present towns should be better planned through Improvement Trusts, from the viewpoints of health, sanitation, recreational facilities, education, trade and industries.
- (c) Large-scale and even key industries should not be concentrated in towns, as at present ; they should be decentralised in the neighbouring villages.

* *Indian Year Book, 1943-44.*

- (d) **Towns should not be allowed to produce those consumption goods which could be easily manufactured in villages. The industries of towns should only supplement the production of village industries. Towns should play mainly the role of market places and clearing houses for village products.**
- (e) **Even from the standpoint of maximum self-sufficiency, the towns should depend for their necessities on the neighbouring villages rather than on distant towns and provinces. The size of the unit of economic self-sufficiency for towns will depend on their existing populations. Of course, in cases of the failure of crops, floods or other emergencies, these small economic units will have to be modified and enlarged.**

This will mean a reversal of the existing process. At present, the economic drain is from the villages to the towns. The direction of economic flow, according to this Plan, will be from the towns to the villages.

INTERNATIONAL TRADE

As the aim of Planning will be to attain maximum national self-sufficiency, international trade shall be restricted mainly to the exchange of surpluses of different countries in terms of mutual benefit. Imports will be chiefly meant to make up the local deficit and satisfy the real and felt needs of the nation. The present system of international trade is primarily based on greed and exploitation, setting into motion the forces of imperialism, which, ultimately result in sanguinary wars. India, according to this Plan, shall not be a party to the economic exploitation of any weak nation on earth; neither shall she allow other countries to exploit her. At the same time, India will not shun foreign trade *as such*. For example, she will not hesitate to import certain types of machinery, drugs and surgical instruments, if it is not possible to manufacture them here. Similarly, she will not turn down the requests of certain countries for the export of some special commodities which only she is able to produce. Such exchange will benefit both parties, and shall, consequently, be desirable.

“ To reject foreign manufactures mainly because they are foreign and to go on wasting national time and money to provide manufactures in one’s country for which it is not suited would be criminal folly and a negation of Swadeshi spirit.”* On the other hand, to import certain goods which can easily be manufactured in our own country and provide employment to a large number of people, will be equally criminal and foolish. In a sanely planned world economy, there must not be any room for economic spoliation of weaker nations by means of dumping and ‘ Imperial preferences,’ backed by imperialist coercion.

Just as an individual or a village community should be the agent for internal trade, so a nation should be the agent for international trade. In other words, this Plan visualises that India’s international trade shall be carried on and controlled by the National Government. It shall not be left in the hands of private traders and businessmen who cannot put the interest of the nation above their own selfish gains.

The doctrine of free trade is now dead as dodo. “ Free trade may be good for England which dumps down her manufactures among helpless people and wishes her wants to be supplied from outside at the cheapest rate. But free trade has ruined India’s peasantry in that it has all but destroyed her cottage industry. Moreover, no new trade can compete with foreign trade without protection.”† It will be, therefore, necessary for India either to prohibit imports of certain commodities altogether, or to impose high protective duties upon those foreign goods. “ To talk of no discrimination between Indian Interests and English or European is to perpetuate Indian helotage. What is equality of rights between a giant and a dwarf ? Before one can think of equality between unequals, the dwarf must be raised to the height of the giant.”‡

XIII

LABOUR WELFARE

The interests of workers employed in agriculture, cottage industries, large-scale industries, key industries and public

* *Young India*, 18-6-1931.

† *Young India*, 15-5-1924.

‡ *Young India*, 26-8-1931.

utilities shall be carefully safeguarded by the State by suitable legislation regarding—

- (a) A living wage.
- (b) Healthy conditions of work.
- (c) Limited hours of labour.
- (d) Suitable machinery for the settlement of disputes between employers and employees.
- (e) Protection against the economic consequences of old age, sickness, accident and unemployment. The principle of contributory insurance may be followed.

In terms of the Congress resolution on Fundamental Rights, the State shall adopt the following general policy :—

1. Labour to be freed from serfdom and conditions bordering on serfdom.
2. Protection of women workers, and specially, adequate provision for leave during maternity period.
3. Children of school going age shall not be employed in mines and factories.
4. Peasants and workers shall have the right to form unions to protect their interests.

Regarding the practical working of labour welfare and trade unions in accordance with Gandhian ideals, the work of the Textile Labour Association of Ahmedabad deserves careful study.

XIV

POPULATION PROBLEM

It is needless to deny that India, like many other countries of the world, has a real population problem to face. But the seriousness of the problem has often been overemphasized both by Indian and foreign economists and politicians. Mr. Amery had advanced the thesis that the Bengal famine was mainly due to the phenomenal increase of population in this country. Now Mr. Churchill asserts that the speed of increase of population in India has “exceeded any increase throughout the world.” That these statements are erroneous will be evident from the following figures* :—

* *The Measurement of Population Growth* by R. R. Kuczynski.

Percentages of increase of population
during 1881-1931.

England and Wales	50	Japan	74
Holland	90	U. S. A.	186
Australia	166	India (excluding	
New Zealand	172	Burma)	35

It must, however, be mentioned that the increase of population in certain countries like the U. S. A., Australia and New Zealand has been partly due to immigration. But the fact remains that India is not faced with any *extraordinary* problem of increasing population.

It is true that economic planning involves certain amount of control of numbers. In the West, artificial methods of birth-control, are being employed freely. But Gandhiji's attitude to such unnatural methods is well-known. Birth-control to him, is "a dismal abyss." "Assuming that birth-control by artificial aids is justifiable under certain conditions, it seems to be utterly impracticable of application among the millions. It seems to me easier to induce them to practise self-control than control by contraceptives."

"Artificial methods are like putting a premium upon vice. They make man and woman reckless . . . Adoption of artificial methods must result in imbecility and nervous prostration. The remedy will be found to be worse than the disease."*

The only practical and desirable method of checking undue increase in India's population is the education of the masses in self-control and continence. An improvement in their standard of living will also partly check the existing increase in numbers.

XV

PUBLIC FINANCE, TAXATION AND CURRENCY

The present system of public finance and taxation in India is top-heavy and inequitable ; it will, therefore, have to be radically recast.

* *Self-Restraint vs. Self-Indulgence* by M. K. Gandhi, p. 51.

There has been a striking growth of public expenditure in India during the last three decades. But as the late G. K. Gokhale pointed out :

“ An increase in public expenditure need not necessarily be a matter for regret or alarm. Everything depends in this matter on the nature of the purposes for which the increase has been incurred, and the results produced by such outlay of public money.”

“ Taxation raised by a king,” wrote R. C. Dutta, “ is like the moisture of the earth sucked up by the sun to be returned to the earth as fertilising rain.” “ The moisture raised on the Indian soil now descends as fertilising rain largely on other lands, not on India.”*

It will be impossible within the compass of this brochure to go into the details of various problems of public finance and taxation in this country. However, it is necessary to make special mention of the following points :—

- (a) The incidence of taxation shall be equitable ; it shall not fall unduly heavily on the poor taxpayer.
- (b) From this standpoint, there shall be, for example, steeper graduation of the existing direct taxes like the Income-tax and the Super-tax.
- (c) Salt Tax shall be totally abolished.
- (d) Income from Excise Taxes on intoxicants shall be done away with. Intoxicating drinks and drugs shall be totally prohibited, except for medicinal purposes.
- (e) A graded tax shall be imposed on agricultural incomes above a reasonable minimum.
- (f) Death Duties or Inheritance Taxes on a graduated scale shall be levied on property above a fixed minimum.
- (g) In order to give maximum relief to the poor peasantry, there shall be a substantial reduction in the existing agricultural rent and revenue. The uneconomic holdings shall be totally exempted from the payment of rent.
- (h) Old system of paying taxes in kind, specially in rural areas, shall be encouraged.

* *Economic History of India under British Rule.*

- (i) There shall be a drastic reduction of Military expenditure, so as to bring it down to at least one-half of the present scale.
- (j) Expenditure on Public Utility services, like health, education and research shall be increased.
- (k) Expenditure on salaries in Civil Service Departments shall be largely reduced. No servant of the State other than specially employed experts and the like, shall be paid above a certain fixed figure, which shall not ordinarily exceed Rs. 500/- per month.

It will be interesting, in this connection, to study the following figures of salaries for certain important posts in different countries* :—

	(Per annum)
Prime Minister of the U. K.	£ 8,000
British Cabinet Minister	£ 5,000
President, U. S. A.	£ 15,000
Ministers, U. S. A.	£ 3,000
Governor-General of India, £20,000 plus allowances making a total cost of over	£ 130,000
Governor-General, Canada	£ 10,000
Governor-General, Australia	£ 8,000
Governor-General, Union of South Africa	£ 10,000
Governor, Indian Provinces—varying from £ 5,000 to	£ 10,000
State Governors of U. S. A.—varying from £ 1,000 to	£ 5,000

CURRENCY

A radical reorganisation of the currency system is needed. The State shall 'manage' national currency in such a way that the prevailing cash nexus is abolished. Money was primarily meant to be a medium of the exchange of commodities. But money itself has now developed into the most important commodity which bids fair to rob the people of their peace and happiness. The present system of currency and finance has

* *Harijan*, 21-8-1937.

grown so much complicated and incomprehensible that even the Governor of the Bank of England is forced to admit, "I do not understand it." A man-in-the-street has no option but to be a silent and helpless spectator of such a mysterious system. A farmer, even though he may grow the same quantity of harvest year after year, has to be at the mercy of price fluctuations, inflation and deflation, which are beyond his control.

The currency, thus, will have to be greatly simplified and made more rational. Being regulated and managed by the State or the representatives of the people, it shall not be allowed to play into the hands of the financiers and stock-brokers. The State will control exports, imports and international banking, and expand or contract the currency in accordance with the volume of internal trade and commerce. In this way, the stability of internal prices will be maintained. Like the Soviet rouble notes, Indian currency will operate over the whole range of buyers' transactions precisely as postage-stamps everywhere operate in the single commodity of postal service.*

As international trade shall be reduced to the minimum, internal currency will not be much disturbed by foreign exchanges and fluctuations of international price-levels. International trade shall be reduced to its original form of barter by paying for the imports with actual exports of commodities.

The need for internal currency shall be automatically curtailed with the re-introduction of barter system in national rural economy. The advantages of paying land rent and revenue in kind have already been discussed in connection with 'Land Tenures'. The village artisans, teachers, doctors and local officers could also be paid partially in kind as is done even now in most villages. Since internal trade will be localised to a great extent, the importance of currency and its consequent mischief will be substantially reduced. It would suffice for the villager to have some sort of commodity-index currency, the value of which shall be fixed in terms of certain quantities of consumption goods, like foodstuffs, cloth and milk. In this connection, the scheme of yarn currency tried at Gopuri (Wardha) will make an interesting study.†

* Webb's *Soviet Communism*, p. 1195.

† *Harijan*, 22-3-1942.

XVI

ADMINISTRATION

It has already been emphasized, that (the pivot of this Plan is the decentralisation of production. This principle will, of necessity, apply to administration as well.

The smallest administrative unit shall be the Village Panchayat, with largest possible autonomy in internal affairs.) A certain number of villages together, say, 10, will make up the next administrative unit which could be called Village Group Council or Gram-sangh Panchayat. This Council will co-ordinate the work of the villages under it. A number of such village-group councils would have a *higher administrative unit* corresponding to the present Tahsil or Taluka. Then there will be District Councils for several talukas. In case of towns, there will be Municipal Councils. Over the District and Municipal Councils, we shall have Divisional Councils and Provincial Assemblies. The Provincial Assemblies shall send their representatives to the Central Assembly which shall be the supreme administrative and legislative body of the whole nation. As regards elections, there shall be universal adult franchise in the Village Panchayats, and the elections shall be direct. But in the case of other higher Councils, there shall be indirect elections, each lower council electing its representatives for the next higher administrative body. (Although the Village Panchayat shall be linked up with the Tahsil, District, Division, Province and the whole country, it will form the basic unit of national administration.)

(As regards the execution of this Plan of economic development, although there will be a Central National Planning Committee with its provincial branches, greatest emphasis will be laid on the resuscitation of Village Communities with the largest possible autonomy.)

This is the barest outline of the proposed administrative system. It will be beyond the scope of this brochure to lay out a detailed constitution for the country.

XVII

THE BUDGET

So far, only the basic principles and some details of general policy have been discussed and explained. It is, now, necessary to study the financial implications of this Plan, i.e., the approximate recurring and non-recurring expenditures and the various sources of income. All the estimates are in terms of pre-war prices.

ITEMS OF EXPENDITURE

(a) *Agriculture*—Let us first take up Agriculture. Compensation for the nationalisation of land may cost about 200 crores at the rate of 10 times the net annual rental of the acquired lands.* The reclamation of cultivable waste land of about 170 million acres will need a capital expenditure of nearly Rs. 350 crores at the rate of Rs. 20/- per acre. For checking soil erosion, a provision of Rs. 100 crores may be sufficient. Recurring expenditure on both these accounts will be approximately Rs. 5 crores each.

In 1938-39, the total capital outlay on the existing canals amounted to Rs. 153 crores. Supposing that the existing irrigation facilities are doubled, Rs. 150 crores will be required for the purpose. Construction of wells, tanks, etc., will mean an additional expenditure of, say, 25 crores. Recurring expenditure will be Rs. 5 crores. In 10 years, about Rs. 100 crores could be spent on experimental farms, which will also serve as model farms for villagers. Taking into consideration their annual income, the recurring expenditure on these farms will be roughly Rs. 25 crores.

Besides, the Government will have to provide for cheap credit facilities in order to enable the cultivators to purchase better implements, to improve their livestock, and to introduce other improvements in farming. Calculating at the rate of Rs. 4,000 for each village, the total capital required for financing agricultural improvements will be nearly Rs. 250 crores. This will, of course, be non-recurring, and will be recovered in about 20 years.

* *Principles of Planning* by K. T. Shah, page 37.

The total amount of capital required for agriculture during the period of this Plan will, thus, be— (In Crores of rupees)

	Non-recurring	Recurring
Nationalisation of land ..	200	—
Land Reclamation	350	5
Soil Erosion	100	5
Irrigation	175	5
Experimental Farms	100	25
Credit Facilities	250	—
Total	1,175	40

With this expenditure, it is estimated that the income from agriculture will be doubled within a period of 10 years.

(b) *Rural Industries*—The greatest need of the rural industries is the provision of cheap credit facilities. It is estimated that Rs. 5,000 per village will be required for the development of allied industries to Agriculture and other cottage crafts. This amount will be advanced to the Village Panchayats or Co-operative Banks as a long term loan to be recovered in 20 years. The total non-recurring expenditure on providing such credit facilities for the rural industries will, therefore, be Rs. 350 crores.

(c) *Large-scale and Key Industries*—It is difficult to estimate with accuracy the capital needs of large-scale industrialisation in India. Definite figures of capital employed in the existing industries are also not available. According to Sir M. Visvesvaraya,* the total paid-up capital invested in Indian concerns is Rs. 750 crores, out of which about 300 crores are owned by foreign concerns. Out of the remaining Rs. 450 crores, we can assume that about Rs. 200 crores are invested in basic industries owned by Indians. The foreign industrial concerns and the Indian key industries will have to be purchased by the State in the course of 10 years. This will entail a capital expenditure of about Rs. 500 crores. If the State spends another Rs. 500 crores on the development of basic industries, including defence, the total capital required for the purpose will be Rs. 1,000 crores.

* *Prosperity through Industry*, page 7.

The total expenditure on public health will, therefore, amount to :—

	(In crores of rupees)	
	Non-recurring	Recurring
Village Dispensaries ..	75	35
General Hospitals ..	15	5
Special Hospitals ..	10	--
Sanitation, Water-supply & Housing	160	5
Total	260	45

3 Education

(i) *Basic Education*—There shall be a basic school with if possible, all the seven standards, in every village. The cost of constructing buildings for basic schools in rural areas will be about Rs. 2,000 each. The total non-recurring expenditure on buildings in villages will, thus, amount to Rs. 132 crores. Half of this expenditure, i.e. Rs. 66 crores, should be met by the Provincial Governments. The other half would be contributed by the Village Panchayats, partly in the form of manual labour. For urban areas, about Rs. 14 crores could be spent on constructing new buildings for basic schools. Expenditure on equipment for basic crafts for both rural and urban schools may be estimated at Rs. 20 crores. The total non-recurring expenditure on basic education would, thus, be Rs. 100 crores.

According to the experiments carried out under the supervision of the Hindustani Talimi Sangh at Sevagram, it is easily possible to meet two-thirds of the teachers' salaries of basic schools out of the proceeds of manual work of students, especially when spinning and weaving are the basic crafts. One-third of the salary should be paid by the Village Panchayats in rural areas and by Municipal Councils in towns. However, Rs. 25 crores could be spent by the Provincial Governments on maintenance grants to the rural and urban basic schools in the initial stages of the Plan.

(ii) *Secondary Education*—An idea of the type of secondary schools contemplated in this Plan has already been given earlier. They will be, more or less, advanced technical high

schools imparting education through productive occupations. The Provincial Governments may have to spend about Rs. 25 crores on providing more buildings for such schools. The buildings of the existing high schools will, of course, be utilised with necessary modifications. Rs. 25 crores may also have to be provided for suitable equipment for basic crafts or industries.

As regards recurring expenses on salaries, etc., the secondary schools shall be able to meet about two-thirds of the expenditure out of the income from their productive work, as in the case of basic schools. The rest should be paid by the Provincial Governments. According to Mr. Sargeant's scheme, the number of students in these technical high schools will be about 10 million. Calculating at the rate of Rs. 55 per student every year, one-third of the recurring expenditure to be borne by the State will amount to nearly Rs. 20 crores.

It must, however, be clearly mentioned that the responsibility of arranging for sales of the products of basic and technical schools would necessarily lie on the State.

(iii) *Adult Education*—On the basis of the 1941 Census, the total number of illiterate adults to be made literate is about 175 million. The experiments carried on by Provincial Governments during recent years indicate that Rs. 4/- per adult would be necessary for spreading literacy in the country. At this rate, the cost of liquidating illiteracy for the whole of India would stand at Rs. 70 crores. As regards buildings, night classes for adults should be held in the local basic or secondary schools. In many cases, the basic school teachers themselves could hold these night classes.

The 'Little teachers' movement in China is pregnant with great possibilities. The children can become the 'little teachers' of their own parents and relatives. If this experiment is tried successfully, the expenditure on Adult Education will be almost negligible.

(iv) *University Education*—Although private enterprise should be encouraged in starting more Universities in India, the Government grants given to the existing colleges and Universities cannot be discontinued all of a sudden. Some provision for improvements in the present system of higher educa-

tion will also have to be made. For example, the introduction of mother-tongue media will entail additional expenditure on staff and the preparation of suitable text-books. The total recurring expenditure on University Education, more or less on the basis of Mr. Sargeant's figures, may be calculated at Rs. 5 crores per annum.

(v) *Training the personnel*—A huge amount of money will be necessary for training the army of efficient workers for bringing this Plan into being. Training Colleges for doctors, nurses, teachers, architects, engineers, social and village workers, cottage-industries experts, etc., will have to be established as early as possible. The assistance and guidance of foreign experts should be sought and utilized. It is difficult to estimate the actual recurring and non-recurring expenditure which will be required for this purpose. But during the period of this Plan, it will be reasonable to provide for Rs. 75 crores as non-recurring and Rs. 50 crores as recurring expenditure.

Besides money, the right type of youngmen imbued with the spirit of national service will have to be selected and trained. The training of workers, whether doctors, engineers or teachers, will have a definite rural bias, as about nine-tenths of the Indian population resides in villages. A host of youngmen who would try their best to identify themselves with the masses and work on low salaries, can alone make this Plan, and for that matter any plan, a real success. It goes without saying that only a truly National Government could inspire and enthuse our youngmen.

All told, the expenditure on Education would be :

	(In crores of Rupees)	
	Non-recurring	Recurring
Basic Education ..	100	25
Secondary Education ..	50	20
Adult Education ..	70	—
University Education ..	—	5
Training the personnel ..	75	50
Total	295	100

(e) *Research*—The organisation of technical education for training workers will itself involve considerable research work. Out of Rs. 75 crores provided for training the personnel, a few crores will, naturally, be spent on research in various branches of national reconstruction. However, Rs. 20 crores more may be set aside for research work exclusively.

During the period of this Plan, the total amount of expenditure on different items would, thus, be :

		(In crores of rupees)	
		Non-recurring	Recurring
Agriculture	..	1,175	40
Rural Industries	..	350	—
Key Industries	..	1,000	—
Large-scale and Key industries			
Public Utilities			
Transport	..	400	15
Public Health	..	260	45
Education	..	295	100
Research	..	20	—
Total		3,500	200

It is true that these budget estimates of expenditure are not very ambitious like those of other plans. But we cannot and must not forget that India is a poor land, and we cannot afford to imitate the West in drawing our economic plans.

SOURCES OF INCOME

The non-recurring and recurring expenditures, as indicated above, would be met by—

- (1) Internal borrowing from the hoarded wealth and savings of the people.
- (2) "Created money" against *ad hoc* securities,
- (3) Income from additional taxation,
- (4) Income from State-owned industries and public utility services.

Let us study the sources of finance, one by one—

Internal Borrowing—The volume of hoarded wealth in India is quite substantial ; it has been estimated at Rs. 1,000 crores. If a National Government is established in this country, it would be possible to attract at least a portion of these hoards. Moreover, a substantial amount of capital could be obtained by raising Government Loans from the savings of the people. During this war, the moneyed class has earned huge amounts of profits, despite the Excess Profits Tax. Since there will not be much scope for capitalistic investment and enterprise under this Plan, the Government will be able to attract considerable accumulated wealth for its own finances. It is estimated that at least Rs. 2,000 crores could be raised by means of such Government Loans.

'Created Money'—A Popular Government established after the war would command the confidence of the people so far as its financial stability is concerned. This confidence would enable the National Government to resort to "creating" new money against *ad hoc* securities. A sum of Rs. 1,000 crores could be secured in this manner, without creating any special problems of inflation or stabilisation of national currency.

Taxation—A steeper graduation of income-tax, super-tax and corporation taxes, death or inheritance duties, taxation on agricultural incomes above a reasonable minimum, sales taxes, etc., would easily yield Rs. 500 crores during the period of this Plan.

To sum up, the non-recurring expenditure of Rs. 3,500 crores would be met from the following sources :—

	(In crores of rupees)
Internal borrowing	..... 2,000
"Created money"	..... 1,000
Taxation	..... 500
	<hr/>
Total	3,500

We cannot rely on the accumulated Sterling Balances, because even if Britain frees India from her political stranglehold, she will not have the good grace to release the Balances in

a manner which will be useful to our country for economic progress.

In accordance with the principles of International Trade enunciated in this Plan, it will be undesirable to pin our hopes on favourable trade balances.

As regards foreign borrowing, it will not be advisable to resort to this source of finance so long as all the internal sources have not been fully tapped.

RECURRING EXPENDITURE

The additional income from State-owned basic industries, Public Utility services, like transport, communications and irrigation, will be quite sufficient to meet the annual recurring expenditure of Rs. 200 crores. This income may be comparatively less during the first five years of this Plan. But during the next five years, it will surely grow into a substantial amount.

“Charitable and religious institutions and their funds fall within the jurisdiction of the provinces. It ought to be possible by both appeal and legislation to ask these bodies to use their resources for furthering the cause of education, health, etc. One of the reasons why religious institutions flourish and are voluntarily supported by the rich and poor alike is that these receive payments in kind, and from this fact, the National Government may well learn a lesson.*

As regards annual expenditure on civil administration, there will naturally be an increase on account of additional requirements for the execution of this Plan. But a curtailment of the present grades of salaries will sufficiently compensate for this additional expenditure.

FINANCES OF VILLAGE PANCHAYATS

With decentralisation of organisation and administration, there should be maximum decentralisation in finances as well. That is why, in this Plan, the Village Panchayats have been entrusted with various financial responsibilities like those of education, public health, sanitation, etc. In fact, the Gram Panchayat is the pivot of the whole Plan. The Central and Pro-

* *Harjan*, 14-8-1957.

vincial Governments are supposed only to assist and guide the Village Councils with a view to achieving the co-ordination of general policy.

The sources of income of the Village Panchayats shall be—

(a) *Fasli Chanda*—For example, 5 seers after each plough in the village may be charged as Fasli Chanda per harvest. Such payments in kind are, undoubtedly, very convenient to the cultivators.

(b) *Manual Labour*—We find, references to this kind of donation even in Kautilya's *Arthashastra*. It is a very natural form of public co-operation. In ancient India, public buildings, tanks, wells, etc., were constructed by the joint, voluntary and honorary labour of the villagers. The Gram Panchayats, under this Plan, may, therefore, legislate that there shall be, say 5 days of free manual labour after each plough in the village. This will facilitate the work of the Panchayats a great deal without any botheration regarding money and cash.

(c) Private donations, on the occasion of social functions like marriages, sacred-thread ceremonies, etc.

(d) Miscellaneous receipts, in the form of arbitration fees and fines, grazing charges and other special cesses for various purposes. Such cesses must, however, be realised in kind.

Indian economy will thus be reconstructed from the bottom and, hence, will be sound and stable.

XVIII

CONCLUDING REMARKS

This Plan is evidently different from the other plans of economic development which have been placed before the country. It is based on certain ideals of economic reconstruction which are the unique contribution of Gandhian thought. The Plan, in order to be worked out and executed, will, therefore require not only efficient and trained workers, but also youngmen possessing firm and unwavering faith in the new ideology. Living and glowing faith can move mountains ; its dearth will not move even a mole-hill.

With unflinching faith in the creed of 'Simple living and high thinking,' this Plan can not only usher in an era of peace and prosperity in this country, but also set an example to the other nations of the world.

Needless to repeat that a really National Government at the centre is of prime importance ; without it, all Planning will be an expensive show and a mirage.



NATIONAL PLANNING COMMITTEE

PRIORITIES IN PLANNING

(Food, Education, Housing)

K. T. Shah

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PREFACE

Until the release of Political leaders, in June 1945, the National Planning Committee was unable to function with the regularity and expedition originally intended, as its Chairman, Pandit Jawaharlal Nehru, was inaccessible practically all through 1940-45. Informal consultations were held at the very first opportunity, after his release, in June 1945 ; and in the September following, an informal meeting of the Committee and some of the Chairmen and Secretaries of Sub-Committees was held in Bombay. At that meeting the following resolution was passed :—

"In view of the long period that has elapsed since the last meeting of the National Planning Committee and the vast changes that have taken place due to war conditions and otherwise, it is desirable that the National Planning Committee should issue directives to the Sub-Committees about future work. In considering this the previous resolutions of the Planning Committee as well as the various plans for National Planning placed before the country should be reviewed, with a view to speed up production and to organise distribution in such a way as to bring about the maximum increase in the standard of living of the people within a minimum period of time."

"It is also necessary to prepare a factual statement of the changes that have taken place in the country and outside and their effect on any scheme of planned economy. Further it is desirable to draw up a list of priorities, with the resources which may be available to us that may be taken up immediately with a view to meet the problems of varying urgency that are likely to confront the country in the immediate future."

"These questions be considered by the National Planning Committee at its next meeting to be held in November 1945, onwards. Meanwhile a Sub-Committee consisting of Sir C. V. Mehta, Dr. John Mathai, Col. Sokhey, Mr. A. D. Shroff, Mr. Manu Subedar and Prof. K. T. Shah (Convenor) is appointed to consider these questions and to report thereon to the next meeting of the National Planning Committee."

This Sub-Committee submitted its report within the time prescribed ; and a full and formal sessions of the National Planning Committee was held on the 8th, 9th and 10th of November 1945 when new Directives were issued to the Sub-Committees.

At the same time a resolution was passed appointing another Sub-Committee consisting of Pandit Jawaharlal Nehru, Dr. John Mathai and the Hon. Gen. Secretary, called a Co-ordinating Sub-Committee,

"appointed to consider particularly the more urgent problems of food, housing and education especially literacy and recommend specific schemes. The Chairman was authorised to appoint this Sub-Committee."

While the original view of the Committee, viz. that the National Plan must be a comprehensive, co-ordinated endeavour for simultaneous development in all fields of production, cultural as well as material advancement,—the immediate problems which faced this country, as many other parts of the world, mainly a result of the War, had to be tackled first, if only to afford immediate relief.

This Sub-Committee met several times between December 1945 and March 1946. It drew up its report and made recommendations on each of the several sections of its reference, by the end of March, 1946. Owing, however, to developments in the political field, it was impossible to hold a plenary sessions of the National Planning Committee till the 9th of July ; and even then the sittings had to be informal, as it was impossible to give adequate notice to members all over the country to attend.

The informal meeting of the National Planning Committee, held on July 9th, 1946, had neither sufficient time, nor adequate attendance, to consider properly these reports, and other matters that awaited decision. It, accordingly, passed certain resolutions, one of which authorises publication of the Priorities Sub-Committee's Report in full.

"This informal Meeting of the National Planning Committee, having considered the reports of the Priority and Development Sub-Committee, appointed at the last Meeting of the National Planning Committee to consider the urgent National problems of Food, Education, and Housing, realise the grave importance of those questions at this juncture, particularly in regard to Food, and to consider that the ways and means recommended by the Special Sub-Committee in regard to each of these problems deserve the most careful consideration by the Provincial and State Governments. The Meeting accordingly authorises the Honorary General Secretary to publish these Reports and forward copies to all the Provincial and State Governments which have co-operated with the National Planning Committee, and such other Bodies and Authorities as may be interested and invite their opinion to enable the National Planning Committee to take formal Resolutions on the same at their next full and formal session."

That Report is accordingly published in the following pages with a view, mainly, to invite public consideration of the specific proposals and recommendations made therein. Such action, as the authorities directly concerned or interested may take, would be, of course, their own evaluation of the practical utility of these proposals. The National Planning Committee as a whole has put them before the public, not as integral part of its final long-term report on these matters ; but as ways and means to be considered for the relief of immediate problems which demand solutions without further delay in the interest of the whole country.

September 10, 1946.
Bombay.

K. T. SHAH,
Hon. Gen. Secretary.

INDIAN NATIONAL PLAN

Priority No. 1

FOOD

1. In any well-conceived plan of national Development the provision of adequate food must be the most important item with the highest priority.

2. The main sources of Food Supply for this country are :—

(a) Agriculture and Horticulture, in the shape of food grains or cereals, oil-seeds, tea, sugar-cane, vegetable, fruits and those cash crops e.g. cotton, jute, etc., the surplus of which may be exchanged in international trade for additional food-stuffs to supplement the indigenous resources in that behalf.

Even if the latter do not form the subject matter of international trade, they provide additional purchasing-power for the workers by affording them alternative employment in the industries based upon these raw materials.

(b) Animals, mainly cattle, sheep, goats and the like, to provide milk, and milk-products, the most important ingredient in the average Indian Dietary; (ii) meat, eggs, or poultry, honey and the like. This is not of universal consumption in this country though an important addition to the daily food of a goodly portion of the population. By-products of animals besides meat, e.g. hides and skins, hair etc. provide basis for manufacturing industries or foreign trade. Cattle breeding for food is not largely practised in India.

(c) Fish from all over the sea-coast as well as in the rivers and lakes or tanks in the country.

(d) Forests which not only afford grazing ground for animals and provide fodder for the same, but also material for drugs and medicines.

I. Agriculture & Horticulture

3. In preparing a plan for ensuring adequate food-supply for the people, a distinction must be made between long-term and short-term planning.

The former is a comprehensive simultaneous all-round attack upon every aspect of the national life, both cultural and material, the results to be achieved by predetermined stages within prescribed time. In this food supply must take due proper place. Regard would also have to be paid to the balancing of the diet, and adjusting the same to the various ages and requirements of working life.

The latter, short-term plan, is only an instalment of the former, in which specific urgencies of demand or priorities, are more particularly considered. Because of the admitted deficit in our food-supply immediate consideration must

be paid, as a matter of special urgency to providing or procuring sufficient food supply to maintain a given standard of working efficiency, health and vitality.

4. Both long-range or short-term planning for food must take into consideration not only the home production of the various articles and the sources of their production mentioned above, but also such quantities as may have to be obtained by the operations of trade.

5. India's need for food grains was calculated by Sir Ganga Ram, on the modest basis, and according to the census of 1921, at 77 million tons per annum. According to the latest figures of population census of 1940-41, and with a per capita ration of cereals varying from $1\frac{1}{2}$ lbs. to $\frac{3}{4}$ lbs. the total requirements would be as follows :—

Per Capita ration per day in lbs.	Annual total requirement in tons
$1\frac{1}{2}$ lbs.	9,50,79,240
1 lb.	6,33,86,160
$\frac{3}{4}$ lb.	4,75,39,620

The total yield of the crops named below, according to the latest statistics is given in the following table :

Total population in 1940-41	Article	Available total yield in 40-41	Ration per head per day.
389 millions	Rice	22,191,000 tons	0.34 lb.
389 millions	Wheat	10,005,000 tons	0.16 lb.
389 millions	Millet	9,000,000 tons	0.14 lb.
	Maize		
	Jowar, Bajra,		

The total output of food grains as given by W. Burns in "Technological Possibilities of Agricultural Development in India" in the year 1942-43, is as follows :—

Cereals	60.0 million tons
Pulses	7.5 " "
Fats & Oils	1.9 " "
Fruits	6.0 " "
Vegetables	9.0 " "
Milk	23.0 " "
Meat Fish & Eggs	1.5 " "

He considers this amount to be inadequate to meet the requirements for a well-balanced diet for the people of this country ; he suggests an increase of the following to bring about an adequate well-balanced diet :

Cereals	by 10 per cent.
Pulses	by 20 per cent.
Fats & Oils	by 250 per cent.
Fruits	by 50 per cent.
Vegetables	by 100 per cent.
Milk	by 300 per cent.
Fish & Eggs	by 300 per cent.

To supplement this he also suggests an increase in the production of oil cakes and concentrates by 400 per cent. and fodder by 55 per cent. to increase the production of milk.

6. Any of these rations would provide comparatively poor nourishment with low calorific value and that is all that can be made available to the masses of the Indian people. We cannot accept such a ration as adequate in a permanent plan. A part of our deficit may also be due to the surplus produce, which, not being consumed at home, because of the low living standard of the people, used to be exported in exchange for other requirements of the country's economic life.

7. Thanks to the increase in population since 1921 as also because of the need to provide more balanced and nutritive diet, we may place our present food-grains requirements with $1\frac{1}{2}$ lb. daily ration per annum at about 100 million tons in round terms. This makes due allowance for an amount needed for seed for the next season's crop, as also for some unavoidable wastage. With the ration reduced to half that size the aggregate needed will be about 500 million tons.

8. In 1921 the indigenous production was also calculated by the same authority to be just about sufficient for the country's demand, i.e., 77 million tons of cereals, pulses etc. Since then Burma has been separated from India. Her output, therefore no longer forms part of India's.

9. The disparity between local production and demand has consequently become increasingly manifest, that the hiatus between demand and supply may well be estimated at between 25 and 30 million tons per annum under a long-range plan. In consequence there has been recurrent famine and recourse has had to be had to large-scale import. It must be the first concern of the national planning authority to make up this deficit within a term of not more than 5 years by any one or more of the ways outlined below. The deficit therefore to be dealt with in this regard of food supply must be taken to be much greater than revealed by these statistics.

10. The means of adding to the food supply produced in the country from Agriculture and Horticulture may be listed as follows:—

(i) Bringing additional land under cultivation which now lies uncultivated, even though suitable for the purpose.

(ii) Adding or improving the facilities for the necessary adequate regular water supply in the lands already under tillage or those to be brought under the plough, so that in these areas where the rainfall is either insufficient, irregular, unevenly distributed in any year, or occasionally fails altogether. This vital requirement of fruitful agriculture may not be lacking.

(iii) Providing better manure, so as to add to the quantitative as well as qualitative yield of the food-crops raised in this country.

(iv) Better seed with a view to increasing the yield and quality by hybridisation, etc.

(v) Introducing better implements or machinery for tilling the land, for sowing, harvesting and the like.

(vi) Improving the technique of cultivation, by better tools and implements, power driven machinery, suitable rotation of crops etc.

(vii) Reforming the general organisation of all land in cultivation, on the co-operative basis, so as to avoid the needless waste of available land in the shape of barrers and make the labour devoted to land more productive per unit of cultivation.

(viii) Consolidation of holdings, which are to-day excessively fragmented and scattered, and so gravely impede economic tillage or increased productivity.

The phenomenon is noticeable all over the country being the result of the law of equal inheritance for some among the Hindus and similar position leading to excessive sub-division of a heritage even amongst Muslims.

(ix) Control of pests, weeds, etc. which reduce the yield per units as well as in the aggregate.

(x) Protecting the soil against floods and erosion.

(xi) Revision of the cash revenue demand open to periodical revision and enhancement by the State so as to approximate land Revenue to Income-tax. A necessary corollary of that reform would be to exempt from any revenue demand such units as to raise only the minimum needed for the subsistence of the cultivator and his family. On the other hand taxation may be levied at a sharply progressive rate which may even be discriminatory against unearned income from land. The introduction of all-round co-operative farming mentioned above would completely revolutionise the problem of buying and collecting any tax on land, or its products. For the State would then become a kind of Co-partner; and its share of produce—even if converted into cash,—will have no affinity to taxation.

Another revolutionary change would be the transformation of the present fixed cash demand for land revenue into a share of the producer payable in kind by the co-operative organisation as a whole.

Yet another radical change would come over the system of land tenure in the country. Absolute proprietorship of individual landlords or holders will have to be abolished, as also parasites like zamindars, taluqdars, absentee landlords and mere rentiers of all kinds and descriptions.

(xii) Organisation of proper storing, grading and marketing facilities in order to guard against periodical gailue of crops as well as to provide by exchange of surplus or speciality, wherever it exists other requirements of the agriculturists.

(xiii) Reduction of the unproductive debt burden of the cultivator by a wholesale reorganisation of the nation's banking service. By reducing this unproductive burden the cost of production will fall and the balance left to the cultivator will increase.

(xiv) Proper adjustment between the commercial crops or raw materials of industry produced from Agriculture and food crops proper. This is a most important concern in national planning of a comprehensive kind and must not be left to the vagaries of the individual fancy.

(xv) Proper attention to the development of Horticulture fruits and vegetables—or market gardening—which would provide an excellent supplement to the standard diet and provide indispensable vitamins.

11. All these various modes of adding to the available food supply, raised from agriculture, and Horticulture within the country must be tackled simultaneously and not one by one, as they are mutually interdependent and their cumulative effect is bound to be much greater. When or if these fail, or do not suffice, recourse may have to be had to import of food grains from abroad if a proper plan on these lines is carried out.

Every State or Provincial Government would, however, prepare its own programme for carrying out the general policy under the plan as formulated by the Central Government and given effect to as laid down in the basic national programme. India can easily be made self-sufficient in the matter of food grains if proper planning is advised and carried through.

12. There is a very considerable area of land available in every state and Province in this country, which is suitable for cultivation, but which, for a variety of reasons, is not under the plough. That it would be an important source for adding to the food supply of the land no one can question; though other means may bring about the same result, e.g. improving the yield per unit of cultivation on land actually tilled.

13. The total area of culturable waste land amounts to something like 23 per cent. (152 million acres) or very nearly one quarter of the total area of British India (Roya Commission on Agriculture). All this is fairly well distributed throughout the country and would admit of a planned programme for being brought under cultivation.

14. For this purpose considerable amount of capital investment would have to be incurred. This is impossible to estimate with any degree of accuracy. Each parcel of land would need its own capital equipment varying within very large limits from unit to unit, and from province to province.

15. Experience of other countries like the U.S.A., as regards the Middle West, or Italy as regards Romagna will hardly be a reliable guide.

16. That of the canal colonies in the Punjab may be mentioned by way of illustration, though not as a dependable basis for calculation. The late Sir Ganga Ram made thousands of acres of formerly desert land highly productive by adequate irrigation and power driven machinery for all farming operations. Exact figures of his costs are not available, but within less than 7 years he made 2 parcels of Desert land, out of 40000 acres and another of 80000 acres productive enough to give him back all his investment together, with a handsome profit.

17. The capital cost here considered is not merely the acquisition of rights in land, or provision of building, live stock and tools, implements or machinery needed for tilling the land; but also of the labour required for clearing the land of weeds and vermin, of levelling and draining or bringing water, providing seed, manure, lighting and power, which are all needed for efficient cultivation and *healthful living of the cultivator on such land.*

18. While each of the above capital requirements may vary on each parcel of land, several of them can and should be provided as at common obligation of the state e.g. water supply by irrigation, whether by canals, wells or tanks, roads for transport; manure, large scale fertilisers, or organised collection and distribution of natural manure etc. Measures for the protection of the soil against erosion, floods, pests and the like, will be part of regular national services, which will involve much more recurring than capital cost.

19. Whatever it be the capital cost of these equipment and services must be spread over the total plan, and not charged exclusively to such land being brought under the plough. Estimating the total capital required even for clearing and preparing the land for cultivation is not easy. Assuming, however that there are 200 million acres of such culturable land throughout the country, including the States and that it would cost on an average, Rs. 25 per acre by way of such capital investment directly incurred to make such land productive, the total investment would be Rs. 500 crores.

20. If this amount is spread over 10 years—not too long a period for such purpose—the annual borrowing necessary would be only about Rs. 50 crores of a special agricultural loan. And if it is secured specifically on the new land brought under cultivation and repaid from the produce of that land, both capital and interest, the burden will not be felt to be appreciably heavy.

21. The annual interest on this loan may be made a charge on the provincial exchequer, aided, if necessary by the Central Government, and repaid from the surplus of such land when fully productive.

22. According to the experience of practical agriculturists, like the late Sir Ganga Ram in this country or Campbell in the U.S.A., this land would not take more than three years to yield crops, so that within a period of 15 years, at most, from the date of incurring it, the loan would be repaid, both capital and interest.

23. There need be no apprehension about the success of such a loan being easily subscribed as it will be fully and specifically secured and guaranteed by the national Government. But if need be government may even add to the volume of the note issued for ensuring success of the loan.

24. Generally speaking such waste land would not involve any proprietary rights to be taken over the state. In cases, however, there are any such rights, compensation may have to be given for this acquisition. But it will not amount to very great figure in view of the unused character of that land. The State's right to eminent domain over all such sources of production will have to be emphasised and exercised, so that most effective means of adding to the Food Supply of the country may not remain unavailable or unused.

II. Co-operative Organisation

25. When such land has been acquired or brought under the ownership, control or direction of the State, co-operative colonies of experienced agriculturists should be established thereon to develop and cultivate it. These may be given life interest or specified return in kind from the land cultivated by them or paid actual wages to reimburse them for their labour.

26. In such co-operative colonies every operation and activity concerned, not only with agriculture directly but also with the whole life of the settlers in all aspects must be based upon mutual aid and all round co-operation. The land, tools and implements, buildings and livestock, seeds, manure and the crops as well as the social services of education and health of transport and marketing, of banking and insurance should be shared out in accordance with previously fixed or agreed scale of division. Each item contributing to the production e.g., land, water, power, labour, cattle, seed, manure, etc. should receive a stated proportion from the produce or its equivalent, as may be agreed to or prescribed. The proportions, needless to add, should be open to revision from time to time, say every five years.

27. The settlers should be required to continue in settlement for a given period, during which not only would they be guaranteed a pre-determined standard of living, whether out of the proceeds of the land, or independently, but would be trained and equipped for the task before them in such a manner that they may become themselves teachers for carrying on the experiment of wholesale co-ration further, even on land already settled and developed. The rights of the settlers should be inalienable and not transmissible by inheritance.

28. The most urgent and immediate need of land thus brought under the plough would be water. This may be supplied from large-scale irrigation works, part of the national programme or local wells and tanks. It would also need power for lighting and working industries.

29. The capital outlay may also be necessary for the supply of water needed for cultivating the land, as well as for drinking, washing and other such needs of the settlers thereon ; and other for any industries that may be established by way of subsidiary occupation for those of the settlers who may be employed in such occupations or for spare time employment and which may require power driven equipment.

30. Irrigation and Power Supply on such land should be regarded as part of the common national services not chargeable exclusively to this land. The amount of capital required for all these purposes would be difficult to calculate, not only because it may vary from province to province ; but also because the level of prices on which calculations can be made at any given moment is itself liable to change. Judging from the cost of large scale irrigation works already constructed and the balance needing yet to be built and adding to that a round figure for the cost of local wells and tanks as also for Hydro-Electric plants, a total of 100 crores would not be too lavish an estimate on this account. It need not exceed, all told, 250 crores, easily providable by borrowing on the general national credit.

31. The yield of additional crop thus raised from such land so equipped and cultivated may be as much within 5 years as that on the lands now under cultivation, but which suffer from a number of handicaps that the lands newly brought under cultivation will not. Its special advantages will more than neutralise the relatively poorer soil though that too may not be universally true.

32. Another important means of adding to the volume and quality of the crops raised consists in improved manure which would return to the soil its physical and chemical properties used up in the process of cultivation and cropping.

Schemes of the Government of India and of Travancore recently put forward or into effect in regard to the artificial fertiliser industry in the country, have shown the immense possibilities of this mode of adding to the Food resources of the country. While the average yield of rice per acre, in such regions as Travancore was calculated at 800 lbs. per acre, without aid of fertiliser, with that aid it is estimated that the minimum yield on the same land would be at least about 1500 lbs. per acre. If we take into account the other improvements and advantages due to better organisation and technique through co-operative farming, outlined elsewhere in this Note the resultant increase in the yield of agricultural land all over the country would easily double the total produce in less than five years, if the plan is honestly and efficiently prosecuted.

33. Artificial fertilisers, however, may be costly for the relatively small and scattered holdings, common in this country. Artificial Fertilisers will, therefore, not be easily accessible to the average cultivator, at least in the absence of co-operative organisation and its consequence or concomittant of large scale production. Natural fertilisers, however, are in the shape of human or animal refuse available in this country by whose aid agriculture has for centuries past been maintained at a fairly high level despite innumerable handicaps. With the growth of towns all over the land and increase in population, both human and cattle, these sources of natural manure supply would be necessarily more promising. What needs to be done, however, in this behalf is the organised and systematic collection and distribution of all such manure in every part of the country, so as to furnish it in required quantity to the land badly in need of it.

34. One of the immediate objectives, therefore, of this section of the Plan would be to provide the necessary machinery for collecting and distributing all available night-soil and town-refuse as well as the excreta of cattle in the towns on the farms, or in the forests. This may be supplemented, wherever the special qualities, exigencies of the soil or of the crop may so require, by artificial fertilisers. These should be made more cheaply available. On this understanding fertiliser factories will have to be distributed and conducted as public utilities, in which the predominant motive should be not the commercial success of each such undertaking, but the service it can afford to the community as a whole. The cost of such collection and distribution on a systematised basis, will be relatively unimportant. In any case, it will form part of the working expenses, or cost of production.

35. The country's need in regard to these fertilisers has been variously estimated aggregating a million tons a year. The capital cost of a plant, estimated to produce 360 thousand tons per annum, has been put at about Rs. 10 crores. This means that if the country is to be furnished with the entire amount of a million tons of artificial fertilisers per annum the capital cost for this item alone would amount to Rs. 30 crores. This also may be a central national obligation and may be spread over a number of years, so that the actual annual burden need not be disproportionately heavy.

III. Seed

36. Improved seed, as a means of adding to the weight as well as the quality of the crop has been universally admitted as an important ingredient in scientific

agriculture, whether of food crops or industrial raw materials. Experiments already made in this country on various kinds of crops with proper seeds, demonstrate beyond question the immense possibility of this means of adding to the food resources of the country.

37. The time needed for this means to yield results is also relatively very short. Within one crop season or, at most, within a year carefully selected seed, found suited to the climate and the physical or chemical properties of the soil in each case, will yield plentiful returns in the very next harvest.

How much increase of the food stuffs may be obtained from this source is impossible to estimate, but all these various methods put together may well be expected within a space of five years, at most, to double the total yield of land in regard to food grains.

If the same proportion of improvement occurs in regard to other items of food raised from land, such as fruits and vegetables, and spices, the volume, variety and quality of this most important source of the food of the country will be so enriched as to eliminate the present threat of perennial deficits.

IV. Tools, Implements & Machinery

38. Improvement in yield by better agricultural tools and implements, higher technique and scientific rotation of crops, has been demonstrated beyond question by the experience of such practical agriculturists as the late Sir Ganga Ram or some of the sugar farms in the Deccan. Working on large areas of thousands of acres with power-driven machinery, they have improved the yield over ten times and more. With co-operative organisation this advantage may easily be brought within the means of all.

39. We may at most have to take steps for stopping such exports of any food grains in any period when the local supply itself threatens to be short of requirements or in any period when an actual store has not been built up to last for at least one year after that, in which the crop was raised. This was India's ancient method of guarding against actual starvation through famine and modern experience in the other countries also proves the wisdom of this method which may, therefore, be revived with advantage.

V. Improved Equipment & Technique

Reference has already been made in the earlier sections to improved machinery, tools and implements which would add substantially to the volume of agricultural output. It means also improved technique for land cultivation and all round *development of agriculture*.

Each item in this generic suggestion may make its own contribution in the shape of improved yield as well as quality of the crop. The exact proportion due to this is difficult to estimate but the experience of other countries and comparison of yield per unit shows that there is very considerable room for such improvement in this country.

This is not to belittle in any way the customary methods of cultivation in

vogue in this country. Nor does it overlook the indispensable condition of improved technique, equipment and power driven machinery, that the agriculturists might use with advantage, that much larger units of cultivation would be necessary. Unless and until the cultivated land is, therefore, reorganised on the co-operative basis mentioned above, there is not much hope for improvement in the yield or quality of crops.

With larger units cultivation, the capital investment needed on this account would not be more than Rs. 100|- crores at most, including the new land to be brought under the plough. This also may be spread over a period of ten years to be effective.

The suggestions made in this note are not to be taken isolatedly; they go together, so that whether on the technical or on the organisational side, or even on the physical side, the problem must be attacked simultaneously. Then the results would be cumulative.

VI. Rotation of Crops

One particular item in improved technique, to which a special reference must be made, is the scientific rotation of crops. By this means the soil would be enriched, instead of being denuded, by every crop which precedes another; and the land may be capable of yielding more than one crop per annum, instead of once, as at present. Irrigation on a large scale has already demonstrated the possibility of raising more than one crop so that there is nothing improbable in expecting, in ten years, a 50 p.c. rise in the yield from land so treated.

VII. Consolidation of Holdings

The Universal evil of scattered and fragmented holdings has already been mentioned. The loss of potential field from this handicap is impossible to gauge. It prevents, or renders extremely difficult all other improvement of a mechanical, technical or organisational character.

Consolidation of holdings will be effected as part of the reorganisation on a cooperative basis already mentioned above.

In so far, however, as consolidation may be impeded, because of the existing social system, or the laws governing inheritance, it may be mentioned that the co-operative Reorganisation outlined in this Note will not interfere much with the legal system, immediately. In the next generation of the cultivators the consequence would be much more clear, and the reform of the legal system may then have to be much more specific.

The co-operative organisation may in the last analysis, even be empowered to prompt such parcels of land, forming part of any co-operative unit, as belong to a given individual member but are threatened with withdrawal from the organisation, because of the death or migration of that member. If this reorganisation is real and universal, there would probably be not much need to have recourse to this device for effecting or maintaining consolidation.

VIII. Control of Pests, Protection Against Soil Erosion or Floods

These two are also important, not perhaps so much by way of adding to the volume of crops, but in adding to the aggregate yield by avoiding loss or wastage.

The destruction of crops due to such pests as locusts or ground vermin only cause to reduce available supply. Modern science and agricultural technique has so developed, however, that this evil may be very effectively guarded against, and the loss or damage to crops resulting therefrom avoided.

Here, too, the formation of Co-operative Organisation would be much more able than unorganised individual cultivators under existing conditions to deal with such periodic visitations, or regular dangers to growing crops.

IX. Soil Conservation and Afforestation

The latter is a large promble by itself all over the country. Special measures must, therefrom, be taken, as for instance those recommended by the Soil Conservation and Afforestation Sub-Committee of the National Planning Committee, to guard against such avoidable wastage of valuable soil by flood or erosion or lack of adequate afforestation.

The increment resulting from this factor is estimated from recent experience of the Bombay Government at 20% to 30% in the volume of crops. The soil lost through erosion is reduced by 50% in the very first year after effective steps have been taken up in this behalf; and in the fifth year, the loss is reduced to 1/10th. The result, if measures are concerted and applied all over the country, would mean at least 1/3 as much increase in the volume of food crops produced.

X. Revision of Land Revenue System

A far more important factor in the agricultural possibilities of this country lies in the present system of land tenure and revenue demand. It acts as a deterrent in many a progressive cultivator for further investment of capital or labour in that source of new wealth. Whatever the reason and justification at the time of the origin of this system at the present time, the fact of land revenue settlement being open to revision from time to time (20 or 30 years) makes it difficult for the cultivator to be quite sure about the returns to himself from further investment of labour and capital in the land.

It is common experience that, in such area taken up for resettlement, operation takes about 5 years. This is naturally a period of uncertainty for the cultivators affected therein. Similarly five years after each Revision Settlement, also, the cultivators suffer from another handicap in the shape of the Revision bringing about generally an enhancement or rates. This acts as further deterrent to the average small cultivator, who worms such a conspicuous feature of the agrarian economy of this country, to devote more labour and equipment for better cultivation.

Another handicap in the present land Revenue system is the Fixed Cash Demand which remains unchanged all through the period of the Settlement, no

matter what the changing level of prices may be ; and no matter what the peculiar fortunes of agricultural produce in any given season may be. Prices of agricultural produce tend to fall more often than rise; and every effort the cultivator makes on his own intensifies the fall by increasing the produce or supply of a commodity, which cannot keep indefinitely, and which he has no great ability to store up for a long while.

Without denying the objections to the Bhag-Batai system of land revenue assessment and collection, it must be recognised that it afforded a better equity to the cultivator by making the fortunes of agriculture shared between the State and the cultivator following the vicissitudes of the season. Much has, no doubt, been done to guard against the erratic rainfall, and other such handicaps of nature. Rules have also been made for postponement or remittance of the Land Revenue demand, if in any season it becomes too burdensome. But, even so, the fixed and changing character of payment in cash is a premium on cultivating easily marketable crops rather than food crops, which, therefore, fall into increasing deficit.

A radical reform in the Land Revenue system is thus necessary. A consequence of that will also be a fundamental change in the system of land tenure in the different States and Provinces. The Co-operative Organisation, suggested in this Note, can be depended upon to help materially in this regard by avoiding or minimising the common evils of Bhag-Batai, enabling cultivators to wait for a better market, storing crops, etc.

The remarks in the preceding paragraph in this section apply mainly to provinces having the Ryotwari Settlement, where the demand is fixed in cash for a term of years, and is open to revision at the expiration of the term. In areas covered by the permanent Zamindari system, the logic remains the same, in as much as the larger zamindars, or permanent proprietors of land, also follow the practice of demanding a fixed cash revenue for themselves. They collect their own share in cash, equal to the difference between the amount they are bound to pay to Government, and that which the cultivators raise.

In this system there are two additional defects which gravely prejudice the position in respect of food crops ;

(1) The existence of the parasitical class of absentee landholders who take no direct share or interest in the cultivation of land ; and

(2) The growth of a number of intermediaries between the zamindar and the actual tiller of the soil. Of the latter each levies his own tribute upon the cultivator. This cannot but be a deterrent to any improvement in the yield or the quality of the crops, though the areas generally covered by this system are amongst the most fruitful and productive in this land.

In the co-operative system taxation of land need not disappear altogether. It rather would approximate more and more to the present direct taxes on individual incomes, from every source. A necessary corollary of that reform would be the exemption of the minimum of subsistence from the Land Revenue demand. At the present moment it would mean a very large sacrifice of revenue in the Ryotwari Provinces, because of the extremely small holding of individual cultivators, which would all have to be exempted. Inasmuch, however, as the co-operative

system will bring about a large scale and intensive cultivation on joint holding, if not all consolidated into single ownership, this need not cause such a leakage in the revenue demand as may appear at first sight. The revenue, however, collected from these larger, reorganised, and reinforced units would be completely revolutionised, as it would be in the shape, not so much of cash, as share of the produce, whatever it may be fixed to be. It will be set apart for the Central, provincial, and the local government needs, in stated proportions, and would be used, either for purposes of central storage as an insurance against famine, or for payments in kind.

These changes must not be effected in the Ryotwari Provinces alone. They must also be made in the Permanently settled *Zamindari*, *Taluqdari* or *Malguzari* areas. The absentee landlord, or the parasitic landlord must be progressively, if not all at once, eliminated, with or without such compensation as the State may determine.

As, however, these items have a close bearing upon the rest of the national economy and its various aspects have been touched upon elsewhere no further elaboration is necessary in this connection.

XI. Commercial vs. Food Crop

Proper adjustment between commercial and food crops, in respect of the area devoted to each kind, is also necessary, if the aggregate of the national economy is not to suffer unnecessarily.

The recent campaign in the name of Grow-more-Food seems to have been a panicky measure, induced by the spectacle of death through sheer starvation on a large scale in certain parts of the country. It resulted in some reduction of area devoted to cultivation of crops forming industrial raw materials, e.g. cotton, jute, sugar-cane, oil-seeds, etc. which in normal times cannot but react unfavourably upon the aggregate economy of the country.

In a properly co-ordinated or planned economy, therefore, a reasonable balance must always be maintained between the area of the land devoted to the cultivation of crops for industrial raw materials, and those providing food-grains proper. India has ample area to meet both our needs, and with the improvements mentioned, make us self-sufficient in these vital aspects.

The existing proportion of land devoted to these two kinds is an ad hoc phenomena, which needs to be considered and co-ordinated from, the all round needs of the country and not merely because, in the course of development, it just has happened.

It is, however, not one of the recommendations of this note that the area devoted to food crops should in any way be reduced. On the contrary, it is possible to add to that area by terracing the lower level hillsides in many parts of the country, and planning their crops which are more suitable to the peculiar qualities of those regions.

XII. Reduction of Debt

A very important factor in strengthening the agriculturists' ability is the reduction of the burden of unproductive debt, which admittedly rests upon the

cultivator in all parts of the country to incredible degree. A wholesale system of debt redemption, by a programme of conversion by the State and its assumption of the obligation to the present creditor, of regulation and control of these debts by the state to reimburse collectively on a reasonable rate of interest as well as capital, is indispensable. The debt will eventually be reimbursed to the community by the increased and improved yield in cultivation. This, if effected, will make a handsome addition to the purchasing power and resisting capacity of the agriculturists which would be needed even when reorganised in co-operatives.

It would be impossible to go further into details of this scheme of Debt Conversion, Reduction and Reimbursement as it has immense complications and universal importance, which cannot be satisfactorily dealt with in this Note.

XIII. Horticulture

Addition to the food supply through the development of market-gardening i.e., increased production of vegetables, fruits etc. and the development of the industries concerned with their processing, such as fruit-canning and preserving would be of a very substantial order, if specific attention is paid to this department in the planned programme. A stated proportion of the new acreage brought under cultivation, in addition to that already used for the purpose, should be devoted to this means of supplying the vitamins required for efficient working.

XIV. Food Imports

Import of food-grains need not be necessary in this country. If all the measures suggested above are duly carried, there need be no fear of famine in this land. Import from abroad need not be barred altogether, though exports may be prohibited under certain conditions.

XV. Animal Food

As regards food from the animal life in the country it must be noted that a large percentage of population of this country is either religiously averse to meat-eating or is much too poor to afford it.

The country is very rich in regard to the animal wealth, particularly domestic cattle, sheep and goats, horses, camels, donkeys etc., from the point of numbers at least. A very large proportion of this cattle is unproductive, over-aged or inefficient, mainly because of poor feeding and unplanned breeding. Notwithstanding the losses due to the war, the cattle wealth of India may even today be estimated at somewhere near 25 crore heads. But, of these, perhaps, not more than 10 crores,—if even so much, are worth keeping, as likely to be reasonably productive or efficient as source of power.

The economic use of this cattle population is in respect of :—

(a) Aid to agriculture in ploughing, haulage, water-drawing, milling, etc. If the system of planned breeding is to be adopted a special breed will have to be developed for this purpose ;

(b) Transport in the rural regions, where also proper breeding will give rise to a type of cattle specially suited for that purpose, whereas today breeding for mixed purposes serves neither object satisfactorily ;

(c) Milk and Milk products. Here lies the great value and greater potentiality of the cattle wealth in India and also the possibilities. At the present time the average yield of milk cattle per annum is hardly about a thousand pounds per head during a milk season. Experiments of practical agriculturists like the late Sir Ganga Ram, or of professional dairy keepers like Sir Datar Singh, go a long way to prove that an average yield of between 4000 to 5000 pounds of milk per annum from cows or buffalows is not at all too high a mark for Indian cattle to attain.

The problem consists mainly in proper breeding and feeding. For the latter purpose, provision or development of suitable pasture ground, which, under present conditions, is being daily encroached upon either by food or by commercial crops, is indispensable.

What is lacking is, however, the proper organisation and setting apart of land for grazing or of grazing crops which will provide fodder for cattle to be supplemented by such other cattle-food as may be scientifically devised.

(d) Apart from the religious objection to meat-eating, cattle have never been bred scientifically in this country. If, however, this object is kept in mind by the Planning Authority, a very substantial addition to the country's food supply may be derived from this source ;

(e) Industries founded upon, or connected with the cattle-wealth of the country, e. g. (i) manure from the excreta already noted above, (ii) hides and skins and leather industry together, with manufactures of the same, would provide considerable alternative employment both, on the cottage or on the factory scale ; and so add to the purchasing power of the rural population.

The same may be said of other by-products such as hair, bones, teeth, etc.

For an immediate target, therefore, the Plan should :—

- (a) lay down a programme of cattle breeding for different purposes,
- (b) set apart the necessary pasture ground,
- (c) raise proper fodder and other items of cattle food.
- (d) organise the dairy industry on a large and scientific scale ; and
- (e) other industries founded on this branch of the national wealth.

XVI. Fishing

India has a long coastline with seas very rich in fish, edible and otherwise. Some of the very largest rivers of the country are similarly rich in this important article of the people's food; for people in maritime provinces of the country use fish as the principle article of their diet.

Fishing, nevertheless, as an industry and a means of food supply, is still carried on archaic methods, with small scale fishermen content to ply their trade from near the coastline.

The immediate objective, therefore, must include specific plans for adding to this form of the country's food-supply on an intensive industrialized scale, by

fishing with mechanical boats and instruments or other means of catching, curing, canning, drying and preserving fish.

Exactly what proportion of the country's food will be added by this source is again very difficult to say. The present figures, such as they are, are for the reason already stated above, too slight and too inadequate to form any reliable basis for any estimate of planned development. A rough estimate suggested a possibility of a 10% addition to the total food-supply from this source, though it can never by itself, alone meet all the food needs of a normal diet.

The capital investment for providing boats and equipments, as well as machinery for factories for curing and canning fish would be relatively insignificant. The return from this, on the other hand, would be for years to come very substantial.

XVII. Forests

Forests as a source of food supply for the human and cattle population may be regarded relatively as insignificant. Nevertheless, indirectly at least, by supplying grazing ground for cattle, herbs and plants for drugs, medicine or spices, the forest wealth of India, properly developed, may be depended upon for very substantial improvement in the general health of the people, if they too are dealt with under a planned programme.

Priority No. 2

EDUCATION

In the matter of education the distinction between short-term and long-term plan is difficult to make or maintain, except perhaps in regard to making the yet illiterate adult population literate. By its very nature, education of people of school-going age, so numerous as ours, is a process which must necessarily take time. To be really sound it must be integrated with and fitted into the main Plan of National Development spread over a number of years.

As all social services, of which Education is one of the most important, are mutually interdependent the progress made in one of these must keep pace with the corresponding advance in all the others. There must be no lop-sided development in the country. This is another reason why no short term plan for immediate execution can be satisfactorily framed in this regard.

Nevertheless if a comprehensive and planned system of national education and all round development is to be put into effect, some urgency must attach to the case of the illiterate adults or adolescents, i.e. that section of the population of school-going age, which, through the process of stagnation or wastage during their school period, has not mastered the rudiments of literacy.

The proportion of illiterates is nearly 90% of the total population, or some 270 millions in British India today, and 350 millions all over the country.

The following may accordingly be taken as problems of special urgency, which may be treated as matters for short term planning to be put, immediately, into operation.

- (i) Education of the illiterate adults of both sexes, whether past the school-going age as defined in the National Plan, or those remaining illiterate because of wastage or stagnation in their school period.
- (ii) Provision and training of teachers, both for imparting literacy to the adults, and for the main system of National Education as part of the National Plan. This will not be achieved all at once. This is continuous process never ending altogether as new teachers would be always wanted to replace those superannuated, or otherwise unavailable for that service. A large-scale beginning must be made immediately in this section of the National Plan.
- (iii) Provision of buildings and furniture, needed for the entire programme of National Education under the Plan ; including furniture, apparatus, material and other equipment needed for the same. Existing structures, if unsuited for the purpose, will have to be remodelled ; and new structures added in required numbers.
- (iv) Financial aspect of the plan both in the long range and in the immediate operation.

The proportion of illiterate adult population in India is roughly 85% of the total. There is only 10 p.c. of the population which can, at all, be classed as literate; and, of these, men out-number women by five to one.

According to the latest statistics, a little over 15 millions of the school children of school-going age are at school. Taking the age distribution of the population in India, under the census of 1941, children under 15 number, in round terms, 12 crores. Of these some 5 crores may be taken to be under 5 years of age. There are, therefore, 7 crores of children of school-going age in the country, of whom only 1.5 crores are receiving some sort of education.

There remain, therefore, 5.5 crores children and youths for whom immediate action must be taken, if these are not to be a burden, inefficient and inadequate—upon the rest of the community.

To bring this vast number upto an absolutely irreducible minimum level of education, say end of junior basic school, at least 2 years of intensive instruction would be needed. Given 50 pupils of this age to a class, we would need a lakh of buildings with 2 class-rooms each. This number would be reduced in proportion as the ordinary school buildings are utilised for this purpose by adjustment in the time-table.

As for the illiterate adults, we may put their number at 25 crores, in round terms. Of these women out-number men in the proportion of 5 to 1.

In their case, besides the ordinary verbal instruction from teachers, as in a normal school, measures must be adopted to utilise the Screen and the Radio for a wholesale programme of immediate action. An intensive drive for mass literacy of adults in units of 50 each in towns of 5000 population or more; and in smaller units in rural areas will require the services of, at least, a million persons giving full time attendance to this job for one year each.

Timing for the literisation of adults will have to be such that those actually at work are able to attend; and take the benefit of the programme. Evening classes after working hours or early morning classes before work starts must be the normal practice in their case.

If working hours are staggered, a full working day of 6 hours may be provided for every instructor in this field and the programme can be very materially expedited, perhaps completed in one year.

For the rural population this task must be arranged during the off season, when active attendance in the field is not needed. With the aid of one talkie and peripatetic radio, this sector can also be expedited; and illiteracy among the adults abolished in, at most, 2 years.

Factories, workshops, and all commercial establishments, as well as other large employers like Municipalities, District Boards, Railways, and other Public Works, as well as Contractors thereunder, must be charged with the responsibility for carrying out this programme in their section, whether the employees are permanent or floating.

The use of the Talkies and the Itinerant Radio, will be more effective, at least as aid to the instructor, in rural areas for this campaign of mass literisation, within not more than two years.

Each Province, or administrative unit, should be required to put up its own programme in this regard ; and charged with the responsibility of carrying it out as part of the National Plan.

The personnel for giving effect to this item in the National Plan must be found in some system of School Conscription, of those already educated upto a given standard, say men who have completed the secondary stage of Education. Whether they intend to go up for higher education, or take to some occupation, these persons, numbering about 250,000 in all India drafted into the national social service, as conscripts have hitherto been drafted for military service. This must be regarded as a sort of poll tax paid in kind by those best able to afford it. It must be a condition precedent to their admission in any occupation, or entrance to any University for prosecuting their own studies, further, or acquiring specialised qualifications, that each should have discharged this social duty. It must be a universal obligation from which no exemption should be allowed to any one, except on grounds of permanent invalidation, or specific disability.

Instructors, thus required, will have to be given some training for their task, in the last year of their High School career. This must be a compulsory course, though no examination need be held. A certificate must, however, be granted, saying the holder has duly taken this course and must be admitted to teach the adult illiterates.

The feeding, clothing, housing, and transport of these conscript social servants, must be found at public expense. This cost should not exceed Rs. 5/- per head per month ; and the total not exceed Rs. 1½ crores. The housing of this force need offer no difficulty, as the additional school buildings put up, or existing ones expanded and remodelled, would serve for the purpose. Other items of the Conscript living costs should be comprised in the figure mentioned above.

The burden must be shouldered by Local (Provincial or State) Governments. The task must be carried out through Municipalities and other Local Bodies, with such subsidy as each may need.

This is a purely local Force ; and must be used within the region, primarily, in which each individual ordinarily resides. The other sector of Illiterate Adolescents will have to be dealt with somewhat differently.

These remain illiterate, either because :

- (a) at the time the National Plan of Education, was being first put into effect, they had already passed the minimum school-going age ; or
- (b) because, in the existing system of education, they were part of the large proportion (over 80) who stagnate, or are wasted.

As regards the first group, their number is difficult to calculate. Assuming they total 5.5 crores,—of age between 7 and 14,—these must be absorbed in the

new schools, programmed to be added to the existing ones, or existing schools expanded.

Intensive training for a year to those above 7 and below 9 will bring them upto the level of those who begin their school-career in the 1st year of the National Plan.

For those above 9 years of age, intensive effort to impart a minimum of literacy and education will have to be adopted, somewhat on the lines adopted in the case of the Adult Illiterates.

Those suffering from stagnation or wastage,—now reaching 80 p.c.—must be brought into the main system of National Education ; and helped out of stagnation or wastage by better methods of educating the youth of the community.

As the national educational system will continue even in after life, while the recipient is at work, the chances of reclaiming this portion from ignorance or illiteracy are very great.

The cost of this part of the programme will relatively be small, 0·8/- as. per head, per month, some 39 crores, which will be required only in the 1st 2 years of the Plan.

The next item under (i) is the most considerable,—educating, as part of the National Plan, the children of the community within the prescribed age period,—between 6 and 14 years of age.

Education of the children of the community upto a given minimum standard must be accepted as the absolute and unescapable obligation of civilised society ; and, therefore, of the State representing it. The inadequacy of the use of the resources of the community, financial or otherwise, must not be an excuse to avoid or reduce this obligation. Means must be found and expedients devised to meet it at any cost even, if need be, passing on a part of the burden to the next generation.

The process of Education necessarily takes time. The irreducible modicum to be imparted to every child in the community, as part of the National Plan, must take several years,—say 7. The scheme outlined below applies to children between 6 and 14 years of age and extends to the whole of that period.

When this process is first put into operation, there will be already in the community children over the minimum school-going age who are outside the process. We have dealt with these already.

We must begin the process at both ends, so to say,—i.e. take every child of 6 years of age into school compulsorily equip it with an absolute minimum of education, training and equipment as well as, those at the other end of the school period,—say 10 or over,—who have not received the benefit of compulsory universal national education, and who must receive also their share,—somewhat curtailed, it may be,—of this advantage. In their case the aggregate time passed at school may be two or three years. For the rest, the time compulsorily required to be passed in school cannot be reduced, in any case, below 5 years.

It is an indispensable condition of discharging this obligation that such Edu-

cation should be provided to all, at least upto the prescribed minimum standard, free of all cost to the recipient or his or her parent or guardian. Not only no fees should be charged for it; all the equipment, books, paper etc. needed for giving and imbibing such instruction, training, or education must be free, and provided at public expense.

This exemption from cost may not be sufficient to induce all parents to send all their children of school-going age to schools. The cost of maintaining them at school in a degree of vitality, energy, and alertness necessary for acquiring and retaining the instruction or training imparted in these institutions, is no inconsiderable item in an average Indian family Budget. Because of this, in all advanced countries, at least one meal, the so-called mid-day meal, is provided, at public expense, to children in the school. It would, therefore, mean a substantial relief and even inducement to parents to send their children to school, if one meal, at least, be given to these children at public cost.

Further, such incidental expense as may be required to correct initial handicaps of particular children, e.g. had teeth, poor eye-sight, etc. should likewise be provided at the cost of the community.

Medical inspection of school children is nowadays a recognised part of the general administration of the Education Department. Not always is this inspection as efficient and detailed as it might be. What is more serious, even when the medical advice is given after proper examination and diagnosis, the remedies prescribed may be too costly for the average parent to provide. Hence the need of dental and other clinical treatment for ailing or defective children provided at public expense.

With the elimination of any income from school fees, in the basic or primary stage, the problem of finance would necessarily be a very serious matter. At the present time (1942-3) British India spends, from all sources, some Rs. 31 crores on all stages of education, or barely Rs. 1|1|- per head of population.

At the present time, however, one out of every four children entering school in the first division never reaches the final stage of primary basic education.

We are entitled to demand that every pie spent on this service must yield full return. Should the cause of so much (80%) wastage and stagnation lie with the technique of education, the means of the personnel, these must be improved, expanded or replaced.

Even if full returns are—as they must be—obtained from this outlay, it affects but one-fourth of the total population of school-going age in British India. The expenditure will, therefore, have to be increased four times, i.e. approximately Rs. 100 crores per annum to bring us near the desired goal.

But the present day rates of teachers' salaries are intolerably low. They will have to be substantially raised, and other facilities or amenities provided to make the teacher equal to his task. Increase in the number and salaries etc., of the teaching staff, and increased cost of books, meals, apparatus, etc. must raise the cost of the whole programme by, at least, 1|3, i.e. to Rs. 35 crores per annum, for elementary education of excessively high grades.

The period of this stage of education has also to be increased i.e. to 8 years, compulsory, for all. This will further raise the cost by 3½ or Rs. 55 crores. The total will now be Rs. 190 crores. Add Rs. 10 crores by way of interest etc. on account of special loans raised to large-scale operations, the minimum cost p. a. for elementary or basic education—free, compulsory and universal, throughout the country cannot be less than Rs. 200½- crores per annum.

All this increase will not take place all at once. It can be easily spread over 10 years, giving an aggregate increment of Rs. 20 crores every year, after allowing for all possible improvements and economics.

Suggestions are outlined in a later section of this Note to show how funds can be found to meet both the current or recurring expenditure as well as the cost for providing buildings, furniture, books, apparatus, and other equipment of a more durable kind, together with such of the industrial establishments, like printing presses, furniture workshops, instrument and apparatus factories, needed to provide the equipment and accessories in a sound system of national Education.

The programme of National Education under a comprehensive Plan cannot remain content only with this. There must be arrangements under the National Plan, both for pre-school and Post-Basic School Education.

At the present time there is absolutely no provision worth the name for pre-school Education so far as the masses of the people is concerned. Only in very large towns, and that too, with reference to the relatively richer section of society, are arrangements possible for such Education to be made. Even then they smack more of response to demands of fashion than a systematic organisation, properly fitted into the national scheme of all round popular education.

Training of the little children under six years of age would, of course, be easier in towns where the population is larger, and industrial or commercial employment, in large numbers, much greater. In respect of population not engaged in large scale industrial or commercial establishments, the obligation must be shouldered directly by the Municipal authorities.

This part of the National Education programme must be begun in selected areas, particularly towns, with a given population, say 5000 or more, which would provide, reckoning at 6% of the population, about 800 children upto six years of age or below.

The obligation for providing pre-school Education to the Nation's children between 2 and 6 years of age cannot, under our present circumstances, be made quite so categoric or universal, and utterly free of cost, as in the case of basic education.

Nevertheless, in so far as it is accepted, it must be shared between employers, local Governing Bodies, and voluntary associations, which may be engaged in this work.

Each industrial, commercial or Public Utility Department, or contractor thereunder, employing hired labour of a hundred workers or more, particularly

women with children numbering not less than 30 must be required to provide nursery or Kindergarten or Montessori classes for these children. Room and equipment must be provided by the employer, while the teacher must be provided by the Local Authority. As for Nursery Schools, kindergartens, monstessories and the like, organised for children between 2 and 6 years in each town or large village of 5000 and more, two instituions of this kind can be maintained in each such unit, one by the factories and workshops within that area providing similar instruction for children of their workmen, and the other for the general public maintained by the local authority.

Under the Census of 1941 there are reported to be 2703 such places with an aggregate population between them of 49.7 millions. Let us take it at 5 crores, in round terms. They would provide about 3 million children of ages ranging between 2 and 6 years.

Distance in space will also be an important factor in organising pre-school institutions, particularly in Rural Areas. Where distances are large, transport arrangements must be provided by Government or Local Authority to enable children of tender years to get the benefit of this system.

With adequate transport arrangements and feeding of children in the afternoon, such Nursery Scools should be attached in more sparsely populated areas to the Junior Basic Schools staffed preferably with women teachers.

Pre-school Education should be free in all cases. Given, however, the tender age of the children likely to benefit from such arrangements, this cannot be made compulsory. Parents must nevertheless be persuaded either to provide for it, in their own way, or to send their children to such central schools, particularly in towns, where women are accustomed to work outside the home as wage-earners. The principal aim of Education in this stage is not so much drilling in certain heads of instruction ; but rather to accustom these infants to work together, and cultivate social habits.

If this Education is provided for the whole of India, it would require roughly, 1 million classes, as calculated by the Sargeant Committee. The total outlay would amount to over 3 crores per annum.

The basic Education system must be free, compulsory and universal. It must be spread over a definite period of 7 or 8 years, into two stages of Junior (first four years) and Senior Basic Schools taking the last three years.

At the point of junction scope must be left for selection of promising youths to be taken into the next higher stage in the national, educational organisations, Secondary or technical and Vocational institutions, corresponding to what are now called the high schools.

The Basic Schools upto the last year of the period would necessarily be much more important for the largest number.

Three important requirements for carrying out this system to perfection are in the matter of (1) teachers, (2) proper building, books, furniture, apparatus and equipment and (3) funds.

At the present time teachers are insufficient in number ; ill-equipped in training, and very poorly paid. A very considerable increase in the number of teachers will be necessary if the entire school-going population within the age periods mentioned is to be brought and kept into school, till the end of the period regarded as the irreducible minimum. If we assume that the total number of children of school-going number 7 crores in round terms and if we allow 40 pupils, on an average, per teacher, we would require, anyway, nearabouts 10 lakhs teachers in addition to those already employed for carrying out this programme.

The bulk of these teachers will have to be recruited afresh—at least a lakh a year—and properly trained and equipped for the task. They must also be paid suitably to attract such trained men to the profession and induce them to devote their whole time and attention to their duty.

In view of the great national urgency of this item in the Plan, the training of new teachers must be comprised in one year, with ample opportunities for refresher courses from time to time.

One lakh recruits annually raised for the profession would require 1000 training schools spread all over the country in Provincial district or Tehsil centres.

The cost of this item would be Rs. 25 lakhs p.a. at the lowest computation.

As in the case of the pre-school Education, so also in this the woman teacher will have to be given a special importance and would have to be recruited in larger and larger numbers, whether the boys and girls are to be trained together in the same institution or in separate institutions.

The training institutions also needed for preparing such teachers will require to be specially provided. A two years' course in training with 50 trainees in each class will prepare 100,000 number of teachers in every year, and will make the required quota in the 10 years allowed for this purpose.

The building programme necessary to put up an adequate number of schools all over the country would consist of 5 to 7 lakhs structures. Properly organised and coordinated, so that every school or class has the prescribed minimum complement of 100 students attending, and having not less than four classes each (Junior Basic School) may lead to some reduction in that number.

At present there are something like 225,000 institutions of all grades, of which the primary, special and middle schools account for nearly 88 per cent, or 200,000 in round terms. These can be extended and remodelled to meet the requirements of the national programme. When constructed, or remodelled, these buildings can easily be made to accommodate Adult literacy classes in off-school hours ; as also special instruction and training for the youths outside the age of compulsion when the system is first brought into operation.

Not all the buildings required to educate the whole population will need to be constructed all at once. The programme must be spread over 10 years and must include extension or remodelling of existing buildings, to use them to their maximum capacity for training, both children and the adults into the minimum

requirements of literacy. The capital cost of the building programme (say 2 lakh units) will be not less than 100 crores, spread over 10 years or a loan at 2 p.c. of Rs. 10 crores a year to be repaid in 50 years.

Another 50 crores of capital, invested to provide books and stationery, apparatus, equipments and furniture on the same terms will raise the borrowing programme on this account to Rs. 15 crores per annum.

IV. FINANCE

As regards the financing of the programme outlined above, it will, of course, be part of the main scheme of financing the entire programme of National Planning.

As for the immediate requirements, particularly in respect of providing literacy for the Adults as well as for that section of school-going population which does not come fully within the benefit of free compulsory, universal Basic Education, or which, under the present system has stagnated or wasted, the programme should not extend more than two or three years.

Within that space of time, the whole of the Adult illiterate population, both men and women, should be provided with the minimum degree of literacy and education that is needed for continuing the process of adult education.

As regards the latter class youths and maidens of school-going age not receiving the full benefit of Free Compulsory, Universal education there should be an intensive drive to bring them in line with their fellows, either in the Senior or Junior (6-8) Basic Schools as the case may be. This should also not occupy more than 2 years.

A solution for providing adequate teaching personnel for these classes has already been suggested. For years to come, however, this element will have to be utilised for carrying on the programme of education in a sense wider than that provided for in the general plan, i.e. to bring the entire population in the vast rural areas of the country upto a certain intellectual or cultural level, including literacy, considered indispensable in a civilised society.

The recurring cost of the total programme of National Education upto the Basic School, including literacy for the illiterate adults may be taken at somewhere near 200 crores, per annum. This is 6 or 8 times as much as the present amount spent on Education in British India in all stages, and for all students.

It must be noted that the whole of the amount will not be required all at once, if the programme is spread over, as it inevitably must be, particularly when we start from scratch, say for ten years. The addition to the present Education Budget may not be more than 20 to 25 crores per annum immediately the plan as outlined above is put into effect. The whole of the annual cost, when the programme is working at full blast, can be met without undue strain and without recourse to other of the main Plan in the following way:—

It is a well-known fact that the agriculturists in India labour under a heavy load of indebtedness—all the more heavy because the rate of interest was variously reported at from 12 p.c. onwards to 75 p.c. or even more.

If all this debt of the individual agriculturists is consolidated, and taken over by the State,—in each province or State by Central Provincial Bank—and funded at 10 p.c. simple interest to be paid to the State, the burden on the cultivator would be very substantially lowered. There will also be no indirect concessions, or concealed additions, to the debt such as the money-lender is now in the habit of exacting. Given proper funding arrangements, the whole volume of the Debt can be liquidated in a definite period not exceeding 20 years.

During this period no new Debt should be allowed to be contracted by an agriculturist and none recognised except those duly registered and acknowledged. For most urgent extraordinary needs the State Bank in each province or State may be allowed to make advances to individual cultivators on prescribed terms.

Under the various debt-relief acts in the different parts of the country, as well as under the general legislation, a maximum rate of interest is permitted in a court of Law. In recent years the policy has been to make money cheap. The rate of interest has consequently undergone considerable reduction in all the organised money-markets of the world as well as in this country.

Even if the full benefit of reduction in interest rates for industrial or commercial investments is not passed on to the agriculturist, a rate of 5 p.c. is more than just and sufficient for the creditor who has had, for a long time past, unlimited opportunity to exploit his debtor, and who, consequently, must recognise that a fixed, regular 5 p.c. return guaranteed and paid by the State Bank would be more than enough.

All debts of standing for more than a given period, say 20 years at the most, should be cancelled automatically, when registered for being taken over by the State; and the full relief resulting from that should be given to the agriculturist whose debt is proved to be of longer standing than the prescribed period.

Debts under 20 years standing must be taken over by the State through the Provincial Bank, which will issue its own bonds in exchange to the creditors and secure a corresponding bond from the debtors, with his land etc. pledged as a security. In each province or state Government must guarantee creditor for repayment of capital by a system of annuities, the debt carrying simple interest at 5 p.c. and with arrangements to liquidate both capital and interest within a period not exceeding 20 years in any case.

The total of agricultural indebtedness in this country has been variously estimated. The aggregate capital debt would be about Rs. 15,000 crores if we put the annual agricultural produce at 2,000 crores per annum in all provinces and states, put together, take the capital value at 10 years' purchase, and take the debt to be at least $3\frac{1}{4}$ of the capital value, though it is, in reality, much more. The annual interest burden on this cannot possibly be less than 100 crores per annum; and the arrangement suggested above, if adopted may make a saving for the state of some 300 crores per annum, at least.

The debtor would receive the benefit not only in the reduced rate of interest, which he would have to pay to the State, say 10 p.c. in place of the very much

higher figure he has been paying all these years, but also in the definite liquidation of the burden within a given period, and legal cancellation and annulment of all indirect burdens. His land would be better cultivated, not only because he is freed from anxiety, but also because he would be placed in a position to provide better seed, manure and all other accessories of fruitful cultivation. His produce would, consequently, also, improve in yield and quality.

The difference between the rate that the State receives from the Debtor agriculturist and that the State pays to the Creditor, viz., 5 p.c. would amount to a total debt of 2000 crores to over Rs. 100 crores per annum, in British India. While in the States, at least half that amount may be added in view of the larger exploitation capacity of the creditor in the States, notwithstanding smaller population and area.

The aggregate would be about Rs. 150|- crores per annum available almost at once. The cost of the programme stretched above will not be more than 20 to 30 crores extra in the first year or two of the Plan.

Lands freed from the great incubus of indebtedness and brought within a co-operative system permit intensive as well as large scale cultivation and would yield much more than has been customarily obtained all these years.

As recommended in another section of this Report on Priorities new land also would be added to the volume of total cultivation, and all the necessary services and aids to improve the yield of cultivation as well as new lands must also be provided under the planned programme.

The results of such activities may well be expected to a doubling of the total produce, at least within two or three years. This must bring a larger proportion of indirect revenue to the State from land, even after taking full allowance for the radical revision of Land Revenue or Taxation System, throughout the country.

Priority No. 3

HOUSING

The third item in the list of Priorities referred to this Sub-Committee concerns Housing.

This problem is not of the same urgency, or extensive importance, as the problem of Food and Education, inasmuch as shortage of housing room is felt only in the larger centres of population ; and these are relatively few in number. According to the census of 1941, only about 13 p.c. of India's total population is town-dwelling whereas 87 p.c. lives in areas of less than 2,000 souls each. Climatic conditions for the greater part of the year, and for the larger proportion of the population, make pucca housing relatively unimportant.

Assuming that British India is more developed industrially, than the Indian States, and therefore more urbanised, the proportion of urban population even in British India is not more than 15 p.c. where the Housing Problem can at all be said to be acute.

This does not mean, that such housing which is available today, whether in towns or villages in India, is all that could be desired from the point of view of a reasonable standard of housing accommodation. We are, however, considering this matter in this note as one of national urgency, to which special priority must be given for immediate action in the National Plan. As such, the matter affects mainly the larger industrial centres, where congestion of population, combined with lack of space and other amenities, makes the problem very acute and requires immediate solution.

It may be mentioned in this connection that housing on the scale on which *this country needs it* would involve development of incidental industries, like brick-making, iron and steel, cement, wood-work, paint and varnishes, furnishing and equipment in general essential for modern residential accommodation. These *incidental industries* would require labour of large numbers. Exact estimate cannot be given ; but, in general, this may certainly be taken as a very effective remedy for some section of unemployment that prevails in every modern society. Even under carefully planned economy, securing suitable employment for everybody, the redistribution of persons employed that would be necessitated in order to give each occupation its proper complement of workers etc. would be an important means to provide such alternative occupation.

In this sector of the problem, it is as much a matter of building materials, *technical design and equipment*, as of de-congestion, so as to permit a proper scientific lay-out, or planning, of industrial centres, providing adequate housing accommodation for the population. This accommodation must further be equipped with the necessary services of water supply, good lighting, cheap and quick transport from the place of work to the place of residence, education for the children,

together with sufficient play grounds or recreation centres for the entire community in those places.

So far as building materials are concerned, India has no great scarcity of wood and cement stone and lime, or still simpler materials. Bricks though for the moment in shortage, can be easily made in this country in all required quantities. Once the problem of housing is tackled effectively and determinately, the making up of this shortage would be only a question of time. The exigencies of war have, no doubt, brought about a measure of stringent control over more modern building materials like steel or cement, while prices of all the materials required for house-construction have risen very high owing to the same factors. This has added to the stringency of the task before us. With the end of the war, the artificial shortage of housing space due to commandeering of accommodation for military personnel, and additional offices needed for the prosecution of the war in the more important centres, would also disappear. Such measures, however, as legislative control of House Rents, with fixed ceiling, will have to be retained, at least so long as this disparity between housing space available and the population requiring that space continues in these centres.

From the point of view of the Indian population as a whole, and particularly as regards the rural population which constitutes seven eighths of the total, the scope for prefabricated houses is very slight. Given climate and other conditions obtaining in this country, the housing required will be relatively much simpler; and the amenities, services or equipment, illustrated above, need to be not very much more increased than is the case in some of the more advanced industrialised centres of this country.

An experiment, however, has been tried for accommodation in prefabricated houses for the employees of the Calcutta Port Trust by a private concern specialising in this line, which has yielded fairly satisfactory results. The cost of such houses is stated to be about 40 p.c. below the average cost of a standard house built to order so to say. For cheap housing that may be needed immediately it may be worthwhile to consider this alternative, as the materials required all lend themselves to rapid, standardised, mass production. There is, moreover, the consideration, also, in favour of such housing in the fact that Government attach in their scheme for subsidised housing considerable importance to this device.

Leaving out, therefore, prefabricated houses, and concentrating attention only on houses built from locally available materials, without resorting to mass production of a standard type, it must be premised at the outset that building, design and equipment will vary necessarily according to the use to which a structure is to be put, just as the main plan of an area will vary with the geographic situation and topographic peculiarity of each area.

In this note we are concerned only with Housing for residential purposes. The main aspects of the problem, in point of National Planning from this point of view could be summarised to be :—

- (1) The nature and volume of the housing provision.

- (2) The responsibility for providing it.
- (3) The finance, or ways and means of housing.
- (4) The agency immediately concerned with providing housing, regardless of the ultimate financial responsibility.

I. The Nature and Volume of the Housing Provision

Housing must be regarded as a *Public Utility Service*, apart altogether from the final responsibility for providing and running it.

In this view of the problem, any element of private profit made by the house-builder or house owner must be strictly regulated, if not eliminated altogether and such as exists today must be progressively reduced until it disappears altogether. Even if all the Housing required for the total population is not provided by some public authority, or statutory body ; and even if some scope remains for houses built by private enterprise for profit to the proprietor or contractor, rigid control must be maintained over the price or rent for housing, service, together with the amenities with which each such house must be equipped under the building by-laws or general laws laid down in that behalf.

A programme of housing spread over ten years must be drawn up so as to provide the pre-determined standard for housing accommodation for every human being with the necessary minimum of amenities and services which modern life in industrial centres demands. Confining our attention for the present to urban population, and taking the standard housing space needed to be 100 sq. ft. per person the total accommodation needed is easy to calculate.

To find out the total additional housing needed, it is necessary to have an idea of existing accommodation and the possibility of improving or extending it, so as to make the existing houses meet the *minimum* standard of light and air, water supply transport facilities, protection against fire, and other utilities, amenities and services required for a decent standard of civilised life.

Technical details, plans or designs for standard housing of this type will be for architects and engineers to work out. In the interests, however, of economy of space, particularly in large centres of population, where there are physical limits of the area at their disposal, e.g. an island city like Bombay it may lead to the construction not of single family tenements, or houses each a unit in itself, but rather of large blocks of flats or barracks which may accommodate several families each assured of the given standard of amenities, services and planning which must go with each house in National India.

As a Public Utility Service, the rents charged cannot be what is called an economic return on the capital investment made by a private profit-seeker. It should be co-related as much to the ability or income of the occupant (say about 8 1/3 p.c. of the income) as to the capital cost incurred (not more than 4 p.c. of capital investment) of constructing the standard dwelling. So long as there are people seeking houses with varying brackets of income or ability, houses will have to be designed so as to suit the would-be occupants from these several brackets of

incomes. There is, however, one over-riding condition that a minimum standard of living space, amenities, utilities and services should be provided in each case.

The control of rents would have to be much more rigid in regard to housing accommodation in the relatively lower brackets, while even for the middle class tenant some measure of restriction on the rent to be demanded would be necessary.

Occupation of each such house by a tenant must not be compulsory. Some regulation, however, will have to be laid down for adjusting the place of work to the place of residence in order to minimise transport. This is a problem as much for the town planner as for the individual tenant, and may be left to be decided by them, subject to the condition that : where housing is provided for workers near their place of work, preference will have to be given to the actual workers and not to anyone not actively engaged.

II. Responsibility for Providing Housing

The next question to consider in this connection is in regard to the responsibility for providing the necessary housing. There are three alternatives which are not necessarily mutually exclusive. Each has its own peculiar fitness for discharging that obligation.

There is, in the first place, the State or the Nation as a whole, who can shoulder responsibility. In so far as Housing is a Public Utility Service of national importance, the Central Authority of the country must necessarily bear its share of this obligation, though the burden need not be shouldered entirely and exclusively by that Authority.

On the other hand the Central Government, by its very nature, cannot actually provide the Service, even if it shoulders some part of the obligation since it is essentially a legal concern. Housing in different parts of a country like India, for climatic and other reasons, must necessarily vary in structure and material ; in the accommodation as well as equipment, in the design and lay-out, in accordance with the purpose for which each building is to be utilised. This means responsibility of the Local Authorities, whether Provincial Government or Local Bodies, like a Municipality or District Board, or even a Village Union.

The actual agency for constructing houses may thus be the Local Authority, e.g. in respect of a basic Plan, situation, technical design, and standard equipment, together with certain prescribed amenities or services by the Provincial or Central Government as the case may be.

The Local Authority of the Municipality or District Government will not find itself equal in all cases to the task in all aspects. Some responsibility must, therefore, also be cast upon those elements in the Society, which stand to derive some benefit from people using the housing they provide. Their benefit may be not so much by way of the rent or return on their investment, as in the shape of the additional or surplus value infused in their work which the workers in their employment do.

The employer is thus an outstanding class on whom responsibility may quite

fairly be charged for providing the necessary housing accommodation, at least for his immediate operatives, whether manual labour or intellectual.

There are obvious advantages as well as limitations in making the employer responsible for providing the housing accommodation for his workers. The main advantage, of course, lies in regard to the saving of time by locating housing as near the place of work as possible, designing it to fit the peculiar needs of the given operatives, and serving or equipping such accommodation with the ordinary amenities, utilities, and services as may be prescribed as part of the National Plan.

On the other hand, any housing that an employer provides can only be for large-scale factories or workshops. The relatively small scale business, employing only five or ten people, will not find it economical or convenient to provide such housing for each employer's staff whether manual or intellectual.

Besides, if such housing is provided compulsorily, as a legal obligation thrown upon the employer, the latter would demand that so long as a worker works in his employ, he must occupy the housing provided by the employer. The freedom of movement will be affected. The moment the worker ceases to be in the employ of the party providing the accommodation, the latter would be free to eject such a worker, whether or not he has found any alternative accommodation.

The worker thus gets tied up to a place ; and, as such, his general tendency is to dislike living in quarters provided by employers. And this quite apart from the point of view of rent.

Another alternative agency to provide housing is competitive private enterprise. These may be fancy structures varying according to the taste and means of individual house-builders. If housing is part of a National Plan, it cannot be left to the vagaries of private entrepreneur, however much controlled by local or national regulations.

Housing provided by private agency, of the type that a capitalist employer usually is, would seek his utmost to make the return equal to the investment over a relatively short space of time. The economic Rent expected for such housing by a capital house-builder (or employer) will take account only of what he would call a fair return on his investment ; and that would be arrived at by comparison with the ordinary Interest Rates in the money market for investment in corresponding securities.

This, in its turn, will be utterly regardless of the ability of the tenants to pay such rent. It is at this point that the community, in one form or another, will have to step in to modify the burden of the 'Economic Rent' so as to make it correspond to the ability of the tenant, and yet secure repayment of capital invested in the housing. The repayment may, no doubt, be spread over a much longer term of years than the private investor would desire.

Moreover, the employer, as already remarked, would provide housing only for his immediate employees, which does not exceed 7 p.c. of the total population. That section of the community, therefore, which is not employed as wage earners, and which consists of professional elements working for the public at large, and

not for any definite employer ; or the relatively older people, the retired, or superannuated, not actively engaged in work, will not be served by such agency. Their need for housing must also be attended to ; and that can only be done by some form of State enterprise, whether conducted by the Local Government, Municipality or District Board, or some non-profit making society, like a co-operative, or statutory authority.

The standard equipment for proper Housing accommodation in respect of water supply, lighting, sanitary facilities, as well as transport and education, recreation and other amenities for the adults as well as children, that are deemed indispensable for civilised living cannot be enforced to the required degree except by the active intervention by some form of Governmental Authority. This intervention may take the shape of laying down standards, by by-laws, and enforcing inspection and supervision by public officials so as to ensure proper construction with sound materials, standard design, adequate safeguards against fires, etc. and proper provision of amenities, services and utilities.

The State—whether Provincial or Central Government, is already a large employer ; and will, in the near future, become so in an ever increasing degree. Municipal and other Public Services, like Transport and Communications, employ thousands of teachers, postmen, medical services, police, railway and tramway operatives, and others of that kind. For its own employees, therefore, the State must set a model of housing, which must not only be not inferior to any similar facility provided by a private employer, but which must co-relate, in point of the return demanded from the tenant, to the ability of the latter, as measured by his income, rather than to the actual cost of the investment or the market return on similar investment on other enterprises.

If housing is provided by private enterprise only, for purposes of letting out, that section of the community which does not care for owning house property, but nevertheless seeks a reasonable fixity of residence and also a high standard of amenities ; which also has an eye to the beauty of situation, convenience of location, and the like, must have some say in regard to the material, design, equipment, and, above all, fitting in with such town planning measures as may in any case be adopted. The responsibility thus is not exclusive of any single individual Corporation or Authority and the State will have to take, in one aspect or another, an increasing share in providing, regulating, and controlling the Housing Service as a whole.

III. Finance

The next question is that of finance. While discussing the nature of the Housing Problem, and of the responsibility for providing it, reference has already been made to the ways and means aspect. The total financial obligation cannot be shouldered exclusively by anyone of the agencies considered appropriate for providing accommodation.

The conditions prerequisite of the Ways and Means aspect may be repeated here to give point to the financial side outlined below.

Housing must be treated as a Public Utility Service, which must be provided by the State or some Delegate on its behalf. From the accommodation thus provided, the element of private profit must be strictly regulated if not eliminated altogether. Even if the obligation is thrown upon a section of the citizens, e.g. employers of labour, to provide housing for their operatives, these will have to work under definite by-laws and accept standards of accommodation and equipment, location and design, prescribed by some Public Authority as part of the National Plan.

The element of private profit to the house-builder or house-owner must be progressively eliminated. Rent control must, therefore, follow as a matter of course, and be a permanent integral feature of the National Housing System.

Even in that sector of Housing which is left to be provided by private enterprise as an investment for individual profit, of the standards and rules, mentioned above, will have to be complied with,—particularly in regard to location and design, as part of a common Town Plan, with the *minimum services, utilities and amenities* deemed necessary for proper Housing accommodation.

Given all these conditions, the financial responsibility must also be shared, and not exclusive to any one of the parties concerned,—the State, the employer private entrepreneur providing housing—building for profits; that worker inhabitant or the general citizen and tenant; and the Local Authority benefitting for such occupation, must all share in the cost as well as the return, directly or indirectly.

If Housing as a public utility service, is provided by the State, or some organ, representative or delegate of it; and run on a cooperative basis rather on a contributory basis, the revenue coming to each of those agencies, responsible for providing and maintaining the Housing Service, could be easily determined as part of a long-term arrangement, even though initially relatively larger burden might fall upon a given section only.

There are several methods for shouldering the immediate financial obligation and for recouping the same. The latest proposal of the Government of India is to grant a subsidy of $12\frac{1}{2}$ p.c. subject in each case to a prior approval of the provincial Government concerned, and a maximum of Rs. 200 per each house. If this is based on the present prices, and the mass production of standard houses is adopted, the unit cost may be very much smaller. It may also be spread over a fairly long period, say 10 years, to provide all the Housing needed; and 50 years to recover the cost. This in turn could be supplemented by a similar subsidy of $12\frac{1}{2}$ p.c. subject to a maximum of Rs. 200 making the total Government subsidy of Rs. 400 per each house from the Local Government or Municipality, some Statutory Corporation or a Building Society.

If the entire capital cost of the Housing, together with the amenities and equipment required to be installed is impossible to be provided by any single Body or Authority from its current resources recourse may be had to borrowing, a long term loan on low interest to be paid off by equal instalments in 50 or 60 years.

In Britain, whose Housing need is very much more urgent and intense,

according to the latest information on the subject, a long term loan is proposed which would be utilised for house-building and equipping it with the necessary amenities.

It is necessary to bring out the essential point of the British scheme, which is "The annual subsidy given by Government and the Local Authority plus a reasonable rental fixed with reference to the occupant's capacity to pay would over a period of 60 years cover the capital cost, repairs and maintenance and amortization". This principle can be given wide application in India if an extensive scheme of co-operative housing societies can be started.

The actual construction of housing would be left to Local Authorities who will then recover the cost of the actual house room, plus the services, utilities and amenities going with the house, from the tenant in the shape of Rent which will be the occupier's contribution to the cost.

The loan is proposed to be repaid over a period of 60 years, which would, therefore, allow a very much lower rate of amortisation, so that 'the rent' exacted from the tenant or occupant will be relatively small and well within the ability of the average worker to pay.

If, as already premised, we view the Housing Service as an integral part of the National Plan, there would be no difficulty in believing that the ability, also, of the tenant, or worker, will progressively improve as the plan unfolds itself, and takes effect in its several sectors adding to the total as well as the individual wealth and so raising the latter's capacity to bear the burden.

With increasing ability of the tenant in the shape of higher wages, due provision in regard to health and schooling, facilities for transport, recreation and other amenities will also have to be made. The rent charged for such housing would appear progressively to lower the burden to the occupant.

To the State, also, or the Agency which provides the Housing, the burden would become easily bearable, not only because of the share the State will take from the wealth of the community, resulting from the Plan taking effect ; but also because of the very long term over which the repayment of the capital with interest is spread.

APPENDIX

THE NATIONAL PLANNING COMMITTEE

To,

The Members, National Planning Committee, and Chairmen and Secretaries Sub-Committees.

Dear Friend,

As you may be aware, the National Planning Committee held its full and formal sessions on the 8th, 9th, and 10th November, 1945, at Bombay. At these sessions the report of the Sub-Committee, appointed to consider the changes and developments that had taken place during the war years, which affected the work of planning, as also to suggest certain specific matters of urgent importance was considered.

After careful and detailed consideration of that Report the Planning Committee resolved to embody its substance in fresh directives or further instructions to the Chairmen and Secretaries of the various Sub-Committees. You will accordingly find appended herewith further instructions, which, in so far as they concern the reference made to your Sub-Committee, should be taken into account before the report presented by your Sub-Committee is finalised.

Where any Sub-Committee has not presented or even prepared its Report, the undersigned requests that these instructions be also taken into account, along with those issued in 1939 which will be found in pages 77-82 of Handbook I.

The National Planning Committee has resolved that the Sub-Committees be requested, *finally*, to revise and bring upto date their reports which have been submitted, either as interim or final, not later than the middle of February next. Those Sub-Committees which have not yet submitted any Report are requested, within the same time limit, to prepare and submit the same for consideration by the main Committee at their next meeting.

The Committee consider that it would be needless expenditure of time if each Sub-Committee were, at this stage, to convene meetings of all their members for drafting, considering or revising their report. It is, accordingly, suggested that the revision and bringing upto date of Reports already submitted, as well as the preparation and completion of the reports in cases where no work has been done so far, be taken up as the task of the Chairman and Secretary concerned of the Sub-Committee concerned. Should they think it proper, and if time permits, their reports may be circularised to other members of their Sub-Committee; and their views or concurrence obtained by correspondence. In any case the report must be in the hands of the undersigned not later than the date mentioned above.

If in any case the Chairman and Secretary concerned desire assistance or explanation from this office they are requested to write as soon as possible, and state their requirements. The undersigned will do all he can to meet the same.

At the cost of repetition he would earnestly impress upon the Sub-Committees to do their utmost to expedite their reports so as to enable the Planning Committee to complete its work within the time limit they have set for themselves.

Your sincerely,
Sd. | K. T. SHAH
Hon. Gen. Secretary.

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REVISED INSTRUCTIONS AND DIRECTIVES TO SUB-COMMITTEES

1. The National Planning Committee having carefully considered the report of the Sub-Committee appointed to consider the changes and developments that had taken place during the war years, and to suggest certain specific problems of immediate importance, resolve to issue the following as further instructions to the Sub-Committees which should be taken account of, while preparing or finalising the report of each Sub-Committee. The objectives and assumptions, laid down in the first sessions of the National Planning Committee in 1939, hold good even to-day.

2. The most important of these, the Committee believe, is that a proper, scientific allround planning and development of the aggregate economy of the country can only be achieved satisfactorily by a national government of India, commanding the full confidence of the people of the country, and their hearty co-operation.

3. It is also assumed that in all probability the future constitution of the country would be democratic, in which the claims of the several federating units, whether provinces, States or regions would be impossible to ignore. Regional planning, mutually co-ordinated in all respects, must also be part of the national programme, in order not only to ensure the fullest development of the available resources and to provide employment for all adult citizens competent to work, but also to guard against any outbreak of inter-provincial jealousies or rivalries resulting in avoidable impediments or dissipation of energy.

4. The list of objectives of the Plan, prepared by the Convenor, was next taken into consideration. It appeared to the Committee to be fairly exhaustive; and so no particular additions were suggested therein. Attention, however, was drawn to the objective, now being emphasised in all advanced countries, of providing full employment to all capable adult citizens, and ensuring social security of the entire working community on a proper provision against normal, contingencies of life and work. The desirability of public outlay being undertaken, if necessary, specifically to provide such employment, after private and institutional demand for skilled or unskilled labour had been met, was commended for consideration by the Planning Committee. The Sub-Committee believe that in a regime of planned economy, such work provided by public expenditure would be less expensive and easier to carry out than in an unplanned system.

5. Turning next to the important changes or developments that had taken place during the six years since the National Planning Committee had been established, the Committee considered the list prepared by the Convenor in that behalf; and suggested that, while it was not competent for that body to make any detailed list of new scientific discoveries, technological improvements, or mechanical inventions, which had taken place in the course of the war, or because of it, in issuing directions to the Sub-Committees, and laying down the general objectives of national planning afresh, attention should be invited to these developments as regards material processes, scale of production, etc., which had been, in many cases,

revolutionising important industries, and methods of production and distribution. New Industries, like plastics, or processes, and the equipment appropriate for the same, should be taken due account of by the Sub-Committees concerned in each case.

6. It is essential that much greater attention should be paid to making scientific and technical research as an integral part of planned economy. Universities and research institutions should be organised to permit of fundamental and basic applied research on the widest possible basis being undertaken in the country. Further, industrial research should be comprehensively planned and linked with the development of industries, and industrial research organisations created best suited to the needs of individual industries.

7. To put research actively on a proper basis, highly trained personnel with first-class scientific ability in progressively growing numbers will be needed. To produce these workers, two things require to be done; (1) to build up as rapidly as possible institutions in India which can give the highest type of scientific training of the most varied type, and (2) to have men trained abroad to meet the scientific and industrial needs of the country in the very immediate future. For the first purpose, we should immediately send abroad selected personnel from scientific departments selected for development so that they may undertake to put their departments on a proper basis. For the second purpose, we should first decide the industrial projects which we plan to have fulfilled and then select the most suitable workers capable of fulfilling them and send them abroad as teams with specific duties assigned to each of a team.

8. It may be added that in many industries now, the war has brought about many new processes, or inventions which, for reasons of national security, have been secret. The National Government will have to adopt the necessary way and means to secure the use of such processes or equipment for planned industry in India. Trade treaties negotiated through the usual diplomatic channels must concern themselves increasingly with such matters to make up India's leeway in this behalf. The same may be said with regard to utilisation of waste products from existing industries; or provision of substitutes for industrial materials (e.g. synthetic rubber).

9. Equally important changes had taken place on the organisational or administrative side of public economy in every country, which must likewise be duly taken into account by the Sub-Committees concerned, as well as by the National Planning Committee.

10. The most outstanding example of such change is in the matter of public control of industry and business. It takes a variety of forms, e.g. price control, fixing the minimum as well as the maximum; rationing supply of finished goods as well as raw materials; regulating transport and other utilities or services; licensing of dealers, and the like. Similarly there is control of labour organisations with a view to ensure continued production. This was necessitated for the war, and put up with during that period for reasons of military necessity; but may be demurred to after that compelling necessity is over. The principle of control, how-

ever, has come to stay, especially under planned economy. The Committee accordingly instructs its appropriate Sub-Committees to take note of this most important change and make their recommendations so that the least possible obstruction comes in the way of carrying out the national Plan. Work must not be stopped, if it could possibly be helped. A system of conciliation and compulsory arbitration in all labour disputes may be necessary; and the Sub-Committee concerned should be called upon to suggest the necessary machinery, with adequate safeguards for the effective protection of labour.

11. Perhaps the most considerable of the changes, which will react radically upon the principal objective of attaining national self-sufficiency, is in relation to the growing demand for international co-operation and the removal of trade barriers which had characterised international economic relations in the years before 1939. The Sub-Committee realise that there are many difficulties in the way of giving effect to the ideal of full and free international co-operation in matters economic; but, if the ideal be accepted, these difficulties could be overcome. Nor need we apprehend that the increasing stress on international co-operation would materially prejudice the primary claims of national development by each country's government.

12. As part of the objective mentioned above of securing the fullest possible employment of all adult workers in the community, and ensuring their proper social security, reference was also made to the war-time development regarding the fixing of minimum and maximum prices for primary produce, as well as *manufactured* goods and services like shipping. The principle of price fixing had already been accepted. Even though introduced in response to the war-time emergency,—not always in the real interests of India,—it has continued in operation, and might continue even in normal times after the transition from war to peace has been effected. Corresponding to the policy of guaranteed minimum prices to the primary producer, there should be a reasonable relation between prices of agricultural products and manufactured goods. There is also the principle of a minimum wage as part of social security system. The Labour Sub-Committee of the Planning Committee has made recommendations on this point, and the Planning Committee has endorsed them. But the principle needs to be emphasised and universalised. Guaranteed prices, it need hardly be added, is one of the means for assuring social security to the large mass of the agricultural workers in this country, whether owners of land themselves or tenants-cultivators. Landless labourers would have to be assured a minimum wage.

13. Most of the other important changes and developments, which may be taken to affect the country's aggregate economy, have been noted in the list. The Planning Committee consider it to be fairly exhaustive. The reaction of these changes or developments on particular items or aspects of planned economy will have to be taken into account by the Sub-Committees concerned, and a general pronouncement made on the same by the National Planning Committee.

14. Even though the Planning Committee is planning for the future, there are certain outstanding issues of immediate and urgent importance on which the Committee should issue a clear, unambiguous directive, not only the Sub-Com-

mittees concerned, but also, if we may say so, to the country as a whole, and to the world at large. These are matters of national policy intimately touching national economy, on which the National Planning Committee cannot afford to be silent. One such problem or development is in regard to India's sterling assets.

15. The programme of intensive and rapid industrialisation of this country, as affected by the growth of international indebtedness, in which India has become a large creditor, and the locking up of Indian capital assets in the Sterling Balances in London, will require special consideration. As this is a matter inter-woven with the world economy as a whole, the Sub-Committee would leave it to the Planning Committee to give its directive on the subject, or enunciate a definite policy which which it would recommend to the national government in that behalf.

16. Incidentally mention may also be made of the problem of foreign capital invested in industrial concerns in this country, and its reaction upon the management of such industries. National Planning would not be easy nor effective so long as any item, which is part of the Plan, is not fully amenable to the control of the National Government of India. The National Planning Committee has, therefore, passed a suitable resolution regarding the scope allowed, if any, for investment to foreign capital in Indian industries which are integral part of the national plan, and their claims for control and management of essential or important industries in this country.

17. A similar question arises in connection with the Defence Industries. The problem of national defence is not confined, in our times, to raising, training and equipping the forces deemed necessary to fight the country's battles by land, or sea, or air. These must be fed and clothed and moved from place to place as needed; and cared for when wounded. For all these, the industries supplying the necessary material must be developed and their development must be part of national security and the planned industrialisation of the country must take stock of them.

18. Another very important change, the Planning Committee consider, or development due to war, which has been least taken account of, is concerned with the great deterioration on the moral plane. Innumerable complaints have been made from non-official sources, and recorded even in official channels regarding corruption in high places, and the general decline in moral standards. No plan, however soundly framed, would succeed in execution, if the moral fibre of those entrusted with carrying it out is weak.

19. Coming next to the question of Priorities, the Committee was of opinion that the models of Priorities hitherto found,—e.g. in the Russian Plan, which led to the intensive development of heavy, or armament industries for reasons of national security,—will have their bearing upon the national plan framed for this country. Any scheme of intensive and rapid industrialisation and allround economic development must necessarily be based on the development of power, and place relatively greater emphasis upon key or basic industries, so as to make the country relatively self sufficient in this vital concern, within a measurable or pre-determined space of time.

20. At the same time the need for consumers' goods, especially after five or six years of war-time stringency and repression of demand, cannot be overlooked. The problem of relative urgencies must be co-related with our resources as well as requirements. The Planning Committee consider the human needs for food, clothing and shelter the most important and urgent of all. They, therefore, consider that, with due regard to the needs of intensive industrialisation, all industries concerned with these primary needs of life, should be developed simultaneously, with as much attention to the needs of each unit, region, and industry as well as the consumer as possible.

21. It has been assumed by the National Planning Committee from its very start that planning to be effective must be comprehensive, a simultaneous attack on all fronts of the national economy, so as to arrive at the desired goal, without creating any unnecessary local depressions or elevations which may lead to an avoidable lack of equilibrium. Note must, at the same time, be taken of the excessive development of certain industries, because of the war-time demands; and the need for such industries to be maintained, or safeguarded, after the war is over, if they can be easily fitted into the peace-time national Plan. Careful and detailed investigation will have, accordingly, to be made in individual industries, with a view to find out which of them need to be supported or safeguarded, and which would be too costly to be maintained, and should, therefore, be scrapped. Adequate protection, encouragement, or safeguard should be provided to such industries as are found deserving by an appropriate fiscal policy, which the National Planning Committee may recommend to the national government after full consideration of the report made by the Sub-Committee investigating in this matter.

22. Side by side with this, the agricultural policy will likewise need to be intensively attended to. There is an amount of culturable waste land available in this country, which would demand, perhaps, the highest priority for being brought under plough. Primary produce would substantially be increased thereby. The economic organisation best suited for developing such land most effectively, collective, co-operative, or individualist, must be the province of the appropriate Sub-Committee dealing with the matter to consider and advise upon. The Planning Committee, therefore, direct the Sub-Committee concerned to consider this matter, and submit their report at an early date.

23. The National Planning Committee have taken note of the several plans for development and industrialisation put forward by Departments of the Central Government or Provincial Governments or private individuals, as well as of the various declarations hitherto made on the subject of planning by the Planning and Development Departments of the Government of India; and consider that these plans are *ad hoc* proposals without proper inter-relation as part of a common national plan of development. The plans moreover put forward by certain Departments of the Central and Provincial Governments would involve heavy outlays in relation to development of railways or roads, education, promotion of public health, etc., which, though essential and indispensable, need to be carefully correlated *inter se* as part of a common scientific and integrated national plan so as to avoid lop-sided development and unbalanced economy.

24. Of the primary needs of man, the Planning Committee considered food and housing to be of immediate importance. War time has shown India to be lacking in self-sufficiency in the matter of food. The Committee thinks the lack is remediable from India's own resources, not only by intensive cultivation, but also by taking into cultivation culturable waste land as mentioned above. Adding to such facilities, as irrigation, fertilisers, and the like, that are calculated to add materially to the productivity of the land and the volume of food supply available in the country, will also serve the same purpose. Projects have already been taken in hand for establishing a fertiliser industry in the country, though the Sub-Committee doubts the supply of fertilisers, as now planned, would be adequate, or their distribution proper. Special attention should be paid to seed-improvement and seed-multiplication.

25. It is necessary to have comprehensive surveys of the major river systems in order to formulate a policy to prevent disastrous floods. To promote irrigation, and inland navigation, to prevent soil erosion, to eradicate malaria and to develop hydro-electric and other projects, National or inter-provincial river commissions, or something in the nature of the Tennessee Valley authority should be constituted in order to give effect to this policy.

26. In regard to irrigation, the Sub-Committee consider that sufficient attention has not been paid to well and tank irrigation for developing lands which, otherwise suitable, were lacking in an adequate water-supply. The approximate Sub-Committee should make specific recommendations in this behalf, paying particular attention to land improvement afforestation and prevention of soil erosion and water-logging.

27. Regarding clothing, the Committee was of opinion that India could be easily self-sufficient in all respects of raw materials (except in regard to long-staple cotton), capital supply and skilled labour, even allowing for the planned expansion in demand, which would be necessitated by the improved standard of living of the people. In this connection the existing cottage industry of handloom production of cloth should be given every encouragement.

28. The problem in this case, the Committee would add, is more in respect of a proper distribution, suitable location and development of new concerns and expansion of existing ones in this industry, so as to pay all due attention to the various regions in respect of industrial development, employment of labour, as well as supply of an important item of national demand.

29. The Housing Sub-Committee has already made its recommendations, and the National Planning Committee have pronounced their opinion thereon. With the progress of industrialisation humanisation will follow, and the housing need of the community become still more and more acute. The Sub-Committee concerned should, accordingly, be requested to review their recommendations, in the light of our needs and programme of development, paying due regard to such developments in the industry as mass-produced standardised houses and their standard equipment, fittings and furniture.

30. Adequate housing for the entire population under the Plan is essential. In the case of industrial workers the primary responsibility for putting up such housing should be placed on the industry ; but the financial burden of that responsibility should be shared equally between the State and the industry. As regards the rent, moreover, which may be charged for such accommodation, it will have to be borne in part at least by the State ; that is to say if the economic rent making a reasonable return for the capital invested in housing is higher, as it very well might be in most cases, of the working class tenants, the difference between the rent according to the worker's ability and that demanded by an economic return to the organisation providing the accommodation should be provided by the State. This recommendation seems to us to be indispensable if within a given time adequate housing accommodation is to be provided as part of the National Plan.

31. Hitherto the Committee has made no mention of small or cottage industries which still provide a very considerable amount of the country's requirements, particularly in regard to consumption. That does not mean that the Committee is unmindful of the place of importance of such industries. Until the country reaches the ideal of self-sufficiency the planning authority will have to pay every possible attention in this section of the country's industry. It may even have to be protected or safeguarded against competition from machine goods and the Planning Committee should, in their final Report, make appropriate recommendations in this behalf. The Committee desires to emphasise the important role of cottage industries in the national economy. They will provide a very considerable proportion of consumers' goods and employment to a very large number of workers. The Planning Authority will have to pay every possible attention to this sector of the country's industry. It may even have to be protected or safeguarded against competition from machine made goods. The organisation of cottage and small scale industries in Industrial Co-operatives requires special attention. This may be found to be peculiarly suited to the conditions prevailing in India.

32. The foregoing remarks of the Committee do not exhaust the list of priorities. Social services, and cultural conditions are very backward in this country. Special efforts will, therefore, have to be made for the rapid intensive expansion, improvement and development in public health, education, facilities for travel and entertainment, and other directions of cultural growth, social amenities and public utilities which must be simultaneously attended to in accordance with a pre-determined programme with specific targets and time-table.

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