

**THE
ECONOMIC PROBLEM
OF INDIA**

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BY

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FOREWORD BY

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TO
MY PARENTS

FOREWORD

WE are living at a stage of human culture when the standardisation of mass production with the help of machinery has induced a similar standardisation in our beliefs and convictions. We have not only common conformity in dress and ways of living, over-riding even the distinctions between the sexes, but conformity in common judgments and common valuations. This conformity to standardised patterns of thinking has not only been actively fostered by the instruments of propaganda used by totalitarian governments in normal times; it has been a valuable ally of vested economic and political interests which have dwelt in glowing terms upon the process of education as an effective substitute for force and revolution. In a world such as confronts us today, the only hope for a better order seems to lie in the increasing recognition of the value of creative thinking, the upward urge of thought diverging often from the standardised patterns, above all in the field of the social sciences.

We in India seem to suffer from the same malady of standardised thinking in our socio-economic problems. We have a host of writers in the field talking to us in glowing terms about the potential resources of this country and the need for bringing them into the field of a competitive world order resting on comparative costs and price valuations, so as to make the country prosperous and wealthy. We have heard from all sides anticipations of the coming millennium when India will be a great nation through the intensification of its agricultural production and of the process of industrialisation.

The book before us on "The Economic Problem of India" strikes a somewhat discordant note in the midst of the chorus of voices to which our ears have been accustomed. The author, Mr T. N. Ramaswamy, is a product of one of our own Universities—; he has had the benefit of cultural

contacts with the West. He has given years of thought to the preparation of this work. There is a life of dedicated service to which one becomes alive as he goes through the chapters. The line of thought that he has followed is not in conformity with the standardised platitudes to which two or three generations of writers on Indian economic problems have familiarised us. The disinterested search for truth demands an atmosphere of freedom where the wind can blow where it listeth. This work demands attention and consideration for its departure from the conventional, even apart from the intrinsic value of its contents.

“India had a respectable place in the economic order of the old world. To-day she is suffering from a maladjustment of her resources to her needs”. “The future of India in the economic hegemony of the world can never be commanding.” We are told there are few prospects of the expansion of the area under cultivation. In mineral resources no one can be over-sanguine about the future. If by “economic progress” we mean the adjustment of the rate of regional production to the rate of international consumption, India cannot have economic progress. If by “economic progress” we mean the co-ordinated administration of national resources, future economic evolution can only give India a respectable, but not a commanding, place in the economic civilisation of the world.

As a result of our participation in the present day world wide system of industry and trade, with our insufficient productive apparatus, we have precipitated a major crisis in the economic life of our country. We cannot fit India to the exigencies of the competitive system without dissolving the existing social order and multiplying the causes of social friction. We cannot damage the social structure of India based upon a spirit of corporate service and sacrifice without precipitating a crisis.

If this crisis is to be avoided we must aim at the restoration and preservation of the stability of the little farmer and the integrity of the small artisan and craftsman. We have today an uneconomic wage level, an uneconomic localisation, uneconomic competition among the

units of each industry, uneconomic marketing and uneconomic technical processes of production. Our industrial evolution has been planless. What we need is state regulation of the economic structure in the general interest of the community, limitation of the profit incentive, regionalisation of industrial units by securing localisation near the raw material areas, and their co-ordination in a spiral system of economic corporations under a system of barter adjustments. This is the theme of the work.

There is a vision behind this work—the nations that have no vision shall perish. No policy of unthinking imitation nor any tinkering with details can avail. The lines along which a solution of our problems is offered may not lead us straight to the goal. The process of human evolution is a process of trial and experiment through which we grope our way over the stepping stones of our failures and errors: but it is better to venture forth on the strength of a large faith than to grovel in the dust along trodden paths which wind and wind in a planless world.

P. A. WADIA.

PREFACE

I make no apology for placing this small volume before students of Indian economic affairs. The time has come when we should attempt 'self-analysis' to discover whether we have proceeded along the right lines of economic evolution and whether we can straighten ourselves out of the errors of economic adjustment which have been consciously or unconsciously perpetrated in bringing India into the orbit of technical progress. Unfortunately for India, throughout her struggle for economic recognition she had to grapple with extremists—transport faddists, agricultural revolutionists and industrial enthusiasts—but the moderates attempting to co-ordinate all the branches of technical development in order to give the country an environment in which a relatively frictionless economic adjustment can be achieved, have always been rare. To them this book is respectfully addressed.

The connoisseur will notice that the book is rather sketchy. Considerations of exceeding the bounds of a reasonable 'volume' have delimited my treatment of some of the specific problems of economic evolution; the temptation to break through the margin was indeed great and only those who have been in similar predicament can appreciate my difficulty.

Given suitable opportunity, I should like to study some of the specific problems indicated in this volume in greater detail. If this book succeeds in impressing upon those who dispense India's destiny the urgency of economically co-ordinating the technical progress of the country, I shall consider my labour amply rewarded.

In conclusion, I would like to express my gratitude to the Publishers and the Press for the highly commendable manner in which they have produced the book in spite of the extraordinary *conjunctur* in which it had to be put through.

T. N. RAMASWAMY.

Bombay.

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CORRECTION SLIP.

<i>Page</i>	<i>Para</i>	<i>Line</i>	<i>Substitute</i>	<i>For</i>
49	1	31	"basic"	"the basic"
51	2	5	"4s. 8d."	"4 sh."
51	3	5	"5s. 4d."	"5s. 6d."
68	3	3	"year in, year out"	"year in the year out"
71	2	7	"hybridisation"	"hybridisation"
71	2	10	"successes...in regard"	"success...with regard"
88	1	11	"can we"	"we can"
96	1	9	"..stumbling"	"standing"
109	2	4	"surveys"	"survey"
131	Foot-note		"3 Report, p.41"	"3.Report, p.368"
132	" "	" "	"1.Report, p.368"	"1.Report, p.370"
171	3	5 and 6	These lines are transposed.	
238	2		Insert "factories in India, an increase of over 350 per cent in three" between 13th and 14th lines.	
271	4	1	"The answers"	"The answer"