

The Post-war Planning for
India.

THE POST-WAR PLANNING FOR INDIA

(*With special reference to the Bombay Plan*)

By Prof. GYANCHAND

THE *London Times* in a leader made the following comment on the Bombay Plan recently : "Comparison between the enthusiasm, which greeted the first part of the Plan on its publication about twelve months ago and the almost perfunctory reception accorded to the final instalment provide the measure of the advance of public opinion during the interval—an advance for which the authors are themselves entitled to due credit", and attributes the contrast to the fact that "the Bombay Planners no longer possess the monopoly of economic revelation, there are other and competing versions". But the fact that there are other and competing versions itself shows that the avowed object of the Plan—i.e., to provide a basis of discussion and stimulate thinking on the economic future of the country—has been fulfilled in a large measure. The Plan was published at a time when the country not only was, as it is now, in a state of political stalemate, but constructive thought had practically been suspended and mental negation was the outstanding feature of the life of our nation. We are still living in a repressive atmosphere ; and considering that we are passing through one of the most critical periods of human history, most of what is being said and written to-day is singularly unfruitful from the long-term point of view. In spite of this there is perceptible a change in the mental climate of the country and the people are showing signs of the stirring of a new life which is likely to take a definite form as soon as the Ordinance rule is relaxed and the forces now held in check are given a chance to express themselves. In this process of revival "the enthusiasm which greeted the first part of the plan" was a very clear portent—an indication of the faith in the country's possibilities and future in spite of our dismal present.

The war has laid bare the fundamental weakness of our national life. It has shown in a gruesome way the absence of physical, economic and spiritual reserves. The appalling loss of life in Bengal and some other parts of the country and the inability of the Government and the people to tackle the problems created by the war is a measure of our resourcelessness—our utter lack of means and ability to face up to the problems of a major crisis of our national life. We cannot afford to drift any longer or let the future take care of itself.

A concerted effort on a truly grand scale has become an imperative necessity by the stress of events, and a fast developing international situation greatly re-inforces the need for our becoming masters of our own faith—of planning the economic and social development of our people.

For an all-round concerted effort we need a community of purpose, driving power to carry out the purpose with determination and will, and must know how to forge an instrument for producing results commensurate with our needs. Planning needs skill, knowledge and insight ; i.e., it cannot be carried out without utilizing the service of experts at all stages of planned development. But the primary condition of the introduction and successful execution of any plan worth the name must be a nation-wide appreciation of its importance and meaning and the willingness to make the necessary sacrifices to insure its success. Soviet Russia has achieved wonders during and before the war, but in spite of the totalitarian character of the regime under which these results have been achieved, it is clear that essentially in this one sixth of the world a magnificent co-operative effort has been put forth and millions of men and women have worked together in a superb common enterprise for a great and inspiring purpose. Force has been used in Soviet Russia and there are indications that it has at times been used in excess, even if it is granted that force is "the midwife of revolution". But men driven by terror can never achieve a fraction of what the Russians have achieved. For that social vision, a great faith and readiness to subordinate small personal ends to a "purpose greater than ourselves" are absolutely essential and without these the Russians could not possibly have come through the ordeals which the Fate set them before and during the war with such credit and glory. We in India need not—as a matter of fact cannot—reproduce the sequence of events which has made Soviet Russia what she is to-day—not only one of the three Great Powers but a beacon of light and a source of inspiration to progressive forces all over the world. All the same we can take to heart the lessons of Russian experience and the most important of these is that planning is and must be a great adventure for a country, has to be a common task for the whole nation and cannot be carried out without the whole-hearted co-operation and unremitting effort of the people. In India also for planning we have to

create a new spirit, mobilize our human, even more than our material, resources and fill our people with a passionate desire to surpass our highest achievements of the past and with a vision of the future unfolding itself in a series of targets, each higher than the one that is reached or realized. This is the essence of the Bombay Planners' plea for the establishment of a National Government vested with full freedom. Their plea is not a political slogan. It is based upon understanding of the essentials of planning and has, of course, to be acted upon if we have to evolve a plan which will really fire the imagination of our people and give them courage and strength to face and solve its difficult and complicated problems. Planning, it has to be clearly appreciated, is not merely a job for the experts and we cannot get on with it without evoking and harnessing the best and the highest that our people are capable of for the execution of the plan.

Planning raises difficult issues of ideology which the authors of the Bombay Plan meet by declaring themselves in favour of "the middle way"—of an economy and an order in which private enterprise will be controlled and regulated but not hampered or unduly circumscribed in the service of the community. There is a very good case for this view if its full implications are clearly understood. Violence, even if it is regarded as a necessary evil in this imperfect world, as an instrument of social change, is a double-edged weapon. It hurts its users as much as its victims, and in India there are specially grave risks in relying upon it to any considerable extent owing to the latent conflicts of our national life because of the division not only of economic, but also of territorial and communal, interests. Violence may set up a furnace in which these differences may be melted and fused but there is, in the present circumstances, greater chance of these differences being accentuated rather than liquidated by an ill-considered appeal to force. Fundamental changes are unavoidable if really worth-while changes are to be brought about, but extreme measures are likely to defeat themselves if they are resorted to without regard for the reactions which they are likely to call forth. Social antagonisms have, therefore, to be avoided as far as possible and changes that are necessary have to be introduced without recourse to violence.

The authors of the Plan do not however seem to be aware of,

or at least they do not underline, the one essential condition for the avoidance of the use of extreme measures. Experience has shown that these are forced upon the advocates of basic social changes by the blind clinging to their anti-social privileges by the men in power for the continuance of their dominant position. The Marxist view that it is not possible to replace the hierarchy of property-owners by democracy of worth and merit merely by appeal to reason is based upon the assumption that the rich identify their own interests with those of the community and protect the former in the name of the latter by using their legal, economic and political powers without any regard for the interest of the masses. The Bombay Planners belong to and represent what is commonly known as big business ; and though they seek to disarm suspicion and opposition by professing progressive views they have not been able to meet the criticism that their position and actions belie their avowed intentions of having put forward their plan primarily in the interest of the community. They, taken together, hold what amounts to a semi-monopolistic position in our industrial system and are busy strengthening and consolidating it by acquiring control of new industrial concerns, financial agencies and the press. It is true that monopoly of foreign capital in key positions of our economic life is still there and has to be replaced by truly Indian control, but monopoly of foreign capital cannot be counteracted by building up monopolistic control of Indian economic life by a few families but by dealing with the problem of monopolies as a whole and realising the benefits of integration by measures of co-ordination under public control. If the adoption of extreme measures is to be avoided and recourse to force prevented, it can be done only by the willingness of landed, financial and industrial vested interests to forego their privileges and powers, and of this willingness they have given no indication in practice or in the memoranda of the Bombay Planners.

The Bombay Planners are for extension of state enterprise and state control in various forms. They state the view that owing to state intervention in various spheres of economic activity and the introduction of payment according to the quantity and quality of work in Soviet Russia, "the distinction between capitalism and socialism has lost much of its significance from the practical standpoint." In India, as in other countries of the world, it is necessary

to seek a way out of the existing confusion and frustration by adopting an empirical approach and avoiding fanatical insistence on doctrinaire formulas and theories. A great deal can be done to increase production and realise economic and social justice by effective control of production, distribution, consumption, investment, foreign trade and exchange, wages and working conditions and steeply graduated taxation. These are the measures which the Bombay Planners rely upon to develop and transform our economic system. But every thing would depend upon the spirit in which the control is exercised, i.e., upon making well-being of the community the decisive consideration on all crucial points. Private enterprise has, as they point out in their memorandum, to be really enterprising, i.e., it has to blaze new trails and not merely stand for the status-quo and seek to maintain it by becoming or remaining the real power behind the throne. State control, when the state is practically in the hands of the propertied classes, means public control for private ends, and all compromise formulas would, in that case, only promote private interests through the exercise of public authority, and common-weal will only become a cover for private greed. The essence of socialism is that it should enlist ability and character for maximising social welfare, and so long as men in power, whether in public or private sector of economic life, owe their position to their property rights and exercise the power in the interest of property and privilege, no real planning in the interest of the community is possible. Just as patriotism is the last argument of the least patriotic men, social good is being made by the capitalists all over the world a reason for consolidation of their own position after the war.

Personality is one of the supreme values of life but it cannot be realized by will to power or concentration upon the pursuit of selfish ends. Decentralized initiative is necessary for progress, freedom and flexibility of the economic system, but decentralization in which economic life becomes an outlet for acquisitive impulses can only breed conflict and lead to centralization in the hands of private interests for anti-social ends. The Bombay Planners reveal a lack of understanding of the fundamental importance of economic factors in quoting with approval the well-known view of J. M. Keynes according to which "dangerous human proclivities are canalized into comparatively harmless channels by the

existing opportunities of money-making and private wealth." If the mainspring of economic activities is to be relentless pursuit of personal ends—particularly for men at the top—there is no chance of a planned economy being brought into operation which will serve the highest interests of the community. The choice is not, as Keynes suggests, between tyrannizing over bank-balance and tyrannizing over fellow-citizens, but bank-balance, i. e., surplus wealth of the community, being used for tyrannizing over fellow-citizens or for developing the moral and material resources of the country. Gravamen of the charge against capitalism is that this surplus is at present unfairly acquired and ruthlessly used for, to use Keynes's words, "reckless pursuit of personal power and authority and other forms of self-aggrandizement," for exploitation of man by man, which can only be put an end to by changing the social centre of gravity, by transferring power from those who have to those who know and can build a social common-wealth in the real sense of the word. The Bombay Planners are unaware of this all-important need and make no provision for its satisfaction.

Finance has in the Bombay Plan been given a secondary role. This is as it should be. If the inwardness of Lord Wavell's words, quoted in Part I of the Plan, that money has to be found on the scale for fighting the evils of peace—poverty, lack of education, unemployment, ill-health—on which it has been forthcoming during the war, is understood, it is clear that money is not the thing. For planning we need men, materials, organization and ever-growing social purpose, and not finance. Financing agencies essentially are and really should be agencies for deciding proportions in which the wealth of the community should be used for development and current consumption and for account-keeping,—for clearing counter claims and recording and comparing social costs and total output and output of particular industries. In India income of the community being limited owing to low level at which production is being carried on, the task of earmarking the proportion to be used for investment—for improving the material equipment of the country—is bound to be a very difficult one. But if investment control is to be effective and financial agencies are to perform their other functions well, it is absolutely essential that these agencies should be state-owned and state-managed. The Bombay Planners are for public ownership of public-utility enter-

prises. All financial institutions—banks, insurance companies, investment trusts and all other similar institutions—are primarily and essentially public-utility undertakings in the truest sense of the word. To-day in this country, as in other countries, they are being used for magnifying the powers of the propertied classes manifold by placing at their disposal savings of the people which they use to increase their power without any regard for public interests. In India these institutions are few and weak but they cannot be made numerous, sound and strong from the social standpoint unless they are regarded as public-utility undertakings and made public institutions. The fact that they are relatively undeveloped in this country makes it all the more necessary for the community to make finance its own function and discharge it to promote public good. Finance will remain master of the community and never become its servant and instrument, as the Bombay Planners want it to be, as long as it remains a private enterprise—i. e., so long as savings and credit institutions exist for and serve private ends.

It is not possible to examine critically financial estimates of the Bombay Plan. All plans and their figures at this stage are bound to be tentative. Their real utility is illustrative, i. e., they indicate the magnitude of the problem and the relative importance of the different elements in it. The Bombay Planners propose to spend Rs. 10,000 crores on the execution of their plan. This estimate was at first called astronomical and fantastic, but it is now becoming increasingly clear that as a measure of our needs the estimate is, if anything, modest; it is unduly cautious rather than over-ambitious. Since the publication of Part I of the Plan, plans involving expenditure of hundreds of crores on specific objects have become the order of the day, and by the time the Government of India, the Provinces and the States complete and publish their plans, the total estimated expenditure on planning is likely to exceed rather than fall short of the Bombay estimate. Whatever the value of these estimates from the practical standpoint—and that is very little—the Bombay Planners have rendered a very useful service in educating public opinion. They have helped us to size-up our needs in an adequate manner and made us realize that the gravity and urgency of the situation makes it essential for us to be imaginative and bold in thought and action. If we are going to raise our 400 millions from their sub-human level of

existence to a level worth working for, it is going to be a stupendous undertaking and we must not be deterred by the magnitude of the task from undertaking it. India and the world are not going to be short of resources for the regeneration of humanity. The problem is a problem of will and not of money. Finance, if we know how to use it, is going to be, it has to be repeated, a secondary problem.

This of course does not mean that finance is not important. It is a means by which our resources have to be husbanded and utilized to the greatest advantage. This is the reason why it has been emphasized that public ownership and management of financial institutions is of vital importance. But otherwise also it is essential that the use of wrong methods of finance should be avoided. This consideration is specially relevant with regard to two methods supported by the Bombay Planners. They suggest that we should finance development by foreign borrowing to the extent of Rs. 700 crores and secondly propose to provide Rs. 3,000 crores by "creating" money. The first suggestion revives the painful associations of what India, like other politically weak and backward countries, has suffered at the hands of high finance ; and as our political position is far from assured, the danger of increasing the hold of foreign interests over our economic life by letting in more capital is a real one and has to be provided against. There is nothing wrong in raising foreign loans, but political complications, which the Bombay Planners want to avoid, will arise unless we are extremely careful with regard to the manner and methods of raising these loans. Reading between the lines one gets an impression that the Bombay Planners expect to avoid political complications by borrowing for development from the U.S.A. rather than from Great Britain. But in this respect, as in all others, we stand nothing to gain by playing off Uncle Sam against John Bull ; and it is likely that if we try the game, we shall end up by finding ourselves in the grip of Yankee John Bull Ltd instead of improving our position or working out our economic emancipation. Any further private investment of foreign capital in the country is fraught with grave risks and has to be avoided at all costs ; and this is the more necessary in cases in which its investment takes place in the name of Indo-British or Indo-American co-operation. It can never be co-operation of equals ; it will be collaboration in the rather disreputable sense in which the word has come to be

used during the war. That will, it need not be said, do us no good. Sir Feroz Khan's plea for fifty-fifty is a plea for economic servitude. There is real danger that industrialists in this country will be taken in by this kind of argument and prejudice seriously the economic development of the country. The reports are current which seem to have factual basis, according to which it appears that several such deals are contemplated or have already been struck. If this is so, the deals must be regarded as acts of betrayal from the wider standpoint, in spite of substantial private gains which they are sure to bring to the industrialists concerned. The Bombay Planners have, in the interest of the Plan, to repudiate such intentions and declare their position with regard to this kind of co-operation in clear terms.

This, however, does not rule out real co-operation if we can get it. India will need foreign assistance in the form of technical advice, skill, guidance and investment. The enlightened self-interest of highly developed countries requires that such assistance should be made freely available without attaching to it terms which they themselves would not accept if they were in our position ; and such assistance should be offered with full knowledge and cognizance of our own Government and through it. The Government should prepare schemes, like power development schemes, soil conservation schemes or irrigation schemes—as a matter of fact all schemes in which public interest is paramount—and try to negotiate for international assistance in various forms, including the grant of long-term loans on terms fully compatible with our national self-government and without the slightest risk of mortgaging our future. The best agency with which such negotiations can be carried on would be an institution like the International Bank provided for in the Brettonwood Agreement. Until such agreement can be concluded and we are in a position to safeguard our future, safety lies in depending upon our own resources and using them to the greatest advantage. It is as a matter of fact necessary to go further and buy up all foreign interests that there are in the country. One of the best uses to which we can put our sterling balances is to draw upon them for repatriation of foreign capital in this country. Its amount does not exceed £ 300 to £ 400 millions and we will have the means, when we have the necessary power, to acquire them and thereby remove one of the most fundamental causes of our economic exploitation. These interests

would have been easily acquired during the war if India had been in a position of other countries. Britain has had to sell foreign investments in a number of countries including the Dominions and would have had to adopt the same course in this country if our political status had not been what it is. Now that we are planning for the future on the assumption that India will be a free country, we have to make the acquisition of foreign economic interests an important item in economic schemes for post-war India.

The other suggestion for financing the country's economic development has given rise to even greater apprehension. "Created" money savours very much of inflation and as we have suffered and are suffering severely from inflation, a proposal for financing economic development to the extent of Rs. 3,000 crores by creating money naturally gives rise to fears of super-inflation. If creation of even 1,000 crores has meant appalling loss of life and a great deal more, creation of three times as much cannot but fill us with grave forebodings. The fears are intelligible and may turn out to be well-founded, but it is not inevitable that creation of money for economic development should have the same results as war-time inflation has had in this country. Inflation in countries like the U. S. A., Great Britain and Germany has, during the war, been on a much greater scale than in this country and yet it is known that they have not suffered even to a small extent from the evils which have afflicted us in the last three years ; and the difference is due to the difference in the efficacy of war-time controls in this country and the other countries referred to above and, of course, to the difference in their attitude towards the war and ours. Apart from the question of the extent to which created money should be used for the execution of economic plans, the point that matters is that if we can get the people fully behind the Plan by convincing them that it has been conceived in their interest and there will be no chance of sectional interests enriching themselves at the expense of the community, i. e., if we can generate and sustain the right spirit towards the Plan and ensure adequate supply and fair distribution of essentials by rationing and price-control, creation of money in itself will not cause any serious dislocation of economic life. It has also to be realized that funds needed for what is called working capital do not and need not involve any saving on the part of the community. These funds are needed

for carrying production from one stage to another—from initial stages to final consumption and it is not necessary to draw upon the savings of the community—the surplus—for providing these funds. The question raises many technical issues and it is not possible to deal with them here. But substantially the position will be as stated above. The Bombay Planners have themselves exaggerated the dangers of this policy. They speak of individual liberty and freedom of enterprise suffering a temporary eclipse owing to the measures which will have to be adopted to bridge the gap between the volume of purchasing power in the hands of the people and the volume of goods available. A gap there will be but no eclipse of freedom need be feared on that account if the Plan has wide popular support and its execution is efficient and equitable. In this case again it is not the method of finance that matters but its animating purpose and popular reaction to it. Finance will become a camp-follower if the plan is really people's plan, in the sense that it is for their good and is based upon their confidence.

Besides finance there are some other cardinal points which may be dealt with briefly. The problem of distribution is vital and has been given its due importance in Part II of the Bombay Plan. It is important for two reasons. In the first place, if the benefits of economic development are mainly to accrue to the people at large it is necessary that additional income that is produced should very largely flow into their hands, i.e., they should get much greater purchasing power than they possess at present—greater both relatively and absolutely. The other reason which makes fairer distribution a matter of necessity is that without it it will not be possible to sell the goods that are produced. At present it is known that the extreme poverty of our people inhibits economic development because of the limitation of the purchasing power of the people. Vast increase of purchasing power in the hands of the masses is a necessary condition of the expansion of production. The avowed intention of the Plan being to raise the standard of living of the people, production has to be regulated with reference to the needs of the community in the relative order of importance—according to a social scale of priorities—and the people have to have the money to satisfy these essential needs. This end is, according to the Bombay Planners, to be realized by various means. Development of social services, by provision of schools, hos-

pitals, social insurance schemes, which cannot be done without levy of steeply graduated high taxation, will itself be a very important method of realizing this end. And the other should be fixing minimum rates of wages in industry and agriculture. The minimum may vary from industry to industry, but should in no case fall below the minimum needed for socially estimated essential needs. At the outset this end cannot be realized owing to the low level of production in the country. There is not enough wealth to go round for fixing an effective minimum. But this has to be a primary object of the Plan and extreme vigilance will be necessary to ensure that it is given in practice the importance which is its due. But a lower limit to income is in itself not enough. An upper limit has also to be fixed. Without the latter for a long time we will not have the resources to attain and maintain the minimum standard of living for our people; and fixing the upper limit has to be given its due place in any scheme of fair distribution. The Bombay Planners have admitted the need for minimum wages but do not appreciate that maximum limit is also a necessary condition of fixing the minimum. Graduated taxation should aim at setting a limit to the non-taxed income, but more direct measures of control of incomes would also be necessary and have to be embodied in our economic and social policy. Fixing of the lower and upper limits—of floor and ceiling—is for us an inescapable necessity and has to be squarely faced. Practical utility of any compromise formula that may be made the basis of planned economy in India is to be judged by the willingness of the richer classes to accept an outside limit to the aggregate individual income—i.e., income from all sources. Unless the range of inequality in this country is limited, practical difficulties in the way of realizing the object of the Plan will be almost insuperable.

From the point of view of distribution the question of small industries and handicrafts in our productive system is also important. Decentralized production is relied upon by the Bombay Planners as one of the measures for wide distribution of national income and is regarded as necessary to provide employment to millions of workers for whom there will be no place even in developed agriculture and industry. The question is, as is well known, even more fundamental and the points at issue have been set forth by Mr. S. N. Agarwal in his *The Gandhian Plan*. The issues are important and involve funda-

mental difference in the points of view. Power-production, i. e., large-scale production, cannot but mean, according to the Gandhian view, centralization of wealth and economic power, mechanization and therefore automatization of work, regimentation of workers, scramble for markets and raw-materials, continuance of deep-seated antagonism within and between nations, and because of them world-wars of even greater ferocity in the future. Socialization of production, according to this view, is no solution of the problem because socialization cannot avoid centralization of power and authority and must therefore mean dictatorship of individuals and parties—negation of economic, social and political democracy. Decentralization of production is therefore held to be necessary for humanised production, for making the producer master of his own life, for social harmony, for lasting peace and true and real democracy rooted in the everyday life of the people. Mahatma Gandhi's view that certain evils are inherent in industrialization and no amount of socialization can eradicate them is the basis of the above view. The issues being fundamental can only be discussed with reference to ultimate values and it is not possible to deal with them in a short paragraph which I can devote to this important question. The Bombay Planners do not share the Gandhian view and provide for handicrafts and small industries in their scheme only for affording employment and reducing the need for capital in the early stages of development. We in India are not in a position to make a free choice on this important point even if we get complete self-government and there are no political restrictions on our freedom of choice. All other countries of the world have either been industrialized or will be industrialized in the post-war period. The war has quickened the pace of industrialization and the events after the war will carry the process much farther. India cannot isolate herself and in order to come to and hold her own in the post-war world she will have to be equipped on a scale and upto the standard set by world forces. The Gandhian Plan admits the necessity of industrialization in basic industries and provides for their nationalization. These will be the key industries ; and if they are to be owned and operated by the State, the danger of centralization of authority and therefore dictatorship and the risk of our being drawn into the vortex of world conflicts will remain. The world has gone too far on the path of industrialization to retrace its steps,

and what is more, it does not want to. It proposes and means to keep to the same path and go ahead. But even in the sphere of consumption industries—industries producing goods of every-day use—we have to take world factors into account and acquire for ourselves a secure place in world economy. Industrialism cannot be scrapped, it has to be mastered, and though we have to recognise the difficulties of the task and obvious dangers that are looming ahead, we have also to realize that we cannot withdraw into our national shell to live a decentralized existence of our own. The simple and all-pervasive fact is that the way out is economic and social co-operation on a world scale or else disintegration and wholesale destruction of wealth, life and values will follow and darkness deeper than death supervene, if not all at once, by a succession of two or three stages. No one can be unduly optimistic about the outlook for international co-operation. The approaching end of the war is casting long and ominous shadows ahead and we cannot but heed their warning and temper our hopes with a realistic view of the existing situation and its possibilities.

The position, however, does not settle itself merely by taking note of the decisive importance of world factors. We have to keep in mind the social consequences of industrialism and devise methods by which it can become our servant rather than our master. Industrialism is not mechanization. Machines are made and used by men and the evils of industrialization are due to the failure of men and not of machines. The latter not only are made by men but are man's intelligence at work—his spirit which has by understanding nature learnt to use it for his ends. It is the ends that are at fault—it is the spirit which has mastered nature that has to acquire mastery over man. The problem is social and not technical, and technique of production should and can be used to free man for creative life at a high plane of existence. Power production is substitute for human power in order that man, who is essentially spiritual, may not continue to be the slave of unremitting struggle for existence and his latent possibilities may be realized for self-expression and spiritual adventures in individual and social spheres. This is the faith of those who believe in mechanization as an instrument of freedom and progress and has inspired socialistic thought at its best. It is not a materialistic point of view. It is an affirmation and not a denial of the

highest values of life. It is a call to man to 'acquire self-mastery for mastering the technique of power production, and using it for the fulfilment of life and not its frustration. This process is, it is now clear, going to take time and involves profound social and therefore spiritual changes. In carrying it out we are up against the inertia of the men in power who are obsessed by their own interest and are resisting changes without which man's mastery over himself—i.e., his social relations and institutions—cannot be established. Hence class struggle and social strife and confusion in thought and practice owing to our inability to rise above the obsolete habits of thought and action. Realization of personality as the supreme value of life through introducing a new social purpose in production is being hampered by this social short-sightedness and the result is, as stated above, use of the power of knowledge and potentially fruitful technique for anti-social ends. Economic revolution is fundamentally a revolution of spirit—self-enlightenment on a grand scale in order that we may re-order our life—both individual and social—for the pursuit of goodness, truth and beauty.

Mechanization is, therefore, not a debasing ideal and can and should be ennobling. But as social adjustments necessary for making the most of it cannot be made all at once, we have to proceed with mechanization at a pace and in a manner as to avoid the infliction of unmerited misery on those who have so far relied mostly on the use of human power with the help of simple tools to earn their living and live their life on such meagre income as their work brings them. In other words, we must so mechanize our system of production that the change will not throw out of work millions of men for whom otherwise a different and better provision has not been made. Our craftsmen have suffered in the past untold misery by their exposure to the competition of machine-made goods from outside the country. But in the last two decades competition of home industry has for them become a more serious menace and will grow in severity if measures are not taken to regulate the industrialization of the country with a view to safeguard their position. Transitional measures will be necessary and in the interim period, which is likely to be long, we will have to delimit the spheres of production and reserve for our craftsmen sectors of our economic life in which they can be sheltered against the competition of large-scale industries within the

country. As far as possible the state will have to organize them for satisfying needs directly. There will have to be promoted a certain measure of regional self-sufficiency on barter basis. But in the production of staple goods for the market the small producer will always be at a disadvantage in comparison with the large-scale producer ; and as he cannot be protected for all time, eventually the production of these goods will have to be taken over by large-scale industries. Artistic handicrafts are however in a class by themselves and can maintain and even develop their position if they are properly directed and adequately assisted by the state. They are a part of our social heritage and have to be preserved for aesthetic and cultural reason, but made more progressive than they have been in the past.

Small-scale industries, during the transition period and later, will need large measure of state assistance and supervision. To-day workers in these industries are more underpaid and over-worked than the workers in organized industries. Owing to their being scattered over a large area and their limited means, they are not in a position to organize themselves for self-protection and are being exploited very badly. The A. I. S. A. has attempted to protect the hand-spinner and weaver and do their marketing. The organizers of the A. I. S. A. are working with a missionary zeal and rare devotion to duty. It is necessary to develop and provide public organization for all other small industries whose survival may be desirable for transitional period or for all time. Unorganized small industries have no future in this country. They cannot be efficient and healthy without organization and the organization must have the good of the producers at heart. The middleman who is out to make money for himself will always take unfair advantage of the producer. Even if a co-operative organization takes charge of their affairs and promotes their interests, its organizers will have to be men of high public spirit and their work will have to be a vocation to them and not merely a means of livelihood. That means that the continued existence of these industries will also depend upon a large degree of socialization, i.e., creation of an organization imbued with a sense of public duty and high regard for the interest of the community. The days of decentralized, individualistic production are over even for the small-scale producer. Both from the point of view of his interest and functions he has to develop habits and instruments of corporate action and throw up

leaders of high ability and character to ensure for him a place of security and social utility in the economic system of the future.

These organizations will have to be, as stated above, public corporations in different forms. Public corporations have, as a matter of fact, to play a role of increasing importance in planned economy in all countries. The Bombay Planners have suggested that in all state-owned enterprises the industries should be managed by public corporations. This is a very sound suggestion and merits serious consideration. The advantages of this form of organization for public enterprises is that it is intended to combine technical knowledge and experience, flexibility and a high standard of efficiency with a regard for public good, and exclude the intrusion of elements into economic administration irrelevant to or incompatible with it. This organization has to be autonomous within well-defined limits and though it should be amenable to public control and responsive to public opinion, "politics" in the limited sense has to be taken out of its policies and administration. This form has been widely adopted lately and in India is represented, though with reservations arising out of the dominance of British interests in the whole field of administration in this country, by the Reserve Bank and the Railway Board. It is desirable that public corporations should be experimented with and tenets of policy and rules of administration evolved suitable to the industries organized in this form. But in all public corporations it has to be ensured that they are truly public, i.e., in their policy and practice, they pursue and safeguard public interests and are not private monopolies in disguise armed with public authority. In a number of so-called public corporations in other countries private interests are still in control of the situation and under the cloak of public good are working for private ends. The existence of private monopolies in economic life is a serious handicap for the development of genuine public corporations. In India this consideration is particularly important owing to the trustification of our organized industries through the working of the managing agency system and special care would be necessary to prevent public corporations being controlled or dominated virtually by sectional interests.

So far nothing has been said about planning in agriculture which really is and must be the most important part of economic planning in India. Agriculture being the mainstay of our economic

life and most of our people being agriculturists, planned development of agriculture is and cannot but be of vital importance for the economic development of the country. The Bombay Plan proposes to eliminate the rent-receiving class—the landlords—and make the cultivator the owner in direct contact with the state. It also provides improvement of agricultural technique by the application of science to agriculture, development of irrigation, conservation and reclamation of land and promotion of agricultural research. All these proposals are unexceptionable in themselves, but leave the problem of small and fragmented holdings—which is the most important problem of agriculture—untouched. Co-operative farming is the remedy suggested by them for remedying this most serious evil, but it has been barely mentioned and very little has been said regarding the measures necessary for actual introduction of co-operative farming. It has to be realized that the scope for improvement of agricultural technique will be strictly limited in this country unless the twin problems of agrarian relations and dwarf holdings split into tiny strips are solved. These problems are fundamental and agriculture will remain a stagnant, if not decadent, industry unless a solution is found for them. The Bombay Planners propose to eliminate the landlords in the first instance by taking over the collection of rents for them and paying them net rental after deducting expenses and later buying them out by paying compensation. This procedure is likely to give good results and cause minimum dislocation in our rural economy and can be commended on that account. The only difficulty which is likely to arise in its adoption is that incidence of rents varies within wide limits and has no relation to the difference in productivity of land and paying capacity of tenants; and as soon as the state steps into the landlords' shoes and assumes responsibility for the collection of rents, these variations of rents are bound to become more obvious and unjustifiable and clamant demand for the redress of this real grievance will be made and it will be difficult for a democratic government to resist it. It would be desirable for the state to undertake the admittedly difficult task of standardization of rents or at least removal of the more glaring anomalies before it assumes the responsibility for becoming the universal landlord. But the evil of small holdings presents greater difficulties, for over a large part of arable area the tenant is in effect part-proprietor now and cannot be deprived of his

rights. Any scheme of large-scale farming has to reckon with him and his passionate attachment to his tiny plot of land. In other words, property rights of the cultivator have to be respected and co-operative farming has to be introduced without causing any serious apprehension in his mind. One essential condition of the success of co-operative farming is willing co-operation of these extremely petty proprietors. The question deserves much more than a passing reference and has to be given serious and detailed consideration in any scheme for agricultural development. Peasant proprietorship is no alternative to the scheme. A peasant proprietor must at least have an economic holding, i.e., he must get a living wage from its cultivation and find in it full-time occupation for himself, his family-labour and his cattle and scope for the application of progressive technique. Even if it is granted that on the average at least a ten-acre holding will be economic in this sense of the word, there is room for only 20 million* cultivating families of peasant proprietors on this basis and at present there are about 60 million families on the land. The problem is extremely difficult, but has to be faced. It is easy to ignore the problem and concentrate on measures of technical improvement, but importance of the problem does not become any the less on that account. The solution of this problem must be regarded a pivotal point in all schemes of economic development of the country and its cardinal importance has not only to be appreciated but made the basis of all policies which are meant to be put into effect and expected to yield results. It may be repeated that all escapist devices are not only futile but dangerous. They will bring their nemesis in disillusionment and unhealthy re-action.

Planning in India on the lines indicated in the Bombay Plan and most other plans must mean an economic and social revolution and, therefore, even if it is peaceful—and every attempt should be made to keep it so—it requires a truly revolutionary fervour and driving power to carry it out. Revolutions are never accomplished in laboratories, research institutes and administrative bureaus. They need popular resurgence and enthusiasm based upon a social vision and inspiring purpose. For this we need not only our own government

* The total cultivable area of India is a little over 200 millions of acres. Most of the so-called cultivable waste is really uncultivable.

with full powers but a party of action which can rally public enthusiasm, and is in living contact with the masses and their needs. Such a party does not exist at present in India and will have to be organized and made effective even after the political deadlock has been resolved and full self-government established. Communal differences are a serious difficulty, but lack of cohesion and unity of purpose among the progressive elements of our national life are much more so. The so-called Left forces in India are hopelessly divided, and unless they learn the lesson of the fatal Left disunity in Europe and elsewhere before the war, it will be easy to hang them separately because they are incapable of hanging together. The outlook for successful planning in India is therefore not at all bright or hopeful. And yet plans for the future have to be made, discussed and prepared for. The end of the war will find the world and India in a great crisis. It is possible that it may find us wanting and unequal to the task which it will present in its imperious urgency. But it is also possible—may be likely—that it will call up reserves of will, understanding and drive, the existence of which has to be assumed but cannot be proved. Planning at present has to be an act of faith—a belief in ourselves and our ability to rise to the height of the occasion in the crisis that is coming upon the world. The crises have their own logic and sanctions but can only be overcome and mastered for constructive ends by a conscious purpose which transcends personal interests combined with the will to put it into effect. Such a purpose we have to develop as best and as fast as we can in this country, for otherwise with the world on the march, we shall find ourselves in a slough of despond and unable to take action to get out of it.

