

ECONOMIC  
RESOURCES  
OF  
INDIA

BY

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Famines in Bengal, 1770-1943*

CALCUTTA :

INDIAN ASSOCIATED PUBLISHING CO., LTD.  
8-C, RAMANATH MAJUMDAR ST.

**ECONOMIC  
RESOURCES  
OF  
INDIA**

*Published by*

S. GHOSH

6B, Ashton Road, Calcutta.

*Printed by*

TRIDIBESH BASU, B.A.

THE K. P. BASU PTG. WORKS,

11, Mohendra Gossain Lane, Calcutta.

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TO  
*The Sacred Memory*  
OF MY  
*MOTHER*

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## FOREWORD

The attempt made by Mr. Kali Charan Ghosh to compile a brief treatise on the "Economic Resources of India" is welcome. Since Sir George Watt compiled the *Dictionary of the Economic Products of India* about fifty years ago, there has not been a comprehensive, detailed and scientific monograph on the subject. A Dictionary of economic products and industrial resources of India is, however, under compilation by the Board of Industrial and Scientific Research and it is hoped that this will be ready and made available to the public at an early date. Mr. Ghosh's work which is an almost unaided effort, is a bold venture, but as the reader will discover, it will serve as a useful reference book. Mr. Ghosh is a well-known author on economic subjects both in Bengali and in English and his recent publication on "Famines in Bengal" has attracted considerable public attention. Any factual study of the economic products and resources of India by him is entitled to be considered as a contribution to our economic literature and is an essential to any planning of economic development.

The problem of raw materials so far as India is concerned has undergone a complete change since the publication of Sir George Watt's *Dictionary*. The economy of India was then considered on the basis of supply and export of raw materials from India to the industrially developed countries of the world which sent back finished products. India was, in a literal sense, looked upon and treated as a hewer of wood and drawer of water. India's economy was to be complementary to Britain in production and supply of raw products. It was only with the passage of time that the situation has changed and India is being transformed into a manufacturing country from a primary producing one. A study of economic resources and raw materials today would, therefore, have an entirely different purpose. The object today must be to know not what products should be exported in order to gain the incidental advantages of middlemen but what agricultural commodities and mineral products are available in this vast country which, given the skill, the enterprise and the organisation, could and should be utilised and developed within the country for making India economically self-reliant. The drugs industry, for example, should utilise indigenous raw materials and herbs which would naturally be more suitable for the

constitutions of the people of the country. India has so long been a principal source of raw materials for the world that the idea of our utilising our natural wealth of raw materials within the country has not received adequate consideration. It is true that our agriculture might still have a surplus of raw materials to export. But we have to formulate and evolve a co-ordinated national economic policy with a view to intensive development of the internal resources of the country in order to raise the standard of life of the mass of people.

This war has shown the strategic importance of the control of basic materials like oil, iron ore, copper etc. The basic raw materials are vital not only for economic but also for defensive purposes. Because of this importance, a Combined Raw Materials Board was set up early in 1942 and among the materials which came under its review were rubber, phosphorus, non-ferrous metals, silk, wool, hemp, etc. Similarly, the Foreign Economic Administration (known popularly as F.E.A. of the United States) which operates in several countries, including India, is concerned with strategic raw materials and rare metals. The possession and control of raw materials will, in fact, be a vital factor in post-war economic and industrial development. It is this realisation which makes the



powerful nations of the world insist on schemes of international control and distribution of raw materials in the post-war period. The economic war aims of the United Nations include, therefore, provisions regarding such international control and supply of raw materials in future. Clause 4 of the Atlantic Charter emphasises the need of "equal access to raw materials" of the world.\* The plan of international economic reconstruction has been a four-fold one including primary products, commercial policy, international investment as well as monetary stabilisation. It was reported last year that Lord Keynes had formulated a scheme for International Commodity Pools, particularly as it was felt that this was an important problem for Britain which was in a position to plan for primary products rather than for international investment. While schemes for International Commodity Stabilisation Corporation have been sponsored in Britain, the problem has also been receiving considerable attention in the United States where a world cartel to control world production, distribution and prices of raw materials and to govern both sources and supplies of basic raw materials and to be modelled on the

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\* For a fuller discussion of this question, the reader is referred to my article on this subject entitled "Equal Access to Raw Materials" in "Indian Finance" Year Book 1942.

present Combined Raw Materials Board is receiving considerable attention. It was stated sometime ago that the United States Government are surveying the world supply and demand position of essential raw materials to implement the Atlantic Charter's Clause 4 and would hold a Conference of all the United Nations concerned with such primary resources to consider the matter.

It need hardly be emphasised that so far as world economy is concerned, it is divided into "have" and "have-not" nations on the basis of their economic development and their capacity to control and purchase essential raw materials and turn them into finished products. It is evident that proposals of equal access to raw materials are mainly designed to benefit industrially developed countries with a view to their being provided with abundant and cheap raw materials. It is precisely for this reason that backward countries like India should be wary about such schemes and should see that we are not asked to provide raw materials for nations who might menace our own industries with the goods manufactured with such raw materials. We should ensure that in the ordering of our own national economic life we are not compelled to defer to the needs of other countries. India is, therefore, entitled to claim the liberty to determine

the manner in which her productive resources and energies should be distributed among the various channels—to utilise her raw materials for herself in the first instance and to dispose them of on the best available terms in the interests of her cultivators without dictation from external quarters.

It is clear, however, that such freedom and power cannot be India's without full and complete autonomy. A tendency has been recently visible in responsible quarters to ask the people of India to concentrate on economic problems and issues rather than on political questions. Those in authority seem to think that provision of "good" government combined with redress of economic grievances and measures to improve economic conditions is what India requires. No greater illusion is possible. The plea for freedom, said Burke, needs no offset of grievances. But even if good government were a substitute for self-government which a great British Premier denied when recognising the claim of South Africa, the fact remains that no good government, in the true sense of the word, is possible without self-government. Attempts to divert public energies and attention to economic problems are but meant to side-track the fundamental issue. The experience of Indian industry during war-time and the apprehensions and misgivings

felt by it about the future serve to confirm the view that no economic advancement is possible unless the keys of power are with the representatives of the people of the country. We hear of India being a predominantly agricultural country and yet the country does not grow enough food for its own maintenance. What have those who want us to leave industrial development to other and advanced countries done for the cultivator of this land? The analysis of the existing conditions which the Industrialists' Plan, for example, makes in regard to poverty, low standard of living, illiteracy, ill-health and economic backwardness of the country is a factual condemnation of the character, outlook and policy of the Government which has ruled this country for the last 150 years. The objectives that the Planners have propounded are such that the British Government in India should have placed before them and achieved by now. The history of British administration in India proves beyond a shadow of doubt that foreign rule, however benevolent in intentions, can never ensure the economic well-being or promote the vital economic interests of the country. Making all allowances for the social traditions and customs of the people—which themselves can never be reformed by an alien government—it cannot be gainsaid that the woeful economic

conditions of the country are the direct result of non-Indian rule over this country. The essential condition, therefore, which the Indian industrialists have laid down as a pre-requisite of economic planning in India is that of a national government deriving its strength and power from the people of the land. A national government alone can mobilise public opinion and elicit the creative energies of the people ; it alone can adequately legislate, tax and even, in the last resort, coerce in the wider interests of the people as a whole. The Indian people have realised all too keenly that the solution of India's economic problems is impossible without the achievement of political independence and national emancipation. We cannot have economic progress without political power.

I trust Mr. Ghosh will be able to bring out an enlarged and revised edition of his work after the war containing fuller information and data.

CALCUTTA, }  
 5th September, 1944. }

**G. L. Mehta**

## PREFACE

Stray notes collected in connection with a bigger volume entitled "Bharater Panya", (the Commercial Commodities of India) of which Parts I and II have been published and the third is in the press, have been printed in *The Economic Resources of India*. This small treatise is intended to serve as a ready reference book for those who are now busy with the future economic planning of India. It may also prove to be of some interest to students and teachers of Commerce, members of the Legislatures and the public men of India and businessmen and industrialists of all nations. The idea behind this publication is to create interest in the different aspects of the economic resources of India and to encourage the readers to know more. In this connection my humble suggestion is that each Secondary School and College in India should have an Educational Museum of its own and under each exhibit put explanatory notes, as given in this book, so that young minds can find greater interest not only in their studies but also in the future industrial possibilities of our Motherland.

From its very nature, the book cannot contain very comprehensive information with regard to all the different subjects dealt with in its small compass. Some rather trivial objects in the "Raw Materials" Section have received attention alongside commodities of international importance and they will go to show that neglected materials, when properly tackled, can be of good commercial value. This, it is hoped, may encourage some people to carry on researches regarding commodities that hitherto have received but scant attention.

In the Industrial Resources Section, only the large-scale manufacturing units have been taken into account. It would have been necessary by this time, if the Government had not unnecessarily intervened, to write something about the progress of the automobile, aircraft and the ship-building industries in India. I do not know if it will fall to my lot to record their progress in the near future. If I cannot write anything about the Indian ship-building industry, which at the present moment is nothing but assembling of parts by non-Indians in a few hulls made of Indian timbers, India can claim a little about her shipping industry established after great struggle against unequal odds and at a huge sacrifice of Indian

money. The *addendum* (p. 242) will give an idea of the present position of the Industry.

The figures for *maximum* imports of manufactured goods disclose the capacity for expansion of Indian markets. With a better standard of living and an increase in population this will automatically widen further and so long as the peak of imports is not exceeded by the production of Indian industries, the Indian industries taking care of probable imports, can, at least, advance to that extent with a certain amount of confidence.

The figures represent the latest that are available unless where specific years have been mentioned against them. Collection of current statistics have been rendered extremely difficult for the very simple reason that all Governments have ceased publication of statistics due to the exigencies of the War. Such statistics as appear in this book have been culled from the articles written by specialists and from monographs and other sources which may be termed as 'intelligent approximations'. Nevertheless, the readers will have to remain satisfied with them so far as the present is concerned.

Vernacular names have been given to help the readers in identifying materials which they see around



them but the scientific or commercial nomenclature of which they are not conversant with. This identification will encourage them to consult this *Dictionary* and will bring to their mind the real value of things. To help the readers in their study a rather elaborate *Index* has been appended to this book where the **antique** (thick or bold) **types** represent the names of subjects receiving individual treatment in the pages of this book, the CAPITALS, the Latin names, and the *italics*, the vernacular.

The work of compilation has been carried on almost singlehanded and any error or omission that will be detected by careful observers may kindly be condoned on this score.

I owe a deep debt of gratitude to Mr. Gaganvihari Lal Mehta for writing, inspite of very exacting demands on his time, the *Foreword* to this book. Other informations, kindly supplied by him, a past President of the Federation of Indian Chambers of Commerce and Industry and an economist of great eminence, have greatly enhanced its value. I take this opportunity of offering my sincere thanks to him for taking such interest in a publication which is rather insignificant in comparison to the high position he holds in Indian public life.

I cannot give adequate expression to my feeling of gratitude when I try to speak about the generosity of my friend Shri Vinayaklalji Khanna, Proprietor, The Hindu Library, 69A, Balaram De Street, Calcutta, who placed at my disposal his entire library of rare books for study at home.

6, RAJA BASANTA RAY RD.,  
KALIGHAT, CALCUTTA  
*The 1st July, 1944* }

AUTHOR

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“If I were to look over the whole world to find out the country most richly endowed with all the wealth, power and beauty that nature can bestow—in some parts a very paradise on earth—I shall point to India.”

—*Max Muller*

Ere the pyramids looked down upon the valley of the Nile, when Greece and Italy, those cradles of European civilization, nursed only the tenants of the wilderness, India was the seat of wealth and grandeur. A busy population had covered the land with the marks of industry ; rich crops of the most coveted productions of nature annually rewarded the toil of the husbandmen. Skilled artisans converted the crude products of the soil into fabrics of unrivalled delicacy and beauty. Architects and sculptors joined in constructing works, the solidity of which has not, in some instances, been overcome by the evolution of thousands of years. ....The ancient state of India must have been one of extraordinary magnificence."

—*Thornton*

“I do not agree that India is an agricultural country ; India is as much a manufacturing country as an agricultural ; and he who would seek to reduce her to the position of an agricultural country seeks to lower her in the scale of civilisation. I do not suppose that India is to become the agricultural farm of England ; she is a manufacturing country, her manufactures of various descriptions have existed for ages, and have never been able to be competed with by any nation wherever fair play has been given to them. I speak now not of her Dacca muslins and her Cashmere shawls, but of various articles which she has manufactured in a manner superior to any part of the world. To reduce her now to an agricultural country would be an injustice to India.”

—*Montgomery Martin.*

“It was stated in evidence, that the cotton and silk goods of India up to this period (1813) could be sold for a profit in the British market, at a price from fifty to sixty per cent. lower than those fabricated in England. It consequently became necessary to protect the latter by duties of seventy to eighty per cent. on their value or by positive prohibition. Had this not been the case, had not such prohibitory duties and decrees existed, the mills of Paisley and of Manchester would have been stopped in their outset, and could scarcely have been again set in motion even by the powers of steam. They were created by the sacrifice of the Indian manufactures. Had India been independent she would have retaliated ; would have imposed preventive duties upon British goods and would thus have preserved her own productive industry from annihilation. This act of self-defence was not permitted her ; she was at the mercy of the stranger. British goods were forced upon her without paying any duty : and the foreign manufacturer employed the arm of political injustice to keep down and ultimately strangle a competitor with whom he could not have contended on equal terms.”

—*Horace Hayman Wilson.*

“Outside the entrance of the single village street, on an exposed rise of ground, the hereditary potter sits by his wheel moulding the swift revolving clay by the natural curves of his hands. At the back of the houses, which form the low irregular street, there are two or three looms at work in blue and scarlet gold, the frames hanging between the cacia trees, the yellow flowers of which drop fast on the webs as they are being woven. In the street the brass and copper smiths are hammering away at their pots and pans; and further down, in the verandah of the rich man’s house, is the jeweller working rupees and gold mohurs into fair jewelry, gold and silver earrings, and round tires like the moon, bracelets and tablets and nose rings, and tinkling ornaments for the feet, taking his designs from the fruits and flowers around him, or from the traditional forms represented in the paintings and carvings of the great temple, which rises over the grove of mangoes and palms at the end of the street above the lotus-covered village tank.”

—George C. M. Birdwood.



**“When England came to possess political supremacy over India, she went on draining the resources of India to England, which the poet Thomas Campbell referred to in the following lines :**

*“Rich in the gems of India's gaudy zone  
And plunders piled from kingdoms not their own.”*

*—Major B. D. Basu.*

**“It is unfortunately a fact...that in many ways, the sources of national wealth in India have been narrowed under British Rule. India in the eighteenth century was a great manufacturing as well as a great agricultural country, and the products of the Indian loom supplied the markets of Asia and Europe. It is, unfortunately, true that the East India Company and the British Parliament, ...discouraged Indian manufacturers in the early years of British Rule in order to encourage the rising manufactures of England. Their fixed policy ...was to make India subservient to the industries of Great Britain, and make the Indian people grow raw produce only, in order to supply material for the loom and manufactories of Great Britain. This policy was pursued with unwavering resolution and with fatal success.”**

**—R. C. Dutt.**

“India has long been at a disadvantage on account of her position as a dependency of Great Britain. The rule from that distant island, being akin to that of an absentee landlord, has taken away from the people some of their natural functions, some of the duties and services which they owe to themselves and their fellowmen, almost all the privileges connected with the initiation and control of high policies and the planning and regulation of their own economic order. By keeping the people ignorant and by reducing their opportunities for work and initiative, the present administrative system has increased their dependence on foreign countries for many of the commodities which require technical knowledge and manual skill for their manufacture.”

—*Sir M. Visvesvaraya.*