India's Advances in Industrialism During the Period of the Depression

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The Glories of Chittagong

There are very few districts in Bengal whose contributions to modern culture, public life, and economic development are of as great all-Bengal, nay, all-Indian importance as Chittagong. In the poetry of Chittagong's Nabinchandra Sen the Bengali people was furnished with virility and energism comparable only to those of Madhusudan Dutt and Hemchandra Banerji. In recent years the self-sacrifice of Jatindramohan Sen-Gupta, the valiant son of Chittagong, served to advance the best tradition of the "ideas of 1905" in and through labour organization and political groups.

The business organizers of the Chittagong Electricity Supply Company command an all-Bengal reputation. The extension of their activities to Narayanganj and Rajsahi has rendered them all the more conspicuous. Another glory of Chittagong, which, besides, has crossed the boundaries of Bengal is the sturdy Bengal-Burma Navigation Company, associated as it is with the Scindia Steam Navigation Co. The most characteristic product of Chittagongese genius is certainly the sloops which today as in the past furnish evidences of Bengali ship-building and sea-faring activity.

The Mahaluxmi Bank of Chittagong is an institution of which the Bengalis, modest as they are in financial achievements, are justly proud. Chittagong enjoys, besides, the credit of conducting the only Bengali daily of the Mofussil, namely, the *Panchajanya*.

Chittagong is the most enviable division of Bengal. The death rate here is the lowest. During 1921-30 while the average death rate for males was 28·7 in Rajsahi division, it was 20·1 in Chittagong, and while the Rajsahi rate for females was 27·9 the rate in Chittagong was 18·8. Compared to Rajsahi, Chittagong was an "earthly paradise," so to say.

* Resumé of the Presidential Address by Prof. Benoy Kumar Sarkar of the Calcutta University delivered in Bengali while opening the Industrial and Health Exhibition at Chittagong under the auspices of the Chittagong Association (February 23, 1936), reported in the *Calcutta Commercial Gazette*, 2 March, 1936.

The Chittagong division arrests our attention from another angle. In 1872 this was the least "dense" of all the divisions in Bengal. But in 1931 its density was higher than that of the Rajsahi and Presidency Divisions. While the average Bengal density advanced from 242 persons per square mile to 616, that of Chittagong rose from 298 to 584. The "relative" increase is phenomenal. From 100 the Bengal index rose to 148 but the Chittagong rose to 197. This extraordinary progress in density is a correlate perhaps of the growth of the division in economic resources.

The hills and forests, on the one hand, and the river and the sea, on the other, have marked Chittagong out as the favoured centre of Bengali creative enterprises. Add to these the circumstance that Assam and Burma have cooperated with Bengal to establish in Chittagong the nucleus of economic and cultural exchanges. The prosperity of the Port of Chittagong and Chittagong's contributions to the wealth of Bengal can be taken to be almost foregone conclusions.

Indeed, it is in the Chittagong-Chandpur-Narayanganj Complex that we are encountering the beginnings of a New Bengal. The solid foundations for the expansion of Bengali life and culture are being laid in this Easternmost region.

Ascending Curves of 1936

1936 furnishes India with an atmosphere of ascending curves in economic life. And since the lines of evolution for to-morrow and day after to-morrow in Chittagong as in other parts of Bengal and the rest of India are too well known to need fresh discussions let us throw ourselves consciously into the stream of activities and enterprises such as during the last few years have been testifying to the progress and expansion of the Indian people.

At the outset it is good to feel that the condition of the cultivators has commenced to improve. The investigations of the Bengal Board of Economic Enquiry indicate that in Bankura, Pabna and Faridpur prices of rice have been rising since 1932. According to the latest Report on the Land Revenue Administration this should appear to be almost universal in Bengal. Economic "recovery" is already palpable to a certain extent although the depression in jute prices, partly counteracted as it is, continues to be somewhat obstinate. A solid test of the general improvement in the situation is embodied in the fact that fresh borrowings by cultivators have been decreasing since 1933. Besides, repayments cf loans also have been increasing.

Sixteen Lakhs on Agriculture and Sanitation

Every Bengali is perhaps aware of the sixteen lakh Rupee grant made by the Government of Bengal to be used for the sanitary, agricultural and educational improvement of the villages out of the crore of Rupees sanctioned for All-India by the Central Government. This comprehensive project, which may to a certain extent be compared to the economico-social complex in Italy, called *bonifica integrale* (integral or synthetic land-reclamation), ought to be appreciated by the organizers of industrial and health exhibitions as a valuable although modest mark of a new policy.

For the establishment of Union Board dispensaries and the improvement of water supply in rural areas the sum of Rs. 350,000 has been set apart. Minor drainage and flushing schemes are to be taken care of with Rs. 330,000 The sum of Rs. 180,000 has been ear-marked for the introduction of agricultural and manual training in selected secondary schools, and for the provision of libraries, playgrounds etc. in villages. The improvement of cattle and of fodder crops is an item for which Rs. 175,000 has been allocated and for the establishment of seed, paddy and crop demonstration centres Rs. 109,000. Then there are the projects for the improved marketing of jute and paddy, the establishment of coir spinning and weaving demonstration parties, broad-casting service etc. on which different sums have been granted. An item with a grant of Rs. 25,000 refers to improvements in Chittagong Hill Tracts. The allotments are not liberal and hardly touch even the fringe of the problems concerned. But the new directions of "relative" progress are undoubted.

Howrah Bridge and Road Development

The construction of the Howrah Bridge on which the country is embarking is likewise to be itemized as a new force in the creation of employments as well as the setting up of subsidiary industries.

The activities of the Road Development Fund which was established by the Government of India in 1929 have had important bearings on "economic planning" during the period of depression. Down to December 1934 nearly two crores and a quarter of Rupees were spent out of this fund, forty-four lakhs being spent in Bengal alone. The value of roads in the marketing of goods, especially of agricultural produce, and hence in the prosperity of villages cannot be overestimated. The question should demand the special attention of the Bengali people, because Bengal does not possess more than 4.87 miles of metalled road per 100 square miles as against 12.20 miles in Bombay and 19.15 miles in Madras. Be it observed, *en passant*, that the roads, the Howrah Bridge and the Government rural reconstruction projects are all directly or indirectly calculated to create jobs for the intellectual or *bhadralok* classes.

India as Exporter of Manufactures

The most important item in the new economic morphology of India is to be found in the fact that she is already well established in countries overseas as an industrialized region.

In pre-war years India's exports in manufactures constituted 23 per cent of her total exports. Today some 27 per cent of all the articles exported by India are "wholly or mainly manufactured" goods. India's industrialization has thus maintained itself in an active manner even during the years of depression.

Jute yarns and manufactures, cotton yarns and manufactures, tanned or dressed hides and skins as well as leather, metals, woollen yarns and manufactures, iron and steel manufactures, dyes and colours, chemicals, drugs and medicines,—these are the principal representatives of industrial India in foreign markets.

Import of Machineries Increasing

Another encouraging feature of Indian economy, pointing inevitably as it does to the ascending curve of industrialization, is to be seen in the import of machinery and mill work which is today worth nearly thirteen crores of Rupees. Even during the period of depression the import of metal working machineries, prime movers, electrical machineries, textile plants and so forth has been on the increase. It is well known, besides, that the machineries for sugar mills have virtually all been imported during this period.

Progress of Cotton, Steel and Sugar Mills

In 1905-06 the *swadeshi* mills prduced 2·03 yards of cotton piece goods per head of population. In 1934-35 the same mills produced 9.03 yards per head. During the same period the amount of foreign piece-goods came down from 7.97 to 2.62 yards. Today on the average every Indian can use 15.60 yards. This is 2 yards more per head than in 1905-06, an evidence, be it noted at once, of the rise in the standard of living and comfort as well as of that in the purchasing power.

With 1925-29 as 100 the cotton-spinning industry of India rose to 129 in 1934, and the cotton weaving industry to 138. In 1925 the spinning was at 91 and the weaving at 90. To get an idea of the imposing volume of output let us visualize 3,397,100,000 yards of piecegoods produced in 1934-35 against 1,164,300,000 in 1913-14.

In 1930-31 the cotton mills of Bengal consumed 96,000 bales of raw cotton. In 1934-35 the consumption rose to 106,000 bales.

The expansion of industrialism as embodied in the progress of the Tata Iron and Steel Company during the depression period is no less remarkable. The production of coke rose from 671,000 tons in 1930-31 to 726,000 in 1934-35. Pig iron advanced from 714,000 to 892,000, steel ingots from 625,000 to 834,000, and finished or saleable steel from 431,000 to 604,000.

In 1929-30 India produced 111,000 tons of sugar but in 1934-35 the output of *swadeshi* sugar was 620,000 tons. During the same period the imports of foreign sugar went down from 940,000 tons to 223,000 tons.

Machineries Manufactured in India

No less conspicuous a feature of Indian industrialism is the production of machineries, tools and implements of all sorts. Electric lamps, electric apparatus, litho-printing machines, paper perforators, pulverizers, rubber tyres, water softening plant, tablet machines, sanitary equipments, cooking stoves, asbestos, cement products, sewing machines, domestic machinery, paints, enamels etc. as well as railway rolling stock, bridge work and other heavy structures,—these are some of the lines in which India has been showing her hands in manufacture. The spirit of Tata is abroad and Tataism has come to stay.

Increase of Savings

The savings of the people show encouraging signs of growth. In 1921 the deposits in Savings Banks totalled nearly 23 crores. The figure was over 37 crores in 1931. While the population index rose from 100 to 111 the savings index rose to 162. The expansion of deposit-"capitalism," especially among the poorer and middle classes, is then as real a fact as the growing tendency to industrialization.

Improvements Real though Slow

I have been inviting your attention to the new activities, the marks of fresh creativeness, and the signs of expansion. But one must not ignore that we are a very poor people and that the progress of Bengal is to be taken as consisting in improvements moving on the plane of poverty. Let us all call to our mind that the standard of living of the masses as described by Rammohun (Select Committee of the House of Commons, 1831) did not comprise things more ambitious than rice and salt, loin cloth and hovels. That background must not be overlooked while the economic conditions of the Bengali people of today are being appraised. The verdict of objective observers is likely to be optimistic. The rate of progress has not been high and rapid but the reality of progress is patent in every line. It is in the *milieu* of this consciousness that we have to organize all our economic and cultural activities with a view to a relatively as well as absolutely more prosperous future.

Non-Bengali Capital

At Chittagong as at Karachi, nay, as in Bombay, Vizag, Cawnpore, and Calcutta we have to notice the rôle of British capital in the expansion,—however slow and modest it be,—of the Indian people. And throughout the Indian subcontinent, again, the part played by "Marwari" finance is fundamental to the economic remaking of India. Non-Bengali capital is a necessity for the enrichment of the Bengali people. This is the postulate of capitalistic evolution with which every Bengali businessman, engineer, chemist, mill-director, tea planter, factory organizer, exporter and importer, insurance-man and banker ought to commence his career. This ought to be the foundation of optimism in the agricultural, industrial and commercial circles of Chittagong also.

Bengali capital has been growing. But for some long time yet it is bound to remain but a second fiddle. Optimists must not ignore this reality.

New Industries Worth Trying

I need not dwell on the need for more cotton mills in Bengal. The Bengali people will have to take more seriously to cotton growing as well as to machine spinning and weaving. Happily, Chittagong is already in this field. An extensive line of industries, although of medium and small size, has for some time been in the hands of Bengali financiers and businessmen. The hosiery, procelain, glass, matches and other industries of Bengal are well known in different parts of India. In coal mining and tea also Bengali finance and organizing ability are in evidence.

Because of natural facilities paper industry ought to be taken in hand at Chittagong. Bengali scholars of the College of Engineering and Technology at Jadabpur, Calcutta (National Council of Education, Bengal), who have had theoretical and factory training in America and Europe are available as experts. Tanning and leather industry have good prospects in Chittagong, and in this field also Bengali experts may be depended upon. Incidentally, it may be pointed out that Bengal has now young men whose experience in the textile industry, both Indian and foreign, should be regarded as an asset to our people.

Fishing to be Modernized

Fishing and sea-life constitute a characteristic feature of Chittagong society. But from the standpoint of business one may suggest that both require to be modernized and rendered uptodate in technique. Fishing boats ought to be equipped with Diesel motors. They should also be furnished with refrigerators. Perhaps it is time for those communities and castes which for ages have been used to sea-fishing to send some of their young men to Hamburg in Germany for training in the fishing arts. Chittagong may soon be called upon to tap and organize the fishing resources of the Bay of Bengal.

While dealing with fishing it is relevant to refer to the manufacture of fish oil that might be taken up on a large scale. The oil stuffs that are wasted in the process of drying the fishes may then be profitably utilized. Fish oil is in extensive demand in the soap, jute mill, printing and other industries.

Ottawa Agreement in India's Exports and Imports

The total exports of India rose from 132,4 crore Rupees in 1932-33 to 151,2 crore Rupees in 1934-35. The total imports remained about the same, coming down slightly from 132,5 crores to 132,2 crores.

In 1932-33 India sold to Japan, Germany and U.S.A. 24·3 per cent of her foreign exports. In 1934-35 the percentage rose to 28·8 per cent. In monetary value India's exports to these countries were worth 32,4 crore Rupees in 1932-33. But in 1934-35 the value rose to 44,7 crore Rupees. During the Ottawa period India has not lost her non-Empire markets. From the total of 54·6 the percentage has come down to 54·1 only. In other words, there has been no perceptible "retaliation" from the foreign countries.

In 1932-33 India imported from Japan, Germany and the U.S.A. 31·7 per cent of all her foreign requirements. In 1934-35 the percentage came down to 29·7. In monetary value, however, India bought 42,2 crore Rupees worth in 1932-33 from these countries. But in 1934-35 the purchase rose to 47,3 crore Rupees. Individually speaking, both Japan and Germany have maintained their position on the Indian market. Germany lost only 0·2 per cent while Japan gained 0·3 per cent. Evidently, the Indian market is still open to non-Empire suppliers. The total reduction sustained by all foreign countries combined is 4·6 per cent (from 55·2 to 50·6 per cent). It is this "relative" reduction that was one of the objectives of the Imperial Preference. To this extent the policy may be taken to have justified itself.

India's imports from the United Kingdom rose from 36·8 per cent in 1932-33 to 40·6 per cent in 1934-35. This points but to the realization of the same objective.

During the same period India's exports to the United Kingdom rose from 28 per cent to 31·6 per cent. This percentage is higher than the pre-war, war and post-war averages. The expansion of India's exports to the U.K. has been consummated, be it observed, without detriment to her exports to the non-Empire countries, as indicated above.

In 1932 the U.K. bought £90·5 millions worth of Indian goods. In 1934 her takings from India rose to £107·5 millions. India's percentage share of British imports from all foreign countries rose thereby from 5·3 per cent (4·6 per cent in 1931) to 6·3 per cent. In other words, the preference enjoyed by India in the British market has enabled her to push her goods at the cost of non-Indian goods. The increase of India's command over the British market, nay, the maintenance of the "relative" *status quo*, was a chief objective of the Ottawa Agreement, as analyzed by the present author in *Imperial Preference vis-à-vis World-Economy*, and it happens to have been realized.

We have only to recall that the British tariff of 1932 was entirely protective and might have been differential against India. We can then be convinced that India today could not possibly have maintained her "relative" position in British imports and of course could by no means have enhanced it had the U.K. chosen to keep the Indian goods outside her preference-ring. This would have taken place if India had decided not to grant preference to the U.K. As long as the British tariff policy continues to be protectionist and discriminative, India cannot afford to reject the preference offered by the United Kingdom.

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