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# PESSIMISM IN PLANNING

Being an Essay on the Bottlenecks of an Economic  
Plan for India in Her Present Institutional  
Setting and World Position

*by*

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DEDICATED  
TO  
B. P. ADARKAR, ESQ., M. A. (Cantab)  
*in appreciation & gratitude*

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# I

## PROLOGUE

This *Essay* is not meant to offer one of those blue-prints of social reconstruction on which so many well-meaning people are found to register their just yearnings and aspirations. It does not purport to write the history of tomorrow. Its humble aim is to calmly and observantly follow the explorers in the domain of the future of this country through the path they are chalking out for our economic salvation, and to point out the hurdles and obstacles in this laudable effort, which they appear to have overlooked in the first flush of enthusiasm and which are likely to impart an element of Utopianism to the picture that they have been, or would be, presenting. My aim is not to rub off their writings. Nor is it to screen their brilliant record behind a dark cloak. I simply wish to fill in the narrow spaces left unconsciously blank on their colourful and cheerful canvas with a diffident brush of realism so as to complete the picture. While I realise that my effort has none of their skill, art and maturity, I do hope it has at least a proximity to realism and the existing institutional setting, which I value most in the present circumstances.

Blue-prints are almost as old as history. The visions of an ideal society have been repeatedly presented to us, in all comprehensiveness, colourfulness and attractiveness, from times immemorial. In the dignified gallery of the painters of an ideal society, we first meet Plato whose *Republic* was a masterpiece; and then see a whole galaxy of the well-reputed Utopians—Thomas Moore with his incomparable “golden book” known as *Utopia*; Thomas Campanella with his lovely *City of the Sun*; Francis Bacon with the attractive *New Atlantis*; James Harrington with the beautiful *Oceana*; Morelly lost in his *Basiliade* and *Code de la Nature*; Mably, Boissel, Babeuf and Barnave with their inviting visions. We next meet the wonderful trinity—Saint-Simon with his *L' Industrie* and *Le Nouvean Christianism*; Charles Fourier whose *Four Movements and General Destinies*, *Theory of Universal Harmony*, *New Industrial World* and *False Industry and its Antidote* attracted great notice; and the more practical Robert Owen who was nevertheless a dreamy Utopian. The nature of the picturisation seems to undergo a change when we meet Louis Blanc, Lassalle, Cabet and Proudhon. And at a later stage of our journey we meet Marx and Engels when we find that the picturisation definitely overgrows the Utopian

stage and enters into the domain of reality, practicality, and proletarianism. The innocent unhistoricity, sincere simplicity and childish confidence of the earlier visions is for once removed from our view. There is less detail, but more definite idealisation ; less full-bloodedness but greater emphasis, and uniformity in emphasis, on broad tendencies. "Duodecimo editions of New Jerusalem" and "kitchen recipes" are given a decent burial ; and before us rises a vision which is attuned to the growing rationalism of the times and appeals to our reason, understanding and logical sense, rather than to our heart, sentiment and generosity. The shift of emphasis, though, from ends to means is obviously remarkable.

The term *Planning* makes its appearance at the Soviet stage of this growth. Planning, as a matter of fact, is a war baby and not so much a direct product of deliberate economic reasoning. It was improvised during the First World War and some notable German theorists, especially Neurath (who had been adviser to the Austrian War Office) and Ballod, advocated its continuation after the war. But, generally speaking, the lesson learnt during this Great War was forgotten soon after the armistice was signed. Russia alone went ahead with its plans which were introduced after a prolonged waiting period

of civil war and political tangles, but whose achievements caught the imagination of the world. The Fascist States were not slow to follow suit. And thus it came about that all the dictatorship countries were the planners; all the democracies, placid onlookers. The Great Depression was, no doubt, a rude shock; and the Capitalistic countries were driven to make approaches to planning, which, however, were never more than half-hearted and haphazard. For they shuddered to take recourse to a regimentation of economic life, which is what planning inevitably implies. This hesitation has been broken by the rigour of the Second World War which has brought in its train economic controls, commandeering and general regimentation of economic resources and needs on an unprecedented scale; and planning has become the talk of the world. In the earlier stages of the War, persons were not wanting who would set their face against any talk of planning; for they argued that only after victory has been achieved can we afford to turn attention to post-War planning. But in course of time as the hand that was writing fate on the battlefield changed its course, and the scale began to turn in favour of the Allies, the post-War problems began to loom larger than before in public eyes. And the year 1943 became the first year of the

new Age of Planning which is how the future that lies ahead is going to be known. It is since then that it has come to be realised that a frank discussion of the post-War aims is a necessary and inseparable factor from the prosecution of the War because within democratic framework a total war can be fought only with people who understand what they are fighting for. The result has been a feverish activity in almost every progressive country to clarify and determine post-War aims and make attempts at framing and formulating plans and blue-prints in the light of such ideologies. Nations are today busily engaged in anticipating the conditions as they would exist after the war, in chalking out the ultimate lines on which the economic framework should be lastingly reconstructed, and in considering the main features of the economic policy they would have to adopt to secure a rehabilitation and reconstruction of their fatigued and war-born mechanism at least cost and in minimum space of time. Some of the blue-prints have already been published and others are in active preparation. It, therefore, comes about that in economic field, planning occupies the foreground and dominates the scene ; in political circles, the talk about construction and reconstruction is the central theme ; and in general discussions an unusual degree of interest centres on these

problems and matters. In the current literature, planning has been reaping the richest harvest. In foreign countries, in particular, books after books have been placed on the peace-planners' shelves with exhilarating rapidity; and while we cannot vie with this illustrious array and pageant of thought, we are to be the less apologetic when adding one more to our unfortunately limited number. For we have so far been on tap, not on top.

It is unfortunately true that while the world has been ringing with the talks of future building and planning, we as a nation have been almost lying inert and dormant. In foreign countries a sort of race is being run with a view to catch the post-War time by the forelock and outstrip other nations in the scramble and readjustment to follow the "cease fire" order, but we have not even lived up to our proverbial reputation of being bad imitators. It is true that the Government of India, as early as 23rd June, 1941, convened the Reconstruction (Co-ordination) Committee under the chairmanship of the Commerce Member. Then, again, four Planning Sub-Committees were also set-up to deal with (1) labour and demobilisation, (2) disposals and contracts, (3) public works and Government purchases, and (4) international trade policy, trade and agricultural development.

The Reconstruction Committee of members of the Executive Council is strongly assisted by as many as seven Policy Committees; and half a dozen Sub-committees on industrial reconstruction have also been formed to deal with metallurgical industries, shipbuilding, engineering, textiles, chemicals and dyes and mechanical engineering industries. There is also a Consultative Committee of Economists which is helping the Government on such matters as are put before it. Concurrently, as was pointed out by His Excellency the Viceroy, they are appointing individual Development Officers—not Committees—to draw up outline plans for subjects such as electrification, industries, road development, irrigation and agriculture.\* All this impressive array of Committees, Sub-committees and Development Officers should satisfy even the hardest taskmaster, and the Government of India are to be congratulated for their keenness and readiness in establishing a machinery which can come to grips with the planning problems. But the work that has been done so far by the Government Officers and Committees remains largely unpublished and is best known to the Government themselves; for the New Delhi and Simla illuminaries have a wonderful knack of keeping

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\* *Cf. Indian Information* (New Delhi), March 15, 1944, p. 213.

their counsel and thought to themselves. It was only recently that they were severely criticised for what was regarded as the utter lethargy of the Government of India. Sir M. Visvesvaraya urged the Government to announce their policy, and declared that "the public await with anxiety reliable information regarding the policy—the aim, scope and methods—which the new Committee (Reconstruction Committee) is going to follow". Dewan Bahadur C. S. Rathnasabhpathy Mudaliar also complained that while in other countries several blue-prints have already been prepared, the Government of India's mind is not yet known and not even an outline has been presented by them to the public. We are, however, glad at the disclosure made by the Hon'ble Sir J. P. Srivastava recently that valuable work has been done and comprehensive reports are now available on land for ex-soldiers, roads and road transport, agriculture, forestry, fisheries, and education.\* It seems that the criticism which has been levelled at the Government has spurred them to some serious activity ; but we are constrained to observe that the complaint of the people against the reconstruction policy of the Government remains unsatisfied, for it has

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\* *Indian Information* (New Delhi), Feb. 1, 1943, p. 108

not yet overgrown the stage of setting up "the necessary machinery" and "preparation of data" and there is hardly any clarification of the leading considerations which would go to determine the post-War planning policies of the Government of India. For unless that is done, the mere setting up of competent bodies and collection of data are not going to help us.

The lethargy and slowness of the Government seem to be coupled with an utter planlessness in planning, and it appears that they have not been taking up first things first. Their initial attempts at handling the whole problem from the consumption end is rather unfortunate, as it might frustrate planned efforts on the flimsy ground of non-availability of finances, unless their narrow and rigid financial angle is soon reorientated. They first got the Sargent Education Scheme prepared, which is now available to the public, and had a plan of road construction made ready. To give to such matters a priority over other more important and fundamental economic problems, surely smacks of wrong logic and want of system. Nor were even these two measures taken in all seriousness. For while these plans were being prepared and produced, there seems to have been a sort of cock-sureness on the part of the Government of India that they cannot be put into practice because of the vast sums of money that they

would necessitate and which cannot be provided. And no sooner was the Sargent Scheme published than it was as much as torpedoed on the ground of lack of means to finance it, which has shorn them of the sincerity that they evinced in getting this plan made ready. One may well wonder why have they been hatching eggs to produce the hens they never mean to feed. And the process is not at an end. The Bhole Health Plan is still on the anvil, and other schemes might soon be produced in case the various committees and sub-committees carry out their long array of programme with thoroughness and ability and the Development Officers are able to turn to good account the comprehensive data which, we have been recently assured, have been collected under the Government auspices. The wrong approach, associated with an unduly narrow financial standpoint, has made the attitude of the Government of India to planning peculiarly paradoxical. They seem to have been overlooking the fact that the consumption and production are only two sides of a medal ; and that certain consumptional and expenditure programmes may be beyond the scope of the present finances, but to outvote them and declare them to be impossible projects merely from this narrow angle and without considering the possibilities of increased production and increased wealth flowing out therefrom is neither correct nor fair. The

Government have been extremely slow and have been requiring pushing from behind in order to move. And where they have not been slow, they seem to have been sincerely planless. This is a situation which seems to be rather unfortunate ; and the earlier its consequences are realized and a change-over in the methods secured, the more helpful it would be in the post-War construction efforts. Unless the initial efforts begin according to a set plan, it would be difficult for the future work to be systematic and useful. But at present there is no evidence to suggest that this change is on its way.

If despite this attitude on the part of the Government of India, there is so much expert and general interest focussed on the problem of the future economic development of this country, the credit of this cannot go to their planners, to be sure. For the unofficial efforts in this direction have far outweighed the official action. It is well known that the first body to take up the problem of planning seriously and to try to give it a practical shape was the National Planning Committee of the Congress, which did some useful work under the chairmanship of Pandit J. Nehru. But the efforts of this useful body were cut short by the exigencies of the political situation, which has now become a matter of history. That the politics of the country should show such

freshness, vigour and realism is a very happy sign ; but it can go a long way in our economic rehabilitation and planning only if adequate powers and opportunities are available to the people of the soil in the period immediately following the termination of hostilities. Economists of the country have been contributing their own quota in this direction and they have done admirable work in their own theoretical field. Their academic discussions, principles-formulation, studies in the applied aspects of planning and their deep and abiding interest in this economic phenomenon, have kept them, as a class, and the public in general, alive to this issue. Planning in India was a special subject scheduled for discussion at the Eighteenth (Patna) Session of the Indian Economic Association held towards the end of 1934, and though the papers read at that session (included in the April 1935 issue of the *Indian Journal of Economics*) show that the economic thought on the subject had not reached maturity in this country till then, it is clear that sufficient importance was attached to it so that the attention of the economists of this country was specially invited and focussed on this matter. A few books have also been published on this subject. The late Professor N. S. Subba Rao selected *Some Aspects of Economic Planning in India* as the subject of his lectures which he

delivered in the Madras University as Sir William Meyer Lecturer and which were later published in the shape of a book. Another admirable, though mostly descriptive, work was brought out only in 1933 by the Calcutta University, *viz.*, *Economic Reconstruction of India* by Mr. Khagendra N. Sen. More recently, the *Eastern Economist* of New Delhi, working under the able editorship of Dr. P. S. Lokanathan, has published a remarkable pamphlet, *Principles of Economic Planning*, which has gone a long way in educating public opinion and in moulding thought on this subject. But economists are fortunately or unfortunately, only academic; and it must be frankly confessed that whatever has been written by them has tended to run to generalisations which do not go far for practical construction and planning, even if they are and have been frequently illuminating or at least suggestive. But while the Government have been lethargic and economists have not overgrown the stage of principles-formulation, the businessmen and industrialists of the country have come to the forefront and have wrested the initiative in this matter from both of them. It is they whose opinions, writings and efforts have given life to the relevant discussions and talks and have given them a new angle and a new vision. Mr. G. D. Birla, who has been hitting headlines in the foreign

press for some time past and is reported to have been recently chased by the London *News Chronicle's* star correspondent, Stewart Emeny, to his desert home in Jaipur—who is incidentally also one of the signatories to the Industrialist's *Plan*—early drew attention to planning in India as far back as in 1934, when during the course of his speech at the Annual Session of the Federation of Indian Chambers of Commerce and Industry, he made weighty and important remarks on planning in India, which attracted wide attention at that time. No less illustrious is the name of the “grand old man of India,” Sir M. Visvesvaraya, a staunch advocate of allround and well-thought-out economic planning in this country, whose works, *Reconstructing India*, *Planned Economy for India* and *Prosperity through Industry* must be regarded as monumental and have been greatly instrumental in drawing attention of the people to this all-important problem. His efforts have culminated in the establishment of the AIMO (All-India Manufacturers' Organization) whose valuable publications have made the country much industry-minded. But to crown all these efforts has come the Eight Industrialists' *Plan* which has opened a new chapter in the history of the country. Its publication is an epochal event, the importance of which will be indelibly written on the pages of the economic

history of India.

The *Plan for Economic Development of India* was published in the beginning of the current year and bears the signatures of Sir Purshotamdas Thakurdas, Mr. J. R. D. Tata, Mr. G. D. Birla, Sir Ardeshir Dalal, Sir Shri Ram, Mr. Kasturbhai Lalabhai, Mr. A. D. Shroff and Dr. John Matthai. It has already occupied the stage of economic discussions in India and hardly a day passes when the pen of economists does not have something fresh to say on this. It has become a front-page news for the press and the most important topic for economic and financial Journals. In the minds of most of our countrymen, it has awakened new hopes. For it has shown that solely on financial grounds, a scheme of planning of a high order is not beyond our means ; and the financial obstacle is more apparent than real. It has thus changed the entire outlook on planning. The vitality, originality and force of such a remarkable document can be readily understood and realised.

That the Industrialists' *Plan* has touched the minds of the people and caught their fancy, has not been an unmixed good, for it has, without the desire and intent of its authors, tended to make the people over-optimistic and over-hopeful. The financial hindrance was hitherto the only obstacle which was emphasised by the Govern-

ment of India and made obvious by our dire poverty ; and as these Planners have been able to remove this obstacle by one mighty intellectual stroke, it has led to a facile conviction that there is perhaps no other hindrance worth the name in the way and the goal of a planned economy is within our means, and probably on its way. The enthusiasm of the people, the unmixed reception given to it and the sky-high applauses showered upon it, unspoiled at least in certain quarters even by a single critical remark, cannot be explained otherwise. We wish it to be realised that there are difficulties stronger than mere finance, more complicated than mere rupees, annas and pies, more important than mere economic means. The solution of financial difficulty alone does not solve our entire problem. And this, we feel, should receive wider recognition than has hitherto been the case. If the hopes and expectations raised by the Industrialists' *Plan*, or for that matter by any other plan, are not to be false or high, they must be corrected by a perception and understanding of all the difficulties in the way and sustained by constructive efforts calculated to overcome them. Otherwise they are bound to be frustrated in the post-War period with serious psychological effects and grave economic consequences. And unless this is achieved, all talk about planning would be

dreamy and chimeric, done with our feet planted in the midst of the clouds.

We consider the issue as to whether it is the mistake of the planners or of their interpreters that has given rise to such false hopes, totally futile. But we might express our feeling, that the former have been wrongly understood and, in the confused and unanalyzed over-optimism, a smoke-screen has been created which has enshrouded the reality and clouded the existing facts, the responsibility for which should not be perhaps fixed on the Eight Industrialists. We have been lulled into a sense of false probabilities and hopes despite, and not because, of these industrialists. But in any case, a vicious spiral of over-expectations has been generated, which must be curbed at the very beginning or reduced to its proper proportion, and efforts should be made to perceive and surmount the difficulties in the path of planning.

Lest we might be misunderstood, we wish to make it clear that we do not mean to suggest that this *Plan* is without merits, or to attribute motives to the Eight Industrialists on the score of trying to continue class domination and establish brown bureaucracy or any such rubbish. Nor should we be regarded as non-believers in the so-called "fable" in "This Age of Fable". It

is not our purpose, again, to make a war on "myths" and "myth-makers". It has been beautifully said that "The Age of Fable has been the age of 'debunking'. The 'debunkers' introduced the fables. We have fallen victim to easy formulas because with the growing complexity of life we have lost faith in our ability to master it\*." To this attractive thesis, we do not subscribe without grave reservations. The Industrialists' *Plan* is neither a "myth" nor its authors "debunkers". On the contrary they are tried realists and their plan is meant to be practical. It is, again, true that their *Plan* has sterling qualities and merits and has succeeded in achieving the objects with which its authors set about to frame it. A close study of this scheme would suggest two such objects both of which have been admirably achieved. The first object is to solve the financial riddle which has been an important obstacle in the path of a plan, to Government and the people alike. The second object seems to be to prepare a balance sheet of our needs and resources with the angle of vision of a planning programme. In both these respects the *Plan* makes an original contribution and presents a study which never before in the history of this country has been

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\*Dr. Gustav Stopler, *This Age of Fable: The Political and Economic World We Live In* (Harrap, 1943), p. 309

made. This is, indeed, the first plan which takes a comprehensive and full-sided view of economic development and progress and establishes an intimate connexion between the consumption aspect and the production aspect of our economy, which has been eluding the observation of the Government of India so far. For the first time, again, it has given us an idea of our planned economy in concrete, statistical terms. And there is not a shadow of doubt that this plan is destined to be the starting point of all future thought on the subject of planning. Future thinkers and planners may modify the balance sheet so brilliantly and boldly presented by these industrialists. They may increase or decrease one item or the other. They may underline or overwrite the figures. But it would, in the end, be the same balance sheet which has now been presented before the country. This is the type of work and plan which has not yet been produced in any country unless it be the U. S. S. R. This is at least the type of work which was hitherto unknown this side of the Indian Ocean.

But while all this is true, we would like to emphasize that a false sense of over-expectations and unwarranted optimism seems to have somehow been created in the post-*Plan* period, which is in glaring contrast to the atmosphere of gloom and uncertainty of the pre-*Plan* days. To

bring down the balloon of false hopes now floating in the midst of the very clouds, to restore us to a sense of the realities of the situation, and to focus attention on the hurdles in the way which we must resolutely surmount, is the humble function of this little Essay, *Pessimism in Planning*.

## II

### POLITICAL DESIDERATA

One of the most important arguments in favour of planning in India is the utter poverty of her people. The leeway, to be made up is so great, the future goal to be attained in economic sphere so far off and the time during which a comprehensive programme is to be attained so short that only a bold and far-reaching plan, intelligently and ambitiously drawn up and vigorously and thoroughly executed, can bring about our economic salvation. That we are still in the throes of backwardness is not due to this that we are deficient in resources, or are handicapped by certain national, racial and hereditary traditions and prejudices, or are lacking in finding out effective measures meant to improve our economic lot ; but it is to be mainly ascribed to the political factor. There has not so far been unanimity of opinion among the Government and the people regarding the economic measures which would be in our best interest ; and their disagreement has been characterized by bitter controversies, grave accusations and plentiful suspicion on the part of the people ; and slowness, red-tapism and great belief in the obstructive

effects of social, communal and other like factors on the part of the Government. This is, however, not unusual or surprising in the case of a country which is governed by an alien nation and is getting increasingly alive to the politics of her position. But the inescapable fact is that no economic progress on any ambitious scale has so far been possible ; and unless the great gulf between the Government and the people is considerably narrowed down or bridged over, much progress cannot be made in future either. This is a hard fact which no amount of camouflage and window-dressing can change.

If we want to plan in a manner that we might utilize our human and material resources to the best national advantage both in short-range and long-range effects, and so shape our distributive pattern as to promote the maximum well-being of our people individually and collectively, it is essential that we must have a progressive and bold Government enjoying full confidence of the people and endowed with full and unfettered political powers and rights to plan and take decisions without any interference from outside. Planning would involve the whole host of decisions of a vital nature on the economic front and in other cognate spheres ; and in order that these decisions may be impartially and correctly arrived at and boldly and vigorously

executed, there is need of political power. It has been rightly said that the solution to the economic problem must in the first place be a political one.\* Planning in this country pre-supposes certain indispensable political conditions without which post-War planning would for us be merely an empty phrase with hardly any practical significance and pretensions.

The economic and planning discussions set afoot during this war in our country are marked with a noticeable change in temper, tone and complexion. After the First Great War, in all the talks about development and plans, there was an almost overly political emphasis. But in the recent talks and writings, economic aspects and discussions have eclipsed the political issues. That this is in accordance with the world thought on this subject, is no argument in justification of this state of affairs in our country. For we are not in the same stage of political development as other nations. If the point of political control and power has not received central attention abroad, it is because it is already a given factor and not because it is not regarded as the first ingredient and necessity for a plan. In theory this is a condition precedent to a plan ; and as this is still a far cry in India, this becomes a threshold issue

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\* *Economist* (London), January 1, 1944, p. 5

in the present context. Moreover, it is a criticism against the nature of the planning discussions in the world as a whole that little is being said about political aspects and economic discussions are wrongly occupying the entire stage. And this applies to our country with much greater force. It may, no doubt, be said that the difficulties in the economic field are only of a derived nature and when we criticize the "Things As They Are", we do implicitly criticize the political limitations and restrictions. This, indeed, is being too academic in a thoroughly practical matter, especially when we see its consequences in almost a total neglect of the political factor which, at best, is being given only a second-rate assumptory position. It is imperative to attach the necessary importance to the political requirements of a plan ; and constructive statesmanship must play its *rôle* to secure that political power without which we cannot satisfactorily work out a plan. The painting of the beautiful programmes and pictures of the future, would not by itself give us the cherished Paradise. We must, if we are serious about planning, go more thoroughly into the political issue and focus greater attention on the political desiderata in this connection.

The first political desideratum for a planning programme is the undisputed control over internal economic policy over all the spheres impinging in

a federal structure on intra-unit and inter-unit affairs alike. This would include freedom to frame the general policy of economic development of the country, to adopt a progressive policy regarding the finances, to decide the fate of foreign capital in the country, to raise trade walls sufficiently high and impregnable to shelter the heavy key industries and other industrial ventures behind them and to shape the currency and banking policy with the same end in view ; to determine the nature, type and quality of education in primary, technical, commercial and industrial affairs ; and finally, to fix a pattern of distribution as may best suit our national requirements.

Concurrently the planners should possess an equally complete control over the foreign economic policy of the country. The whole problem of fiscal arrangements, including a decision on the policy of free foreign trade or of autarkic development and of multilateral or bilateral trading ; the principles of the vexed phenomenon of foreign exchange nexus and the rate at which the exchange is to be pegged, if pegged, it must be ; of the attitude to be adopted towards foreign concerns which are preventing, directly and indirectly, the Indian enterprise from taking part in international finance and trade, and of such other vital matters, would have to be freshly approached and reorientated to accord with the

progressive planned ideology. If the planners are expected and desired to frame a policy calculated to promote the best interests of the nation in all sincerity, they must have adequate power in all these matters. It goes without saying that the economic aspects of a country's foreign policy are considerably dependent upon its non-economic phases, and *vice versa*. In a foreign policy of today, the economic elements are the most important and the most predominant. The planning programme would have to be duly shaped in the light of the political foreign policy and the latter will also have to be governed materially by the requirements of a planned economy relative to a country at a particular time.

Besides these two desiderata, there is one more essential which is also of supreme importance for any scheme of countrywide planning; this is the centralization of all economic powers, internal as well as external, in the hands of the Government at the Centre. This may be *de jure i. e.*, inherent in the very Constitution as in U. S. S. R.; or it may be *de facto* and delegated, which is not yet a *fait accompli* anywhere. Whatever be the mode of centralization, the centralization of economic powers alone can give that setting without which planning on a national scale would be marked with frictions and separatist leanings, jealousy and animosity

and would fail to achieve its object. Whether this condition is compatible with federation or unitary type of Government, with democracy or dictatorship, is an issue which is of grave importance in itself but into which it is not necessary to go thoroughly in this context. In whatever manner the above object is achieved, its achievement is a condition precedent to the formulation and implementation of an all-India plan.

This being the political framework without which a plan cannot be properly framed and implemented, the first task of the planner is to find out if there exists the sort of economic freedom and centralization, the necessity and rationale of which has been shown above. If planning is possible in certain political conditions and impossible in others, the question as to whether it is possible under existing political conditions in India should arise at the very outset of discussions in this regard. But this unhappily is an issue which has been side-tracked in our country and to which we turn our attention below.

### III

## EXISTING CONTROL OVER FOREIGN ECONOMIC POLICY

The existing political set-up in India, is far from the above-mentioned political requirements and desiderata. We are not the architects of our own destiny and are working under all the limitations which are inherent in a foreign Government with a long imperialistic record, fatigued and exhausted by brilliant war efforts the magnitude, boldness and effectiveness of which are unprecedented, likely to be confronted with the monsters of curtailed foreign markets, deficient raw materials and lowering standard of living in the post-War period, and determined to overcome all of them and maintain a supreme place in the polity of nations as well in the future as it has done in the past.

External affairs and defence, which form the heart and soul of a country's foreign policy, are in India rightly included in the Federal Legislative List ; but they are beyond the control of the members of the Legislature. In these matters, the Governor-General is responsible to the Secretary of State who is responsible to the Home Government ; and it is as such the British Government which for all practical purposes con-

trols our external and defence arrangements. Indians have absolutely no determining voice in the matter. This general tendency characterizes and colours the economic aspects of foreign policy as well. From an economic standpoint, attention has to be naturally focussed on the currency policy as well as the tariff policy which are important regulators of the economic relationship subsisting between one country and another. In India, both these subjects appear on the Federal Legislative List, as they rightly should, but the people of the country do not unfortunately have any final voice with regard to these matters and they cannot give them the shape and mould they deem necessary.

The need of full control over currency is so fundamental and vital for a plan that it cannot be over-emphasized. Unless currency is in our own hands, we cannot create financial conditions most favourable to the implementation and execution of a plan, and obtain adequate sinews of planning in short cuts and long detours as suits us best. We cannot, under the existing circumstances, for instance, have recourse to the "created money" device which the recent monetary practice has fashioned out and on which the "Eight Industrialists" have rightly laid great stress. It has, again, been a strong feeling in this country that the sterling nexus of the rupee

which has proved to be most disastrous for us and has exposed our economy to the forces and vagaries of foreign economic conditions, should be given a decent burial. The rupee would have to be divorced from the sterling in a planned economy and attempts would be made to establish its parity with an internal index or economic goal. While labour standard or tabular standard would be unworthy of planned achievement, the cost-price-equilibrium end calculated to iron out trade cycles might also be found out of tune with ideal of full employment which is sure to be the guiding aim of planning in the post-War world ; and the currency would have to be managed so as to secure this objective. If the lesser evil has to be chosen and the sterling nexus has to be maintained, there is even then an excellent case and imperative necessity of devaluating the rupee from the high pedestal of 1/6 to about 1/2 or even 1 shilling, so as to correct an artificially raised exchange position. This alone would help us to safeguard our industrial and commercial economy during the initial years of reconstruction and planning, which has hitherto been in the vortex of a low blood pressure effect caused by the depressing nature of an inflated ratio.

This involves important question of the control that we can exercise on the apex banking institution, the Reserve Bank of India. The Reserve

Bank is required by the Act under which it is incorporated to maintain exchange parity between  $1/5\frac{9}{16}$  and  $1/6\frac{3}{16}$  while in no other constitution is such a meticulous provision for regulating the exchange so rigorously is to be found. At the same time, according to the Government of India Act of 1935, the Reserve Bank is to work in the execution of all its functions including those of currency creation, directly under the instructions and according to the dictates of the Governor-General who has the power to nominate and remove the Governor and Deputy Governor of the Reserve Bank and supersede the Central Board or any action thereof. The Governor-General is to be helped by his Financial Adviser, which, in the words of Mr. Cocks, means that India must be governed by the orthodox views on finance and may not adopt a policy which is objectionable to the Bank of England, which really means that "Mr. Montagu Norman, besides being virtually the King of England, will be virtually the Emperor of India!" If this is a correct reading of the situation, we entertain reasonable doubts if Mr. Montagu Norman would like India either to break off from her rupee alliance with the British sterling or to devalue the rupee. None of these currency and exchange goals can be achieved, howsoever fundamental they may be for introducing a plan in India, under the existing Constitu-

tion. For a considerably long period has the usefulness and necessity of these measures been realized and the economists of the country have been shouting for them for decades ; but still the matter remains beyond our control and unaffected by the one-voice demand of the country as a whole. The planners of the future of this country must recognize these hard facts and must be prepared to face the continuing spectre of dire *laissez-faire* in a world of currency management, internal standardization, devaluation and depreciation.

Besides the control over currency questions, there is also a companion problem of equal significance of the control over our tariff policy. There is no denying the fact that in the initial years of our economic development and planning, we would have to establish as closed and controlled an economy as conditions permit and as is deemed desirable ; for even a war has not been able to defy the application of the infant industries argument to the Indian economy in its entirety which is bound to persist for sometime to come. We would have to raise a general protective wall, with proper and necessary exceptions of course, behind which our industries might develop duly sheltered from foreign competition, the keenness and even unfairness of which have become the commonplace of Indian Economics. But the

Government of India Act of 1935 again stands in the way here. While we were not enough proximate to the above-stated ideal under the Fiscal Autonomy Convention, bestowed upon us by the 1919 Constitution, despite all the limitations it contained in its range of benefits it did produce a moral effect on Indo-British trade relationship, secured protection to several industries and generally contributed to India's industrialization. But whatever voice we were then given in the tariff arrangements of the country, has been taken away from our hands by the 1935 Constitution which is a definite menace to the Fiscal Autonomy Convention so patiently secured by India and conceded by the British Government, thanks to the sympathetic attitude of Mr. Montagu. Under the 1935 Constitution Act, the "prevention of discriminatory treatment of British subjects and trading companies" is one of the Special Responsibilities of the Governor-General where he is to exercise his individual judgment and to act in his undeterred discretion ; and 'discriminatory treatment', it was made clear by the Joint Parliamentary Committee, "included both direct discrimination (whether by means of differential tariff rates or by means of differential restrictions on imports) and indirect discrimination by means of differential treatment of various

types of products and that the Governor-General's special responsibility could also be used to prevent the imposition of prohibitory tariffs or restrictions' if he were satisfied that the measures are proposed "not in the economic interests of India but with the object of injuring the interests of the United Kingdom." The Governor-General in his discretion is also to decide whether a particular measure is of this nature or not, and his decision cannot be questioned or challenged under the Act. Now, the field where India can take such measures which would increase her economic welfare but which at the same time would not injure the British economic interests in India directly or indirectly, and abroad, is extremely narrow besides being replete with controversies of all sorts and descriptions ; and it is only in a limited number of cases like the generation of hydro-electricity which cannot be imported that India can hope to have a more or less free hand. Thus Great Britain is our "most favoured nation" by statute and not by choice or voluntary preference. And if Great Britain is to have a free hand in and free trade with this country, the advantage and necessity of denying the same facilities to other countries is, we fear, materially reduced. The adoption of the protectionist principle to any substantial extent is impossible under these circumstances. It has certainly been sug-

gested that in case a particular measure augments the economic welfare of India but is inimical to the British economic interests, it might be allowed on a liberal interpretation of this provision but as Professor Keith has so rightly pointed out, it would still have to be shown that the measure proposed would further the economic interests of India even if it injures the British economic interests, which is a very difficult proposition. On a point like this, orthodox economic doctrines may well battle against the liberal and progressive economic theories for years and decades without coming to an unanimous decision ; and differences in points of view may exist or may be made to exist. In any case, there would be no open-court discussion of this nature because the Governor-General's discretion and decision are unquestionable and unchallengeable. The Governor-General himself, with regard to the matters of this nature, is responsible to the Secretary of State who is responsible to the British Parliament which is the spokesman and representative of the interests of the London financiers and Lancashire industrial magnates.

The J. P. C., however, observes that this provision "is not intended to affect the competence of his (Governor-General's) Government and of the Indian Legislature to develop their own fiscal and economic policy ; that they will possess complete

freedom to negotiate agreements with the United Kingdom or other countries for the securing of mutual tariff concessions ; and that it will be his duty to intervene in tariff policy or in the negotiation or variation of tariff agreements only if in his opinion" the intention is as aforesaid. The only redeeming feature of the New Constitution seems to be that the Dominions have not been put in the same class as the United Kingdom ; and India will have freedom to negotiate with foreign countries, for what it is worth, though here again, there are serious limitations. Firstly, in those fields where the British industry, commerce and finance, whether located in India or abroad, can successfully compete against us, it is immaterial whether we enter into reciprocal agreements with Dominions and foreign countries or not, for then the tussle would be between foreign competitors *inter se*, India having already been scratched. Secondly, Great Britain, in conformity with the aforesaid principle, might have to oblige foreign countries by making India agree to an arrangement not altogether in accord with the wishes of her people, with a view to secure for herself certain advantages calculated to help her in rehabilitating her war-worn and war-destroyed economy. Thirdly, to the degree that the Dominions and war Allies are able to make their influence felt in the Empire politics emanating from White-

hall, our freedom to negotiate can be further seriously curtailed. Signs are not wanting where Dominions are establishing their own claims in the Empire management and are demanding material rights in certain directions. It would not be easy for the British Government to turn down every suggestion of her war Allies who would also be co-operating with her in the post-War rehabilitation and reconstruction programme in post-War period. And in so far as this happens, the sweet dreams of the planners and the aspirations of their followers are destined to be frustrated.

So, on the whole it would appear (i) that no discrimination can be made in matters of tariff policy against the United Kingdom ; (ii) that discrimination can be made against the Dominions only in the fields where Great Britain is not much interested, directly or indirectly, and then only to the extent that they are not able to influence the London policy of Empire management ; and (iii) that Wartime Allies and post-War Co-operators might also perhaps rank with the Dominions in obtaining concessions in their trade and commerce with India. If this is so, what remains of the much-trumpeted Fiscal Autonomy Convention ? And what are going to be the chances of the success of a comprehensive plan in terms of which we as a nation are thinking and on which we are

setting hopes? How can India plan in the teeth of the *laissez-faire* competition to which she has been delivered by her New Constitution? When we have no control over either the currency and financial matters or on tariff questions, when we cannot shape them so as to suit and help a big programme of economic development, and despite this when we find that the people of the country have somehow been lulled in sweet dreams and expectations of big things in the post-War period, we have only to remind that unfortunately the powers which we do not yet possess are *the* prime essentials to set the ball of planning rolling and to realize the conditions and achievements which are entering in our visions of the future.

## IV

### EXISTING CONTROL OVER INTERNAL ECONOMIC POLICY

While this is the state of affairs with regard to foreign economic policy, the internal economic policy, despite the high-sounding phrases of Constitutional Advance and Provincial Autonomy, is also in important respects beyond the control of the people ; and under the present Constitution, the British financiers, industrialists and traders can have their wishes carried out, through the well-established constitutional channel, in regard to any vital economic matter concerning this country. Such a position would be evidently unfavourable to the development according to a comprehensive plan.

Let us first take up the important problem of finance without which no scheme and programme can be put into practice. Under the present Constitution, complete control over finance is vested in the Governor-General at the Federal point and in Governors in the Provinces ; and the people themselves do not have the liberty to shape and determine the financial policy. Even the Governor-General and Governors have their own instructions to direct the finances along conservative British notions which are altogether out-of-date,

especially for a country like India. In his statement before the Federal Structure Committee, the Secretary of State while giving his idea of sound finance for India observed, "The safeguards to be provided must ensure the maintenance of financial stability and credit and this in its turn depends upon provisions in a new budget to control the balance, that the sinking fund arrangements are adequate, that capital and revenue expenditure are allotted on sound lines, that excessive borrowing or borrowing for revenue purposes is not undertaken and that a prudent monetary policy is consistently pursued." This concept of finance has been skilfully woven in the pattern of our 1935 Constitution. "The safeguarding of the financial stability and credit of the Federal Government" is one of the Special Responsibilities of the Governor-General in which he is to act in his own discretion and the people can have no say. And he himself is instructed to exercise his powers in accord with the most orthodox, nineteenth-century views on finances, which are far removed from the progressive ideologies and technique of modern times. In the Instrument of Instructions to the Governor-General, it has been provided that "It is Our wish and pleasure that in the discharge of his special responsibility for safeguarding the financial stability and credit of the Federation, Our Governor-General shall in

particular make it his duty to see that a budgetary or borrowing policy is not pursued which would, in his judgment, seriously prejudice the credit of India in the money markets of the world, or affect the capacity of the Federation duly to discharge its financial obligations." Moreover, the Governor-General, in carrying out this instruction, would be helped by his Financial Adviser, who would presumably be an added assurance to the British financial diehards that their financial concepts are imposed upon India, even if they are out of tune with the current monetary practice and rationale which alone can cope with our chronic poverty and economic backwardness. Sir Stafford Cripps frankly pointed out in a debate in the House of Commons: "From our experience of the sort of Financial Adviser who has gone to different parts of the Empire in the not very distant past, it is probable that he will be the type of person who will try to curtail every social service because of his quite genuine belief in the very orthodox system of capitalist finance." It would, indeed, be deluding ourselves if we hug a hope that we can still launch upon a big planned programme within the restrictive integument of such well-guarded conservative imperialistic finance.

It would be useful to cursorily examine some other powers of a financial nature which have

been vested in the Governor-General under the existing Constitution. Firstly, no financial bill can be introduced in the Legislature without obtaining the previous sanction from the Governor-General. This seriously curtails the power of a planner to adopt a novel or revolutionary monetary measure which the Governor-General, following instructions from above and guided by his Financial Adviser, is sure to scratch. Secondly, about 80% of the total federal revenues constitutes the "charged expenditure" which is beyond the vote of the Federal Legislature. The Legislature has control over only one-fifth of the revenues; and here, again, the Governor-General holds the purse string and can enforce his wishes.

Everything on the financial side thus depends upon the pleasure and sanction of the Governor-General who has to carry out the wishes of the British financiers and industrialists which are authoritatively dinned into his ears by the British Parliament, British Cabinet and the Secretary of State for India to whom he is responsible. We are thus statutorily tied down to an archaic, wooden and out-of-date financial policy and programme. No planner can launch upon an ambitious programme of borrowing involving as it directly does the problem of India's credit in the world markets, which it is

presumed can only be maintained at a high keel by limiting the frequency and amount of loans raised. The Governor-General, by just declining to give sanction to any huge programme of this nature, can set the whole plan at nought or he might hedge it around with such conditions as may not be on all fours with the best interests of the country. Nor can a policy of deficit budgeting be availed of under the existing conditions. Then there are other subsidiary limitations which would directly interfere with the financial items of a plan. If we visualize the prospects of planned development against this background, we are bound to be shorn of much of our optimism and expectations. When the taxation proposals of the planners can be vetoed and 80% of the revenues must be arbitrarily spent, when deficit budgeting programme can be rejected and internal and external borrowing proposals pooh-poohed with impunity, when the hold of the conservative capitalistic finance is to be supreme, and, finally, when the London financiers and Lancashire industrialists are to be the architects of our destinies when they are the architects of their own simultaneously, the Indian planner must be congratulated for his incorrigible optimism and Utopianism if he still thinks that it would be possible for him to formulate, launch upon,

execute and carry through a planning programme, without losing touch with realities.

Another important item of internal economic policy is the attitude towards external capital which has got a strong foothold in this country and which has been instrumental not only in checking the growth of Indian enterprise, but also in developing and exploiting India's resources to India's disadvantage and preparing a channel for the drain of India's wealth and prosperity. This has been an elementary principle of the national economic policy of every country in the world that the internal field must be left for exploitation by the nationals themselves. It is in India alone that foreign exchange banks are allowed to whittle down the growth of like Indian concerns; foreign shipping is given a free hand to guillotine the nascent Indian shipping enterprise; foreign jute manufacturing companies and cement companies can send Indian competitors to wall; and British capital can defy and ignore Indian capital in general. We would, under a planned economy, want as much protection from foreign capital working in internal spheres as from foreign capital working in foreign lands. If tariff protection is a form of safeguard to Indian goods from the competition of foreign goods, the ensuring of national enterprises to nationals

is a safeguard to Indian capital from foreign capital. Unless this is done, not only would our economy not develop up to the expectations of the planners but the whole objective and purpose of planning, namely, the raising of the standard of living of the masses by increasing production, would be defeated. The displacement of foreign capital being a corner-stone of any future plan for this country and an inevitable-politico-economic desideratum, the question arises: Do we have the power to decide the fate of foreign capital so strongly entrenched in India today?

Here again our freedom has been rigorously restricted as is the case with regard to tariff protection. Discrimination against British capital has been debarred by the 1935 Constitution Act and the Governor-General has been placed under a 'Special Responsibility' to ensure that no such discrimination is made against persons domiciled in Great Britain and companies incorporated in that country.

Several special safeguards have been provided to the British subjects living in India, which prohibit any discriminatory treatment. A British subject domiciled in India is exempt from the operation of any Federation or Provincial law if that imposes by reference to the place of birth, race, descent, language, religion, domicile, resi-

dence or period of residence, any disability, liability, restriction or condition in regard to travel, residence, the acquisition, holding or disposal of property, the holding of public offices or *the carrying on of any occupation, trade, business or profession*. Again, no Federal or Provincial law will be valid which makes the British subjects domiciled in the United Kingdom or Burma or companies incorporated in the United Kingdom or Burma, subject to discriminatory taxation.

The business and trading enterprises of the English origin have also been given certain rights and facilities for operation in this country, which are bound to interfere seriously with any national planning programme. British joint stock companies cannot be put under any sort of discrimination or handicap with a view to encourage Indian enterprise. A company incorporated in the United Kingdom, according to the Act, is to be considered to have complied with the provisions of any Federal or Provincial law regarding the place of incorporation, the situation of its registered office, the currency in which its capital or loan capital is expressed, the race, religion, domicile of the members of the governing body, shareholders or servants and officers of such companies. Not only this, the companies of the United Kingdom are also eligible for any grant, bounty and subsidy

payable out of the revenues of the Federation or of a Province, for the encouragement of any trade or industry, to the same extent as a company incorporated in British India.

Full protection has similarly been afforded to British shipping interests and air transport companies, the spheres in which Indian enterprise has just begun to play a part and is finding the competition of these vested interests too keen and cut-throat to let it continue its life and progress. Ships or aircraft registered in the United Kingdom cannot be subjected to any discriminatory treatment.

It is sometimes stated as a token of fairness on the part of Great Britain and the framers of the Government of India Act of 1935 that these safeguards are not one-way affair but have been provided on a reciprocity basis. But the reciprocity principle in the present context suffers from obvious drawbacks. Firstly, the discrimination cannot be initiated by the Government of India but it may only be used by way of retaliation to British measures only. Secondly, the principle of reciprocity and partnership can exist between two equals; otherwise it is bound to injure the weaker of the two. England has all the advantage of an early start in industrial matters, in import and export trade, and in shipping, banking and insurance, and her compa-

nies have strongly entrenched themselves in India to the great handicap of Indian enterprise. To give them an indefinite and new lease of life is to tie a permanent millstone round the neck of Indian enterprise. As against this, there are hardly any Indian concerns operating in Great Britain and the benefit that India can derive from this provision is extremely meagre. As such, this *quid pro quo* is calculated to benefit Great Britain rather than India. Mr. Jayakar very rightly observed that the reciprocity as envisaged here is "a bit of camouflage, but as applied to administrative discrimination it is nothing less than moonshine." The Federation of Indian Chambers of Commerce and Industry's reaction to it was that "All these disabilities...are a serious limitation upon and handicap to the economic *Swaraj*, which India wants *pari passu* with the political *Swaraj*.....It is the inherent right of every country to do all that is necessary to promote its trade, commerce and industry and shipping and in the exercise of this right to discriminate, wherever necessary, in favour of its nationals and national enterprise."

In other phases of internal economic policy, we find almost the same tale repeated. India does not have a sovereign status. Whatever rights she has, have been bestowed upon her by the British King in Parliament by way of *bakhshish*

and not acquired through a treaty entered into on a reciprocal basis. The supremacy of the British Parliament, of the Home Government and of the Secretary of State for India over the Government of India is complete. The Secretary of State for India, who is responsible to the Parliament and to his colleagues of the British Cabinet, is the connecting link of authority between the Parliament and the Governor-General. His responsibility is lessened only to the narrow extent that it is shifted to the Indian ministers, which is neither wide nor material. For all the important matters, such as Reserved Departments at the Centre and all the powers subject to the individual judgment of the Governor-General or Provincial Governor, he is directly responsible to the Parliament. Thus it is the Home Government and British Parliament which control and determine foreign policy, defence policy, industrial policy, banking and currency policies, shipping policy, railway policy and other policies of India. And British Parliament is the vocal and legislating organ of British financiers, businessmen, traders and shop-keepers. Even in the sphere in which Indian Ministers are given power—and they are not of much economic importance—these supreme bodies can through the Governor-General reduce such powers into insignificance.

As Sir Shafaat aptly states, "the field of special responsibility permeates the whole administration, and it is difficult to suggest any subject, whether in the Federal or the Provincial field, in which it may not emerge at any moment."

In the Instrument of Instructions to the Governor-General, he is charged "to always bear in mind the partnership between India and the United Kingdom without our Empire, which has long subsisted and the mutual obligations which arise therefrom." It is this spirit which runs through the entirety of the Constitution and colours the safeguards and Special Responsibilities calculated to give Great Britain, which is India's important economic competitor, the sole determining voice in all the important economic matters constituting the staples of a plan for the latter's economic development. It is, indeed, a veritable misfortune of this country that there exists at present, in the words of Mr. Pethick-Lawrence, "an unbridgeable chasm between two conflicting loyalties, the loyalty of India to her ideal of self-Government and the loyalty of the British administrator to its conception of trust." The planners of India's future must recognize this. They must take stock of the wide gulf that separates the present from the picture of their dreams and the swelling up of which must surely be the *sine qua non* of a plan.

## V

### CENTRALIZATION OF ECONOMIC POWERS

Another, the third, political desideratum, which may be considered independently of the two foregoing political essentials of a planning programme, is the centralization of all economic powers in the hands of the Federal Government or a Planning Authority having countrywide jurisdiction so as to bring about complete unity of purpose and efforts among the Units and to ensure common policy and programme for the maximum development of the entire national resources. This is a very important condition precedent to any plan and this problem exists in spite of the resolution of the aforesaid two sets of obstacles and difficulties. The principle and practice of devolution in the Government of a country, it should be recognised, is a hindrance to a scheme of national planning ; and from planning angle of vision, unitary Government is an ideal political condition. This is the reason why the dictatorship variety of unitary Government has been able to achieve planning by almost one stroke of pen and why the democratic variety of Federal Government is finding, and is bound to find, important obstacles to a common planning programme.

From planning point of view alone, in this context, it can be stated without fear of contradiction, that the earlier centralized administrative and financial arrangements in India were more favourable than the present-day devolutionary control in economic and political spheres.

The present Constitution fully involves the finished process of devolution and the Provinces are no longer the sub-offices of the Central Government, meant to carry out their directions and instructions, which they once were. Provincial Autonomy has now come into existence. Provinces are now separate units, with separate subjects of administration and expenditure and a separate list of the sources of their revenues. They have been given certain rights and privileges by the Government of India Act and the Central Government cannot force them to adopt a given policy on several important and vital matters in the normal course of things. The following table shows the fields of the Federal and Provincial Governments:—

<i>Federal Subjects</i>	<i>Concurrent Subjects</i>	<i>Provincial Subjects</i>
Currency	Factories	Public Debt of
Public Debt of	Labour Wel-	Provinces
Federation	fare	Industries
Imports and Ex-	Trade Unions	Agriculture
ports	Unemployment	Forestry
Customs Duties	Electricity	Fisheries

<i>Federal Subjects</i>	<i>Concurrent Subjects</i>	<i>Provincial Subjects</i>
Federal ways	Rail- ping and Na- vigation	Provincial Trade Agricultural In- come-tax
Maritime ping	Ship- vigation	Compulsory Ac- quisition of Land
Major Ports		Education
Aircraft and Air navigation		Communication
Banking		Water-irrigation
Insurance		Canals.

The above classification contains only the more important subjects but from this picture it would be clear that to fashion out a common and uniform policy for the development of our entire countrywide resources is impossible on legal and constitutional grounds; and can be achieved only if voluntary co-operation and surrender of power is available at the Units, which is a doubtful proposition and to which we shall devote more attention presently. Under the existing conditions, the Federation, if it is imbued with will and power to fashion out a right type of plan, may shape the currency, public debt, foreign trade, railway, shipping, banking and insurance policies as best as it may. It may, again, enact overriding legislation in respect of factories, labour welfare, trade unions, unemployment, electricity, inland shipping and navigation, etc., all of which appear on the concurrent list. But agriculture,

industries, forestry, fisheries, provincial trade and commerce, public debt of the Provinces, compulsory acquisition of land, communication, irrigation and canals, etc.—all the important productive spheres in other words—are in the hands of the Provincial Governments and there is no power by which the Federation can force them to surrender these powers in favour of a national planning authority. A common and nation-wide plan for the country as a whole is, therefore, impossible of achievement on merely constitutional considerations. This is, as pointed out earlier, an inherent weakness of a federal structure involving a large element of devolution of power, and it makes the federation, as a general rule, incompatible with planning.

This is, of course, one way in which a plan on a national scale may still be possible of achievement. That would be possible if the Units readily agree to surrender their respective powers of economic nature to a national planning authority and become merely executive bodies in all important economic matters. In other words, the way out of the situation can be found if there is willingness on the part of the Units to bring about a *de facto* centralization of economic powers in the hands of an all-India body, which does not exist *de jure*. But this path bristles with numerous difficulties and obstacles, both big and small.

Even in the countries where communal feelings do not run so high, where parties are organized not so much on religious grounds as on non-religious, ideological and economic bases, and where there is not much difference on the economic ends which the State should try to achieve, the Units are extremely reluctant to surrender their powers, especially those of an economic character. The chances of such a surrender should be remoter still in a country like ours, which is torn by communal animosities, hoarse with the cries of vivisection and Pakistan, and alive to the new taste of power and Government ; where the Units do not trust the Federation and the Federal policy ; where Provincial jealousies are rife and the advanced provinces are not prepared to make sacrifices in the interest of the backward provinces ; and where provincial autonomy has only taught to see economic problems in their provincial import, cut off from their all-India moorings. Only some time back there was so much bad blood shed on the question as to whether the residuary powers should remain with the Centre (as was the suggestion of the Congress) or they should be conceded to the Provinces (which was the demand of the Muslim League). Though ultimately the Congress made concession to the Muslim League demand, there was a great tension at the moment and serious

efforts were made to deprive the Federation of any extra power, other than what has been actually and statutorily conferred upon it. Separatist tendencies have been discernible in economic fields proper as well in recent years. When the United Provinces and Behar wanted a national policy of cane-sugar production and restriction, other provinces did not lend their helping hand. And when it was the turn of Bombay to seek co-operation and a common policy in respect of cotton manufactures, the eastern provinces would not join hands. Not only is there inter-communal jealousy, but inter-provincial animosity also reigns supreme. In the existing conditions we do not see much chance of a voluntary surrender of economic powers by the Units either in favour of a Federal Government or in favour of a national planning authority.

We are not at all sure that the stage for a comprehensive planning for the country regarded as a single Unit, has been set or can be easily set at present. The very Constitution within which we are working runs counter to it, and the chances of its realization in spite of the Constitution are equally remote. This is an added handicap on the political front and we can look it askance only at grave national peril.

## VI

### PLANNING IN PRESENT POLITICAL FRAMEWORK AND THE IMMEDIATE FUTURE

It is against this background of political conditions that we have to consider the fate of a plan which, by its very definition, must involve comprehensive utilization of human and material resources to the best national purposes and maximise the well-being of the people of the country. The political impediments in the way are many and they are as much obvious as they are important. If we like to fashion and determine the foreign economic policy as may best serve the ends of a plan, we cannot do so. We can neither adopt a protective tariff policy which has been generally regarded as the first essential of our industrial progress; nor can we break off from the sterling alliance or devalue the rupee which would be the only way of cutting the cord which so strongly ties us to the peg of economic degradation. Howsoever necessary and desirable we might regard the expulsion from India of foreign capital associated with foreign control, but we cannot raise even our finger at the strong British interests which appear here and there and everywhere and

have acquired abiding supremacy in industrial, trading, banking, transport, and other lines of economic pursuits. They must hang all the time like Democle's sword on our head. We might pay taxes, direct and indirect, within or beyond our taxable capacity with a view to finance a plan but the purse string is not in our hands. We cannot even borrow within and without the country as and when we like and choose ; and the London lords must decide the opportune moment of their floatation, the genuineness of our needs and other matters in this connexion. We have again been prohibited from following the deficit budgeting technique which does not agree with orthodox British finance but which has been hailed throughout the world as an effective device for overcoming slump and securing economic advancement and which is destined to become extremely popular for rehabilitating the emaciated and war-worn economies in the post-war period. It must be the Orthodox Capitalistic Finance which must rule us from the portals of New Delhi and Simla and derive its inspiration from the financial *guddi* of the City of London. The economic concentration of powers at the Centre has again been frustrated. The internal political life is torn with strife and bitterness and voluntary co-operation among the Units of the necessary type seems to be wellnigh

impossible. This solid black with which the canvas of our national fate is heavily oil-painted has been coated incessantly from long past ; it is beyond the wit of an artist who can, with a weak brush, waterlike colour, and shaking hand, infuse brightful hues in this picture so as to evolve a rhythmic and harmoic pattern dear to our heart. The tall talk of comprehensive planning serving best national interests in the midst of such disquieting conditions and limiting circumstances seems a bit odd, if not grotesque.

But while we do not at present possess the far-reaching and vital powers without which no amount of wishful thinking can enable us to realize the sweet dream of a plan, what would be our chances in the near future? Will not the cessation of hostilities bring about a change in the constitutional position of India and create favourable conditions in which a plan can be given a start with hopeful prospects? This leads us in a controversial domain and in guess work. It must at once be reiterated here what is already well understood that it is extremely difficult to probe into the future and predict with surety and certainty. The best that can be done is to make an intelligent guess regarding the shape which the present political trends and tendencies will ultimately assume. No human being is so much endowed with vision and foresight as to be able

to claim anything more than this. This being so, it would readily be conceded that our chances of acquiring control over our economic policy, internal as well as external, would primarily depend upon (i) the forcefulness of demand from within the country for the acquisition of the necessary powers, and the strength of the national efforts in this direction ; and (ii) the attitude of the British Government in this connexion. The greater is the sincerity and strength of our demand for freedom and the quicker is the change of heart on the part of our rulers, the sooner would the country be able to secure the political goals which would materially promote the cause of planning.

There can, of course, be no question regarding the sincerity of the national aspiration for rising above the present dependent position and taking a proud place in the front-rank nations of the world. Even an approach from this angle would appear to be unnecessary in the case of a country whose efforts for achieving freedom have already attracted the attention of the world and the justice of whose cause, despite a large measure of misunderstanding and propaganda against her, has drawn so many right-minded supporters in almost every country. It is, indeed, a commonplace observation of Indian politics that all the major political parties of this country, Congress,

Mahasabha, League, Ahrars, Liberals, Depressed Classes, Christians and others, are one and united in the demand for India's freedom in political and economic spheres and such differences as exist among them are not so much of economic ideology or tactics as of political details. The masses and classes alike have become tired of foreign domination and they want to be given a free hand within their country not only to satisfy their idea of national self-respect and pride but also to serve the ends of a mighty planned effort for saving India from the jaws of economic rot. They do not fear but welcome the political responsibilities and genuinely believe that they can discharge them better than foreigners. This sincerity has been most vigorously expressed in the memorable movements initiated and conducted by the Congress in which thousands of men, women and children have made untold sacrifices—courted imprisonment, resigned from schools, colleges and offices, had their property auctioned, risked utter financial ruin, and even lost lives with cheerful mien. Such sacrifices and sufferings can be willingly made and borne only by people cherishing a genuine desire for real freedom, whose hearts are illuminated by the bright glow of patriotism and who are truly determined to see their country take her rightful place in the galaxy of the progressive countries of the world. These patriotic

aspirations of the people are daily becoming stronger and steadier and there is a keen desire on their part to see India free from the existing handicaps and restrictions.

But mere desires and aspirations do not amount to the achievement of an aim, and mere willingness to acquire it is something different from the capacity to acquire it. Unless the desire towards this end is backed by genuine capacity and rightfully directed efforts, no change in the political future of the country can be expected. So far the Congress has been the only party which has made sincere and vigorous efforts to press its demands, from the pulpits, in the press, on the floors of the Assemblies, within and without the limits of Constitutions, by breaking and carrying out laws, and with the aid of the newly fashioned weapons of Civil Disobedience and Non-co-operation. The history of the Congress is an illuminating record of untold sacrifices made, indomitable courage displayed, the reality of the aspirations vindicated, all sorts of excesses and sufferings cheerfully borne, and the national demand being persisted in, despite all sorts of obstacles and hardships, for the sake of India's freedom. In this single-minded effort, the Congress has drawn upon the peoples of every section who have made it the only representative political body in this country.

The Congress knows no religious bounds. It admits of no economic distinctions between the rich and the poor. It has no geographical limitations. It embraces all. Hindus, Moslems, Parsees, Harijans, Sikhs, Ahrars, Pathans, Madrasies, all are included in its fold. Capitalists and labourers, landlords and cultivators, officers and servants, teachers and taught, shop-keepers and black-coated proletariat, all form an amalgam within its four walls. All the enlightened and progressive forces of the country have mustered strong under the Congress banner and have been making one valiant effort after another to reach the goal that they have set before themselves. Indeed, the wartime politics of the Congress has not been entirely dittoed by every section of the public; while it has been regarded by the Government as menacing at a time when they are engaged in a life and death struggle, and they have dealt with the Congressmen with an iron hand as a consequence. The last (Bombay) Session of the A. I. C. C. ended in the circumstances and manner which are still green in the memory of the people. The Government, anticipating the Congress "move", interned the Congress leaders and strongly quashed the riots and disturbances which followed in the wake of the arrests. The one-sided accusations and bitter controversies following the so-called "August

Disturbances" have created much fog and confusion and have conspired to prolong the deadlock. While the Government were afraid that the Congress would launch upon another mass civil disobedience movement, the Congress spokesmen say that the Government feared and anticipated much too much and the Congress would not have rushed to action without first entering into peaceful negotiations which most probably would have succeeded. The Government justified their present attitude towards the Congress leaders by fixing the responsibility for the "August Disturbances" on them. Lord Linlithgow, in his letter to Mahatma Gandhi dated 25th January, 1943, wrote : "...the course of events and my familiarity with what has been taking place, has left me no choice but to regard the Congress movement, and you as its authorized and fully empowered spokesman at the time of the decision of the last August, as responsible for the sad campaign of violence and revolutionary activity which has done so much harm, and so much injury to India's credit, since last August.....If therefore you are anxious to inform me that you repudiate or dissociate yourself from the resolution of the 9th August and the policy which that resolution represents, and if you can give me appropriate assurances as regards the future, I shall, I need not say, be very ready to consider the matter further." In

reply to this, Mahatma Gandhi wrote on January 29, 1943, "I have pleaded and would continue to plead till the last breath, that you should at least make an attempt to convince me of the validity of the opinion you hold that the August resolution of the Congress is responsible for the popular violence that broke out on 9th August last and after, even though it broke out after the wholesale arrest of principal Congress workers. Was not the drastic and unwarranted action of the Government responsible for the reported violence? You have not even said what part of the August resolution is bad or offensive in your opinion. That resolution is in no way a retraction by the Congress of its policy of non-violence. It is definitely against fascism in every shape or form. It tenders co-operation in war effort under circumstances which alone can make effective and nationwide co-operation possible. Is all this open to reproach? Objection may be raised to that clause of the resolution, which contemplated civil disobedience. But that by itself cannot constitute an objection since the principle of civil disobedience is impliedly conceded in what is known as the 'Gandhi-Irwin Pact.' Even that civil disobedience was not to be started before knowing the result of the meeting for which I was to seek from you an

appointment. Then, take the unproved and in my opinion unprovable charges hurled against the Congress and me by so responsible a minister as the Secretary of State for India. Surely, I can say with safety that it is for the Government to justify their action by solid evidence and not by mere *ipse dixit*." The position of the Government with regard to this latter point was stated by Lord Linlithgow by stating that "the position remains that it is not the Government of India, but Congress and yourself that are on their justification in this matter." This position between the Government and the Congress still continues. So far as the public are concerned they feel that it were a handful of sabateurs and mischief-mongers who staged these disturbances and violent acts and have come to be somehow identified with the peace-loving and non-violent members of the public, who constitute the majority. They say that the spirit of non-violence is in the very blood of the people as having been taught for thousands of years by ancestral *Rishis*; it has been kindled into a glowing light in the hearts of the people by Mahatma Gandhi who is its apostle and by the Congress which is committed to it; it is so wholly relied upon as a political weapon that Indian politics and non-violence constitute one and inseparable category. The people of the country, as such, disown and

disclaim any responsibility for these disturbances. But while all these controversies, accusations and explanations are rampant, the Congress is behind the prison bars. The political life of the country has been in the throes of a bad paralysis which is getting chronic. A deadlock of unprecedented duration seems to have overtaken us and we do not know how and when it would be resolved. At present there is a complete black-out of political activities and life which seem bound to continue for some time to come.

This deadlock, however, shows the political importance of the Congress and the place it occupies *vis-a-vis* other political parties in this country. So long as the Congress Party was actively participating in day-to-day politics, the country was pulsating with political talks, discussions and aspirations; but since it has been put behind prison bars, the political life has been verily extinguished. The Congress evidently is the only party which retains the political initiative and can alone make the political life go. The only leadership which makes its appeal to the classes and masses alike and which cannot be ignored by our rulers is the Congress leadership. The other parties do not count. They have not made any sacrifices for the political advancement of the country to which they have only been paying lip sympathy. On the contrary, they seem to be

cautiously avoiding the unpleasant situation which might involve them in some sort of sacrifice and are longingly waiting for the opportunity when some political rights would be bestowed upon India, to obtain as large a slice of which as possible they are making such preparations as they can. Indeed, the race for office aggrandisement has already started. Theirs is purely a negative politics and for that matter a purely opportunist one. They derive their importance by keeping an anti-Congress attitude, opposing the Congress on as many fronts as possible and placing hurdles in its way so as to attract attention. And thus it is found that now when the Congress is functionless, they are also defunct and silent, for there is nothing now which they have to oppose save in a very perfunctory manner. It must, however, be said to the credit of the Liberals that their policy in recent years has not been in any way obstructive to the Congress policy and objective. If they do not possess an alluring record of sacrifices of the type made by their forward brethren, they have at the same time not put any obstructions in the path of the Congress. On the contrary, their discussions, studies and pronouncements have all led to strengthen the hands of the most progressive element in India's political life. But other parties have become definitely obstructive, knowingly

or unknowingly ; and that is a factor which is sure to delay such constitutional progress as may be on its way.

At present, therefore, the Congress party, which is the most organized, self-sacrificing and resolute party and which alone can deliver the goods, has to reckon with two factors of considerable strength. There is on the one hand the British Government which is the architect of India's destiny ; and there are, on the other hand, the newly arisen political parties with programmes obstructive to the Congress and meant to foment friction and faction *inter se*. The Congress has tested and matched its strength against the former several times and has been able to secure certain rights and powers from them. But the second difficulty was neither foreseen nor reckoned with by it. These differences which first began to be voiced by the Muslim League were not in the initial period taken seriously. And the charges levelled by the Hindu Mahasabha against the Congress on the ground of placating the Muslims by giving them unjustified concessions at the cost of Hindu interests were also overlooked. But with the passage of time, these dissentient voices and complaining tones became firmer and stronger. Both Hindus and Muslims began to declare that the Congress does not represent them ; and while the

Congress was warned not to enter into any agreement with the Britishers on constitutional matters without consulting them, appeals were made to the British Government to deal with them directly. The official recognition of these differences had the effect of magnifying them. The Muslim League in particular, which claims to be the authoritative spokesman of the Muslims of India, ceaselessly and systematically worked to give emphasis to its special views and demanded special attention of the British Government for safeguarding its own interests which, they declared, were in danger. The communal leanings of the Muslim League have become keener the more they have been fed and pampered ; and now the League has assumed an extreme uncompromising attitude by suggesting that the Muslim culture is quite distinct from Hindu culture and in order to save and develop this culture of their own, they want separate homeland—Pakistan—where they are to have unfettered rights to do what they please and choose. The Congress, Mahasabha, Christians, Parsees, Sikhs and other political parties are deadly opposed to this sort of utter vivisection and Balkanization of India, though they concede the principle of zonal regrouping of provinces owing allegiance to federation.

The Muslim problem in the present shape is a

post-Provincial Autonomy development and did not exist before the inauguration of the Autonomy. The Muslim discontent and separatist tendencies have mainly grown since 1937 onwards.\* The working of the Provincial Autonomy convinced them that in the provinces in which they were in minority, they could play only a subsidiary part in politics and administration, though in the Muslim majority provinces they could rule according to their wishes. It thus dawned upon them that they could secure maximum political power by demanding separate homeland for the Muslims so that in all such zones they would be all-powerful. Whether Pakistan was in its origin a serious proposal or merely a political stunt is a separate issue which may not be considered here but when the best interpretation is put upon it, the above appears to be its underlying appeal to the Muslim mind. There are, indeed, politicians who credit the Britishers with the capacity of foreseeing all this and regard the inauguration of the Provincial Autonomy as only a manifestation of the British policy of *divide et empra*. The point of view is not unknown and unappealing to the occidental mind. It is, in fact, from this angle that an

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\*Cf. R. Coupland. *Report on the Constitutional Problem of India*, Vol. II, Chapter XVII

American lady, Miss Kate L. Mitchell, declares that "the granting of Provincial Autonomy was a very shrewd gesture on the part of the British Government."\* Miss Mitchell dispassionately considers the whole problem and she sees the evidence of "divide and rule" in accentuating the Hindu-Muslim cleavage by the device of communal electorates and in creating vested interests among Indians which may help the continuance of the British rule. Most of the complaints of the Congress "atrocities" on Muslims as voiced by Muslims, and the opposite complaints of the pro-Moslem leanings of Congress as given vent to by Hindus, are all said to be the British creation. Miss Mitchell's analysis has, indeed, been regarded in her country as "a dissolvent of myths and an antidote to much commonly accepted propaganda"\*\*\* She, indeed, goes to the length of suggesting that Mr. Jinnah is a "thoroughly unprincipled opportunist and demagogue" and there are others who frankly feel that he is only a British "stooge."\*\*\* While the latter is the opinion of only less responsible elements in the political life of this

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\*Cf. Miss Kate L. Mitchell, *India Without Fable: A 1942 Survey* (New York, 1942), p. 208

\*\*Cf. *The Political Science Quarterly*, March 1943

\*\*\*Cf. *The Asiatic Review*, Jan. 1943, p. 62

country, the Congress does believe that the British Government is mainly responsible for fomenting communal differences and controversies in consistence with their age-long "divide and rule" principle. The British opinion, however, does not believe and agree that "Hindu-Muslim political cleavage was a stalking horse used by British imperialism as an excuse for not handing over India to extremists."\* But recent official utterances have been widely interpreted in this country as meant to widen the gulf between the two communities. The Muslims themselves deny any British responsibility for the authorship of their demands and would like the British Government to pay greater attention to them than has been the case in the past.

Whatever may or may not be the *role* played by the policy of the British Government and the Government of India in strengthening the Hindu-Muslim differences and sharpening of the communal tension, the fact remains that today we are a house divided against itself and tomorrow in all probability would not make us any the more intimate. Our differences have already become sharp and their venom is getting deeper and deeper in our body politic. We have become

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\* See Mr. Godfrey Nicholson, M. P., *Asiatic Review*, Jan. 1943, p. 58

ready to cut each other's throat and religious and communalism have displaced reason and sense. When we are confronted with a vital national issue, we do not look at it from the wider angle of national welfare but we see it through the coloured spectacles of religion, which produces only a distorted vision of narrow sectarianism. Golden chances of political, economic and social progress and advancement have been unfortunately lost. Opportunities have been allowed to slip time and again when national unity might have led to a speedy realization of our political aspirations ; and we have not yet learnt how to catch the bus we have been missing so far. It is gloomier still to note that there is not even a sign to suggest that things might change in near future, not even a trace of mutual trust and change of hearts which might augur well, not even a grain of goodwill and restoration of reason which might draw the two communities nearer in the post-War world. On the other hand, there are many disquieting factors in the process of fructification and many developments which are still in the making. The Muslim problem is and bound to remain for some time to come the most disturbing element of internal politics of the country. By creating friction, acrimony and disunity, it is sure to weaken the national efforts and struggle for

political progress. It is bound to be an important stumbling-block in the path of planning. The situation is so hopeless and so fast deteriorating that it appears that nothing short of a bloody civil war would settle the differences.

Under these circumstances, we are sad to conclude, the country does not seem to possess the capacity to muster strong all its forces and present a united and irresistible demand for political rights ; and the future does not seem to lay a claim for a better record. When the political parties do not want to obtain political rights by the dint of their own efforts and sacrifices but simply create troubles for the only party which is whole-heartedly devoted to such an aim, and reserve their forces and strength for the scramble for the political rights as and when they are obtained, it would be futile to hope that the post-War period would of itself transport us to the heaven of freedom and liberty.

This being the nature of the demand for freedom which the nation has made or can make, let us also take account of the attitude of the British Government in this connexion. It is obvious that no political development is possible without the resolution of the existing deadlock and the view taken by the Government in this connexion is of the essence of the matter. The new Viceroy, Lord Wavell, however, thinks that

this is no time for fresh attempts to reach a political settlement firstly because India is the base for an attack upon Japan and secondly because he thinks that there are little chances of any agreement between the various political parties.\* The Government are not even prepared to release the interned Congress leaders, for, consistent with the view of the Congress responsibility for August Disturbances, they declare that unless the Congress withdraws its August Resolution, this cannot be done. This, however, is what the Congress, disowning the August Disturbances altogether, cannot do for reasons stated earlier. The deadlock is, as such, continuing and God knows how long will it last for there is no sign of its early termination.

Generally speaking, the British Government profess sympathy with the political aspirations of the people of India and declare that they themselves wish to see India emerge a self-governing country and take a proud place in the British Commonwealth of Nations ; but the people of India themselves are not yet ready for this. They are divided among themselves. They quarrel on even the smallest matter and are disunited on vital issues. To surrender power to such a divided house is to deliver India to chaos,

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\* Cf. *Economist* (London), January 1, 1944, p. 5

anarchy and civil war, which would not be in her best interests. The British Government and thinkers are, as such, inclined to feel that the disunity among Indians themselves is the real obstacle in the way of constitutional progress. There are, however, politicians inside and outside the country who think, as 'pointed out earlier, that this disunity is British-made and has been created with a view to over-rule India's demand for freedom under its cloak. The Congress sincerely believes that no political unity is possible so long as the British continue to remain in the saddle. Those who do not take such an extreme view, also say that the British Government is attaching undue importance to the difference between Hindus and Muslims, which are bound to exist in a stage of development in which India finds herself at the present time. It has been aptly pointed out that even in America, national unity was not achieved until nearly a hundred years after independence and then only through a civil war, and it, therefore, too much to expect impossible guarantees from Indians, short of which they are to be refused real political power.\* But there is no visible sign of greater unity among Indians or of a

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\* See Pearl S. Buck, *American Unity and Asia* (New York, 1942)

softening down of British attitude.

Officially British Government stands committed to the Cripps Proposals, the breakdown of which is a sad chapter in India's political history. During the war and so long as the War lasts, this was what Sir Stafford Cripps offered, Indians must give united and whole-hearted support in the war efforts and help the United Nations unreservedly to bring the hostilities to speedy termination. If they do so during the War period by establishing a National Government at the Centre of a quasi-Cabinet variety, they would have the right after the "cease fire" order is issued, to call a Constituent Assembly of the representatives of the various political parties, hammer out their own constitution as they choose, in which they must give an "undertaking to carry on the protection of the minority communities which has been promised them" by the British Government, and enter into a treaty with the British Government. But the country saw several flies in the ointment. The people did not feel certain that the wartime promises would be honoured in the post-War period for the past experience had taught them not to pin their faith on promises given during a period of national or Empire emergency, which have a tendency to disappear as soon as the danger is over. The 'wickedness' of the British Govern-

ment and the 'insincerity' of its promises have long been the principal articles in the Congress creed\*; and the war has set a keener edge to this distrust\*\*. But what was more serious was the fear that the acceptance of the Cripps proposals might lead to the embitterment of the already strained communal feelings and the preparation for the scramble might take a serious turn right from now. The confusion would be worse confounded if the "divide and rule" policy of the British Government continued as in the past and led to an accentuation of communal differences. In that case a concerted and unanimous decision regarding the future constitution of India might not be arrived at in the post-War period. The refusal of the British Government to give to the Indian ministers the Cabinet status during the War period was ascribed to this reason. Indeed, the President of the Congress, Maulana Abul Kalam Azad, deplored, at the time of the breakdown of the Cripps Mission, the policy of the British Government of fomenting factions and frictions, which could stop only if Britain called a halt to its policy of divide and rule. "But," wrote the Maulana, "even in this grave hour of peril, the British Government is

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\*Cf. R. Coupland, *The Cripps Mission*, p. 8

\*\**Ibid*, p. 13

unable to give up its wrecking policy. We are driven to the conclusion that it attaches more importance to holding on to its rule in India as long as it can and promoting discord and disruption here with that end in view than to an effective defence of India against the aggression and invasion that overhang it."

While these arguments still stand against the Cripps Offer, the changing sands of time have brought new factors in operation. As it happens, the Congress leaders are inside jails and have no facilities of outside contact and mutual discussions in their own ranks and files. Unless the Congressmen inside and outside jails come together and reconsider the whole position, and unless perhaps they can gain contact with other party leaders, the Cripps Offer cannot be reconsidered. The Government of India would release the leaders only if they withdraw the August Resolution; but unless the Congress Working Committee meets, it cannot withdraw or consider the question of the withdrawal of the said Resolution, besides the question of the prestige which is involved in the matter and the disclamour by the Congress of any responsibility regarding the August Disturbances. The re-offered Cripps Offer is thus at best a cheque in favour of a payee who cannot collect it. It was not long when Mr. Amery observed that the first

part of the said Offer regarding the establishment of the National Government at the Centre is now out of the question. The second part of the Cripps Offer can be implemented after the War if the various communities of India can settle their differences and come to an unanimous agreement. Everything thus turns, from the British viewpoint, upon internal unity ; and if Britain could foment and encourage communal differences under a National Government of the Cripps Offer variety, so runs the national argument, it can do so much more during its absence. Indeed, there are people in India who think that the Offer was made by Britain in a weak psychological moment when the scale of War appeared to be turning against her. But in the changed international situation the British need and necessity for making this Offer is much less. If despite this, the Offer stands, it is in order to save the international prestige of Britain ; and the very fact that even conditions in which it could be re-considered are being denied, shows that this Offer is not being made in all seriousness. The spirit permeating the Cripps proposals is regarded as only a passing phase of the British goodwill.

Britain's attitude towards India, was, indeed, clearly revealed when Prime Minister Churchill

frankly declared that the Atlantic Charter had no application to dependent countries like India. Professor G. Nye Steiger rightly observes that "intellectual honesty, however, compels us to admit that the Four Freedoms and the Atlantic Charter are little more than slogans, comparable to such earlier slogans as 'As War to End Wars', 'Make the World Safe for Democracy,' and Woodrow Wilson's 'Fourteen Points.' But it is unfortunate that even these empty slogans, if empty they be, are not applied to 400 million inhabitants of India. Soon after the publication of the Atlantic Charter, Mr. Churchill specifically exempted from its operation the areas 'owing allegiance to the British Crown.'"\* Deplo-  
ring this attitude of the British Government the same writer continues, "A single standard (of international morality) though not of a very high order, was, indeed, implied in February, 1933, by L. S. Amery, now Secretary for India, when he warned the House of Commons that Britain's whole policy in Egypt and India would stand condemned if the League of Nations condemned Japan's recent actions in Manchuria. But the record of recent years indicates that the Governments of the Western democracies, far from maintaining such a single standard, have

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\*G. Nye Steiger, *Allies, But Not Equals in Current History*, February 1943, p. 465 ff

employed a strangely elastic yardstick for measuring human rights or human values in various longitudes and latitudes.”\*

It is a well-established fact that the September, 1941 statement of Mr. Churchill regarding the non-applicability of the Atlantic Charter to India has increased the intensity of the already existing distrust of Great Britain, which has transcended the limits of nationalist circles. This has been regarded in India as a proof positive of the British ‘dishonesty’. No less a person than Professor R. Coupland records his impressions in this connexion as follows :

On this occasion a feeling, if not of distrust, at least of a new and uncomfortable suspicion, began to spread beyond nationalist circles. Moderate-minded Indians, who still valued the British connexion and who had hitherto believed and acquiesced in the policy of the ‘gradual realization’ of self-government, were shaken, for the moment at any rate, in their faith. One highly intelligent Indian official confessed to me the anxiety and uncertainty which this unfortunate business of the Charter had for the first time implemented in his mind, and I have little doubt that many of his colleagues felt the same. It seemed to me more than probable, too, that

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\* *Ibid*

many of the young Indians who were obtaining commissions in the fast-expanding Indian Army were affected by something of the same uneasiness about the future.\*

These then are the existing political trends which would join hands to evolve the political picture of the post-War period. While the national demand for political emancipation is being frustrated by empty differences of communal nature, the British Government would not move in the matter unless the Indian political parties come to an agreement. Circumstances do not, as such, seem favourable for the realization of the political rights which are the very fundamentals of a plan. To complete the discussion, it would be necessary to refer to the chances of the concentration of economic powers at the federal point or in the hands of a national planning authority. If the foregoing account is correct, the chances of the Centre acquiring a comprehensive control of nation-wide economic powers, either statutorily by means of redrafted Constitution or by willing consent of the federating units, would appear to be rather remote and few. As observed earlier, it is an inherent weakness of a federal structure that it does not lend itself to a nation-wide plan *de jure*; and if

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\*R. Coupland, *Op. Cit.*, p. 13

the Centre is to have nation-wide jurisdiction in matters economic, such can be conferred upon it only be willing Units fully alive to the utility and necessity of such a course, which willingness is, as rule, difficult to achieve. Economic powers constitute the most important powers of a federal unit and it is most unprepared to let the Centre even as much as touch them. The Units have, all the world over, shown abiding independence and touch-me-nottishness in this matter. This, for instance, is the precise difficulty which appears recurrently in Australia, a country free from religious animosities and political handicaps of the sort we have to face in our country. The Federal Government of Australia claims that it needs additional powers to carry out a full programme of reconstruction. But a draft bill submitted to the State Parliaments referring certain powers to the Commonwealth only for a fixed period after the War, had a very mixed reception.\* The same problem is bound to arise in a federal India in respect of a planning programme. We do not hope that human nature and political factors would change their course in this country. They would, as a matter of fact, be reinforced by religious acrimony which pervades the present-day political atmosphere and

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\* *Capital* (Calcutta), February 10, 1944, p. 198

provincial jealousies which appear to be growing keener. It is, indeed, the guiding principle of federal planning that the Federal Government should apply the common resources in such a manner that the welfare of the nation as a whole is maximized. This is to be done by diverting productive resources of a progressive area to the economic development of a backward region and to devote the entire resources from a national angle in a manner designed to promote the well-being of the country as a whole rather than of a particular unit or units. But if this is difficult under a federation as a rule, it would be much more so under an Indian Federation.

In this connexion the remarks of Sir Stanley Reed, M. P., made at a meeting of the East India Association, will be found illuminating. Sir Stanley said that he could remember the days when the hand of the Central Government was so heavy on the Provinces that the local Government could not raise the wage of a Chaprasie a rupee a month without sanction. He was then known as the arch-decentraliser. Now the wheel had turned full circle, and the Provinces were so independent that he was becoming something of a centraliser. He was not alone in thinking that the centrifugal forces, always strong in India, had gathered such force that the unity of India, a matter of vital importance in

this changing world, was imperilled. It was a tragedy that the great Act of 1935, which visualized a yet truer unity through the association of the Indian States in the Federal Government, was never brought into full being. But they could not go back ; they must look forward.\*

This being the gloomy prospect of centralization of economic powers in the post-War India, it would be useful to examine what might be called the Pakistan approach to planning. If the view of the Hon'ble Dr. B. R. Ambedkar is accepted and Pakistan is conceded to the Musalmans, the political life of the country would settle down to a more peaceful and quiet atmosphere and the bickerings, animosities and frictions fomented by the Muslim League on reasonable and unreasonable grounds would be brought to a conclusion. An ideal state would thus be created from planning point of view not only for the centralization of economic powers but also for the realization of necessary political rights. This is a hopeful approach indeed and cannot be taken lightly. But it involves the depressing difficulties of no mean order. Firstly, the present one is not the only ground on which the far-reaching issue of Pakistan can be brought

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\* Cf. *The Asiatic Review*, January, 1943, p. 59

to a final decision and several weighty objections of economic and political nature which have been put forward against this demand would have to be taken into account. There is at present a large volume of determined and strong opposition in the country to the Pakistan issue. The Hindus, for one, are strongly opposed to a "vivisection" of the Motherland and have already pitted up the counter-slogan of Akhand Hindustan which is gaining ground daily. The League Muslims burst out that "Pakistan is our deliverance, defence, destiny.....Pakistan is our only demand .....and by God we will have it." Mr. Jinnah declared sometime back that if the British Government come to a decision on the Indian issue by ignoring Pakistan, "Muslim India will without doubt revolt against any such a decision." Mr. Savarkar, the Hindu Mahasabha President threw the challenge, "We have faced more serious revolts in the past. Why hold your threat in abeyance? Why not come out with it today? Hindus.....are four times the Muslims numerically." The Indian National Congress while conceding the principle of provincial regrouping of the federal limbs, which should satisfy any reasonable man, is not in sympathy with the Pakistan creed. Most of the minority communities like Parsees, Christians, Sikhs, Jains and others have definitely declared this as a vicious

objective of national development. The Government of India and British Government themselves seem to disagree with it. His Excellency Lord Wavell clearly emphasized the geographical unity of India, which he said, could not be changed. Important non-League Muslim parties like Ahrars, Momins and others are hotly opposed to the Pakistan idea which they deem as most injurious to the Muslim interests. It is, indeed, doubted if the Muslim League is itself serious in its demand and it is sometimes regarded as nothing more than an anti-Congress slogan which has been found useful by Mr. Jinnah for presenting an anti-Congress front and organizing Muslims under the League. The League reticence with regard to a detailed portrayal of the Pakistan is explained by the same reason. The following observations of Dr. Syed Abdul Latif of Hyderabad, who was among the first to consider along the lines of Pakistan, would be found an illuminating reading. While commenting on Mr. Jinnah's interview to the *News Chronicle*, Dr. Latif observed : "I knew from the beginning that Jinnah was never seriously after Pakistan. He now makes it clear that he does not want his Pakistan, be it even a dominion looking after its own defence and foreign affairs. He wants for it no better status than that of a native State without a prince, a mere protectorate at best,

developing slowly through an indefinite period of transition into an Egypt, technically independent but dependent for its integrity on the goodwill of England. It is true he thundered from the League's platform at Karachi that the Britisher must 'divide and quit'. He now explains he really meant him to 'divide and stay', comfortably, both in Pakistan and Hindustan with all his armed forces, and look after their foreign relations as well. For his part he says he will be content with 'a degree of autonomy which we do not possess'.

"Such is Mr. Jinnah's patriotic vision of India's constitutional future. Will any Britisher thank him for it? Even the rankest British reactionary will feel sadly amazed over such a mentality. Britain has repeatedly expressed that the Cripps plan stands, offering India as a whole, and even seceding territorial areas, full freedom and equality of status with Britain soon after the War, and even the right of breaking from the Commonwealth. Instead of seizing the opportunity by coming to terms with the other parties in the land, Mr. Jinnah, on behalf of 'a freedom-loving people like the Muslims of India', says 'No, thanks, we shall be happy as camp followers'. Will the rank and file of the Muslim League approve of this?"

We might also examine here the views in this connexion of the "Eight Industrialists". They give to the political setting in which they aim at planning the status of an assumption and state: "Underlying our whole scheme is the assumption that on the termination of the War or shortly thereafter, a National Government will come into existence at the centre which will be vested with full freedom in economic matters. The maintenance of the economic unity of India being, in our view, an essential condition of any effective planning, we have assumed for the purpose of our plan that the future Government of India will be constituted on a federal basis and that the jurisdiction of the Central Government in economic matters will extend over the whole of India. We should, however, explain that this does not preclude the possibility of a regional grouping of provinces and States as an intermediate link in a federal organization. Such regional grouping will not disturb the economic unity of India, provided that, in important matters affecting economic development, the authority of the Central Government is not impaired. We draw attention to this aspect of the problem because we think that no development of the kind we have proposed will be feasible except on the basis of a central directing authority which enjoys sufficient popular support

and possesses the requisite powers and jurisdiction."\*

The political setting of the Industrialists' Plan can be usefully divided into two assumptions, *viz.*, (1) the establishment of a National Government at the centre endowed with full and nation-wide economic powers; and (ii) the concentration of economic powers in the hands of the Central Government of a federal type. Now the probability of a plan of the type suggested by them or any other plan of this nature, to be put into practice, would depend upon the likelihood of these assumptions being realized in the post-War period. And in so far as these assumptions would not be realized, the talk about this or any other plan being put into practice would appear to be no more than wishful thinking.

On the basis of the foregoing analysis, we, on our part, are not very sanguine about India's political future. Neither our internal political conditions would enable us to enforce our demand, nor can we see any change of heart on the part of the British political machinery, while the chances of the establishment of a federation, endowed with all vital economic powers extending over the whole of the country, would also

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\* See *Plan*, pp. 1—2 (Second Edition)

appear to be extremely remote. We are, as such, constrained to observe that to us the "Eight Industrialists" appear to be playing on an over-optimistic chord which does not well correspond with the multitude of depressing factors and disquieting background.

On grounds of pure logic the "Eight Industrialists" can be academically defended by stating that their plan is preambled by a political assumption; and its natural implication is that if this assumption does not obtain in practice—and so long as it is not realized—planning would not be possible. In this there is no logical flaw. But we do feel a lack of realism in the political assumption which does not appear to us to be very proximate to the realities of the situation. A harsh judgment would, indeed, have it that these industrialists have been able to toy with the plan only by dropping a curtain on the country's political drawbacks and disabilities; and have thus inadvertently inflated the balloon of people's expectations to an unnatural degree.

The London *Economist*, taking stock of our political situation, and projecting it into the immediate future, closed its leader with the gloomy note: "If all the old frustrations took charge again, no new harm need be done; honour would be satisfied, though the prospect for India might be poorer and sadder." The way in which

the finger of time is moving seems to suggest that this prophecy might come true ; and we seem to be destined to be "poorer and sadder" for the time being, if not so much in terms of money and goods, at least in terms of the realization of our hopes and expectations, aspirations and objectives.

## VII

### INTERNATIONAL COLLABORATION OR STRIFE ?

While this appears to be the situation in store for us in the immediate future, let us take a broader view of the matter and understand what repercussions the future international relations would possibly have on our country. Much would, indeed, depend upon the pitch to which the tone of international morality and behaviour is attuned. Would the War bring about a chastising influence in the international domain or would the history repeat itself and the post-War period just be a replica of the old picture of national rivalries, economic nationalism and crass Imperialism ? This would materially decide the fate of a plan proposed or formulated for this country, go to influence the British willingness and capacity to relax her hold on India and

grant us necessary economic powers by way of *bakhshis* nobly offered and thankfully accepted or by way of a treaty generously written and gratefully signed by us, and decide what place can our country hope to occupy in the polity of nations and to what extent can she make her voice heard in international arrangements. All these are matters of vital interest to a plan and require thorough consideration in this context. Indeed, the shape and nature of the plan itself would, to a considerable degree, depend upon a correct forecasting of the future development of this category.

That international peace, international collaboration and international trade, with proper safeguards to under-developed and handicapped nations, would lead the world to the goal of lasting security and maximum economic welfare, is a proposition on which in the ultimate sense there can be no two opinions. This, of course, implies much. It implies a high international standard of dealings and behaviour, of goodwill and selflessness, of justice and righteousness, and a complete dethronement of the attractive dictum that nothing is unfair in love, war and business especially where an Imperial country is involved! But these are the very things which unhappily are conspicuous by their absence in inter-State dealings. Thus it comes about that

while in theory this ideal has long been defended and in the hearts of pure economists, it has long been a cherished hope, there have been practical difficulties in the way of its actual adherence. Could it be achieved, every country would be sure of its future and can launch upon a plan in secure atmosphere in full collaboration with other nations or under the guidance of a disinterested world co-ordinating authority. The backward countries would then be all allowed to fully develop those branches of economic pursuits for which Nature has best fitted them, during a scheduled initial period. After this, the principle of international division of labour would be followed and realized on a world scale and the welfare of the world as a whole would be maximized. But this unfortunately is not going to be. With the clashes of the swords of nations still resounding the war theatres, this seems to be dreamy and chimeric. With the differences between nations and countries germinating and taking root even at this time, this seems to be a vain hope. But if this ideal does not become practical politics and practical economics after the War, a whole host of difficulties and problems will make their appearance and force themselves to give to the economic position of a country a peculiar shape. Specially to a backward nation groaning under the dead-weight of the economic

rigour of Imperialism, this would be most unfortunate as it is bound to seriously prejudice the fate of a plan of its full-fledged economic growth. Economic nationalism sets a keen edge to the Imperialism of businessmen and adds gloomy pages to the history of the Empired countries. Those who have been carefully watching the recent political and economic trends in the world thought and action are found entertaining serious doubts regarding the probability of the post-War world being free from Imperial aggrendisement and exploitation aspirations. The opinion of experts in recent months has come to veer round this standpoint, more than ever before, since the out-break of this total war, that the world after the hostilities would not be lastingly peaceful and would really fail to achieve international collaboration in the common task of the proper and fuller exploitation of material resources and utilization of human capacities for the maximum benefit of the world regarded as one single unit. The suggestions recently put forward for establishing durable peace after the war, are all based on the assumption that the tendency to political and economic aggression would remain just as it did after 1918 ; and consequently a super-national body should be imposed on the nations to watch, see and persuade

the countries to maintain brotherly and peaceful relations. It has, for instance, been suggested for Europe that there should be a European Confederation or some other similar body which can maintain peace and tranquillity and bring about unity of purpose.\* Milan Hodza, who was the Prime Minister of Czechoslovakia from 1935 to 1938, also suggested some time back a Federation in Central Europe. Such suggestions seem to involve an innocent conviction that the major conditions which in 1930 rendered the realization of the Briand project difficult have disappeared or are disappearing. But this appears to be so because of the conditions in 1938-40, which have shown the dangers of separation and small units in the face of an onslaught of a strong, militant and aggressive common enemy. And as this danger disappears after the war, so would the political factor in favour of collaboration. The more fundamental economic factors, lying hidden behind the political veil, will, however, continue to persist and there is hardly any sign at present that nations of the world have realized or would realize the advantages of a real adherence to the principle of international

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\*Cf. Egon Ranshofen-Wertheimer, *Victory is not Enough: Strategy for a Lasting Peace* (New York, 1942)

division of labour. And unless the nations are willing to accept the principle of internationalism in economic spheres, it would be useless, if not impossible, to supplant it in political sphere only.

The political solution of a slightly different order might be regarding the imposition of an armed-to-teeth super-national authority, more heavily armed than any other single nation and perhaps having sufficient military strength to match swords with a couple of them at any particular time, if necessary, which can restore a recalcitrant nation to sobriety and proper attitude and behaviour. Apart from the weakness of a reform thus forced from without and unsupported by a change of hearts, it is open to practical difficulties in the way of the relative disarmament of individual countries and correspondingly a comparative armament of the international authority. There is besides the most important question of finding out such persons who can look at things from correct international angle, and hold the balance even between different countries, without letting their views be prejudiced by pro-national sympathies ; and of discovering a military force strongly imbued with the same determination and spirit to back them up. Such a body might in fact deteriorate into another League of Nations where

only a country or at best a few countries may by skilful wire-pulling acquire controlling voice and hand and may use this as a weapon of their own national aggrandisement. There is, in fact, nothing to suggest that this would not happen. No political collaboration can take place without economic collaboration and no economic co-operation is possible without change of hearts. There is no escape from this inevitability.

The real problem of today is protection or free trade, international barter among controlled national economies or unfettered world trade ; and there is a strong tendency in favour of the former at the present moment. It would seem abundantly clear by now that the fate of the world civilization would not be determined in peace conferences but by the pens of the finance ministers and by economic power-politics. And that fate is being written right now under the diminishing clouds of the war over the old marks of dire Economic Nationalism, as would be amplified in detail in the following pages. Even as late as only a few weeks ago, the Federation of British Industries frankly said that however much U. K. may wish to see international accord as the basis of future world trade, she must not, merely for the sake of such an agreement, accept a system which will not permit *an expansionist policy giving full employment and*

*domestic prosperity*\*. Don Iddon of the *Daily Mail* wrote only a few days back that "Americans are beginning to wonder what has happened to the Four Freedoms and declarations by the United Nations. There is a growth of cynicism in U. S. A. and European Allies. Almost everyone believes that there has been a deterioration in the ideology of war and it seems no longer a crusade and is showing some symptoms of old struggle and of power-politics. Re-awakening of purpose and re-statement of ideals and rights of small nations are overdue, otherwise the United States, disillusioned and embittered, may, after the war, withdraw into her shell or play imperialism at the international poker table".† There are, indeed, strong reasons, clear pronouncements and grave suspicions to fear that the world would not see nations returned to sanity in economic matters after the armistice is signed, but would be confronted with economic nationalisms on an unparalleled scale with each nation bent on promoting its own ends to the utter disregard to, and at the cost of, the interests of other countries. This situation may "shock" many "peace-planners." But these are the

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\* *Capital* (Calcutta), March 9, 1944, p. 373.  
Italics ours

† *Leader* (Allahabad), March 18, 1944

shocks which just cannot be escaped in an ostrich-like fashion by simply ignoring them. Intense economic nationalism is bound to follow the cessation of international hostilities; and however unfortunate this may be, it does not cease to be a fact on that account.

Free trade thus having no hope of being enthroned on the high place it deserves, it naturally follows that the more important of the thirty-one United Nations, those which can control their own destinies and forge ahead, and perhaps some of the enemy countries, would fly one after another in the arms of controlled and regimented national economies with carefully guarded and regulated inlets and outlets. Autarky would become the fashion in theory and practice as it did in the pre-War days seething with utter nationalism of economic and non-economic shades. Especially in a country big and rich in varied resources and offering excellent chances of mutually supporting economy limbs, the cry for autarky might become very loud. Now, however, one may bless and aspire for complete and unmixed autarky, one cannot change the geography of the situation, which is bound to thwart any such full-fledged and large-scale attempt. If we take the case of our own country, we will find that Nature herself makes it impossible for us to have a perfect autarkic

system which would go well with a maximum possible standard of living. We must, for one, import such vital industrial raw materials as tin, tungsten, lead, zinc, nickel, graphite and petroleum in which we are deficient. On the export side, we are the monopoly-growers of jute and bulk-producers of tea, both of which commodities have vast international markets. We are world suppliers of, say, mica and manganese and would have to sell them in foreign markets either because we cannot consume the entire products ourselves, or because we can get excellent price for them without prejudicing our economic interests, or again because other countries would want them. If then we must export some commodities and import others, we cannot follow autarkic principles completely and this applies in greater or lesser measure to practically every country of the world. A controlled economy cannot, then, as a general rule, be a completely closed economy and in almost every country it would have to be modified with barter trade agreements in respect of deficient and surplus commodities, among different nations. In all probability, it is this state of affairs which is bound to follow in the wake of peace and we have to see its repercussions on our country from planning viewpoint.

The likely effects of such a position on ou

planned programme would be mainly three. Firstly, it means that the planning of India will have to be done on self-sufficiency principle, with adequate reservations which the necessities of the situation call forth. This would not be something foreign to the Indian economic thought which is strongly pro- rather than anti-autarky mainly because the international ties with which our country has been hitherto tied, have generally operated against Indian economic interests. There are, indeed, some indications that the Indian economy is marching towards autarky, though under the inevitability and forced nature of circumstances, this observation cannot be accepted without a pinch of salt. In any case, the unfortunate fact is that we can neither control the economy nor regulate and determine our outlets and inlets, which are very serious handicaps in the above-mentioned international setting. This leads us to our second point which is of even greater importance. If economic nationalism strengthens autarkic tendencies in the country which are rich both in agricultural and industrial resources and which can develop their agriculture as well as their industries so as to accord with a decent standard of living, it still more intensifies the imperialism of the countries which have a heavily lop-sided economy and which can maintain their already high standard of living at the arrived

pitch only by exporting manufactured goods and importing foodstuffs and raw materials from backward nations. Imperialism as a necessary adjunct of over-industrialized systems is, therefore, bound to be extremely aggressive after the war, and, indeed, it may even raise its head in those countries which are developing new ambitions in a virulent form. A country like ours would, therefore, have to fully protect itself against imperialistic onslaughts of both British and non-British varieties if it is to plan for its economic prosperity. There is, in fact, not a far-fetched fear that we might have to reckon with united imperialism of big nations, which is not direct and national but is veiled and international, such as might be set up if the suggestion of the Federation of British Industries for the creation of an International Economic Council for the conscious guidance of world trade is accepted, which, as has been pointed out abroad, might result in "international bureaucracy". This, in our opinion, would be nothing short of a condominium species of developing Imperialism. Fortunately for us, the present situation being what it is, such an evolution does not seem to be very likely in the teeth of bitter and deepset individualism and suspicion which is growing among the different nations at present, and the American reaction to it has so far been on the

whole bitter.\* But this perhaps might not be the end of the matter. In any case, the fact remains that we would have to struggle harder than ever before if we want to escape these dangers, steer clear and safe, and plan successfully and ambitiously ; and we would like our planners to focus their attention on this aspect of the matter rather than to confine themselves within narrow limits of a comfortably created assumptory environment. Finally, the regulation of imports and exports directed along artificial lines and in many cases against the natural channels of international trade, would expose our economy to the vagaries of foreign products and markets and, what is worse, of foreign politics, which are sure to have serious repercussions on our productive channels, ways and manners. The problem of foreign marketing and internal market supplies would thus assume an unusually grave aspect, and would require great alertness, flexibility and adaptability on the part of our economy in general.

Such would be the problems which would have to be faced by our planners in the post-War period. One may well ask : Can we really plan in the face of such difficulties when we have quite inadequate

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\* Cf. *Indian Finance*. (Calcutta), March 4, 1944, p. 405

economic authority and powers to handle them? So important is this aspect of the matter that no plan for the future development or construction of India, which does not give us a definite policy and programme for solving these problems, is worth the paper on which it is printed. This, indeed, is the crux of the problem.

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## VIII

### POST-WAR IMPERIALISM OF GREAT BRITAIN

As India is tied down to the chariot-wheel of Great Britain in the world arena, it would be useful to examine our planning prospects directly in the light of the economic position of Great Britain after this War. It is only if Britain can free herself of the shackles of conservative view of her interests in India, and make it possible for herself to co-operate with a prosperous rather than decaying country, that the post-War history of this nation can be a different reading from the pre-War chronicle. But can and would Britain do it? That is a big question which we shall now go into.

We are, indeed, not unaware, as we proceed in our task, of a small class of British diehards

and their flock, and a handful of the Indian birds of the same feather, who are never tired of repeating *ad nauseam* that the British *Raj* has been a long process of civilizing India by the more advanced, generous and missionary Britain ; and if today we have railways, automobiles, aeroplanes, education, canals, roads, access to foreign thought, political awakening and above all an Indian nation, the credit for this all goes to the selfless manner in which Britain has been discharging her trusteeship functions and duties in relation to this country. The future, they say, would not differ from the past and India would continue to draw all possible benefits under the British Rule ; and as such the demand for Indian freedom is something that they can neither understand nor appreciate. A typical utterance was recently made by Lord Wakehurst, Governor of South Wales, who idealized the benefits of the British Empire in glowing words and endorsed fully Lord Elton's observations\* in support of his view, significantly quoting from the latter that "for some while India has, at any rate, been free enough to use her own tariff to shut out more than £ 50,000,000 worth of British goods and Lancashire operatives have gone idle that the Indian cotton trade might

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\*Cf. Lord Elton, *St. George or the Dragon*

boom.”\* We do not know if the noble Lord has seen a copy of the New Constitution of 1935 or has turned over a few pages of India’s recent economic and political history. He might well be an illustrious member of the large section of Britain’s population which grows more eloquent over British rule in India, the less it knows about it. Even the high degree of negative correlation between the employment of British cotton operatives and that of Indian cotton workers which the noble Lord himself pointed out should be a case against his pronouncement. No less a person than Mr. L. S. Amery, with the eloquence that a white man acquires when speaking of his self-imposed burden of the up-lift of backward and empired countries, claims, “We have rescued her (India) from anarchy which is the last negative of freedom” and “we have inspired a passionate demand for self-governing freedom which India had never known.”† But, argues a critic of Mr. Amery, “if the function of the State is merely the maintenance of law and order, and nothing else, then Manchukuo should be treated as an almost ideal State...Japan had also given to the Manchurians...a fairly efficient Central Govern-

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\* *Vide United Empire* (London) Nov.-Dec., 1943; p. 161

† L. S. Amery, *India and Freedom* (Calcutta, 1943)

ment. Again, Japan had built railways, and established industries and in some other ways modernized the country. But we know that in spite of it all, the Japanese Government in Manchuria is intensely unpopular, this for the simple reason that good Government is absolutely no substitute for self-Government. Similarly, Britain might have achieved in India all that Mr. Amery claims for her, but the relations between the rulers and the ruled in India, at present, are not only not cordial but singularly unhappy." He further poignantly asks, "Having kindled the fire of nationalism in the heart of the educated India, what has Britain done to satisfy that greatest craving of the human heart?"\* In recent years, there has, indeed, been constant, if not too anxious an effort on the part of the British writers to proclaim the advantages of the British rule to the subject countries by means of books and articles, lectures and pamphlets. Mr. W. E. Simmet, for instance, recently restated the conservative British viewpoint in the observation that "It is now generally recognized that the possession of colonies is no longer to be justified on grounds of economic or other advantages to the mother country, but

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\**The Hindusthan Review* (Patna), Jan.-Feb., 1944, p. 337

by the measure in which they are held in trust and administered with a view to the permanent interests of their inhabitants. Those interests are paramount and the ultimate objective is self-Government."\* In a similar strain, another recent writer observes, "The adaptability of the Crown Colony System is one reason for its survival, and during the present war the people of the Dependent Empire have given overwhelming evidence that they are very well satisfied with it. Chinese rickshaw coolies in Singapore and Malaya fishermen would not have subscribed to Spitfire funds if they had disapproved of their Government."\*\*

The more progressive elements in the British political life have overgrown these slogans and shibboleths and at least in theory have begun talking in a different language. The foreign critics of Britain's colonial policy frankly regard such statements as 'hypocritical, as verbal facade behind which the business of exploiting dependent people goes on.\*\*\* The more dispassionate and neutral works of foreign authors raise a serious doubt, to put it mildly, whether such

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\*W. E. Simmet, *The British Colonial Empire* (New York, 1942)

\*\*Lennix A. Mills, *British Rule in Eastern Asia* (London, 1942)

\*\*\*See *Political Science Quarterly*, March, 1943

leitmotif can truthfully be said to characterize British policy towards India. We have already referred to the works of Miss Kate L. Mitchell, which is a breaker of the myths like the above.\* Mrs. Pearl S. Buck, whose knowledge of Asian conditions and affairs is surprisingly correct, also warns Westerners that most of the people of the world are coloured and "if we plan to persist as we are, then we are fighting on the wrong side in this war. We belong with Hitler. For the white man can no longer rule in this world unless he rules by totalitarian military force."\*\* Her slogan is "Freedom to All", which alone, if achieved, would solve the world problem. Professor Peffer of Columbia University likewise holds that the present war is rooted in the imperialistic struggle for control of China and believes that no lasting peace can be established unless we call a halt to the war for the spoil of the East, create a fundamental change in the constitutional status of India and other dependent nationals and the West stages a general retreat from the East.\*\*\* Indians

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\* Mitchell, *India without Fable: A 1942 Survey* (New York, 1942)

\*\* Pearl S. Buck, *American Unity and Asia* (New York, 1942)

\*\*\* Peffer, *Basis for Peace in the Far East* (New York, 1942)

themselves are evidently alive to the economic game of British Imperialism which is the grave-man of their charge against the continuance of the British Raj. It is, indeed, a commonplace of text-books on Indian Economics that British Imperialism, in its economic phases, has so far been only an instrument by which the standard of living of the people of Great Britain has been kept at a high pitch. India's wealth and prosperity have been drained off to Britain and she has been converted into a vast plantation garden for producing food and raw materials, a market for British manufactured goods, an altogether lucrative field for the British investments and a paradise offering princely salaries to the Britishers. To call a spade a spade, public opinion in India has no misgiving that the economic development of this country has not been allowed a free course to let the people of Great Britain enjoy economic prosperity.

While the economic implications of the British dominance over India are no more veiled and secretive and some of the British economists and politicians themselves are its front-rank expositors, while we have persons of pure heart, just vision and honest thinking who do not concur in imperialistic exploitation, and while there is no dearth of thinkers who foresee the future

dangers of this process and issue timely warnings, the big question is whether the Imperialistic temper is likely to undergo a salutary change or not. We do not see any change of heart on the part of Great Britain and we cannot boast of hugging a hope that Britain will find herself after the war in a position in which she could satisfy the economic aspirations of India. We greatly appreciate the boldness and sincerity of the well-meaning and noble-minded men and women who really abhor a distorted and varying standard of international morality and find a solution of the existing world ills in the fullest possible development of backward and "have-not" nations. But, with due deference to them, may we enquire if their thin voices and warnings will not be drowned in the hum-drum of blind selfishness with which nations are partaking in the mad race for world domination, and the cold shoulder they have been giving to the weaker nations while attempting to rehabilitate their individual economies? We do not believe that "the days of racial domination are drawing to a close.....at least so far as the Asiatic nations are concerned ;"\* to our mind such optimism is not justified by the course the events are taking.

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\*Parks, *The World after War : A Programme for Post-War Planning* (New York, 1942)

That there does not seem to be a change of heart on the part of Britain is revealed by the political pronouncements of her spokesmen and the general manner in which she is toying with the Indian problem. It would be wrong to begin swimming in the sea of optimism merely because in some of the recent bye-elections in England, candidates won the election mainly because of their pro-Indian leanings even in the Tory strongholds. For the Tories still hold the field in Britain and other parties cannot break away from them, at least for some time. The British men and women who take intelligent interest in India might have increased in number but they are still very few ; and to think that a majority party with a firm Indian independence plank would come into saddle and give us freedom, would be hoping against hope. The progressive political parties in Britain still stand disunited and their forces are often frittered away. And then the warmth and sympathies of even the advanced political parties tend to grow cold when the time for action comes. The Allahabad *Leader*, in an editorial, quite correctly observed that "India is tired of expressions of sympathy with her aspirations, either political or economic. She knows that imperialism—tory or liberal or even labour—looks at questions from a narrow, selfish point of view.....The fact is that where

British interests are concerned, all British parties are *ek dil*. Their sense of justice and fairplay becomes almost *non est*.\* Apart from this purely political factor is the more important economic certainty that Britain's economic position at the end of the war would be such, and the programme of her rehabilitation and reconstruction will have to be so stupendous that she would require fullest co-operation of India in this task on her own terms. The post-War economic position of Great Britain and its repercussions on Indian economy are of essence in this context and it is unfortunate that this approach has so far been neglected by our economists.

It need not be explained at length that Great Britain is a highly over-industrialised country, for which condition she is pre-eminently suited; and in order to maintain her standard of living at a high level she must export manufactured goods and invisible items to foreign countries from which she could import the required raw materials and food-stuffs. She cannot simply live without foreign trade. But the export of manufactured goods has been becoming more and more difficult as the competition with old giants is getting keener in the world markets which have themselves been

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\* *Leader* (Allahabad), March 19, 1944

narrowing down because of the industrial growth of backward nations and the development of autarkic tendencies. Local enterprise in shipping, banking and insurance have also been growing in other countries and foreign investments have been in the process of displacement for some time past. The condition was, indeed, not quite comfortable and free from concern for Great Britain. before the present world wide conflagration, though it might not have been distressful. And it has much deteriorated since then. Britain is today in a tight corner more than ever before in the annals of her recent economic history. The balance-of-payments position of Great Britain during the period 1936-38 was as under\* :—

**BALANCE OF PAYMENTS OF THE U. K.**  
1936-38.

(Figures are the average of the three years in  
£ millions)

DEBIT			CREDIT	
Imports		930	Exports	540
Government	Pay-		Investment Income	200
ments		10	Shipping Earnings	110
			Commissions etc.	40
			Other receipts	10
				900
			Deficit	40
		940		940

\* *Economist* (London), January 8, 1944, p. 32

The present war has thrown this finely poised balancing system out of gear. It has reduced certain items, from the credit side while acutely increasing the necessity of a considerable enhancement in the value of aggregate total exports simultaneously so as to make large-scale imports of raw materials and foodstuffs possible. It is quite clear now that the income of £ 200 million from overseas investments would become a matter of history in the post-War period. Serious inroads would again have been made on other items of invisible export like shipping, insurance and financing services. In exported goods there would be serious rivalries from advanced countries of the world. The making up of these gaps would be a very great problem for Britain. It would be rendered acuter still by the grim necessity of huge imports for making up the destruction caused by the war, for correcting the neglect of factory equipment and durable consumption goods during this period, and for increasing economic prosperity in general. All the purchases towards this end will have to be paid for by exports on an unprecedented scale. The distressful situation that faces Britain was graphically explained by Lord Woolton, British Minister of Reconstruction, to the House of Lords in the following words: "May I remind your Lordships that we have vastly increased our internal debt,

on which interest must be paid? In carrying out this war we have sold or pledged much of our investment overseas, on the interest of which we depended so much for our imports. Our wealth has been destroyed, our ships have been sunk, our towns have been burnt and broken." The imminence of 'formidable competition' from America and the fact that Britain's dis-invested income from overseas would lead to a corresponding need to pay for essential imports by increased exports, are growing into apprehensions and fears in the minds of the British politicians and economists\* who are desperately devising ways and means of putting their house once again in order. In current discussions it has been stated that there would be need of increasing British exports by at least 50% over the pre-war level and the London *Economist* would perhaps push this figure still further. In its opinion, the increase would have to be about two-thirds over the pre-war figure. "For three years now," adds this London Weekly, "British exports have been neglected—and more than neglected, for they have been deliberately restricted by the demands

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\*Points brought out recently by Sir Patrick Hannon and Mr. Ralph Assheton, Financial Secretary to British Treasury, See *Economist* (London), November 27, 1943, p. 709

both of British mobilisation and of American policy. Yet the task is not merely to restore them to their pre-war volume, but to increase that volume by half or two-thirds, and to do so quickly."

This being so, this British balance of payment problem might not become "world's financial problem number one" but it is certainly going to be Britain's "financial problem number one". An industrial country of the order of Great Britain, and in a desperate mood at that, would take immediate and rigorous steps after the War to increase her exports as far as possible and in the manner as is consistent with her short-range and long-range welfare. A large share of such exports should come to India which is not only not fully industrialised but is statutorily committed to allow British imports in unlimited quantities at nominal import duties only. This would naturally hamper India's future industrialisation and might even liquidate a material proportion of India's Wartime industrial progress. But Great Britain would not like to lose the vast Indian market during the post-War period when new and serious competitors would have appeared in the field, the world markets would have narrowed down, and her need of exports would have considerably increased. All political and economic devices, in which Britain is expert

and experienced, will be used to keep free flow of goods between U. K. and India, and this is sure to be an important plank of the British post-War reconstruction programme. Political weapons will not be the only ones which would be used. With the demand for 'greater freedom of trade' would also be an attempt at increasing the technical efficiency and commercial efficiency of the British industrial and commercial units, the importance of which has begun to be realised.\* While the political devices would ensure undisturbed Indian markets to British products and arrest India's industrial development, such growth as takes place despite them would be hit at the head by increasing technical, technological and commercial efficiency of England. We do not mean to suggest that these measures would completely annihilate India's industrialisation. The capacity, persistence and rising efficiency of Indian entrepreneurs would be vital factors in the situation and would not let India's industrial development be rendered altogether impossible even in the teeth of bitterest opposition. But while it would be puerile to hazard any specific calculation of these opposing

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\*Cf. for instance, A. J. Brown, *Industrialisation and Trade: The Changing World Pattern and the Position of Britain*, (London, 1943)

tendencies, it goes without saying that such development cannot be of the same order as it could be without these impediments. The gulf between the actual achievement and the country's goal and aspirations is, however, bound to remain large.

That Great Britain would spare no efforts to maintain and retain her dominance in almost every section of the Indian markets, has been made amply clear by several recent happenings. The UKCC has already become a notoriety in this country. Pampered and owned by the British Government, enjoying many credit, and transport privileges denied to Indian firms, operating on a vast scale and in imports as well as exports, and having unlimited financial resources, it has come to occupy a dominant position in India's overseas trade and has seriously interfered with, and flourished at the cost of, Indian business houses which are keenly feeling its unfair competition. It has been repeatedly demanded that the monopoly of foreign trade of this sort should be broken and a system of licensing the business should be established so that foreign trade could be distributed among Indian commercial houses. It has also been demanded that if it is a Corporation that must handle this business, let an Indian Commercial Corporation be set up which should

have the right to purchase all goods and hand them over to the UKCC at port, if necessary. But these suggestions, though just and reasonable, have fallen on deaf ears. The Government of India have, with their proverbial impotence and connivance allowed the UKCC to encroach upon and poach into the legitimate sphere of Indian businessmen and have by weak and misleading arguments sought to defend their attitude. Though the UKCC is a war baby, it is now a foregone conclusion that it would let its tentacles remain spread even after the War and would become, more or less, a permanent institution. Dr. Hugh Dalton refused to give any definite assurance that the activities of the UKCC would be concluded at the end of the hostilities. The *Economist* envisages a bright future for the UKCC in which she would absorb the surpluses and would pile up stocks of foodstuffs and raw materials from surplus regions to send to deficit areas. As the *Eastern Economist* rightly points out, "It is not the British Government that actually runs the UKCC. The bulk of the personnel has been drawn from trade, business and banking interests and the consolidation and expansion of British markets in the post-War periods have been sought to be achieved through the UKCC. Thus the British Government have been able to combine imme-

ciate war purposes with more permanent trade objectives."\* This is a matter of grave concern. But this is not the only disappointment in store for us. Great Britain would be helped in her design by international circumstances which are already shaping themselves favourably for Britain. There is already a vicious but persistent tendency among world planners to divide the countries of the world into two water-tight compartments—industrialised and agricultural countries—and to set about to plan the future world economy in such a way that there is a close adjustment between these two categories. This dichotomical concept is wrong *ab initio* for no country can be purely industrial or purely agricultural. India, reputed to be an agricultural country, ranks among the first eight industrial countries of the world ; while Great Britain, well known as a highly industrialised nation, is not without its agriculture. Again, it is faulty to effect division or grouping on the basis of the extant conditions many of which may be only artificial, unnatural or imperialistic accidents and would undergo considerable and fundamental change if an attempt is seriously made to put the material and human resources of a

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\* *Eastern Economist* (New Delhi), June 15, 1943, p. 182

country to its best advantage and benefit. Planning objectives, in other words, must not be determined by the present stage of economic development which a country is capable of achieving under best possible circumstances. Be that as it may, the fact is that by a stroke of misfortune India figures as an agricultural and raw material producing country in all such calculations and her industrial potentialities and resources are conveniently forgotten. There are, however, many countries besides India which fall in the intermediate category and a world plan cannot be proper and satisfactory unless the needs and resources of such countries are duly taken into account and a triple classification basis is adopted. Countries like Australia, which are of this type, are worried regarding the place that would be assigned to them in the planned picture of the future world. An Australian writer declared in clear terms at the Mont Tremblant Conference of the Institute of Pacific Affairs that "Informed Australians are concerned to emphasise that post-War planning should avoid the simple view that arrangements need suit to only two types of countries; industrial and non-industrial. Australia and some other countries fall in an intermediate position between the backward and highly industrialised, and it is felt that a

special effort must be made by the planners to understand the needs of this intermediate group."\* India's objection to be huddled up in this dichotomical arrangement is exactly the same as that of Australia and she does not like to be classed as a purely agricultural country in a system of future dispensation by industrialised and powerful "Allies, but Not Equals" in view of her growing industrial development and the vast untapped potentialities of further industrialisation. But while Australia is a self-governing country and can, if it so chooses, take an effective line of action, it is doubtful if Great Britain would be able to realise this in the case of India and help her to industrialise. The wrong angle from which the problem of world planning is being looked at would help, rather than hinder, the British policy towards India.

Let there be no mistake that in spite of all this talk about the mirage of world planning, Great Britain is going to be the sole master of our destiny and it would be the strong hand of Great Britain and Great Britain alone which would write our future. It is futile, indeed, to go jubilant over the chance expression of American sympathies which are merely academic and idle. The official American policy openly is

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\*Cf. *Pacific Affairs*, March, 1943, p. 16

that they do not want to interfere in the intra-British-Empire issue of India which is the sole concern of Great Britain and the members of the British Empire. Other cautious American thinkers point out that it is difficult for America to speak freely on the Indian problem until more specific declarations are forthcoming from Britain. The champion of backward nations in America, Wendell Wilkie, has already lost ground and popularity. It would be equally, if not more, unrealistic to hope anything substantial from the Chinese side. China is seriously desirous to see India free and strong ; but she herself is not strong enough to make other countries listen to her and all that her people have individually done is to, at the most, desire that Britain should set a definite time for India's complete freedom. Germany and Japan would not count in the post-War world ; and even if the Allies give them some sort of status, we do not hope that our history would be any the better for it. The Dominions merely repeat His Master's Voice and are not on our side. Great Britain thus would deal with us without any outside pressure and interference.

To the position and policy of Great Britain, then, we must look to have an idea of our post-War prospects. We have seen that the economic position of Great Britain after the war would

force her to continue her economic dominance over India. The stage has already been set for it. The world opinion is getting more and more individualistic, imperialistic and coloured by a wrong vision of world plan. The responsible pronouncements in Britain are frank and non-secretive in this regard. No less a person than Lord Woolton, the British Minister for Reconstruction, envisages (i) "statutory provision for securing adequate British exports to India and the Empire, (2) gradual export of investment capital to the Empire under State auspices and (3) increase of invisible exports under cover of expansionist policy".\* It is now widely believed that the British post-War prosperity is to be built upon this three point programme; and London experts agree that "this hinders Indian industrial development until such time when India can be politically free to devise and execute her own economic policies."\*\*

These factors must enable us to come to the realities of the situation and visualise what lies in store for us in the future. No one can imagine that any plan which programmes for India's industrial development on a considerable scale can find a go in the post-War world. Even the

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\* *Leader* (Allahabad), London News, dated Feb. 13, 1944

\*\* *Ibid.*

*Eastern Economist* which takes a healthy optimistic view of things, especially of this nature, was constrained to confess that it received the press report regarding Lord Woolton's speech "with positive alarm"; and in sheer disgust, it caustically commented that it "betrays a lamentable atrophy of imaginative leadership in high quarters which augurs ill for the peace and prosperity of the post-War world. Here is an unabashed attempt to use political power to gain unilateral economic advantages in a way which is reminiscent of the early days of colonialism. There has been in evidence in Britain recently a distinct trend of opinion in favour of international monopoly, allocation of markets and frankly feudal arrangements.... That Lord Woolton should be speaking in such terms almost simultaneously that Lord Wavell was addressing the Indian Legislature and dwelling on the Government's plan for economic development of India, is a curious coincidence, but is nonetheless ominous for it."\* In the *Deluge* when Colonel Blimp declares, "What I want is democracy, pure British brand democracy," the Indian Fakir retorts, "Playing virgin at home and prostitute

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\* *Eastern Economist* (New Delhi), March 3, 1944

aborad !"\* We know whom to trust more, a virgin or a prostitute.

There is, however, one significant fact which must also be considered here. In recent times there has been a good deal of talk in Great Britain and America too regarding the raising of the standard of living of the masses of backward and poor countries, without which western democracies cannot plan for post-war reconstruction and prosperity. This constitutes the central theme of many recently published British studies. It has become common in American pronouncements and recurred often in the proceedings of the Mont Tremblant Conference on Pacific Affairs. Such expression of thought has given rise to a hope in the minds of some person in our country, who have rushed in to read the British mind through the narrow chink, and who have begun hoping against hope perhaps that the British temper is changing and that India will get freedom and prosperity in the post-War era. But this is taking a naively optimistic and unintelligent view of the matter which is possible only if we manage to forget Britain's economic position in the post-War world and the pronouncements of her spokesmen. It has to be realised that the British attitude towards India as forecast

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\*Shanti Jhaveri, *Deluge* (Bombay, 1944)

above does not rule out the adoption of certain palliatives for raising our standard of living in such manner that an effective demand is created for the goods manufactured by Great Britain.\* The slight increase in our standard of living would be realised not by the front-door measures of bold and rapid industrialisation but by the back-door devices of toning up the emaciated agricultural economy by half-hearted ways as may accord with the import requirements of Great Britain. The idea of the World Trade Alliance has, indeed, got hold on the British capital and labour alike to a frightful extent and they wish that the world market for goods should be deliberately parcelled out by agreement, "with a rather vague addendum that any surplus resulting from this method of distribution should be donated to the poorer countries." This is pro-

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\*London *Economist* clearly says that these measures would create greater markets for British goods "if only overseas producer will give him what he (Indian cultivator) wants because in the beginning he would turn attention to the production of cheap and coarse goods only." "This," runs the analysis, "is the natural result of industrialising, and if too severe a protective policy threatens to prevent it, the political power of the primary producers in all these countries is still great enough to make their governments very responsive to hints dropped by the world's largest importer of primary products."—*Economist* January 1, 1944, p. 4

bably all that is meant by all the tall talk regarding the raising of our standard of living. We are in complete agreement with the view of the *Leader* that "the British policy in India after the War will be to set up a paternalistic administration which would profess to be actuated by a concern for the economic welfare of the peasant masses... The political issue will thus be sidetracked. Indian politicians who clamour for self-Government have been and will be told that they can get it if the various communities come to an agreement among themselves. If they do not, well, the responsibility for the non-realisation of their aspirations will be theirs."\*

We must see the main objects, leading suggestions and important details regarding planning against this background. The fundamental fact remains that Britain would not find it possible after the War to grant to India her cherished political goal. Sir T. B. Saprú, during the course of his Presidential Address to the Non-Party's Conference, recently stated that a few years ago when he was in England lunching with British friends, Mr. Bernard Shaw was there and he told him (Sir T. B. Saprú), "You are the most miserable fool that I have known in my life." Sir T. B. Saprú asked why. "You have come to

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\* *Leader* (Allahabad), Feb. 21, 1944

ask us for freedom but are we free enough to give you freedom?" This, indeed, is the crux of the problem. The background presented here may be gloomy and dark but we hope it is a faithful and correct portrayal. No amount of wishful thinking and hoodwinking would alter these facts. We would like our planners not to miss them in their enthusiastic support of planned economy or in the sweet dreams of the future as unfortunately appears to have been the case hitherto. Paint beautiful pictures of the Greater and Prosperous India by all means, but do not let realities be clouded by them. For it is not by escaping obstacles but by comprehending them and facing them that we can plan in the right way.

## IX

### WAR ALLIES AND DOMINIONS

While we have primarily to keep before our vision the economic position of Great Britain and its repercussions on Indian economy, we cannot safely ignore the attitude and aspirations of our War-time Allies, especially the United States of America. For it is as sure as next day's sunrise that in the post-War days, U. S. A. is going to acquire a world importance in political, economic

and financial spheres such as has never been the case before. In directly political field there is already quite a loud demand on the part of the Allies of the Pacific that America must assume the responsibility of leadership without which the future of the world would be very dark. Here is the typical view of an Australian in this regard: "Stability will be impossible unless the United States plays a predominant role in this policy...If the United States is unable to shoulder the responsibilities involved, whether through inability to perceive its unique position or through deference to the advice or wishes of other powers or because of a revival of isolationism or from any other cause, then peace in the Pacific will be merely a name for another period of preparation for war. Without this leadership of the U. S. A., the conditions of the stability scarcely exist."\* The rise of America as a world power and of China as a strong nation are considered absolutely necessary antidotes to any future imperialistic aspirations of Japan. The Americans themselves have ceased to think in terms of isolationism and the idea of American world leadership has become quite common to American politicians, economists and writers in general who have begun to voice loudly and persistently

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\* *Pacific Affairs*, March, 1943.

that America must assume leadership in international spheres and use its prestige, might and resources to guarantee world peace, justice and security. But while there is so much and all-round talk about American world leadership in the post-War period, the concept of "world leadership" itself has been conveniently left extremely vague and there is hardly any authoritative vision regarding its correct implications. It is "not at all certain whether American world leadership...would not result in an attempt to dominate the world."\*

The meaning of this world leadership in the economic sense and sphere, however, seems to be already becoming clear and prominent. The United States is obviously getting anxious to acquire a control of raw material supplies of the world on the one hand and to obtain a monopoly supremacy of the world markets for manufactured goods on the other. The idea of raising the standard of living of the backward peoples with a view to secure and create markets for her manufactured goods, so typical of the current imperialistic thought of Great Britain, is also not wanting in the United States. The horses of foreign investments and capital exports are also being feverishly brought in form to take

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\* *Current History*, February, 1943, p. 544

part in the impending mad race as soon as the War comes to an end. As a matter of fact, American Imperialism in economic spheres has already begun its career and the fear of "Yankee Imperialism" has become a perpetual strain in Latin American politics\* and is tending to assume this nature elsewhere. In recent years attention has been focussed and plans hammered out for obtaining control on the raw materials of the world and the recently published Baruch-Hancock Plan is only one of the several instances. Suggestions have been made regarding the establishment of an International Bank for the development of raw material production; for taking raw materials in the realisation of land and lease balances; and for obtaining concessions for the development of minerals like oil and tin in the Middle-East and South America. It is generally feared that the demand for a control of raw materials by U. S. A. is nothing less than a demand for colonies themselves or something closely akin to them. The *Eastern Economist* feels that "the U. S. anxiety for her raw materials is somewhat inexplicable, unless she really believes (which cannot be) that the present War would have failed after all its sacrifices to guarantee her equal access to essential raw materials.

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\* *Economist* (London), December 8, 1943, p. 103

The more probable (and disquieting) reason is perhaps that she herself is anxious to extend her economic imperialism in other parts of the world. If this be so, she would only be precipitating another international conflagration through her own pre-mature distrust of post-War international economic and political co-operation."\* Be that as it may, but the United States has already commenced laying out plans for obtaining domination and monopoly over the markets of foreign backward and pregnable regions. All this is bound to bring the two western democracies into clash and conflict, as has unfortunately begun happening. The establishment of the USCC as a counterpart of the UKCC and the seriousness and subtlety by which the former is trying to outwit and leave behind the latter, are merely shadows of the coming imperialistic rivalries. U. S. has come to regard Latin America as her sphere in the post-War world. The U. S. A. Government, according to a statement made by the President of the Chamber of Commerce in the U. S. A. is studying a plan for the post-War commercial and industrial development of Latin America by means of loans and technical assistance. The plan is to bring about a general improvement

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\* *Eastern Economist* (New Delhi), March, 1944

in the standard of living in Latin America so as to provide wider markets for the U. S. A. investments and manufactured articles, and to increase tourist traffic by reducing travelling formalities and expenses. Press Reports record a cleavage between British traders and American businessmen on the Latin American and allied issues and it is unhappily taking a serious turn. Deep and widespread resentment on the discrimination which the United States' policy exercises against British traders, particularly in regard to Latin America, was voiced at a recent meeting of the Liverpool Chamber of Commerce which is bringing the matter to the attention of local M. P.'s. The Chamber's report states that figures recently disclosed the extension of U. S. exports trade and that about a million workers in the U. S. had recently been released from War work to return to industry and commerce (whereas Britain, although far more severely mobilised than the U. S., continues to direct and conscript men and women of almost all ages into War work or the Forces). Goods normally supplied by Britain to South America are now being supplied by the United States. Indeed, only when U. S. A. was unable to deliver wares that the British merchants and manufacturers were allowed to trade with the South American Republics. The Lend-Lease agreement

had operated most harshly against the British trader and the British Government have been urged to revise their Lend-Lease policy.\* The United States' businessmen, on the other hand, are accusing Great Britain that the British Wartime control of the Middle East's trade indicates that United States exporters could no longer market goods in that area.\*\* They are as a matter of fact growing suspicious that Great Britain is, by subtle and veiled devices, trying to leave Uncle Sam far behind in the race for foreign markets. The five globe-trotting Senators are all for American supremacy in post-War world and are, it is said, approaching Ham Fish's suggestion: "Let's win the war and then fight it out with our Allies." One of them, Senator Ralph Brewster, in a recent article in *Collier's Weekly* observed: "The British are out-manoeuvering and out-trading us." Again, "If, on the political and economic war fronts, British interests are better looked after than ours, don't blame the British. Blame us for being global suckers. We have practised hard-headedness at home. Our Government has practised soft-headedness abroad." The London

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\* *Capital* (Calcutta), February 10, 1944. p. 199

\*\*Cf. *Indian Finance* (Calcutta), March 4, 1944.  
p. 405

*Economist* feebly retorts with deep concern "that this argument in journals of wide circulation that Britain is outwitting simple Uncle Sam is making many honest Americans exceedingly suspicious of everything British. A climate of public opinion is being created which is far from propitious to the delicate and difficult post-War settlement."\*

The growing friction in respect of foreign trade, which is semi-silently going on between the United States and United Kingdom, is a proof positive of the imperialistic intentions of our American Ally, which are solidly backed by authoritative pronouncements from that side of the Atlantic. The United States' Vice-President has repeatedly demanded "liberty in a political sense and equality of opportunity in international trade." He has been busy for some time exhorting American people to be ready to take part in international trade, and declaring that "they can get more surplus production in this way than by any high-tariff, penny-pinching, isolationist policies which hide under the cloak of 100 per cent. Americanism."\*\* Recent utterances of American officials also show that the American Government would actively assist private

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\* *Economist* (London), January 1, 1944, p. 12

\*\* *Current History*, Feb. 1948.

exporters to dominate the world markets. Mr. Francis Biddle, the Attorney-General, thinks that "assistance" should be given to American producers to gain access to foreign markets. Mr. William L. Batt, Vice-Chairman of War Production Board, and Mr. William B. Heroy, of War Petroleum Administration, are strong advocates of Government's greater participation in foreign trade after the War. The drift of events and thoughts in America is definitely and evidently towards an aggressive economic penetration.

The growing economic imperialism of a country so powerful as U. S. A. would be no less a concern to us than the increasing rigour of the British imperialism. For this is bound to react most unfavourably upon dependent, weaker and the so-called backward countries as India. American imperialism can, indeed, be aggressive to a great extent in Indian affairs even without political support save what it can wrest from an obliging and debtor Ally or find available to it under the Constitution of the type usually framed in or dictated by London. This danger may be greater in visible imports but would be acute enough in invisible items. No plan for India can afford to shut its eyes to it.

While the danger from the American side is real and definite, we have to take into account

the Dominions as well which would be hitting us forward and backward and sideways alike. The fear that they would be pouring in their manufactured articles in this country after the War is not so great as their keen desire to keep India tied down to her political and agricultural backwardness, so that they might be able to court favours in the London *durbars* with least competition and rivalry in the marketing of their non-manufactured produce. Their share in our foreign trade is meagre and may depend upon our growing efficiency to compete with them in that field. In the case of invisible items, however, they may defeat us under the existing Constitution or one following its spirit. To give a glaring example to illustrate the point, the Australasian insurance offices dominate the field of marine insurance business in this country. Their operations are highly concentrated and their business-getting tactics and efficiency crushing, so much so that even British companies cannot stand before them in competition. They top the list of the "Big Five" marine offices operating in India as is clear from the following table :—

Names of Insurance Companies.	Countries of origin	Marine Insurance Premiums Received in India (Rs. lacs)
1. New Zeland Insurance	Australasia	12.54
2. Scout British ...	Australasia	10.96
3. Queensland Insurance	Australasia	10.59
4. Union Insurance ...	Honkong	9.03
5. London and Lancashire ...	U. K.	7.25

While this is a matter of no little importance, we must not forget the fact that the Dominions' stake in the Empire is primarily an agricultural one. They are the well-known producers of raw materials and foodstuffs of agricultural and semi-agricultural origin and have become important suppliers of such commodities to Great Britain. They are keen to keep these markets and advantages to themselves and partly to hit the competitor as soon as it raises its head and partly to placate the United Kingdom, they have lined up behind Britain in her desire and effort to keep India chained. Canada, for instance, now supplies ten per cent. of the U. K.'s total eggs supply ; twenty-five per cent. of her cheese supply ; thirty-five per cent. of her canned fish

supply ; twenty-five per cent. of her wheat ; and sixty-two per cent. of her bacon.\* The White Paper summing up the results of the Australian Trade Delegation to London in 1938 placed on record the British Government's recognition of Australia's needs of both an expanded outlet for agricultural produce and industrial development. It would thus be in the interest of the Dominions to whittle down India's economic development, specially on the agricultural side, as much as possible with a view to be able to handle, persuade and placate Britain without interference and as they choose. It is, of course, a fact that with a subordinate India, they can have more say at London and can shape matters better for themselves. If India is free to plan and develop her resources, there is bound to emerge serious competition between India and present Dominions in the agricultural commodities in a world in which a free India develops, organises and mechanises her agriculture from an export angle and can solidly back up her demand for foreign markets on the strength of the autarkic capacity of her industrial mechanism. We have no doubt in our mind that if it is in the interest of the British industrialists to keep India industrially backward, it is in the

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\* *Capital* (Calcutta), Feb. 10, 1944. p. 199

interest of the Dominions to keep India agriculturally backward. This explains their reactionary attitude to India's demand for political advancement where they seem to out-Britain even Britain. Australia and Australians are never tired of repeating the lame excuse of the disunity and unpreparedness of India to shoulder the responsibilities of a self-governing country, and can understand her aspirations only in a distorted form. The little Dominion, begging the favour of U. S. A. for her future safety, is faithful to the tune of His Master's Voice. The following is the comment made by the Australian Minister for External Affairs in his statement to the Parliament on September 3, 1942: "Equally we look forward to the people of India developing into a truly self-governing nations. It is to be hoped that they will soon understand that self-governing British Dominions like Australia are none the less self-governing because they are associated together as members of the British Commonwealth of Nations or because they are resolved to resist the invader to the death." Prof. W. D. Forsyth of Melbourne observes, "A disinterested policy is just as necessary there (in South-Eastern Asiatic countries) as in China, but there will be less compelling internal reasons for it because the native political movements are

both divided and immature." Further, the same writer continues, "Indonesian participation on an ascending scale is necessary to success in the general aim of stability in the Pacific ; but the period of tutelage would clearly endure for a considerable time. There must be a long period of transition until the peoples of this area reach the stage at which they will be able, as it is assumed China will be able in the immediate post-War years, to stand on their own feet."\* In the Australian opinion all these remarks apply to India as well. Another specimen of feelings of an even more reactionary nature for which the Royal Bank of Canada is responsible may also be stated : "Uninformed or partisan statements have given a distorted image of India as a place of down-trodden humanity. Actually, India has been ahead in the world in many basic freedoms. British enterprise has given India far and away the greatest system of irrigation in the world. India has 41,000 miles of railways compared with Canada's 43,000 and China's 8,000 miles only. In labour welfare India is ahead of both Japan and China. With sterling balances still accumulating, India will be free of external debt by the end of the war. This sterling debt was

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\*Forsyth, *Stability of the Pacific*, in the *Pacific Affairs*, March, 1943

incurred for the creation of permanent assets that yield a return, relieving the taxpayer of interest on debt. No other country in the world is in so favourable a position. Industrial and commercial enterprises are steadily passing from British to Indian hands, and this trend is being encouraged by the British authorities. Such remarks are useful, especially in North America. Temperamentally some of us would rather belabour the Government of India for not having done more, but India, when the British arrived, was not a nation. She was not even a geographical expression. The British have educated her within an ace not merely of enough nationhood for her to be able to tell them to go to blazes but of enough political sense not to do so." The Royal Bank of Canada had better kept itself within the four-corners of Canadian finance and not dabbled into Indian affairs and muddle-headedly passed wishful judgments on the intra-Empire matters. The *ad nauseam* repetition of exploded myths and die-heard shibboleths is nothing short of superlative naivety and unparalleled impudence on the part of a non-political financial institution.

We have to carefully realize that if we have to fight out the American imperialism on the industrial front, we would also have to struggle against the Dominionism on the agricultural front. This fact cannot be connived at by our

planners if they are really serious about the job, but this unfortunately seems to have been totally lost in recent discussions on national planning. We may well be sworn advocates of modern industrialism and may whole-heartedly achieve it here with all the seriousness, speed and thoroughness at our command; but at the same time it would be suicidal to be so much oblivious of our agricultural interests as to let the Dominions steal a march over us and leave us in a repentant mood when the opportunity has slipped irrevocably. It may be easy to declare the British Imperialism a villain of the piece but we would be deluding ourselves if we complacently feel that the non-British imperialism would be any the less villainous. The imperialism and dominionism of post-War era would all be so many obstacles to a planned programme of India's economic development and it would be helpful for us to realize their implications before giving the reins to our thoughts and hopes.

## X

### THE PROBLEM OF ECONOMIC PERSPECTIVE

So far we have taken into account mainly political and international factors which, in our opinion, are the major obstacles to effective

planning in this country. But the tendency towards water-tight departmentalization and extreme degree of specialization of knowledge have created such a great gulf between the intimately linked up subjects of economics and politics that there has been an extravagant and reckless neglect of the political factor in the recent planning discussions in this country. These obstacles are coupled with other vital difficulties of a more economic character to which we now turn our attention.

The most important economic problem requiring closest and careful consideration in the formulation of a plan is that of the correct perspective to be maintained between the development of our industries and agriculture. Indian economy is at present in a chaotic state of over-imposed agriculture, ignored industries and general depression and backwardness everywhere. India is well-known to be primarily an agricultural country, with no less than approximately three out of every four persons categorized as cultivators. But despite the fact that the fortunes of so large a percentage of her population is tied down with this single occupation, Indian agriculture is most primitive, backward and emaciated, lying at the mercy of the elements of nature which are only feebly controlled, negatived and supplemented by

human ingenuity and genius. The most important occupation of the people stands in need of rapid modernization and scientific progress. As against this, only a small percentage of our population depends upon the industrial part of our economic equipment which is still nascent and only slowly growing in the midst of a desolate lack of economico-political ingredients of industrialization. For drafting into itself a part of the rural population which is increasing pressure on land and making agricultural holdings uneconomic, for reducing the nation's impotent dependence upon the vagaries of Nature, for providing more varied environment for the fuller development of national culture in all its forms and manifestations, for better utilization of our material and human potentialities of industrialization which hitherto lie dormant and neglected, and for furnishing to the Indian peoples material comforts and amenities as well as adequate leisure which can be secured in no other way, the fundamental and basic importance of rapid industrialization in India is a self-established fact.

But while there is general agreement regarding the need of considerable improvement in agriculture as well as industries, the problem has not so far been properly tackled from the angle of the proportion that is to be kept between the development of the two in a planning

ideology in the ultimate sense. The problem of the actual percentage by which the produce of agriculture or/and industries should be increased so as to realize the above-mentioned ideal proportion between the two, is a practical one and can best be solved by a planning authority itself. At present the discussion can only be a theoretical one, dealing with the considerations which should guide such proportion-fixation. We, however, fear that in the present climate of opinion in this country, there is a genuine danger of an overly industrial emphasis being put while discussing and deciding the problem of economic perspective in this regard ; and the recent trends in public opinion confirm our misgivings. We wish to emphasize that to say that India should be rapidly industrialized in so far as is warranted by material and human resources, is one thing; and to suggest that India should emerge as primarily a leading industrial nation, quite another ; and to wish that she should develop her industries and let agriculture remain in a languishing and depressed state, is a proposition which differs from either of the two foregoing viewpoints in a fundamental manner. It is, indeed, extremely likely that sentiments might get the better of reason and we might unconsciously and unintentionally set up, if given a free hand, an over-industrialized economy of the British,

## PESSIMISM IN PLANNING

German or Japanese brand: Too late we might discover our folly and might have to retract our steps through a process of adjustment which would be wasteful and costly in individual and collective terms and disastrous in its psychological implications. This outlook is, indeed, unfortunate. But we are not yet aware of the imminence of a renaissance in Indian economic thought, which might restore us as a nation to correct perspective in this regard.

The craze for pure industrialization is so strong that one who tries to call a halt to this double march of opinion runs the risk of being regarded as backward and unprogressive or at least one not keeping company with the kaleidoscope of things and thoughts. It is a daily lamented *fact* in our country that she has been turned into a predominantly agricultural region. It is everywhere bemoaned that she is dangerously agricultural and it is generally asserted that her economic salvation cannot be accomplished without rapid and comprehensive industrialization. "Industrialize or perish"—this has become the economic watch-word of the nation. There is remarkable unity throughout the length and breadth of this land in this regard. From decades politicians are saying it, economists are preaching it, teachers are teaching it and press has been clamouring for it. It has through constant

repetition in newspapers and text-books, from the pulpits and assembly halls, created a propaganda effect and has now become a part and parcel of our mental furniture, an axiom which needs no proof, a truism which requires no explanation. This is, from one point of view a healthy sign showing as it does the extent to which there is unanimity in the country with regard to such a fundamental economic matter. But from another standpoint, it is unfortunate inasmuch as it might let the mischief enter unperceived and deprive agriculture of its proper importance, which would not be in the best interests of the country.

The zeal for industrialization like newly kindled love is fresh and unbounden and the more it is resisted, the more irresistible it tends to be. There is a *genuine* feeling in the minds of the people that the British Government have been positively and negatively trying to whittle down India's industrial development in subtle and silent ways, in direct and indirect manners, in its own self-interest which requires an India producing only foodstuffs and raw materials and ready to export them, and needy of manufactured goods of British origin and anxious to import them. And the more understandingly is this idea being brought home to the people, the greater is the strength

of their reaction and the stronger becomes the public opinion in favour of pure industrialization. Human nature always pines for what is not and the more is the aspired object kept beyond reach, the greater becomes its temptations and attractions. The people of this country have thus become ardent worshipper of industrialization. This in itself is not bad. As a matter of fact nobody can fail to be extremely satisfied with this national view and aspiration. But the unfortunate part of the story is that we are so much courting this virgin maiden that we have almost divorced her already wedded elder sister. We are making our newly kindled passion so blinding that we are almost forgetting the worth of what we have. We do not deplore the demand for industrialization, but we do lament the neglect of agriculture which has resulted as a consequence. \*It is no doubt unfortunate that the British and Anglo-Indian press wants to see India permanently and entirely tied down to the chariot-wheel of agriculture, but it is more unfortunate still that *on that account* we would do nothing material to our agriculture and only set about with rolled up sleeves and clenched teeth to demand and achieve industrialization and only industrialization. The fault is not entirely of the British Government and British people whose verdicts and intentions.

have certainly come to be regarded as suspect in this country and are usually considered dishonest and having some hidden mystery behind them, that even when they say something at least partly in our interest—though they say it so rarely—we as a nation would not touch it with a pair of tongs and would rather set our face against it. The fault is also of our psychology in which sentiment and suspicion rather than reason and understanding play a leading part in dealing with a problem of this nature. We do not know when this realization would come. For the time being this attitude has come to stay and operates powerfully against due importance being attached to agriculture.

This pessimism is strengthened by the utter disorganization and illiteracy prevailing among the cultivators who are today even more dumb than the driven cattle. They are unaware of the ways and devices of democracy and are not at all vocal. There is certainly an All-India Kisan Sabha but its following is not very large and it is almost entirely a political organization with hardly any economic bias. The presidential address delivered, for instance, at the Eighth (Bezwada) Conference in March of this year dealt mostly with opposition to Pakistan, demand for the release of Congress prisoners, establish-

ment of a national Government and so forth; and hardly with the much more important economic matters so vital to agriculture. The landed gentry has singularly failed to make good this deficiency and has shown no inclination to promote, improve, mechanize, activize and galvanize agrarian economy like the landed gentry of Great Britain and other progressive countries of the world. The absentee landlord reigns supreme and he turns his back on everything agricultural with crass disdain. In so far as he is represented politically, his only object is to safeguard his own narrow personal interests as far as possible, and so long as this happens he is all for maintaining *status quo*. The agricultural class, as a rule, is thus lying inert and dormant and has hardly any voice in the planning arrangements which may be formulated in the country. Under the circumstances there is none to place their viewpoint before the public and safeguard their direct interests. They must depend either on the generosity or the kindly prudence of non-agricultural classes for a square deal. As against this, our industrialists are highly organized and keenly alive to their economic interests. They have become a major factor of economic progress of this country and dominate the economic as well as the political stage. They are directly represented, powerfully

vocal, capable of making their influence felt as, when and where they choose and have every section of the country to support them in the drive for industrialization. Politically, as such, the industrialists are most vigorous and assertive and claim the largest attention and consideration in the press, on the platform, in the deliberations of economists and politicians, and also at New Delhi and Simla in so far as possible; while the simple, illiterate and dumb cultivators arouse hardly anything more than lip-sympathy interrupted with only crocodile tears. Of solid measures for their welfare, there is hardly any sign; of serious steps for the improvement of their occupation, hardly any trace. In politics they are a neglected factor for all practical purposes. And we do not think their interests would of themselves receive due attention in a plan that might be framed for this country.

With the intelligentsia and the vocal classes of the country actively and seriously industry-minded, with the demand for industrialism getting stronger and more persistent the more it is resisted, with the political insignificance of agricultural interests and finally with at least indirect animosity of the Dominions to our agricultural growth, we feel pessimistic enough to doubt if due import-

ance would be awarded to agriculture in our country, which is so much endowed with agricultural advantages under the existing circumstances. Is it not really unfortunate for India that while she has produced a Sir M. Visvesvaraya to be the veteran champion of rapid and scientific industrialization on a country-wide scale, she has failed to produce another Sir M. Visvesvaraya to champion the cause of decaying but extensive agriculture? A country which has produced Birlas, Tatas and Singhanias to shine as leading industrial magnates, has failed to produce even single capitalist and entrepreneur to shine as an agricultural magnate. A country which has given us a B. P. Adarkar, and a P. S. Lokanathan to valiantly sponsor the cause of quick and ambitious industrialization, has not produced a single Indian economist to champion the cause and expound the philosophy, need and necessity of rapid agricultural revitalization with the same vigour and zeal. The great neglect of agriculture in a country where as high as three-fourths of the population depends upon this single occupation is, indeed, a surprise and a proof of our wrong perspective, psychology and vision. And we feel constrained to voice our fear that our agriculture runs a real danger of being eclipsed and over-shadowed by the high-raised and high-reaching industrializa-

tion the craze for which is becoming seriously one-sided.

Our doubts have been confirmed by the Industrialists' plan of which we have spoken earlier. A careful study of this plan, which is the first comprehensive budget of our national needs and resources, would impress an attentive reader with the fact that it has failed to give proper weight and importance to agriculture in the alluring picture of our planned economy that it has portrayed. The target fixed by the "Eight Industrialists" for the achievement of their plan is the trebling of the present national income within fifteen years, so that at the current rate of populational increase of 5 millions per annum, the *per capita* income might increase two-fold at the end of a decade and a half. This would require the expenditure of Rs. 10,000 crores which they propose to invest as below :

		Rs. Crores
Industry	...	4,480
Agriculture	...	1,240
Communications	...	940
Education	...	490
Health	...	450
Housing	...	2,200
Miscellaneous	...	200
		<hr/>
		10,000

As a result of this investment, the planners think that "the present overwhelming predominance of agriculture would be reduced and a more balanced economy established."\* The picture of the national income yielded by industry, agriculture, and services would then change as follows :—

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

It is apparent from above that the object of the planners is to industrialize comprehensively and on a large scale, and to develop agriculture only so much as is necessary to support a 500 per cent industrialization programme on the productive side, which, they calculate, can be done by almost equating the net income yielded by agriculture and industries—the iron concept of "equilibrium!". Of the total expenditure, no less than 44·8 per cent is to be spent on

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\* Sir Purushottamdas Thakurdas and others, *A Plan of Economic Development for India* (Bombay, 1944), Second Edition, p. 23

industrialization. From the capital investment viewpoint in its totality, industrialization is to be almost as important as the rest of the programme put together. In the production sector of the economy, it is to be twice as important as all the remaining pursuits considered collectively. In comparison to the consumptional part of the programme, it is to be about  $1\frac{1}{2}$  times as important as education, health and housing. As against this, only 12·4 per cent. of the total capital is to be invested in agriculture. It will be a little more than one-quarter of what is to be spent on industries; and less than one-fifth of the total amount to be spent on the productive part of our economy; and slightly more than one-third of what is proposed to be spent on consumptional aspects. We give below a table to illustrate these points:—

	Amount to be spent (Rs. Crores)	PERCENTAGE OF THIS AMOUNT TO THE			Percent- age of population dependent in 1931	Percent- age of population dependent after 15 years
		Total amount to be spent, i.e., (Rs. 10,000 Cr.)	Amount to be spent on productive sector	Amount to be spent on consumption		
Industry ...	4,480	44.8	67.3	142.6	17.8	23*
Agriculture	1,340	12.4	19.8	39.4	65.8	55*

\*Calculated by the *Eastern Economist* (Feb. 4, 1944, p. 164)

The above table is meant to show the relationship of the proposed expenditure on industry and agriculture, to the various items in the programme. The planners warn us that "at first sight the percentage increase in industrial income might appear to be disproportionately large as compared with the increase in agricultural income,"\* but this is actually not the case. In their opinion, this perspective is amply justified on the following grounds which have not been discussed in a compact form but lie scattered in their work :—

- (i) "It has to be borne in mind that our industrial potentialities have to a great extent remained unexploited so far and adequate provision to make up this lag in industrial development would naturally mean a large percentage increase over the present level."\*\*
- (ii) "As the demand for food crops which form the bulk of our agricultural products is comparatively inelastic, even after taking into account the probable increase in population and the higher level of income which the plan

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\*Sir Purushottamdas Thakurdas and others, *Op. Cit.*, p. 24

\*\**Ibid*, p. 24

will bring about and the larger demand for industrial raw materials, it is not likely that more than a 130% increase will be absorbed within the country.”\*

- (iii) For agriculture, “the target has deliberately been fixed low. Our idea is that in respect of agricultural commodities India should as far as possible aim at feeding her own population adequately and should not aspire in the initial years of planning to export to foreign markets.”\*\*
- (iv) Areas under commercial crops like jute, tea, cotton, oilseeds, etc., the fortunes of which are to a substantial extent dependent on foreign trade and which have introduced a serious element of uncertainty in our economic life, would have to be adjusted to the conditions of international trade that might prevail in the post-War period.”\*\*\*

The planners, in their anxiety to satisfy the unanalysed aspiration of those who are sworn to agriculture and would like to see India predominantly agricultural, add a vague

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\* *Ibid*, p. 24

\*\* *Ibid*, p. 30

\*\*\* *Ibid*, p. 30

conclusive sentence: "It will not change the essentially agricultural character of our economy."\*

Let us carefully and closely scrutinize all these arguments and assess the worth of each of them with a view to find out if on their basis the suggested expenditure-proportions can be justified, if at all. Of these the first proposition is well-established by itself and calls for neither elucidation nor contradiction. Our industrial progress has been whittled down by the operation of artificial restraints and disabilities for a long time and the gulf between our present industrial development and that which is warranted by our potentialities and resources is wide, indeed. We can increase our industrial output and income yielded by industries several times. We agree with the burden of this argument; but if from it a conclusion is drawn that, therefore, we must devote most of our energy and resources to the growth of industries and pay scant attention to agriculture, we should regard such a conclusion as not being justified. This argument is only of an absolute nature and merely supports a policy of rapid and comprehensive industrialization; it does not have much relevance to the problem of relative weightage to be

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\* *Ibid*, p. 24

assigned to industries and agriculture in the object of a plan and is futile for establishing the point that the percentage increase should be more in the case of industries than agriculture. We may, therefore, dismiss it at the very outset and focus our attention to the next three propositions quoted above which again are absolute in their logic but which seek to establish the important point that the demand for agricultural products within and without the country is elastic only within extremely narrow limits and the scope for increasing the growth of our agriculture beyond 130% over the present level is unwarranted, especially if our industries are to record merely a 500% increase. Before discussing these three propositions threadbare, we may well point out an apparent contradiction which vitiates them. We do not understand the logic of suggesting that our agricultural growth and improvement should be realized within the limits of the national demand and at the same time hinting that area under commercial crops should be adjusted to the conditions of international trade that might prevail in the post-War period. To advocate autarky as well as foreign trade with respect to agriculture in one breath is more than we can appreciate. We would, however, like to put the best construction on these

sentences. The objections of the planners to any large-scale development of agriculture would, then, appear to be mainly four, *viz.*, (i) the demand for food crops which form the bulk of our agricultural produce is inelastic; (ii) the commercial crops which are substantially dependent upon foreign markets have introduced uncertainty in our economic life; (iii) India should aim at satisfying her own needs and not at exporting in the initial years of planning; and (iv) because we have to industrialize fast, let agriculture wait for the time being. This is, as a matter of fact, an excellent list of arguments that can be advanced against any large-scale development of agriculture in the post-War years and merit close examination.

So far as the question of the demand for agricultural produce goes, it must be realized that this demand is not only for food-stuffs but also for non-food-stuffs; and that it is not only internal but also external. It is quite true to say that a man cannot eat more than what his stomach can hold and if we produce as much as is enough for all the stomachs in the country, the internal demand for food-stuffs after that point will become inelastic. But there is external demand for these products as well and we may well

take upon ourselves the task of filling the needy stomachs abroad. There seems to be no plausible reason why should we look to internal demand only and not to external demand. Canada, Australia and other agriculturally important countries of the world, which produce more than their internal demand, at present export and would like to export in future their surplus agricultural produce to the needy nations so as to be able to take full advantage of their agricultural situation. This, indeed, should be a pointer in the right direction. To take a narrow view of the situation and think that manufactured articles are only worth exporting and that agricultural commodities do not fall under this category, would be inimical to the best interests of a country endowed with so enormous and far-reaching agricultural advantages and favourable factors. Must we always think only in terms of British, German and Japanese economies for all the time to come? This is to be sure an age of industrialism but to allow ourselves to be carried away by this current of thought, without taking into view our natural resources and advantages and the special conditions of this country, would be a slavery of intelligence resulting in great national harm. Post-War world markets in agricultural stuffs would be larger and wider than before. The

war has evidently brought before us the extent of malnutrition and it has been found in Great Britain that wartime siege diet diminished diseases, increased the heights and weights of school children and diminished malnutrition generally. It has been calculated by Sir John B. Orr that with a view to ensure proper nutrition there will be need of increasing British imports by  $1/3$  or  $1/2$ .\* According to Sir John Russel, Head of the Inter-Allied Committee for Agricultural Rehabilitation in Europe, Britain will have to import at least 50% of its food after the war.\*\* Such increase in demand would be a world-wide feature and there would be a demand greater than ever before for food-stuffs. In the satisfaction of this demand India must take a prominent part, which she can well do by mechanizing and rationalizing her primitive and backward agriculture and producing on a large scale. There is besides a very great need of increasing the output of agricultural raw-materials which would be in very great demand in the post-War world and for which a competitive race already seems to have begun. And here we must escape the

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\*Sir John B. Orr, *Food and the People* (London, 1943)

\*\*Cf. *Capital* (Calcutta) March 9, 1944, p. 378

oft-committed error of thinking in terms of pre-War or Wartime foreign demand patterns of goods of agricultural origin; for the demand schedule of importing countries in the post-War period is bound to register considerable and material advances in positive directions, for if post-War reconstruction means anything, it means greater plentifulness of economic goods than ever before so as to reach the vast masses hitherto starved of useful articles, and to pitch up their standard of living at decent levels. The demand for food alone within the nation might become inelastic after a point but the international requirements of food and non-food-stuffs being considered, the aggregate demand curve would be of a nature as to make possible a large-scale development of our agricultural output.

There is, however, a disquieting consideration in the way which has been given prominence by the "Eight Industrialists", *viz.*, the fact that the export of cash crops has introduced an element of uncertainty in our economic life. But we do not think that this is such a great danger as to be a sufficient argument against their export trade in commercial crops as such. For, logically then, that would be an argument against every sort of enterprise, as there would be hardly any economic pursuit which is entirely free from the factor of uncertainty. To argue

on this feeble ground that foreign trade should be abandoned is to adopt the psychology of the proverbial man who, with a view to prevent flies from settling down on his nose recurrently, chopped off the very nose on which they used to sit. The right method of approach to this difficulty is not to adopt an escapist attitude but to face the situation boldly and develop such devices by which the element of uncertainty may be reduced and controlled. It is not beyond the wit of India to evolve such measures. At present agriculture is in the hands of small, illiterate and disintegrated producers whose destinies are controlled by a long chain of middlemen disorganized among themselves and finally bossed over by agents of foreign firms who not only want to buy in the cheapest market, but who also take part in the *quid pro quo* arrangements on an international scale and schedule the major fractions of their demands for satisfaction from more assertive countries, only having a fluctuating final balance to be drawn from India. All these causes of inefficiency and uncertainty would have to be removed, root and branch. Efforts would have to be made to study world demand and supply, and to develop a scientific and reliable system of forecasting international demand and crops every year, in the light of which a highly

efficient and plastic agricultural economy would have to be set up so as to adjust its output to equate the varying demands made upon it. In political sphere, bilateral trade agreements which India will have to conclude with different countries, would also go to ensure proper and definite foreign markets for our agricultural produce of food and non-food varieties. It would be a wrong approach, indeed, if we develop cold feet simply because agricultural output cannot at present be disposed of in the world markets in the quantities we desire and at prices we wish ; and do not fully use our agricultural capacity to seize post-War marketing opportunities. If it is true that the leading industrial countries of the world would be manufacturing on an unprecedented scale to reconstruct the damaged economic systems and increase the standard of living of their peoples, it goes without saying that new markets and selling avenues would be created for agricultural raw materials, and in this setting a limited and narrow vision of our post-War agricultural planning would not be on all fours with our maximum economic welfare. To content ourselves with only luke-warm development of agriculture simply for fear that if we develop it more, things might have to be exported, and foreign demand and prices might

be of a fluctuating nature so that our economy might be exposed to uncertainty, is the line of thought of a coward, not of a planner.

The third argument seems to be of identical nature for it seeks to apply the principle of autarky to our agricultural economy. We need not go here into the pros and cons of autarkic economy in pure theory or in relation to Indian conditions. It is evidently puerile to apply the principle of self-sufficiency to our agriculture which can help us to build up useful export trade, and perhaps not to the industrial limb of our economy. If the various parts of an economy are inter-dependent this would be an incompatible position. Again, as observed earlier, the very conditions of geography are against our adopting such a course. In the initial years of planning, in particular, any effort at shutting down our exports would be suicidal. The ambitious industrialization as envisaged by the Eight Industrialists would itself require huge imports of capital goods ; and if we must import we must export. Now, to manufacturing countries we cannot export manufactured goods, which we do not possess and which they do not require. So we must export agricultural products, for which there would be big markets as against manufactured goods which our neighbours are either producing themselves or might be getting more

cheaply from elsewhere. Indeed, the planners are quite alive to this fact and themselves visualize the building up of a favourable balance of trade to the tune of Rs. 600 crores during the 15 years of the plan. To suggest, then, that we should not export our agricultural commodities following the principle of self-sufficiency in agriculture, especially at the commencement of a plan, seems to be out of tune with the requirements of the situation. There is, indeed, going to be a great scramble for world markets for agricultural produce at the close of this War, in which countries like Australia, New Zealand, Canada, etc., would be taking leading part; and in case we let this golden opportunity slip by and abstain from firmly planting ourselves in foreign markets in the re-adjustment following in the wake of the cessation of hostilities, we might find later to our sorrow that it is difficult to get a foothold there easily; and that the restrictions that we once imposed on agriculture are so many brackets which cannot be easily removed. The economic conditions in the world are at present in a state of flux. Things are changing. They would settle down gradually in the post-War years. The pattern that would then evolve would last and endure. In this pattern we must try to weave India's healthy export trade in agricultural produce and make the best

use of our agricultural resources and capacity. This is one of the major problems which must be tackled by the planners in the initial stages of a plan with vision and foresight, with boldness and thoroughness, and should not be allowed to be eclipsed by a wrongly inspired adherence to the fashionable creed of autarky. It would be a ridiculous autarky which applies only to one part of our economy ; and it would be ridiculous as well as mischievous if it programmes to begin with a deliberate loss of our foreign markets in surplus commodities at a time when the need of such exports is greatest.

The most deceptive as well as attractive argument against the immediate rehabilitation and progress of agriculture is one which says that let agriculture make way for industrial progress now ; and later when industrial development has been accomplished, we would see what can be done to agriculture. This argument concedes the rationale of developing agriculture but it simply seems to set an order of priority in economic evolution in which industry comes first and agriculture takes the second place. But this is a first-class confusion of the very meaning, objective and technique of planning. Planning is never sectional ; it is not in its application partisan ; by its very definition it is comprehensive and all-embracing. If the raising

of the standard of our people to an optimal limit is the real aim of a plan, then this must be achieved not only through industrialization but also by a simultaneous process of agricultural improvement, for both of which our country is pre-eminently suited. In the stagification, the planners can give all the necessary priority to industry, but in the ultimate goal set up by them, any talk of industrial priority to keep the claims of agriculture in abeyance is only another name of nepotism and favouritism calculated to injure the permanent interests of the country.

We are, therefore, not sure that the limitation of 130% improvement over the existing level of agricultural growth, imposed by the "Eight Industrialists" is warranted by the conditions of internal and external demands of post-War period or is adequate to make the best use of our agricultural resources and advantages. These planners appear to suffer from vague misapprehensions and frights with regard to the future of agriculture, which are absolutely without foundation.

We also feel that these absolute arguments given in support of their contention, have been consciously or unconsciously adopted by these planners simply to defend a position to which their wrong approach to the entire problem of planning has inevitably led them to. Their

approach seems to take the following line. In accordance with the popular notion on the point, they believe that the salvation of India lies only in rapid and comprehensive industrialization. They, as such, want to industrialize the country to the tune of 500 per cent over the existing level. That is their main object. In order to be able to supply raw materials of agricultural origin for this purpose, as well as to feed the growing population at the standard of normal health, they estimate that agriculture should be increased by 130%. If this is done, then there turns up the emergence of an accidental equation between the income yielded by industry and that yielded by agriculture. This purely accidental and superficial equality leads these planners to wrongly suppose that this is the so-called "equilibrium" which has been popularly demanded as a necessary attribute of our economy. They are thus led by pure chance to the discovery and they assert that "the proposed threefold increase in India's total national dividend will be brought about in such a way that the present overwhelming predominance of agriculture would be reduced and a more balanced economy established." It is the establishment of this sort of income-equality which it is the aim of the *Plan* to establish.

The method of proportion-fixation between agriculture and industrial growth suffers from serious defects, beginning as they do with a faulty understanding of the so-called "disequilibrium" economy complaint. The term "disequilibrium" has long been used in this country in an occupational sense to imply that too many persons have come to depend upon agriculture and comparatively few on industries; and there is an absolute need of a populational shift from the former to the latter. If this is done, our economy would be brought in a stage of equation. Though these planners make use of the term "equilibrium" to justify their aims and suggestions, they do not use it in the accepted occupational sense. They use it in a novel sense of a national-dividend-parity or national-income-yield-parity flowing from industry and agriculture; and set about to weave the 'equilibrium' of their concept in the pattern of our economy with mathematical zeal, and oddly pose it against, and in preference to, the theory of full utilization of human and material resources.\* The ideal of an equality between the net income yielded by agriculture and industry has, from a

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\*See my articles on *Industrialists' Plan of Economic Development in the Commerce* (Bombay) of Feb. 9, 16 and 23, 1944

theoretical angle, no more rationale and justification than what mere coincidence and arbitrariness can attach to it. By no process of reasoning can it be shown to be an ideal by achieving which a country can maximize its economic welfare. The only correct theory of the best allocation of economic resources is the doctrine of full employment at the maximum social welfare level. It says that in every country all the productive human and material resources should be utilized fully and in the best manner in the interest of securing the highest standard of living. It is not only a question of full employment; it is a problem of full employment associated with the maximization of standard of living. There can be full employment at a low standard of living level; and there can as well be full employment at the level of a high standard of living. The former is associated with wrong and unplanned utilization and the adoption of backward ways of production; the latter, with the best and systematic utilization and the adoption of the most efficient and progressive devices of production. Full employment so as to secure the maximum standard of living should be the key-word of a plan; and here we make no distinction between the maximum and the optimum so as to avoid controversy. The Eight

Industrialists do not draw up their plan around this central theme and there is not even a pretence to achieve maximum standard and prosperity out of given resources, or to use given resources in the most efficient manner so as to secure a fixed standard. Maximum standard and best and most efficient utilization of resources do not figure in their considerations leading up to the determination of the ultimate and guiding ideology of their plan. All that they want is to increase the net income from industry and agriculture, which are at present Rs. 374 crores and Rs. 1,166 crores respectively, by 500% and by 130%, so that the net income from them after 15 years may become Rs. 2,240 crores and Rs. 2,670 crores respectively—almost equal. And the only possible logic lying behind this artificially secured income-equation is the claim of the planners that the industry and agriculture so developed would be mutually self-supporting. But self-supportability by itself is no criterion of the best utilization of resources so as to secure the maximum well-being of the people which must involve quite a separate set of factors and considerations. It is merely co-extensive with autarky and closed economy.

This being so, the question that the Eight Industrialists have still to answer is : why do they want to increase industry by 500% whereas

agriculture by only 130%? We have seen that their reasons evidently thought out to explain this position are untenable. And if that is so, and if the theory of full employment is the doctrine they do not want to violate or disregard, we have no doubt in our mind that agriculture will have to be given considerably more importance than what has been attached to it by them. It is only by facing facts with open mind and adopting a singularly unprejudiced viewpoint can we hope to serve the country best.

We do not mean to attribute motives to Industrialists for the perspective they have adopted. In the existing climate of public and economic opinion in this country, it is only natural that this should happen. But if this happens, we would be whittling down agricultural progress, injuring the permanent and ultimate interests and planning against a plan. We do not see any escape from this unfortunate position.

## XI

### OLIVER TWISTS OF INDIAN ECONOMY

The loss of perspective in our vision is not confined to agriculture and industries alone. If the pampered and much courted industrialism has the danger of choking up her weaker sister

of agriculture, both of them are no less eclipsing to the attractions and charms of their growing companions like forestry, animal industry, banking, insurance, shipping and other auxiliaries of economic progress and prosperity. That India is extremely backward and deficient in all these subsidiary occupations, is a well-established proposition in Indian Economics. Their speedy progress is a crying need of the hour and the economic development of the country up to the aspirations of the people is well-nigh impossible without a co-extensive growth of the arteries of traffic, trade and finance. If on the plane of production, forestry, animal industry and mining are to be the basis of any planned scheme of agricultural and industrial growth, on the plane of exchange and market-distribution, insurance, banking, shipping and trading concerns have the same fundamental importance. In fact each of these items has been kept in a state of great underdevelopment and has been a mill-stone round the neck of India's economic advancement. It is only recently that a margin of our deficiency in this regard has been sought to be made good by the floatation of several new banks, though their geographical concentration, preponderating urbanization and functional uniformity on commercial side, rob them of

much of their usefulness ; while thanks to the new Insurance Act and the present War, the foreign companies have in some cases retreated, so that Indian insurance companies have got some time to breathe freely and spread their operations within the country. But in none of these spheres has even a fringe of our problem been solved ; while in others, the achievement does not exceed the mere scratching of the surface. If it is true that economic development of the country cannot fully take place without setting up an efficient system of finance, risks coverages, trade and transport and without the full development of primary and extractive industries, they should naturally form important items in a plan and sufficient importance should be attached to them.

Indeed, one of the virtues of the planned system of the Soviet Union is "not only (this that) it produces as much as it technically can but (that it) distributes the product as well as it economically can."\* Economical distribution is no less important in a country like India which though only one-quarter in area of Russia, is twice as largely populated. Our marketing problem is bound to be much greater

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\* G. D. H. Cole, *Practical Economics* (Pelican), p. 36

than that of, for instance, Great Britain compared to which India's area is 20 times great and her population 8 times large with the high village population of 87% as against only 21% in Britain. The market-distribution system should be smooth and swift, direct and cheap, flexible and capacious to ensure quick raw-material and capital-equipment assemblage, unhindered labour and capital mobility according to needs and requirements and direct transference of goods to consumers with least middle-men waste and without the piling up of stocks. It must help and encourage speedy action, ambitious planning and comprehensive movements. Railways, roads, road motors, shipping and aviation, all must be fully developed, extended and kept at a high pitch of efficiency, which means that we will have to make up a great lee-way by mighty efforts and long jumps. We have not only to catch the arrears in these respects but have also to forge ahead according to the requirements of a developing economy and the scientific and commercial achievements of other countries. In the field of transport, while the importance of rail transport is generally realized by us, shipping and aviation in particular must also make rapid strides, the former because we almost exclusively depend upon foreign resources in

this regard, which we must displace, and the latter because we have to take our due share in the post-War aerial plans that are being laid out on a national and global scale. Efficient transport should be associated with a system of efficient trading and merchandizing of goods, which might ensure minimum selling cost, least possible waste of time and effort and a scientific approach to the psychology involved in the matter. The majority of our business houses must get out of their routine and inefficient rut, educate and train their staff, increase their capital as well as efficiency, organize into strong bodies and otherwise prepare themselves so as to fit in with a developing and progressing economy. The element of foreign enterprise in internal trading is not so large as in foreign trading where it has long stayed and reaped rich harvests and from where its ejection is overdue. All these much-needed improvements must find a place of pride and emphasis in a plan.

To take the directly productive pursuits which act as subsidiary to agriculture or industry, *viz.*, mining, forestry and animal husbandry, it would be readily appreciated that they are of central importance in supporting their principals and for other useful purposes besides. Iron furnishes the machinery and

coal supplies motive power while other minerals and metals are indispensable industrial raw materials. Bountiful Nature has happily given us vast mining resources which have passed into proverbs ; but human efforts have not been directed to their full exploitation. They have not even been fully mapped out and exploited and, in some cases, where exploitation has been done, its rapidity, primitiveness and indiscriminate character are matters of alarm, and there is need of checks and balances for proper conservation, and everywhere there is a necessity of fuller and most discriminate exploitation and planning with an eye on a presumably soaring up internal demand as well as export requirements. Our mineral and metal treasures are well matched by our vast and valuable forests which are even to a greater extent in the throes of rank backwardness and neglect. Because of their providing the innumerable major and minor products, including rubber and timber without which large-scale industrialization and agricultural improvement cannot be achieved, they have everywhere been regarded as the very basis of human civilization ; and the problem of their proper working should be an integral part of an economic plan. Even a country like Great Britain, which is not reputed for her primary industries, has already

drawn up an ambitious programme of forest growth and development. It was only a few months back that the Forestry Commissioners issued a report as a White Paper on *Post-war Forest Policy*, which was presented by Chancellor of the Exchequer on 8th June, 1943, to the Parliament. This recommended a vast programme of afforestation which is calculated to increase the nation's forest area of about 3 million acres to 5 million acres in the course of five decades. The existing forests have been over-exploited and seriously devastated due to exigencies of the War, to a far greater extent than was the case during the World War I, and as such the programme of fresh reconstruction is more ambitious and comprehensive this time. There is even a distinct desire on the part of reconstructors to be more self-sufficient than before in the matter of forest products. And if the proposed programme is carried through, Britain's home supplies of timber would cover 35% of her normal timber requirements, whereas before this War Britain supplied only 4 per cent. This would also give employment to 250,000 workers. Even smaller countries are fully realizing the need, necessity and momentous significance of forests and are giving to forestry an important place in their post-War re-cons-

truction schemes. We also must rise to the occasion, fully grasp the planning significance of forests in all its phases, appreciate their importance as the creator of employment for a large number of persons at present dependent upon agriculture, visualize the great demand for rubber, timber and other forest products that would occur after the War inside as well as outside the country, and initiate a plan of progressive forestry as an integral feature of the wider economic plan. Nor must we allow our animal industry to remain in a languishing and pitiable state. For it is our animal industry that is capable of supplying milk and butter which yield energy in a vegetarian diet, and meat which gives energy in a non-vegetarian diet, together with other rich and healthy dairy products which would be greatly required by, and largely figure in, the rising standard of living of our vast masses. All these articles and many more of great industrial and agricultural significance like wool, hides, skins, bones, etc., are extremely valuable not only for our internal purposes but also for export purposes. Animal products are of hundreds of varieties and suit or can be made to suit Indian as well as foreign markets, so that they might directly increase the income of our cultivators. U. S. S. R. has all along

been taking special measure to develop animal industry. According to the *Pravda* even the plan for 1943 provided "for an increase of 11·8 per cent in herds of cattle, 13 per cent in number of goats, and 16·4 per cent in the number of pigs. Provision was also made for assistance in the reconstitution of flocks and herds in the collective farms of the liberated regions." Fisheries have, again, received very inadequate attention hitherto in our country. Most primitive methods of catching, preservation, transport and marketing reign supreme and a pursuit which should have made our fishermen rich and prosperous has through chronic neglect and carelessness, made them extremely poor and poverty-ridden. There is immense scope of developing and activizing all these productive subsidiaries which must receive full attention in a plan for economic development of India.

Banking, insurance and other financial pursuits repeat the same woeful tale of utter backwardness and permanent depression. Only the hold of foreigners in this sphere is great; and they are extremely careful, tactful and successful in preventing the growth of our financial institutions to an extent which might defy their monopoly and challenge their vested interests. There is an enviable scope for Indian enterprise to extend its wings fully in this

sphere, especially in time to come when the work transacted by such institutions would increase several times. An increase in the industrial, agricultural and business activity in the post-War period, an increase in the income *per capita*, a greater diffusion of knowledge and education, and greater insurance salesmanship-efficiency on the part of Indian Offices—all these would create a huge market for insurance to cater which dozens of insurance companies would have to be programmed right from now. It is also a just grievance of Indian insurance offices that foreign companies, by virtue of their international connections and immense capital, take away a large slice of Indian business, particularly in the non-life section, and leave their Indian compeers high and dry. A future plan must provide for the establishment of big indigenous insurance units capable of proving a match to foreign concerns in every sphere of insurance business and taking care of the ever-increasing insurance habit. Particularly the hegemony of foreign exchange banks blessing foreign marine insurance companies, and *vice versa*, will have to be faced squarely. It is well-known that no Indian exchange bank has been allowed to take root in India because of severe, cut-throat and unjust competition directed against it by foreign

exchange banks. Even in internal commercial banking business, foreign concerns hold an important sway. The problem in the post-War world would not only be of bottling up these and other like sources of invisible imports but also of executing and transacting increased banking business which would be a necessary concomitant of economic planning and prosperity. Increased ruralization of banking and insurance and the setting up of different functional varieties thereof, would require crores of rupees, huge material and human resources and great talent.

It is, indeed, sad to note that in recent planning studies and deliberations, agriculture and industries dominate almost the entire stage, so that all the above mentioned branches of economic activity have been largely eclipsed. First things must come first no doubt, but they must not relegate their subsidiaries and auxiliaries to the background. Our industrialization and agricultural developments would be seriously hampered and handicapped unless they are associated with the simultaneous and necessary development of the above mentioned items. India has great potentialities in regard to these subsidiary occupations which must be fully exploited under a plan, and lifted up from the degradation to which they have been

committed at present. Our fears have been strengthened by the Industrialists' plan and the degree to which it has caught the fancy of the people and won their unqualified and unmodified support. The authors of this plan, do not appear to have given a square deal to the animal industry and forestry. The planning of mining raw materials is equally badly off. In fact, from the viewpoint of raw material planning as a whole without which five-fold industrialization is beyond achievement, this plan appears to have been crudely executed. Nor is there a single definite pronouncement regarding the future of foreign vested interests, ownership and control inside the country, or on our foreign trade policy in general. The Eight Industrialists certainly realize that the production drive would necessitate considerable transport facilities for handling the movement of goods and services; and hence provide for a 100% increase in the railroad and metalled road mileage. But they altogether omit from consideration the claim of civil aviation. That civil aviation is going to have a big place in the post-War world is a proposition which nobody would today deny. The rush amongst the American, British and even Indian transport concerns, especially oceanic transport—*e.g.*, the Curnard, the Clan, the P. & O., Silver and Stan-

hope in U. K., Union Steamship Co., and the C. P. R. in New Zealand and Grace Lines in Latin America—to include air transport clauses in their Articles of Association, the tacit tug-of-war between America and the United Kingdom over this issue, the pronouncements of the Society of British Aircraft Constructors, Brigadier-General Alfred Critchley, Sir Archibald Sinclair, Sir Frederick Sykes, President Roosevelt himself and others, and the deep concern in every reconstruction plan that is being fashioned on this point, and the tall talk about “freedom of air”, all go to show the importance that is being attached to this means of transport. Vast improvements in air transport are already taking place. New machines, with amazing swiftness, dimensions and carrying capacity are being invented. Pilots, ground engineers, mechanics and other workers are being trained in large numbers. Aerodromes have already been constructed throughout the length and breadth of the country due to strategic reasons. There are already talks and apprehensions that the civil aviation advantages of the country might be allowed to be exploited by foreign interests. In the midst of such possibilities, expectations and fears, it is surprising that the planners have not given prominence to civil aviation. The neces-

sity of laying down a systematic scheme for its development, the formulation of air routes, construction of aerodromes, halting places, restaurants, etc., and the co-ordination of this with other modes of transport, have not even been hinted, much less is there any provision regarding the capital expenditure which this would require. The ideas of the authors regarding oceanic transport are also very narrow for they do not go beyond the stage of coastal shipping. It has been a longstanding aspiration of the people that they should have their own ships to carry their goods and their dependence on foreign means of oceanic transport should be reduced. Nor do they envisage any improvement in the means of communication. If the towns and villages are to be made beehives of agricultural and industrial activities, there will be a great need for an increase in post offices, telegraph offices, wireless and radio, and other means of communication and remittances, which would call for considerable capital investment."\* The leading financial auxiliaries like banking and insurance have again been stripped of their due importance and they do not at all figure in this plan. We are shocked that all the important

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\* *Vide* my articles in the *Commerce* (Bombay) on the Industrialists' Plan, referred to earlier

subsidiary portions of our economy have thus been given barely scant attention, which would seriously interfere with even the industrial planning of the order envisaged by these industrialists. But however serious a view we might take of these omissions and lacunae, it would be injudicious to blame the Eight Industrialists for them. To criticize them for lacunae and gaps in non-industrial parts would, indeed, be a harsh judgment. For the Indian industrialists are not the Government of India and if they have given us a satisfactory plan on the industrial front, we must not necessarily expect more from them. But they *have* given us more than that and have painted for us a comprehensive picture of the economy as a whole; and then they are fair enough not to claim finality for it. It is now our task to do the rest ourselves if anything is needed, fill in such gaps as we think they have left, and constructively cooperate with them rather than critically sabotage their admirable and unique attempt. But in so far as their attitude on these problems represents general outlook on the matter, it is no doubt a matter of concern.

While the non-official opinion seems to be too much neglectful of these subsidiary elements of economic progress, the Government have got stuck up mostly in them and have not been able

to see much beyond them. They have almost entirely neglected industrial planning which is not the job of any Committee appointed by them, while to agriculture they appear to have been giving no more than verbal encouragement. The planlessness lying behind the planning efforts at New Delhi have, indeed, a certain amount of historical support. And these neglected maidens, if overlooked by the common people and industrialists, have been extended right royal reception by our Viceroy. In 1936, Lord Linlithgow had said, "What, indeed, is the use of spending public funds on objects such as education, welfare-schemes and the like, if the people have not the health and body to take full advantage of them? What indeed can we hope for from political constitution unless we apply ourselves to the improvement of physical constitution of the common people?" While Lord Linlithgow thought that health and bulls were the most important problems of interest and importance in India, Lord Wavell has lent the weight of his authority to transport. Lord Wavell, in his this year's address to the Annual Meeting of the Associated Chambers, stated: "I put communications first, since I do not see how it is possible to effect any great improvement in health or education in the villages of India until they can be reached surely and

quickly at all times."\* So deep is the distrust of the people of Government programmes that Lord Linlithgow's policy was regarded as one of side-tracking the more important issues, while Lord Wavell's emphasis on transport is regarded as rooted in the military experience and requirements and would only facilitate export of raw materials and throw agriculture in the vortex of world competition which would be disastrous to them in their present state.\*\* Be that as it may, it is apparent by now that the Government of India have not yet overgrown the stage of thinking of post-War reconstruction in terms of transport, education, health and demobilised soldiery, all of which are perhaps expending propositions and by themselves stand only to fall if unsupported by programmes of quick and comprehensive increase in production and national income. We have been recently informed by Hon'ble Sir J. P. Srivastava (*vide* his opening address at the General Policy Committee on January 17) that the Government of India have got comprehensive reports prepared on land for ex-soldiers, roads and road transport, agriculture, forestry, fisheries and education, of which only

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\*Quoted by *The Journal of the Marwari Association*, February 1944, pp. 66-67

\*\*Cf., for instance, *People's War* (Bombay), February 13, 1944

the last has been released to the public. We are not aware of the worth and objects of these reports and their value to the planners, but we must give credit to the Government for concentrating their attention on this uncourted section of our economy, though their comparative disregard of the more important issues is alarming.

No less alarming, however, is the fact that the non-official opinion which, though not altogether unmindful of these Oliver Twists of our economy, does not seem to be inspired by adequate degree of seriousness and sincerity in regard to the practical aspects of their betterment. The Government of India's sole emphasis on some of these aspects—probably all their post-War reconstruction has so far meant development of these subsidiaries only—has not aroused much interest in the public which has now begun to look to industrialists rather than to the Government for a plan which it can like and admire. And we fear that in the existing temper and outlook these items are fated to be glossed over. This is an epitome of the wrong perspective which we have referred to earlier and which should be corrected not only in the matter of industry *vis-a-vis* agriculture, but also with regard to industry and agriculture *vis-a-vis* subsidiary

and supporting limbs of Indian economy. This sort of wrong perspective, if continued, would bring disastrous consequences in its train. The danger is not only this that we would fail to achieve our planned dreams without proper development of this part of our economic mechanism, but greater inroads than before would be made on our resources and income by the British business and finance which are already asserting, themselves so largely in the matter of invisible exports to this country, with other countries also similarly determined. We would have to put up really tough fight, whether we are within or without the bracket of British Imperialism, against these odds for which we must not delay adequate preparations. In foreign countries, all these interests are receiving great attention and plans are being laid down for their improvement and extension with admirable thoroughness which we would do well to copy. But enough is not being done at present. The chances of the adoption of a bold and progressive policy in these matters as a part and parcel of a properly perspectivized and proportioned plan, instead of occasional items and palliatives which are always on their way in and out of season without achieving much, do not appear to be very bright. The public opinion does not appear to be correctly visioned

in regard to these subjects in relation to industry and agriculture. And this to us is not a matter of satisfaction.

## XII

### THE WILL-O'-THE-WISP OF STERLING BALANCES AND CAPITAL GOODS

While this is the disquieting position with regard to the basic angle from which the growth of the various parts of economy has to be regulated so as to secure right perspective and due proportion, we have no reason to be happier in the ticklish matter of the ways and means available for financing a plan for our country. The Eight Industrialists have rendered yeomen's service to the cause of planning by lifting this financial aspect out of the darkness of confused, distracted and disappointing psychology and reasoning and by bringing in lime-light the hitherto blacked-out though intimate link between the production and consumption sectors of our economy. The hopeless attitude of the public with regard to planning mainly because of an absence of perceptible sources of finance, is not yet a thing of remote past. Indeed, this still seems to the official creed of New Delhi; and the damnation of the modest Sargent Scheme of Education on the ground of lack of finances shows that the financial *pundits* of Imperial

Secretariat have not yet begun to think in terms of the capacities and potentialities of the productive sectors of our economy. We on our part have not the least doubt that it is well within the means of the country to carry through a comprehensive plan without any financial hindrance; and if anybody entertains the least misgiving on this score, he has obviously not read or rightly understood the Industrialists' Plan. This Plan has altogether changed the financial phase of planning and is a great achievement from that angle. But the path is thorny and there are practical difficulties in the way. Of these the most important is the one having to do with sterling balances.

It goes without saying that in the ways and means position which is to financially back up a plan, sterling balances are of central importance for a variety of reasons. Before this War we were a debtor of the London money market and Indian economists and politicians used to cry from house-tops that while they wanted political freedom, they also desired freedom from the grips of international Jewry without which no real economic freedom would be available. The War has brought about the realization of this latter demand. Our War-time sacrifices have at least served this good purpose that our foreign debt has been entirely

paid off; and now we have emerged as a creditor nation with our sterling balances accumulated to the tune of Rs. 780 crores approximately (March 17, 1944) which figure is sure to touch the level of Rs. 1,000 crores by the end of this war or perhaps earlier. The sterling balance significance consists not so much in the fact that we have been disburdened of the huge interest load we had to credit to Britain's account every year, as in the availability of this huge amount of British purchasing power after the War to help us materially in our reconstruction and rehabilitation programmes on which high hopes have already begun to be set. Ten per cent of the total finances required for the Industrialists' Plan is expected to be derived from this source. Sterling balances have, indeed, been taken as equivalent of capital goods by some facile thinkers and these balances have been given the high-sounding title of the "peace chest for Indian reconstruction." It is expected with a good deal of self-complacency and no less naivety that as soon as hostilities terminate, we would freely spend these sterling resources on the purchase of the capital goods on a large scale which should help us to industrialize and set the ball of a plan rolling. Into the questionable validity of this supposed sterling assets and capital goods equation, we would

presently go ; but were it to come about, as is the hope of many, it would be a great boon to our planning efforts.

The central importance of sterling balances, however, consists mainly in the fact that if available, they would be the only means readily available to us in the immediate post-War era for the purpose of planning. In this, indeed, lies the uniqueness of their significance in the present context. Could we freely exercise this foreign purchasing power of which we are the masters, these sterling balances would be the first, the most convenient and the most readily available means of capital goods acquisition. It is true that we have hoarded wealth which can be mobilized ; that we have things to export which would give rise to foreign purchasing power ; that we have foreign markets where we can borrow easily ; and that we would have recourse to the created money according to our requirements. But the mobilization of hoarded wealth would take time. The building up of favourable balance of payments is a process of slow growth. Borrowing in a foreign market cannot be freely done as soon as hostilities cease and must not come in the beginning of our preference scale of financial means. Created money alone can be freely resorted to when the rising scale of an expanding economy has gained momentum. It

is the sterling balances which we have built up and are building up at great sacrifice, the availability of which should determine the fate of planning in its initial stages in this country. The matter of the effective availability of these balances to us, therefore, becomes one of basic necessity for the very commencement of a plan.

While all this is true, we feel pessimistic enough to part company with those who believe that the very fact that we have accumulated sterling balances *ipso facto* implies that they would be available to us in all senses. There has been an extravagant amount of high-pitched expectations on this problem and we deem it essential to unwrap the myth and unrealism with which the presumed co-extensiveness between sterling accumulation and capital goods is enveloped which does not appear to us to be so direct, certain and close.

We must not forget that our sterling resources might be partly used for making a contribution to the cost of the War which Great Britain has incurred and would be incurring. That it would be invidious for a wartime ally to totally escape the financial burden of a war, especially when at least some of this expenditure is being incurred in an attempt to safeguard our own homes and hearths, is an argument which would be neither unusual nor resistible. The history of

the last War gives a clear pointer in this direction. During the last post-War period, as would be remembered, Indian nation contributed Rs. 150 crores to Britain as its "contribution to her economic rehabilitation and as the purchase price of the nebulous Mont-Ford reforms." It is not unlikely, and perhaps with the arrival of the War on the Indian soil it is exceedingly probable, that India would this time again forego at least a part of the sterling accumulations as her contribution to the reconstruction of the War-weary Britain in a moment of her grave predicament.

Part of our balances might again be dissipated in case the sterling depreciates in post-War years. It is, indeed, difficult to precisely forecast the sterling status after the War, but there is a reasonable fear that a fall would occur. In view of this impending risk, it has been suggested that the British Government must give a guarantee to India that it would make good any loss caused by a depreciation of the sterling if it actually takes place. The Federation of Indian Chambers of Commerce and Industry, for instance, passed a resolution at its March, 1944, session that "the Government of India should secure an undertaking from the British Government that in case the value of the sterling during or after the war depreciates in terms of gold, the British Govern-

ment shall compensate the Reserve Bank of India for all its sterling holdings to the extent of such depreciation." So far, however, nothing has been done towards this end. The Argentine precedence may or may not apply to India ; for Argentine's issue was complicated by so many factors and the British Government had to yield despite its reluctance and unwillingness. The British public is not quite satisfied with that affair and has been extremely critical of the American stand in the matter. We would, no doubt, greatly welcome a guarantee of the type demanded by the Federation. But if it does not happen to come, which would not be at all surprising, our sterling resources would be reduced by the amount of the depreciation.

Then there is also the hydra-headed problem of the large-scale imports of consumption goods and 'invisible items' from Great Britain, which might be poured in our country in diverse ways, direct and indirect, and which might consume a fair share of the said balances. There is already a well-grounded fear that the sterling balances instead of becoming a promoter of and boon to further industrialization might begin hitting even India's wartime industrial growth in case consumer goods are let loose in this country, which is supposed to be highly probable. The game seems to have already started and the

imports of consumption goods from Britain, despite transport shortage and War work, have already commenced. The cycle manufacturing industry has been started here during the War and is only developing ; but before it could plant its feet firmly on the ground, British cycles began to flood Indian markets while Indian factories, being short of necessary materials and stores which they could not secure from abroad, went without work. The Federation of Indian Chambers of Commerce and Industry, at its 1944 (New Delhi) session, emphatically protested against "the policy recently adopted by Government in encouraging increased imports of manufactured goods which are at present being manufactured and supplied to the public by the newly established indigenous industries in India." The lack of facilities of imports of plant and machinery and of materials stores and the requisite component parts, has been the destruction of such industries in several cases. We are afraid that this process will not suddenly come to a stop as soon as the "cease fire" order is given. This is a tendency which is bound to outlive the hostilities and make substantial demand on our sterling resources.

This, however, is not the end of our sterling balance tragedy. Even if these balances remain with us, wholly or partly, the momentous ques-

tion that has to be asked is: What are our chances of getting capital goods in exchange for these balances in the immediate post-War period? And here we may observe that capital-goods-acquisition would be doubly important for us as compared to other countries. We would require such goods to take the place of highly depreciated fixed plants which are already being put to the highest possible strain, in which regard we are at one with the other countries of the world. But our planning programme is not going to be altogether functional and would involve some fundamental, if not structural, innovations; and in order to build up new industries and factories right from their foundation, we must import machinery and plant on a large scale. Most important perhaps would be the problem of importing the plant which manufactures machinery so that our total dependence for such fixed assets on foreign countries might stop. It need not, therefore, be stressed that our requirement of capital goods would be most vital; and in so far as the availability of these goods is rendered difficult or impossible, our planning programme would be handicapped seriously to that extent. But while this is all true and our need for acquiring capital goods is great as well as unquestionable, the demand of other countries for them would be no less acute in their own

eyes. All the warring nations, which are also the producers of capital goods, are at present engaged in producing war materials and their plants and machinery have greatly depreciated, devastated or destroyed, which require replacement and re-equipment to make up the past neglect as well as to carry on the comprehensive reconstruction programmes on a scale adequate for the realization of the high standard of post-War prosperity which have been set by them before their peoples. No doubt there would be great demand from outside and they would like to meet it. They have no misgiving that as a general rule the demand for such goods would be extremely pressing and bulky in every country of the world. But then the supply of such goods is bound to be very limited as the capacity of the countries is today mainly devoted to meet Wartime needs and it would be some time before productive goods could be produced enough and to spare. Under the circumstances, the first claim on the capital goods' producers of countries like Great Britain and America would be of their own nationals, industrialists and businessmen ; and it is almost certain that their own requirements would hardly leave any surplus to be released for other countries for some time to come. Even if there is

a surplus, it would not be available to the highest bidder in the post-War world. It would be nothing short of a delusion for us to expect an open and free market for these goods. There would, on the contrary, be a neck-to-neck scramble for them ; and not the highest bidder but the greatest diplomat and the most alert businessman would carry the day. The race has already begun. Trade agreements are already being drawn up, fixing priority in the matter of supply of capital goods. And the nations which want to build up an ambitious industrial planned economy are coming forward and entering into trade agreements right now. But India seems to be missing this bus as well.

We are not unaware of some hopeful thinkers in this country who believe that the Wartime increase in the productive capacity of machine and machine tools in the United Kingdom and United States of America and partial dismantling of armament factories, would create a large stock of fixed assets which would not only satisfy the internal demands of these countries but would also be available to other countries. Consequently, the fear of the lack of capital goods in the post-War period is misplaced and wrong. We on our part do not feel so optimistic on this problem. It is correct that productive capacities of both these countries in this regard

have increased, but so would have increased their own demand for capital goods in the post-War era to build up what has been destroyed, to replace what has depreciated, to make good what has been neglected and, what is most important, to provide what is now aspired with a view to secure higher standard of living for their masses. Opinions in these two countries are definite that they would not have sufficient capital goods to export to other countries immediately after the War as they would be satisfying the internal demand on an unprecedented scale. After this demand has been satisfied, which means after some time has elapsed since the termination of hostilities—and we would be wrong to suppose that this time space would be narrow—capital goods might be enough and to spare but the time factor is of the essence of the situation. A similar time-lag would occur in the resettling of the armament-producing industrial units on the production of capital goods basis. The problem, in other words, is not one of long range but of very short range; and should be looked at from that angle.

It is a matter of singular misfortune that in the struggle and trade negotiations for acquiring fixed assets immediately after the War, India is not taking any part; and it would be idle to hope that in what remains after this scramble,

would be in keeping with our requirements of a comprehensive plan. It was, indeed, a very well-considered suggestion of Mr. G. D. Birla that a delegation of Indian industrialists should visit the British Isles at this juncture; and had this been possible it might have solved some of our difficulties; and where Government have been wanting in action, Indian industrialists could have taken positive steps. But there is news from London that this suggestion has "aroused great interest although some circles doubt whether Government would give them travel facilities". Later information is more favourable, but we do not exactly know where the truth lies, and if there would be any limitation on the activities of the delegation. Under the circumstances we have to depend upon *bakhshish* from a generous Britain which might kindly do us a good turn. And the City of London has, while thoroughly disapproving the idea of converting sterling balances in gold, vaguely agreed to the utilization of these balances "for long term projects". What is hidden behind these undefined and ambiguous words is an evidently belated and halting *quid pro quo* for India's Wartime sacrifices. If the "long term" is so long that we have to wait till a surplus of capital goods generally begins to accrue, we would be losing a golden opportunity of bidding for economic progress

and achieving it by rapid strides in the most favourable circumstances. Britain, say the London financiers, will be glad to "forge these new links" between India and Great Britain but hastily add that Britain can fairly demand such a mutually beneficial solution, remembering how these debts had arisen and because any slicker solution would hopelessly distort both our and the recipient country's economies."\* In the face of this utterly disquieting setting when we cannot bid for capital goods in the open market in the immediate post-War period, when the leading manufacturing countries will spare their exports only reluctantly as they will find hard enough to re-equip their own industries, when other countries are already contracting for the control of available supplies while India is a passive onlooker and, when she is thus driven to depend in this matter upon the generosity and goodwill of a Great Britain which would hardly find the situation warranting such grace, the sterling balances and capital goods equivalence is undiluted humbug.

There is tough opposition even to the suggestion of generalizing this foreign purchasing power in our hands. The City of London is unwilling to accept the sensible proposal of the

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\* *Capital* (Calcutta), Feb. 10, 1944, p. 199

Indian Reconstruction Policy Committee that the sterling balances should be converted into gold or dollar right at this stage. If this could be done, India might be able to tap wider and more varied sources of supply, at the same time reducing the risk of depreciation; though we are not sanguine about the ultimate upshot of this measure. But London thinks it to be "a magnificent method for sabotaging both India's and Britain's post-War reconstruction" and warns that "the U. S. denuded Britain of all gold and dollars before the Lend-Lease Act was passed in March, 1941, and permanently keeps Britain denuded," and India must not add to her difficulties at such a time.

If the above reading is accurate, it would be futile to set high hopes on the outcome of the sterling accumulations and it would be futile as well as foolish to lose our head on the emergence of our creditor status which does not mean anything beyond the disburdening of the annual interest load. If in the financial aspects of planning sterling balances hold a central position, their evident non-availability for the purchase of capital goods (in which alone their prime significance lies) should be a strong argument against any wishful optimism in this regard.

## XIII

### THE STATISTICAL SIDE

Apart from this financial and fixed assets problem, there is a draw-back of a more internal nature ; it is the absence of adequate and all-sided statistics in this country which are absolutely indispensable for the formulation of a plan in all its varied and more or less sufficient details as well as for its implementation and execution. Statistics has been rightly described as the arithmetic of a human welfare : and while planning for the augmentation of human welfare through diverse ways and methods on a national scale, it would be planless, risky and wasteful to sail without the rudder and compass of statistics.

Planning is a great experiment in the domain of the applied aspects of Economics which is rapidly becoming statistical on the inductive side as it is becoming mathematical on the deductive side. And if statistics are valuable in theoretical deliberations, they constitute the heart and soul of practical programmes of economic nature. In the words of H. E. John Francis Ashley, Lord Erskin (*Vide* his opening address to the Third Madras Indian Statistical Conference), we must have facts and figures for no efficiently planned progress in the economic field is possible without them. In this disturbed world of ours

today we are faced with one incontrovertible fact ..... It is that present-day economics seems to have outrun our ability to regulate and control them—or even to solve accurately the perplexing and infinitely complicated economic relationship between one nation and another, or among various interests within the same state. Over-production, unequal distribution of goods, cycles of depression and such like phenomena are but the symptoms of an economic malady. Its causes must be diagnosed and a suitable cure devised. The present century has seen several attempts to this end—five year plans, ten year plans and so forth ; but unfortunately in some cases there is great doubt whether the cure has not proved much worse than the disease ! The implications of these observations must be clearly grasped by the future planners of India. Planning is a great exercise in statistics. In order to be able to draw up a plan we must know in concrete terms our achievements and present position, our resources and potentialities, our capacity and its probable field for improvement. It is only in the light of all this statistical study that our ideals can be framed and our targets fixed. For the achievement of orderly and intended development, it would again be necessary to have a well-established machinery and organization for the constant collection, editing, interpreting and

forecasting of statistical data, which will have to work all the time side by side with the planning authority and be its friend, philosopher and guide.

The day is over when statistics was suspect and its claim to being a science was ridiculed, for it was generally believed, not without propriety, that you can prove anything by statistics. But while that may be correct even today also, there is no gainsaying the fact that without statistics you can prove nothing. *A priori* judgments and experience would be false guides in planning for the future of a nation, as these might have been based on exceptional premises and circumstances. Social phenomena are often amenable to an application of numerical methods which can yield approximately correct solutions. It would be unreasonable surely to suggest that because a result mathematically accurate is unattainable, therefore, we should be content with mere guesses founded upon the personal experience of individuals. Should we not rather collect facts on the broadest basis available and reason from these? "Because the statistician cannot predict social crises as astronomy predicts eclipses, is he to be precluded from demonstrating the present tendencies and indicating their probable results? Surely again it is no more reasonable to condemn statistics because many

men cannot marshal figures correctly, than it would be to deny the utility of geometry because many boys fail to master the first few propositions of Euclid." Today, indeed, there should be less need of removing public mistrust and wrong notions on problems like these than before. It should be widely realized that "statistics are not merely a record of what has been, but are for use in planning what shall be ; it is the duty of a statistical bureau to assist directly in the day-to-day problems of administration as well as to provide their theoretical background. One of the most significant of recent developments in administration is the extent to which statistical organization has been increased as a guide to national policy."\* In fact, "in Germany before the (First Great) War the Statistical Bureaux ceaselessly employed in working on everything that illuminates the future of the German people ; and in the era which is now opening there can be little doubt that the nation which studies the drift of events as it is revealed by the statistical analysis will be infinitely better equipped to take advantage of its opportunities than another which perhaps trusts only to the methods of

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\**Official Year Book of Canada, 1922-23.* Quoted in Indian Economic Enquiry Committee Report

empiricism.”\* It was only a few weeks ago that Sir Stafford Cripps quite rightly included among the four requirements of a post-War organization of industry, the collection and provision of adequate economic statistics. Today when we are at the brink of taking great decisions, of drawing up blue-prints of the future and, let us hope, of implementing big plans, the full importance of these truths should be clearly grasped.

Any plan, before it can be framed, would require mass of statistical details, properly collected, marshalled and interpreted. Unless we have a clear and concrete picture of our needs and resources before us, the utilization of the latter to the best purpose would have to be based on unsound judgments and mere guess work, which cannot be satisfactory. Statistics would again be needed at almost every subsequent step. Before an actual productive drive can be launched upon, the planning authority must be able to anticipate the quality and quantity of the probable future demand, internal as well as external, of every item in the production schedule. There must, again, be adequate facts and figures to show how far can the external pattern of demand be changed or directed into newer

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\* *Times* (London), 1921. Quoted in the Indian Economic Enquiry Committee Report

channels, if necessary, and what would be the effect of the growing *per capita* income on this demand and its flexibility. A clear and statistical picture of our productive capacity collectively for all times and for each item severally would be another necessity. Cost of production statistics would again be required which would be compared with parallel statistics relating to foreign countries to find out the competitive and non-competitive ranges in Indian and foreign markets. A comprehensive statistical study along all such lines would have to precede actual planned production. There would be need besides of finding out the number of financial and auxiliary institutions, their geographical distribution and their capacity to handle banking insurance and transport business before a scheme of new floatations and redistribution can be finalized and put into practice. In the distribution sector, a statistical forecast of the net aggregate national dividend would be necessary and this income would have to be carefully divided into consumption and production sections between which proper proportion would have to be maintained. The pattern of distribution on the consumption side would have to accord with the typology followed in production for consumption, and *vice versa*. For all we know, the cost-computation in a regimented economy might

run in real terms rather than in money figures, as happened in the U. S. S. R. The forecasting of secular, cyclical, seasonal and accidental variables would have to be made more scientific and accurate. To handle these and many more intricate problems and to turn the wealth of data collected on an unprecedented scale, new statistical technique and skill would have to be developed and a strong army of specially trained statisticians would be required. Every aspect of planning would be deeply rooted in the soil and subsoil of statistical data and technique. The statistical problem would, therefore, be one of the most fundamental and important problems which the planning authority will have to tackle anterior to and alongside a plan.

Indian statistics at present fall much short of this standard. They are extremely inadequate and have big lacunae. They have been regarded as incomplete in the sphere of production and almost non-existent with regard to income, wealth, indebtedness, etc., though in the matters of general economic nature, their position is better by comparison. They are also unreliable and are vitiated by the method of collection that is followed; and it is strongly felt that the mode of collection must be thoroughly improved and placed in expert hands before any reliance

can be placed upon them. Again, the mass of statistics are not correctly compiled and edited and all of them are not published. Statistics, published and unpublished, are not thoroughly used and properly handled so as to yield the useful information they contain. Modern methods and technique do not find an application in all this work which is done in the secretariat parlours and there is a lack of information even regarding the scope and significance of published statistics. The Government of India, the only body capable of performing this task, have looked upon statistics as nothing more than administrative necessities. They keep themselves confined to those statistics alone which are collected and made up in the administrative process and are useful from that angle. This is a very unsatisfactory position from a planning point of view, and has evolved many a sad and anxious commentary from the Economic Enquiry Committee, Dr. Bowley and Mr. Robertson, Sir M. Visvesvaraya and many of the statisticians associated with the Statistical Laboratory of Calcutta. Planning in India would mainly have to take the form of a vigorous production drive and *production statistics* would be the first requirement. But it is agreed on all hands that such statistics are at present altogether incomplete; and whatever statistics have been

collected and compiled have not been prepared with an eye specifically to the shaping of the economic policy of the country. Even a full and reliable estimate of the total quantity and value of production cannot at present be made. Indeed, no correct idea about the relative importance of rural and urban activities can be had unless statistics of agricultural production in particular are considerably improved and extended. The Economic Enquiry Committee made detailed suggestions as regards the collection of data relating to agricultural production and the conversion of quantities into values. Important suggestions in this respect were also made by Dr. Bowley and Mr. Robertson as also by the Official Statistics Committee of the Indian Statistical Institute. The statistics of vegetable and fruit production are conspicuous by their entire absence ; and pastoral and diary industries are in no better position. There are, no data with regard to the output of milk and its products—honey, meat, eggs, hides and skins, wool, silk, bones, etc. Live-stock statistics are still far from satisfactory. The figures for catches, village consumption, urban consumption and transport are not systematically collected and presented with regard to fisheries. Statistics concerning forests suffer from incomprehensiveness and the price aspects are muddled, confused and neglected.

While this is the condition with regard to the production of the extractive industries, the manufacturing industries, which because of their organized nature and modern significance, should have received greater attention, do not have a more brilliant record. Available statistics are incapable of furnishing comprehensive information regarding the output of goods of all industries. Neither the value of out-turn nor the quantity and value of raw materials used can be assessed except in few cases. The Census of Production as suggested by Dr. Bowley and Mr. Robertson has still not been prepared. With the organized industries thus blacked-out, statistically speaking, it is not surprising that cottage industries have not received even scant attention. Every productive sector of our economy has to be mapped out, its present achievements measured and its possibilities calculated. And this means that the statistical edifice would have to be constructed right from the very foundation upwards.

General statistics other than production, comprising finance, population, trade, transport, communications, education, vital statistics, migration, are in a better position, though here again significant lacunae can be pointed out. With regard to internal trade statistics, it would be remembered that the Department of Statistics

used to publish annually the *Inland Trade of India* and all the provinces used to issue similar publications, which was sacrificed on the altar of the Inchcape Committee recommendations. Since 1933, however, the publication of the *Accounts Relating to the Rail and River-borne Trade of India* has been resumed, which is a matter of some satisfaction. Vital statistics are complete but their reporting agency is hopelessly unreliable. No serious attempt has yet been made for estimating the movement of private capital in connexion with India's balance of payment. The entrances, clearances, nationalities and other items of shipping statistics are not separably available. Figures for motor and backward forms of transport are not published. On the whole, however, general statistics are not as deficient, inadequate or inefficient as production statistics discussed earlier, though there is great need and sufficient scope for improvement here also.

But statistics of income, wealth, etc. are in the worst predicament for in this field no satisfactory attempt has yet been made to collect the necessary material on a comprehensive scale. In this category fall such subjects as income, wealth, cost of living, indebtedness, wages and prices, all of which come up for consideration at the very

outset of a plan and go to determine the various targets and perspectives. There is no official estimate of the wealth of India and the several private computations differ within wide limits, based as they are on insufficient statistical basis and involving as they do a varying statistical technique. At present agricultural incomes are generally exempt from taxation, and incomes less than Rs. 2,000 p. a. have also been exempt except for the preceding two years; and it would be difficult to have a definite and absolutely correct idea regarding these incomes. But unless we know the picture of the existing distribution pattern, it would be difficult to evolve the ideal pattern based on whatever criterion of justice and fairness. Statistics of wages are again meagre and unsatisfactory. *Prices and Wages*, which used to be published before 1924, did give some information, though it was neither complete nor satisfactory, but that has also been suspended. The figures available from factory administration reports, tariff board reports and agricultural wage census reports, are inadequate, incomplete and unreliable. Cost of living indices were hitherto vitiated by utter lack of unfirmity and scientific handling but it is happy to note that the Labour Department have taken bold measures to put cost of index numbers of wage-earners on a scientific footing under the able

guidance of Mr. S. R. Deshpande, and the same example should be copied with regard to the calculation of indices for other categories of population as well. The greatest work is no doubt needed in this particular direction.

If despite all these drawbacks, lack of information and complete and partial absence of figures, the Eight Industrialists have made a bold attempt to draw up a budget of our needs and resources in statistical and concrete terms, it must not mislead us to undermine the importance of statistics and to loosely and irresponsibly fancy that the rest of work is merely academic and pedantic. None is probably as keenly alive to the statistical limitations with which the Industrialists' Plan has been framed as its authors themselves. They frankly and clearly declare that they do not swear by the statistics they have collected and used. "With regard to several estimates of expenditure, production and income contained in the memorandum," they observe, "it is necessary to explain that, in view of the inadequate data on which many of them are based, they are to be regarded merely as rough approximations and their value as more illustrative than absolute". Evidently it would be puerile to imagine that the Industrialists' plan is a finalized plan, ready for being given a go. Every statistical computation will have to be

carefully checked and revised, even if its text, policy and outlook is left untouched. Apart from it, the plan is only a broad outline and eschews details. It is a mere skeleton without flesh and blood. Considerable attention would have to be focussed on each and every item before a full-fledged plan can be satisfactorily evolved and this would require tons of statistical material which we do not unfortunately at present possess.

The above bird's-eye-view of our statistical resources and material has been given with a view to show that in case we want to build up a planned economy on their basis alone, it would be making a wrong start, for it would be based more on guesswork than on real conditions. Unless we take vigorous steps right from now to develop planning technique on the statistical side and collect, compile and interpret statistics bearing on every part of economy, we would not be able to plan with accuracy and confidence. It is unfortunate as well as disturbing that the reports of neither the Economic Enquiry Committee nor the Bowley-Robertson Committee have found favour with the Government of India and our statistical deficiency and inefficiency is as profound as before. Some keen thinkers have been putting the statistical issues again and again before the Government and the people, but it hard-

ly seems to have transcended the academic circles. It has failed to reach the official ears at New Delhi and Simla. It does not appear to have come within the realization of our industrialists and businessmen with the much-needed constructive seriousness. It has not yet filtered down to the public and become a problem for them. It has not received due importance in current planning discussions. Such a condition and attitude would be a great stumbling block in the path of planning. There is, indeed, much truth in the suggestion that we can buy experience as we go. And where we cannot get any statistics, this would have to be done. Where statistics regarding new phenomena which a plan would bring about for the first time have to be collected, we would have to wait and start with a clean slate. But to apply this principle in an unqualified manner to the entire field of statistics which can be collected now and without getting which we cannot lay the foundation of a plan correctly, is nothing short of an argument against scientific approach and devices and in favour of rule-of-thumb methods. Moreover, our problem is not only to buy experience, but to make the purchase in the cheapest market, and to ensure that the process of trial and error is least costly and least wasteful, and is not unduly prolonged. We do not want to hit in the dark. We want to strike

and strike correct with surety, knowledge and confidence.

## XIV

### THE PROBLEM OF TRAINED PERSONNEL

The preparation of the statistical front on which the ideological and guess-work battle of planning policies would have to be resolved and which would aid at every step in the execution of a plan, there would be an acute need of properly equipped statisticians who can adequately cope with the new tasks which the requirements of the situation would impose upon them. The need of trained statisticians is, however, not a separate problem but simply an arm of a wider problem of trained personnel without whom planning would be well-nigh impossible.

That no large-scale and swift progress would be attainable without a vast and ready supply of skilled personnel is a well-established and self-evident proposition. We would need thousands of trained and experienced managers and organizers, technicians and engineers, doctors and teachers, administrators and officers, bankers and insurance experts, pilots and drivers, labourers and cultivators for the carrying through of the ambitious programmes which would form integral parts of a plan in the various sectors of our

economy. It is not so much the magnitude as the immediateness of this demand which gives to this problem its prime importance. After the plan has been put into motion, the educational and training system with a large capacity can be made to function simultaneously and the necessities of the next stage can be corresponded with the preparation in the earlier stage in this regard so as to eliminate a time-lag. But at the stage of the original inception of the plan, the need of trained personnel will at once push up to an unprecedented level which the existing supply in India cannot overtake without leaving a wide gulf. The backwardness of the country would widen the chasm from both ends—from the demand and because of the great lee-way that would have to be made up, and from the supply end because the quantum of trained personnel is meagre and there are psychological and institutional limitations to its rapid increase. But the inevitable anteriority of the supply of trained labour and skill to a plan is unfortunately a fact which is not receiving constructive attention in the country at present.

The cherished hope of rapid industrialization and agricultural improvement without devising ways and means of training up a large skilled army of workers is at least an empty dream. In this connection it would be useful to remember

that one important factor which placed hurdles in the way of rapid planning in U. S. S. R. in the initial stage was exactly this lack of trained personnel. "Russia was desparately short of knowledgeable technicians and craftsmen, of administrators of every sort, and of men of experience in the arts of government and economic organization. As long as the civil war lasted, what personnel there was had to attend to the tasks of the moment and *all longer-run measures of economic reconstruction had to be postponed*".<sup>1</sup> Mr. G. D. Birla strikes the right nail at the head when he observes that "the most serious difficulty about the planning is the scarcity of men. In India we have not got sufficient number of men who could at present take up the execution of a job of this kind. In Russia 95 lakhs of persons were needed to administer the economics of the country during the planning days. That works out to be about 5½ per cent of the total Russian population".<sup>2</sup> Again, "we have not enough men with the experience of production and distribution".<sup>3</sup> As was pointed out by

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1. G. D. H. Cole, *Practical Economics* (London, 1937), p. 43. Italic ours

2. G. D. Birla, *The Plan Explained* (New Delhi, 1944), pp. 11-12

3. *Ibid*, p. 12

Mr. Abbott, "no country can imitate and carry on industries on a large scale, unless it has an adequate supply of men specially trained for the direction and management of large industrial concerns as well as of others qualified for the minor but very important supervising posts in them". The history of our own economic development amply shows that the existence of trained persons is a strong incentive to the extension of enterprise. We have made rapid progress in those walks of enterprise where trained personnel has been available ; and where there has been a non-existence or shortage of trained persons, the growth has been delayed or arrested. Recent years have witnessed an unusual spectacle of vast banking expansion, one of the most important causes of which is the availability of persons who had already acquired experience and training in some of the older banking institutions. This observation of Mr. B. T. Thakur in relation to banking has its application to industry as a whole and the "Ditcher" quite rightly observes that "Progress in a highly specialized world is largely conditioned by the supply of specialists—a fact which some of our enthusiast post-War planners are apt to overlook.\* This fact is so

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\* Cf. *Capital* (Calcutta), Feb. 17, 1944, p. 234

Dr. Amaranatha Jha quotes Mr. F. W. Thomas of

fundamental and vital to the whole plan that unless this fact is fully realized and this problem adequately tackled right from now, the bubble of high hopes of post-War construction is liable to burst. That being so, it would be most perilous to indulge in the further neglect of this weighty issue and its present non-realization cannot be looked upon with complacency especially in view of the rising aspirations of the nation. An examination of the existing conditions with regard to the trained skill should bring home the significance of this aspect at the present moment. To take the case of those who would be moving the wheels of industry, there is a singularly small supply of trained managers and of trained and

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Trinity College, Cambridge, from the latter's *History and Prospects of British Education in India*, published in 1890, the following remarks which would be found to support the above contention: "It is not to be expected that Government can often create new industries by itself, but by turning a stream of science on the existing arts, and by causing it to be understood that a knowledge of material nature is as worthy an object as is a wide acquaintance with metaphysics or the capacity to write flowery English, it may not only produce immediate results, but lay the foundations for future prosperity." *Vide* Amaranatha Jha, *Occasional Essays and Addresses* (Allahabad, 1941), p. 88

skilled labourer, which would act as an effective brake on our industrial expansion. The present War has forced to view our great deficiency in this respect ; and only the mighty efforts of our progressive Labour Member, Dr. B. R. Ambedkar, in the shape of technical training scheme conjuncted with Bevin Boys Scheme could keep up the supply of skilled labour, with employment exchanges to ensure smooth distribution and keep an even flow. Whether this effort has been sufficient or insufficient to meet the labour needs of industrial mechanism brought to function directly by war, is a separate issue in which we need not go. But this is definite that such measures would be found extremely limited and inadequate for carrying out a great plan. Vigorous efforts in this direction will have to be made by Government as well as by industrialists and people, and the present capacity in this regard will have to be multiplied several times and greatly if planning is to proceed on a rapid path. Such conditions of training do not unfortunately exist at this juncture. Millions of money will have to be sunk in preparing human capital fit for their jobs and extensive schemes will have to be laid out for vocational and technical training side by side with a country-wide scheme of primary, secondary and higher education. No less important would be the problem of the

managerial skill which is perhaps even more difficult in comparison to our needs and requirements. In the beginning we might have to import foreign skill but we cannot depend upon foreign skill for long, as it would be injudicious to place our economic fate permanently in the hands of foreigners. Nor must we depend upon imported technicians and managers on a large scale for they have been found by common experience, to be inefficient in Indian conditions. The climate of this country does not suit them and they cannot put in hard and sustained work. To most of them, the typical Indian worker appears to be a lazy, inefficient and ignorant weakling and they fail to take work out of him in the right way. They are also usually given a large sum for travelling expenses and advance pay and cannot be dismissed with impunity. Hence some of them become even disloyal\*. There is a greater danger that they might fail to give us whole-hearted co-operation and assistance, due to political or other like reasons. It would be as such a wrong policy to draw a distinction between skilled labour and managerial skill on the ground that it would be possible to import the latter as against the former, and much more

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\*Cf. Buchanan, *The Development of Capitalistic Enterprise in India*, Ch. XIII

to attach any considerable degree of weight to it. It is very disquieting that all the three large-scale industries of this country, *viz.*, cotton textile, jute and iron and steel, depend upon foreigners to very great extent ; and despite the fact that these enterprises have been established in this country for so long, Indians have not been trained for the key-positions and responsible work. More recently some efforts have been made to send young Indians abroad to take up training in such matters. Managerial ability is not easy to acquire, especially in the course of brief sojourns, and real training can be obtained only within the country itself. Our problem of trained industrial personnel is, as such, extremely acute and that this should be associated with an easy-going psychology and inflexible educational system is a matter for deep concern. If planning is the aim of India, we are not sure that it can be adequately achieved from an educational angle without materially changing the existing circumstances.

Apart from the labour and higher grade skilled labour used directly in industrial field, there would be a great need of trained persons in other fields as well. To carry out an ambitious house-building programme, we would require a large army of architects, engineers and house and town planners whose supply is limited. Of

the latter in particular there is an acute dearth. Not even a country like U. S. A. can boast of more than 400 or 500 trained town and house planners\* while in our case the counting cannot be brought to anything more than 40 or 50. Again, in order to take the care of the health of the people, there would be need of lakhs of doctors and nurses but we do not at present possess more than 42,000 doctors and only 4,500 nurses whereas the respective numbers in a much smaller country like Great Britain are 61,420 and 109,500.\*\* There is a similar dearth of sociologists, lawyers, teachers, bankers, insurance men, administrators and other specialists without whom an all-sided and comprehensive vitalization of every aspect of economic life could not be achieved. Dr. Amaranatha Jha, during the course of his Presidential Address at the Eleventh All-India Educational Conference (Nagpur, 1935) very aptly observed that "more vocational institutions, more technological institutes, more medical and engineering schools and more schools of mining are needed. Indeed, so great and varied is the need for expansion, so numerous are the directions along which there can be development,

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\* *Town and Country Planning* (London), Vol. XI, No. 43

\*\* J. B. Grant, *Health of India* (Calcutta, 1943), pp. 24-25

that the most ambitious and thoroughgoing reformer has abundant scope for his energy and initiative".\* Our deficiency in the matter of trained *personnel* has long been accumulating and has to-day assumed serious proportions, especially in view of our post-War aspirations.

While making efforts in these directions, proper attention must be given to a new branch of education which is rapidly developing and which has not yet received attention in this country. This is the education in planning itself. In U. S. A. "education in planning," as a subject of study with separate curriculum, teaching and examination, has become a *fait accompli*. The American Society of Planning Officials, the National Resources Planning Board and other like authorities have lent the weight of their support to this type of education : and it is time that its importance should be realized in our country. All the experts and specialists, whose services will be required for the introduction and execution of a plan, would have to tread some common ground and as elements from all these spheres enter into planning, they should receive common training in planning elements. A "Basic Planning Course" must be devised and introduced

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\* Amaranatha Jha, *Occasional Essays and Addresses* (Allahabad, 1941), p. 93

as a compulsory paper in specialist courses like those of engineers, lawyers, economists, politicians, architects, town planners and so forth. A more elaborate type of education will be necessary for the "Planner" himself, a man "who can talk to a Housing Architect in the morning, a Zoning Lawyer in the after-noon, and a Hydraulic Engineer in the evening, and understand all three of them; a man with enough general background to understand their peculiar language and problems and to respect the contribution of each specialist, and yet who can envision the broad aims of a planning programme into which these contributions must be fitted" It would be this planner whose contribution in the framing of policies, in administering planned programme and in co-ordinating the work of the various planning committees and boards, would be supreme. A practical shape has already been given to these ideas by the progressive and realistic University of Princeton which has already commenced giving education in planning with courses to suit the three categories of planning personnel known as Plan-Experts, Plan-Makers and Plan-Administrators. Princeton believes that a compulsory paper on planning to the Plan-Experts, like engineers, architects and sociologists who would carry out specialized work, might divert their attention from their main task

and impair their efficiency ; and it has therefore introduced only optional papers and "near-planning" courses, though on this view some difference of opinion is admissible. The education of the Plan-Makers is comprehensively in the elements and subjects of planning and they are trained, with the backing of proper research and experience, in the art and science of framing of an integrated plan and co-ordinating it from a wider viewpoint. The Plan-Administrators are trained with a view to be able to administer an all-in plan from a comprehensive angle. A body of persons so thoroughly instructed and trained would go a long way in solving many of the difficulties which U. S. S. R., for instance, had to face in the initial and later years of planning. It would facilitate introduction of plan and cut short the wastage of the process of trial and error attendant upon a lack of co-ordination. An educational preparation of this type is necessary for the building of the progress of future India and a beginning may well be made now or as soon as possible.\*

While we must have a large army of properly trained persons in every sphere of economic life

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\*Cf. my contribution, *Educational Preparation for a Plan to the Eastern Economist* (New Delhi), March 31, 1944, p. 494

as a condition precedent to the implementing of a plan, we are at present suffering from a great dearth, neglect and backwardness in this regard. What is worse is the fact that there seems to be no vision, foresight or realization of the importance of the factor of education and training. No effort is being made to catch time by forelock and prepare the people for entering upon the planned pedestal as soon as hostilities cease and the malleable world economies set to readjust themselves in a pattern which would endure. It is not entirely a result of a general hopelessness that all such preparation will not be turned to good account, or of helplessness of the people to achieve anything of this sort. It is to a material degree the result of a lack of alertness, absence of foresight, narrowness of viewpoint and want of vigorous initiative and drive arising from the public directly, though other hampering factors are also at work. Education and training in all the branches and ramifications, is today nobody's job in this country. The Government, who should primarily do their best in this matter, have set up an educational machinery only to keep their administration going ; and the private initiative, in so far as it has been forthcoming, has been following the lead given by the Government. The public simply deplore the deficiencies and shortcomings of the existing educational

system and do not fully realize the need of an altogether reorientated and renovated system of education. The youngmen themselves have nothing else to do but to crowd the portals of purely literary and clerical institutions which are scattered throughout the country. Indeed, to quote Mr. Abbott again, "it cannot be expected that capable and ambitious men will devote themselves to acquiring this special knowledge and skill unless they see a reasonable prospect of exercising it and gaining a decent livelihood thereby". The whole system and psychology is thus stifling in a narrow shell and the rot which has long set in, is only increasing in magnitude and seriousness.

In the present circumstances in our country, we can hope for a new angle and a new vision from the industrialists and businessmen in particular for a variety of reasons, the more important of which are their personal experience that such dearth hampers industrialization, their ambitious project-laying habit and their financial capacity to set up proper training system and institutions either on a non-profit or loss-basis or on a private subsidy foundation. But we feel constrained to observe that, save in very few cases, our industrialists and businessmen suffer from the ancient 19th century educational myths and notions, which form an integral part of their psychology ;

and without their revision a permanent hurdle in the path of the right type of education would, we fear, never be removed. Our self-made industrialists and businessmen, who find that their own efforts and practical experience have created a veritable mint of money for them, as against University education which simply makes a man a wanderer on the face of the earth, come to believe that all trained jobs only require some common sense; and a person having this much of qualification is fit for them, for experience and practice would do the rest. They have a positive dread that modern education spoils the chastity of intelligence and brain, is a drain on the strength and capacity for sustained work, and makes a man unfit for directly industrial function and field services. To take the case of statistics, few Indian industrialists employ trained statisticians to help them in their plans, programmes and endeavours. It is believed that anybody can read and understand figures and a statistician is nothing more than a costly paraphernalia and his employment would be the imposition of the barren and theoretical University notions on the growing, fruitful and intensely practical industrialism. As a matter of fact, "the truth is that whereas almost everyone thinks that he can understand figures

and read their meaning, the clear-headed statistician is a somewhat rare being.....The primary requisite is a logical mind and sound logical training: the second (and not less important) is a good general knowledge of the subject to which the figures under consideration relate".\* But the value of statistics against *prima facie* truths and empirical judgments is not well realized. The part that general training plays in evolving a correct type of thinking apparatus in the way a problem is handled and solved is not understood. The tendency of the successful man to regard his mode of training and education as the ideal one is universal and our successful industrial magnates fully share this trait. Even in the more practical and directly business matter of industrial labour and managers, it is found that technical posts are generally given to illiterate persons who cannot be accused of any general or specialized education and who have the only merit of having picked up work from their elders at an early age and learnt the craft in the very atmosphere of the workshop. Even when such a man has been "discovered", no efforts are made to let him develop his faculties and genius along proper lines and to cast him into a mould of a logical person well conversant

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\* Longstaff, *Studies in Statistics*

with the correct ways of applying his intelligence to his particular sphere, either because it is feared that if this is done, the man would begin demanding high wages and would get out of the clutches, or because all such education and training are regarded as wasteful from the points of view of time, energy and money. Some firms with progressive outlook have begun training their employees according to their bent of mind and inclinations, admitting educated persons in services and sending intelligent men abroad for training and experience. But this is an exception rather than a rule and the traditions of this nature are yet to grow up and spread and crystallize into a general national habit. This hampering psychology continues with full force at present and its revision is limited by the extent to which experience has been a teacher. While this is the condition with respect to the training of labourers and managers and administrators who would be of direct use and purpose to industrialists and businessmen, it is only natural that their outlook has not been wide enough to perceive the great need of education to non-industrial trained persons like doctors, engineers, architects and so forth. Our industrial magnates have been narrowly confining themselves to their own small rut; and those who could have given to the country a new

outlook and made constructive efforts in the direction of education are not quite oblivious of their capacities and functions.

We do not mean to contest the truism that education is, correctly speaking, the province of the Government and without Government initiative and efforts, much cannot be done. And we regard it as unfortunate that the express aim of our Government in setting up the present education system should have been to create a clerk-producing machinery, though the turning out of some idle and some dangerous thinkers was an inevitable by-product of this process. The first University in the country was opened only in 1857 after 100 years' stay of the British in this country; and the credit of the wide-spread and diffusion of education must be given to keen and enthusiastic missionaries. The Government spread their educational activities to the extent of their own demand for *babus* and to satisfy the public opinion in so far as it could not be ignored. And in the recent years when the supply of *babus* has been more than the demand for them, the Government attitude towards the universities has become rather cold, so much so that it led the learned Vice-Chancellor of the Allahabad University to impatiently declare that "the attitude of Government towards the Allahabad University has been one of unmasked unfriend-

liness".\* The consequence has not only been that this most important nation-building department has long been starved of funds and expansion, but its purpose, object and outlook have also been rendered extremely narrow and one-sided all along. Our educational system is well known to be extremely theoretical and literary, and makes us fit only to transact the business of the Government Offices. It has no occupational bias and no practical pretension. It is frankly theoretical and out-and-out bookish and secretarial. It does not devote enough attention even to such branches of education as engineering, medicines and surgery, architecture and country and town planning, all of which are of considerable practical value and significance from the planning point of view : there is, indeed, an utter lack of diversified educational institutions. Our system of education is unexpanding and static and lacks the capacity to cope with the growing need for trained personnel in the various branches and directions. It is extremely rigid and inflexible and cannot make swift changes and adjust itself smoothly to changing educational ideologies and objectives. It is unprogressive and cannot prove equal to the task of training up youngmen in an altogether new

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\* Amaranatha Jha, *Occasional Essays and Addresses* (Allahabad, 1941), p. 131

line like the principles and technique of planning. Crassly conservative and utterly backward, it is a great millstone tied round the neck of Indian economy and has been arresting its progress and development.

So far as public is concerned, the political issue has clouded the educational factor and the public opinion has not overgrown the stage of helplessly accusing the Government, shedding crocodile and non-crocodile tears over the unfortunate lot of the educated unemployed and bewailing the 'desk'-bias of our students. In recent years it is found vitiated by recurring reference to the Russian example which people sometimes longingly use to mislead themselves and others. If Russia could plan and develop with inadequate trained personnel, so runs the argument, we can also do it. But it does not need a Solomon to realize that if planning is to be carried on most efficiently, most efficient methods must be used; and we do not think that it is claimed for Russia that she had reached the highest attainable water-mark of efficiency in her planning methods or that she began and executed her plan in ideal circumstances. Apart from it, we have to consider the world of post-War period. The world has been moving at a rapid rate; countries are planning for material prosperity and are developing aggressive tenden-

cies ; and what Russia could achieve sometime back in her closed economy may not be achievable by India today or in the immediate post-War period. Planning is a highly developing and dynamic science and in a world of national rivalries, the problem is not to plan absolutely, but to plan better than others. There does not seem to be any particularly good reason why we *must* limit our vision to Russia only and not spread our wings further. Why can't we think in terms of highest possible efficiency, and a least cost and least wasteful plan ?

The Industrialists' *Plan* perhaps is a representative of the existing climate of opinion and makes inadequate provision for education, especially technical, research, medical and higher education. Out of the total investment of Rs. 10,000 crores, only 4.9% (*i.e.*, Rs. 490 crores) would be spent on education of all types and forms. "For vocational education, university education and scientific education and research," observe the Eight Industrialists, "the data necessary for a detailed calculation are lacking. We propose, therefore, to take roughly 5/1000th of the national income per year as a comprehensive measure of the expenditure which would be required. This would amount roughly to Rs. 10 crores in the first year of the plan and to Rs. 30 crores in the last year. It may be mentioned that the

total expenditure on scientific education and research amounts to 1/1000th of the national income in the U. K., 6/1000th of the national income in the U. S. A. and 10/1000th of the national income in the U. S. S. R.”\* The total amount which would be spent on education during the fifteen years covered by the Plan would thus amount to Rs. 490 crores\*\*. Of this the amount to be spent on higher technical, vocational and university education would be only Rs. 300 crores. There might be a genuine objection why the planners follow a little less than the U. S. A. standard and why not the Russian proportion in this regard? This rule-of-thumb allocation is, indeed, unscientific, for the proportion thus considered would have to depend upon the difference between the ideal and the present achievement on the one hand, and the national incomes on the other. In the case of our country, in particular, the smallness of our national income and the great lee-way that we have to make in educational sphere would

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\* Sir Purushottamdas Thakurdas and others, *Plan*, op. cit., p. 41

\*\* Actually the amount will be 267 plus 237 thousand crores, i.e., Rs. 504 thousand crores, but in totalling up, the *Plan* gives only Rs. 490 thousand crores as total. *Ibid*, p. 43

push up this figure much higher than that agreeing with the said arbitrarily fixed proportion. Then, again, we must not forget that other countries are not satisfied with their educational achievement and there is a strong demand for not only remoulding, improving and extending the existing educational and training structure but also for setting up new courses, subjects and institutions which would require increasing expenditure. To draw instructions from the past and ignore the future would be a wrong approach, indeed; and we fear this has led the planners to under-estimate the cost aspect of educational programme. This fact could be vividly brought before us if we calculate this cost on an absolute basis, say, in the case of medical education. As we have shown elsewhere,\* the expenditure that would have to be incurred in supporting the medical and health programme of these planners would require no less than Rs. 320 crores during 15 years, let alone the cost of medical equipment etc. The Industrialists' *Plan* would require new doctors and nurses as under :—

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\*See my article in the *Commerce* (Bombay), February 26, 1944. Also my *Critique* (Benares, 1944)

Institutions	Proposed Number	Capacity of each	Number per hospital of		Total number of	
			Doctors	Nurses	Doctors	Nurses
Village dispensaries ...	660,000	...	1	2	660,000	1,320,000
Urban --						
Hospitals ...	5,500	40 beds	2*	4*	11,000	22,000
Maternity Homes	2,750	30 "	2*	4*	5,500	11,000
Clinics ...	...	150,000 (total capacity)	2* (per 50 beds)	4* (per 50 beds)	6,000	12,000
				Total...	682,000	1,367,000

(\* Our own estimates)

The training of 6·8 lakhs of doctors and 13·7 lakhs of nurses would surely cost a huge sum. In 1939, the total expenditure on medical education incurred in India was Rs. 5,048,023 in 12 medical institutions attended by 5,640 students\*. The annual *per capita* expenditure thus comes to Rs. 895 per annum. On this basis, the cost of giving medical training to 682,500 medical students over a period of five years each would be Rs. 3,056,687,500. Add to this the cost of training 13·7 lakhs nurses at a moderate rate of Rs. 100 *per capita* for the entire period of training, *i. e.*, Rs. 13·7 crores. The total cost of medical education alone should be about Rs. 320 crores. But for such a colossal sum, the *Plan* does not make any provision !

The recent attitude of the Governments of this country with regard to educational re-construction has been peculiarly insincere and frustrating. The Sargent Scheme, which should be regarded as modest, unambitious and long-drawn in its programme and objectives, has been as much as torpedoed by the Government of India on the ill-conceived financial stringency existing at the present moment, without setting any correspondence between this item of expenditure

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\* *Statistical Abstract*

and the growing income and revenues flowing from a progressive and advancing economic system. The Government of India, however, do not have this nation-building department in their control and sphere, and while they can advise and suggest, Provincial Governments must do the real task. But they are not marching with the requirements of the situation. The U. P. Government, for instance, do not appear to have any educational programme in their reconstructed picture. The Madras Government do not appear to be in agreement with the Sargent Scheme. Every province is blowing its own tune ; and there is a veritable chaos, planlessness and lack of Uniform policy. "These reasons", to quote once again from the recent (1943) Agra Convocation Address of Dr. Amaranatha Jha, "persuade me to ask whether in the reconstruction of society and the planning of a new order, the Universities have not a contribution to make. Is it without significance that in the many committees which have been set up in this country to suggest plans for the planning of the future, educationists have been studiously excluded, as though any scheme has the slightest chance of success unless the bringing up of youth is made one of the cardinal subjects for discussion and decision !"

It would thus be clear that, educationally

speaking, we are not yet properly equipped for supporting an ambitious economic plan. And what is worse, several hampering and restrictive tendencies are in operation which act against the reorientation of our educational policy and the adoption of a progressive and comprehensive vision and ideology in this sphere. To overlook and escape, rather than to face and solve, such problem is to deliver oneself to deliberate delusion.

## XV

### SOCIAL, RELIGIOUS AND PSYCHOLOGICAL LIMITATIONS

Apart from the foregoing obstacles of primarily an economic character, there are the vital problems relating to some of our religious, social and psychological traits which may not be very accordant to planned efforts; and the proper modification, revision and reconstruction in such directions may be of profound significance to any far-reaching plan. These non-economic conditions go in no uncertain manner to give shape and mould to the environmental setting of economic thought and activities; and the determining repercussions on the economic sphere of such factors as religious creeds, caste system, joint family system and like institutions which

serve as a background to the economic drama that is enacted at any particular time, is a well-realized fact throughout the world. It is, however, a sad commentary on our existing economic studies and deliberations that they are often cut off from their socio-religious and political moorings and are placed in a solitariness which is entirely artificial and against facts ; and this large-scale deviation from cognate considerations is a highly vitiating element. Recent planning discussions in this country appear to share this disregard and deficiency to a great extent. It is time that due importance is attached to non-economic factors, and a realistic attempt made to foresee what obstacles and limitations they are liable to impose in the path of a planned programme. We, on our part, strongly feel that these limitations are highly significant and profoundly pertinent, so much so that a planned programme which bears purely and only on economic aspects is, in our opinion, destined to fail and it must, therefore, of necessity be closely integrated to what may be broadly described as social framework. A plan for our country must be so comprehensive and full-fledged as to involve as much deliberate and intentional social planning as economic and political planning.

Religion is perhaps the most significant element in the make-up of our psychology and

behaviour and deserves serious consideration. Our country is known as 'religious-ridden', which conveys not a too wrong impression that our religions have transcended their proper boundary, deteriorated themselves in practice and application, clouded our economic and political angles of vision and on the whole arrested our material prosperity up to the desirable optimal level. It has been generally true that "the two great forming agencies of the world's history have been the religious and the economic. Here and there the ardour of the military or the artistic spirit has been for a while predominant ; but religious and economic influences have nowhere been displaced from the front rank even for a time ; and they have nearly always been more important than all others put together. Religious motives are more intense than economic but their direct action seldom extends over so large a part of life."\* But in our country, we fear, religious considerations have been far more important than purely economic ones. This would have been a matter of congratulation and felicitation had our religious practice agreed with principles and our religious principles accorded with changing ideologies and aspirations. But instead of being the fountain-head of all that is noble and good, healthy and

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\*Marshall, *Principles of Economics* (London, 1939), p. 1

progressive, religions in India have become breeders of faction and turbulence, a veritable deadweight on economic and political prosperity. Though both Islam and Hinduism teach the gospel of toleration and equality of men, still by a process of vicious logic and diseased politics, blind fanaticism has had the better of reason and has been employed by interested persons to fan religious animosities and racial hatreds to the great political and economic detriment of the nation. Religions in this land have been allowed to run amuck ; religious riots have been fomented; and the country has often been engulfed in the gloom of dissensions, disunity and disharmony. It is this unfortunate fact which lies at the root of our internal political problem. This deeply sown seed grows up into a mighty tree to stem the tide of economic progress and political improvements whenever they appear to be on their way. Religion in India has been dethroned from its high pedestal and degraded into a means to base and selfish ends. Instead of a discipline of soul, an order of purifying intellect, and an engine of buoyant progress, it has become a slave of greed, a tool of aggrandisement and a means of arresting advancement in the various walks of life. From this degraded and dependent position, religion must be redeemed. It must be enthroned on its right place of distinction and

dignity. It must once again become the fountain-head of hopes, aspirations and inspiration, an engine of social reconstruction, a benign deity to bless economic growth within correct limits.

We may make it clear that we are not opposed to religion *qua* religion but we do feel that in its present degenerated form, it must not be allowed to be misused and abused to our great national prejudice. There is no gainsaying the fact that in its insistence on fatalism, in its distorted enunciation of the *karma* theory and in its wholesale condemnation of the principle of economic determinism, our religion as at present preached and practised has become definitely anti-progressive. It is certainly one of the teachings of the prophet Muhammad that "Everything is predestined by God", which might smack of fatalism. But the fatalism which is today associated with Hinduism is altogether misplaced, for Hinduism holds no brief for maintaining the *status quo* and has been in principle and origin, a powerful progressive and dynamic force, which is now a well-established fact. The Holy Gita, the gospel of the Hindus, distinctly stresses the importance of a life of action. Lord Krishna definitely directs: "Thou shouldst do thy allotted task, for work is superior to idleness, without work even the maintenance of thy body is impos-

sible".\* Again, "Your concern is with the action only and not with its results, let there be therefore no desire for the fruit of action in you, nor should you be attached to inaction."\*\* But despite such definite instructions and injunctions, if people today are nurtured in fatalism and feel contented over their degradation considering it to be something ordained and desired by God, the defect lies not in the religion itself but in the way it is preached, taught and practised. Religion must be redeemed from this position and must be so revitalized that while helping the people to attain *Nirvana* in the world to come, it also inspires them to make their lot at least tolerable in the existing world. This leads us to the commonly alleged accusation that Hinduism, and Islam as well to a certain extent, are other-worldly in their outlook and vision ; and this hampers economic development, which while not true regarding religious principles is certainly correct regarding religious practice. The phenomenon of labour absenteeism following a rise in wages is partly ascribed to this inert philosophy. The lack of enthusiasm and determined efforts

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\*नियतं कुरु कर्म त्वं कर्म ज्यायो ह्यकर्मणः ।

शरीरयात्रापि च ते न प्रसिद्धत्येदकर्मणः ॥ (Ch. III—8)

\*\*कर्मण्येवाधिकारस्ते मा फलेषु कदाचन ।

मा कर्मफलहेतुर्भूर्मां ते सङ्गोऽस्त्वकर्मणि ॥ (Ch. II—47),

to become a financial success, which is our national trait, is again a consequence of our other-worldly attitude. Without removing this artificially imposed restrictive outlook of our religions, we cannot hope to make our people psychologically fit for carrying on an ambitious plan. Again, by its sanction of indiscriminate almsgiving and beggary, religion promotes misdirected charity, leads to considerable waste of national man-power and encourages parasitic existence, all of which have eaten into the vitals of our economy. The Hindu religion, again, stands for unqualified and rigid adherence to the creeds of non-violence and vegetarianism, which imposes upon the economy the fruitless task of maintaining 230 million cattle—a third of the world's recorded number—of which a large number is useless and decrepit. "To at least half the population of India", observed the Royal Commission on Agriculture, "the slaughter of the cow is prohibited, and this outstanding fact governs the whole problem of the improvement of cattle in this country." But "it is only by the slaughter of unfit animals that selection of best animals can be satisfactorily made for breeding purposes and the race improved."\* Not only does

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\*Keatinge, *Agricultural Progress in Western India*, p. 114

this fact act as an obstacle to the growth of dairy industry and agricultural progress but it also closes down one way of dietetic improvement and readjustment. To certain sections of Hindus, the consumption of even fish is a taboo and this also prevents free dietetic reconstruction. However there is no doubt that the slaughter of weak and useless animals would be no less a favour to the emaciated and starving animals themselves which can at best eke out only a precarious existence, than to the economy as a whole ; and perhaps a wider view of non-violence would give its sanction to such a measure.

But Hinduism has lost its old elasticity and has become a slave of rigidity and anachronism ; and this applies, more or less, to our other religions as well. Religion has thus entered not only in our political life in its most virulent, poisonous form, but it is only through the spectacles of such a distorted religion that the majority of our countrymen see to the economic problems. Religion, we believe, is today more sinned against than sinning. We have willingly and foolishly pampered a much wronged religion and allowed it to eclipse even elementary economic progress. It is often forgotten that no religious life could be possible and no spiritual advancement could be achieved unless a minimum standard of living is assured to everybody, so

that one could have leisure and care-free mind to meditate on spiritual themes. Hungry stomach cannot meditate, is an old and wise Indian proverb. Forest-dwelling and mountain-trotting religious *rishis* and hermits who eat food obtained by begging, drink water from a stream, whose clothes are the regions of space which need neither washing nor drying, whose bed is earth, and whose recreation is Parabrahma—might have played a great *role*; but to try to convert the whole of our population to this standard is nothing short of committing a *harakiri* on a national scale. That has never been done in the history of India; and that cannot be done in the changed conditions now obtaining in the world of today. Indeed, a saint can do more by making the society his sphere of action and reform, by improving the lot of the downtrodden and the forsaken and by preaching and spreading the gospel of truth and justice in the midst of the misguided folks, than by worshipping God in a solitary cave thousands of feet above the sea-level. Here is an apt quotations from Mr. K. R. R. Sastry's little but considered booklet:

“In the arduous path of getting detachment, it is considered that one should run away from the world. Few alone should and could renounce the world for the jungle and the cave. Is there

a grander personage than Janaka of Videha who lived like a drop of water over the lotus leaf? Must spirituality co-exist with passivity or apathy or inertia?...Are we essentially more spiritual than the medical and scientific pioneers and the martyrs and humanitarian leaders of the West who do not proclaim their spirituality? This voice of the cultured philosopher in the dynamic statesman in the far South, has all the ring of Vivekananda. ... May we strive to be active in doing good and not passive in being good! A Baden Powell is preferable to a selfish seeker after black magic; a Shivaji is any day better than a boisterous 'mantravadi'; a Sir Tej is any moment superior to a sordid 'yantra' worshipper; a Sir Sivaswamy is far higher than a rambling ritualists".\*

It is with such progressive and modern viewpoints that our religions must be re-moulded and reconstructed. The importance of religious reconstruction may not be significant in Western countries engrossed in dire materialism but in a country like ours where religion has a great hold on human mind, we would have to modernize, rationalize and activize this great masterly force so as to ensure that it does not deteriorate to a cult of inertia and laziness hampering our pros-

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\*K. R. R. Sastry, *On Spiritual Path*

perity efforts: and the great possibilities with which it is pregnant are fully realized. It must aid, and not obstruct, a programme of an ambitious production drive, full exploitation of material wealth, proper utilization of human resources and of economic growth in general without which we would perish as a nation and would not in any case be able to spread the gospel of international brotherhood, harmony and equity which alone can bring about a change of hearts and establish durable peace on political and economic fronts and which task we alone are capable of performing in this world which is full of stark materialism and utter selfishness. No other nation is better fitted than us, by reasons of traditions, psychology and outlook, to take a lead in this matter. But we also would fail to do this unless we not only rationalize our religion and spiritualism but also attain an economic status in the world line-up, which might bring us conspicuously in the eyes of the other countries and make them listen to us with respect and eagerness.

From the viewpoint of an economic plan, religious planning on an entirely rational basis is an absolute essential. Religion was formed with a view to protect collective life and augment social welfare: and its reconstruction must be so regulated and directed that it continues to-

play this protective and progressive role in the greatly altered circumstances of modern life and conditions. Religion, like Economics, may for this purpose be considered in two parts: Fundamental and Relative. Fundamental Religion may be said to relate to those religious truths and principles which are of fundamental and basic character and generally remain valid and pertinent for all the time to come and under all circumstances. Belief in God, truth, and justice are the examples of the unaltered and immortal axioms which transcend all time, space, clime and racial limits. While this Fundamental Religion must remain unchanged, based as it is on eternal truths, the application of such principles, the derived ideologies therefrom and religious practice in general, must always bear a close relationship with the rapidly changing kaleidoscope of economic, political and psychological events and must never get out of tune with them. This part of religion has been named by us Relative Religion, in view of its relativity to the institutional set-up of a particular period and time. Unless this Relative Religion assumes an elastic, dynamic and progressive form, the entire genus must deteriorate to an anachronism and abuse, which unfortunately is the case in our country. Most of our religious re-drafting, re-statement, re-formulation and re-interpretation

tion would have to be done in the domain of Relative Religion which is in entire disagreement with our economic and political aspirations. The guiding ideology of this reconstruction should be the rejuvenation and revitalization of our social framework and its progressive march on the path of all-round and balanced prosperity within an impregnable and highly resisting protective integument. India to-day needs not merely politicians or economists, but also religious and social reformers and planners without which *planning* must remain an empty phrase for us for at least for some time to come. It is all very well to lay the burden of responsibility of our existing miseries at the door of an alien Government, imperialistic and capitalistic exploitation and such external factors. But it would be disastrous to screen off our own deficiencies for by adopting an ostrich-like attitude we cannot resolve them, much less promote our ultimate well-being. We should clearly comprehend this and sincerely make efforts to put our house in order in so far as we can. Let us frankly realize that our religion has become rigid, stationary and unalterable in points of belief and practice and let us with set teeth and fixed determination try to make it what it has always been, a "movement, not a position; a process, not a result; a growing tradition, not a fixed

revelation"

But there is at present no sign of any such realization, revision and reconstruction. Our planning deliberations are out and out economic and there is hardly any thought of the institutional setting in which the plan will have to work and realize itself. It has indeed gone out of fashion to talk of religion in such matters, which is identified by the fangled and the sophisticated, with anti-diluvianism and primitiveness, and by the worshipper and the faithful with other worldliness and undiluted spiritualism. Such a neglectful approach may, in a sense, be pardonable in a country where religion does not enter much in everyday calculations; but in a country like ours where the masses have drunk deeply at the fountain of religion and where their behaviour, thoughts and actions are all coloured by their religious beliefs, it would be impossible to realize a psychology which is actively conducive to planning, and set in motion human energies and faculties in the promotion of this end without religious reconstruction and revitalization.

While religion looms large in our mental make-up our national psychology is generally

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\*Sir S. Radhakrishnan, *The Hindu View of Life*, p. 129

stabilized at a low and mediæval level which is inimical to rapid economic progress according to modern notions. It has traditionally been so due to our inertia, long slavery and economic deterioration, and has only recently been elevated to the level of a sanctified creed by Mahatma Gandhi's views on life and things which have drawn a very large section of the intelligentsia of the country. The cult of local self-sufficiency, anti-mechanization, anti-industrialism, and trusteeship of capitalists have become the guiding ideologies of a large section of educated persons. Whatever might be the merits of these notions, and we do not under-value them, it is an open secret that even Pandit J. Nehru, the second in the Congress Command, finds it difficult to digest them and openly rebels against them. From the point of view of a plan and of economic progress and prosperity, this is indeed a great drawback. But if on the one hand a large section of people thus stands for the old ideas, there are many young men on the other who have been dimmed in their vision by the glamour of western civilization and who pour contempt on everything Indian, though this class is definitely losing its strength. We have not yet achieved that golden mean between the old and the new which would lead us to the goal of real prosperity and happiness. While we cannot begin with a clean slate,

we cannot as well keep the old writings wholly as they were. Human mind must be so poised as to imbibe the good of the new while retaining what is valuable in the old. The national psychology of our educated people has to recoup balance and achieve this ideal. Then, again, there are the old notions which still tie down our industrialists, businessmen and public, regarding the value of experience and a corresponding futility of education for achieving success in various economic pursuits, which are dangerous and must be soon revised if we have to hopefully look forward for a better and more prosperous India. While this is the case with the educated elements in our society, the masses are steeped in illiteracy and conservatism which act as brakes on the rapidly moving wheels of progress. Without making the vast masses alive to their economic needs, to the possibilities of improving their lot, to the rationale of planned efforts and to the necessity of making economic advancement with vigour and rapidity, our plan cannot obtain the rate or *tempo* which we wish to acquire and realize. What is needed is constructive propaganda, determined efforts and sustained attempts to bring about the right type of psychology which would be most conducive to an economic plan.

Turning from these abstract limitations to the more concrete factors falling under this cate-

gory, we have to focus attention on the social frame-work in which a plan would have to function. Our social structure still retains its mediæval character in a rigid form and is unable to accord with new economic aspirations. Of this, the most prominent and important are the two social institutions, *viz.*, caste system and joint family system both of which are great obstructions in the path of progress. The rigid and persistent caste system is a Hindu institutions but, though the Islam says that "In the House of Allah, all are equal" (Koran), the contagion has spread to Musalmans and in a several cases tendencies of this sort have become strong and class distinctions well marked even among them. The caste system, which is highly durable and lasting, envelopes almost the whole of India and is an institution of far-reaching economic significance, for good as well as for evil, perhaps more for evil than for good. Caste has a functional aspect wherein it is characterized with a lack of free choice of occupations, and in so far as this hampers an adherence to the principle of division of labour and the realization of correspondence between mental inclination and occupational employment, it is bound to interfere with functional planning as opposed to structural planning.\*

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\*See C. D. Baldwin, *Economic Planning : Its Aims and Implications* (Urbana, 1943)

Caste system prevents occupational mobility, and would tend to make the already acute problem of trained personnel still more acute, and play mischief with the proper distribution of labour in various channels. Caste leads to inefficiency not only by making coincidence between aptitude and occupation difficult but also by crystallizing the education in family environments into the habitual practice so that inefficient families might breed inefficient generations, but also by creating caste prejudices against the use of certain methods and devices in agriculture and industries. It is well known that the objection of cultivators to the use of bones, fish and human excreta as manure on caste grounds has contributed to inefficiency of our agriculture. Caste even leads to the immobility of capital and enterprise as higher caste people do not like to enter into lower professions like leather manufacturing and poultry-farming. Even consumption tends to run into caste lines ; and by creating patches of demands for a variety of articles, it prevents mass production and the derivation of fuller benefit of internal and external economies of large scale production. Intellect, labour, capital and enterprise are thus bound to remain parcelled out into a large number of separate and small compartments and militate against the use of resources

on a mass basis for mass benefit. It is not without significance that caste system has contributed its own quota to the disunity and compartmentalization of peoples of this country many of whom cannot see eye to eye with one another, and even when there is no explicit jealousy there is a lack of joint and unified efforts. This archaic social institution is definitely not on all fours with the usual planning technique and is bound to clog its limbs and wheels in unexpected manner and in diverse ways.

It is, of course, correct that the caste system at one time served a highly useful function and is not an unmixed evil today, but on economic grounds the system has definitely outlived its utility. The comfortable and slow satisfaction that this system is in a process of disintegration, might again be true of a little group of the enlightened intelligentsia ; but it would be a fallacy of false generalization to conclude from this that this system is disappearing from the entire country. For the majority of the uneducated people tied down by bonds of conservatism and enslaved by traditions and customs, caste system is more important than even the written law of the land ; and for not an insignificant percentage of even the educated people, caste distinctions are still the things of respect. While education, common travelling in railways and buses, pressure

of economic circumstances, the dissatisfaction on the part of lower castes, Hindu-Muslim riots and other like circumstances do tend to act as solvents to this pernicious system, they have been nothing more than eye-wash thus far. The fundamental caste bonds still remain intact. We are tenaciously tied down by this inescapable chain. What is worse, the consciousness on the part of lower castes is fanning class hatred and the recognition of class distinctions by practical reforms is giving them greater significance. We have already said that the caste system is imperceptibly spreading even among the Moslems. And this vicious institution is eating into the very vitals of our society and might hinder, inconvenience and even frustrate a plan.

The other important institution to be reckoned with, *viz.*, the joint family system, covers not only Hindu but also Muslims and whittles down progress and efficiency by losing direct correspondence between efforts and reward, ensuring subsistence even to drones and parasites, subduing individuality and perpetuating stay-at-homeliness, home-sickness and geographical immobility. The burden of the joint family increases responsibility and damps the risk-taking capacity and willingness of individual members. Most of the merits of the system are of a negative and non-economic character. It teaches man selflessness and makes

suitable provision for widows and orphans, the disabled and the sick, the unemployed and the unemployable. But all these could be provided for in a better, more direct and more certain manner in other suitable ways; and a sound system of social security, comprehensively programmed and established, would any day be better than an erratic and individual system of self-insurance. Such a displacement must soon be achieved in view of the serious disadvantages of the joint family system pointed out above which would greatly hinder an economic plan at numerous points and places. In the educated stratum of society, this system is rapidly disintegrating as growing individualism and spirit of freedom and enterprise are making inroads on human psychology, but for a large section of the people this system is still an unwritten law. We cannot thus hope to plan in the hope that the remaining force and vitality of this system would soon spend itself up. We will have to plan on the ruins of this institutions, if plan we must.

The foregoing discussion indicates that our religious, psychological and social furniture suffers from archaic, out of date and backward traits which are altogether unfriendly and unfavourable to economic planning. If we think that we can fight the battle of planning to the finish on the economic front alone, we are surely over-

estimating the capacity of the armoury of economic devices which have been rendered hollow and weak by non-economic evils. No half-hearted measures, much less self-complacent thoughts and delusions, are going to remove these limitations to planning in our country. But at present there is a singular lack of a candid realization of these limitations and a likewise absence of even a semblance of constructive and effective measures calculated to break these limits. We economists have become extremely individualistic. When we have blamed the Government, we believe our duty done. When we have shed light on economic factors, we regard our battle as completely won. When we have asked non-economists not to encroach upon our rightful domain, we think we have put up a sufficiently protective cloak against attacks from wrong quarters. We are prone to lift up economic problems from their institutional setting, see and study them in their aloofness, and with academic pride set about to apply the unblemished chastity of our pure theory to practical problems which are in no way entirely economic. We do not realize that the tools we have borrowed from orthodox British classicists are too delicate to be of practical use. We do not succour assistance when we cannot deliver the goods. We do not extend a helping hand to other branches of

knowledge. Self-satisfied in a narrow groove of our own creation from where we do not care to emerge out and in which we allow no intruder to enter, we are stagnating ourselves. And when the rot has fully done its work, we deplore that there is no produce for our market!

There is, indeed, a disquieting fallacy in the minds of economists and non-economists which draws its inspiration from the Russian example. If a backward country like Russia suffering from several limitations of the sort pointed out above could plan, so runs the argument, why cannot we plan in the same manner? Now, it must first be understood that the simple fact that Russia could plan under these circumstances, does not mean that Russia reached the highest watermark in planning efficiency and that no country in the world can or should aspire to plan better than her. Our aim, as a matter of fact, should be to plan in the best manner. We must really try to learn from the Russian example, derive full benefits from her experience and try to plan in the best possible way. It would involve huge and deletable waste if we also have to plan to face the various obstacles in our programme instead of removing those obstacles right from the start and making a go with "all-clear" confidence. Apart from it, it is a well-known fact that such limitations greatly hampered the

Russian planning effort at various times and the "economic retreat" which Lenin had to stage is an instance in point. Moreover, the vital fact of the matter is that conditions in U. S. S. R. were not the same as are in India today. It is true that Russian peasantry was also conservative and poor, religious-ridden and illiterate but the 1917 Revolution had thrown the people's psychology out of gear. The First Great War itself was a mighty revolutionary factor in the mental emancipation of the Russian people and when a revolution came at the heels of a comprehensive external War, there was a complete overthrow of the old mental balance. Human mind caught the flare of change. The traditional conservatism and respect for everything old suffered a serious damage. The old order was thrown to winds. New ideas began to surge in human breast and found ready and willing admirers and adherents. Economic conditions and social environment rapidly melted down to a state of molten flux and could be given a shape and mould conducive to planning. All these changes, certainly within limits but the limits which were remotely fixed and became visible only when the temper of the revolution began to subside, helped planning in its initial stages. But India is very far from such a mental emancipation. Though she has entered into the War, has sent

large and brave armies to fight abroad and has increased the production of War materials considerably, she is not in the War in the same sense as the allied countries.\* Her people are averse to it as they think that they have been committed to the War against their wishes.\*\* Her War efforts can be multiplied by several times if a correct approach is made to the demands and aspirations of her people. For the fever of War and the urge to make sacrifices in order to achieve victory, have not sunk into the souls of the people. They interpret the War only in terms of inflation, soaring prices and economic controls. Villages have certainly sent men in hundreds to fight on the various War fronts, but this is only a bulwark for protecting, and perhaps raising, the standard of living of rural areas, which is absurdly low. Our mode of living, our train of thought, our religious creeds and our ideals still remain solidly the same as before. India has not double-marched but has only been lazily-responding to the promptings from behind to reach the War theatres. No valid comparison could be drawn between us and the Russia. We would not be able to achieve what Russia could achieve, without conscious and proper social planning. It is social planning alone which acting as a neces-

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\*R. Coupland, the Cripps Mission, p. 6

\*\* *Ibid*, p. 8

sary adjunct to economic planning, can take out the mind from the old and depressing ruts, make our psychology pliable and elastic and prepare it to receive the message of change, of progress and of planning with alacrity and readiness and a welcoming men. Not only this, but in Russia there was a strong dictatorship established after the War ; but we do not think it would be at all the case in India, for the reasons which we have already narrated above. Besides this, it is true at least of an important section of the people that their psychology has been attuned to the advantages and value of democracy and the freedom of the individual and would rebel against dictatorship. This being so, we fear in our country this social transformation of the above sort cannot be forced upon the masses. It must be evolved. What Russia could achieve by Government orders and decrees and military strength cannot be achieved by us except by means of conscious and well-laid-out social planning which must begin right from now. But there is unhappily no such effort and no such realization. And for the time being at least the Russian example is being abused to make us inert rather than active, docile rather than up and doing ; and a factor which would hinder rather than help the introduction and execution of a plan, is being unconsciously bolstered up.

## XVI

### PLANNING FOR PEACE DURING WAR

While the need for social, religious and psychological planning is vital as well as self-evident with a view to achieve our economic planning objectives, it is also necessary to view the problem of planned economy in the War setting. It is the material changes brought about by the war, which are of the nature of destruction in some countries and of economic upheaval of only a lesser order in others, which have lent a point to planning efforts ; and it is, therefore, important to discuss if the chronological schedule of a plan should begin right from now under the spectre of this total war or from the point of cessation of hostilities or from a still remoter point of the restoration of near-pre-War conditions. On this problem considerable confusion still exists and the problem requires to be approached from the ideological angle of a least-waste, least-effort and least-cost plan, thrashed out in all its theoretical aspects, and then examined in its relation to existing conditions.

The war has been a great process of volcanic disturbance of the peace-time economy and of its quick and immediate readjustment to a new

pattern so as to be of greatest help in the prosecution of the war. The goal of the economic welfare of the people has yielded place to the welfare of the war theatres. Production has been diverted from "butter" to "guns". Public demands have been starved : soaring prices have been ceiled and controlled ; relationship between labour and capital has been directed from the viewpoint of maximum war-effort and industrial peace sought to be statutorily established by making warranted concessions to the conflicting views ; and economic controls have come into play in almost every walk of our regimented economic life. The laws of demand and supply and of substitution, the principles of economic freedom, of exchange and of distribution have suffered an eclipse. We have marched considerably away from peace-time economy. But meant as the newly established pattern essentially is to bring the hostilities to a speedy and victorious conclusion, the shape and mould of our war-based economy is only transitional and temporary.

The framework to which this passing mechanism would make a shift after the "cease-fire" order is issued, is still undecided ; but even a greater volume of difference of opinions exists on the precise point of time when this process is to commence. There are some thinkers, led by politicians with excessive military fervour, who

deem even the slightest digression from direct and single-minded prosecution of war efforts as wasteful and calculated to undermine the vigour and intensity of our victory-campaigns. They, therefore, would refuse to begin the programme of reconstruction, construction or rehabilitation right from now. This class has been greatly dismembered in recent years since the hopeful turn taken by the wheel of political events, though it would be incorrect to assert that such people have all been laid low. Then there are persons in the second category, who while not being opposed to the idea of an economic plan as such, believe by a queer terminological confusion, that post-war planning is nothing more than a solution of the problems which would be specifically created by the war and which in its very nature can get a go only after the war has come to an end. Underlying their argument is the questionable assumption that post-war planning involves nothing more than the shift of a war-based economy to a peace-time economic system, perhaps of the order of the near-pre-1939 variety. Their programme of post-war planning does not overgrow the solution of such problems as those of demobilized soldiery, de-control of production de-ceiling of price forces, de-regimentation of economic life in general, patching up of neglected depreciation gaps, and construction of devastated

houses and towns. This class is numerically large but is stunted in its growth and outlook, and its members would perhaps begin raising their eye-brows if anything of the type of planning of a fundamental nature, even if functional and non-structural, is suggested. But the most important is the last category of the persons who genuinely believe that we must not only plan to win the war but, what is much more important, we must also plan to win the peace. And they also feel that this is the most propitious occasion not only for fashioning out ways and means for the achievement of the ideal state of affairs in the economic domain but also for implementing as many of them as possible in so far as it could be done without prejudicing the war effort.

The narrowest view is of the members of the first school and no doubt they take a very reserved view of the whole situation. The fear of relaxation, if not actually of a sabotage, of the war efforts merely if we begin to think in terms of a future planned picture, is based on the flimsiest misapprehension regarding human psychology and capacity. It has now been growingly realized all the world over that the most effective method of bringing about the best and the most out of the people for prosecuting the war, is to tell them definitely and specifically what peace would bring for them in its wake. This realization has, we

believe, come even to the Government of India, though they are still exposed to the correct criticism that they have not yet made a clean breast of their post-war aims and policies. But, generally speaking, this is now a well-accepted proposition ; and this class of thought has now dwindled to mere insignificance. The next school of thinkers takes a wider view of the matter but it suffers from the confining limitations inherent in the very outlook as explained above. If it does not rule out the rationale of a more far-reaching rehabilitation programme, as to our mind it does not, it would be found to imply that the unsettled war economy would have to be allowed to settle first on the pre-war pattern—and in the absence of any other vision it would perhaps be that pattern—and then this stratified and solidified economy would be again unsettled to be fixedly re-poised on a long-range and ultimate economic key-board which would have to be evolved. This process would be extremely wasteful and a direct switch-over from war economy to an ultimate peace and planned economy would minimize the travails of evolution and curtail its wastes to the minimum. This lends weight and support to the third school of thinkers who stand for a clear and distinct portrayal of the post-war reconstructed and re-habilitated economic mechanism, to which the economy must try to gravitate slowly

so long as the war continues, and with full vigour and rapidity after its conclusion. All the war-created problems must be viewed and visualized from this angle and should become so many items in this vast programme. The war efforts must by all means be maximized but of the competitive devices available for achieving this end, we might well pick up such ways-and-means systems as can also be fitted in and be conducive to the execution of an economic plan framed for realization. In so far as this could be done, we would be trying to win the peace while making efforts to win the war. It is this progressive ideology which seems to lie behind the general economic policy being adopted in U. S. A. and to which the British policy is also reluctantly gravitating under the pressures of circumstances and requirements of a balance of economic power though even today "a common view in official circles is that plans for long term reconstruction must give way to plans for de-mobilization."\*

It is, however, this new outlook which must colour our war efforts and shape our economic planning policy ; and it is to be regretted that this has not been so thus far. The rehabilitation bias of the people and the Government has bucked up only recently and their attitude in this

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\*Cf. *Economist* (London), January 8, 1944, p. 38

regard tends to run into unprogressive grooves. The Government of India were hitherto caught by the narrowest viewpoint of the first school mentioned above, from which they have only recently parted company. But their attitude has not been sufficiently forward and while they have been speaking the language of an adherent to the dictum of planning to win the peace during the war, they have been moving in practice in the realm of war-created problems and like the British Government from which they draw inspiration, demobilized soldiery is the first and the most important, if not the only, item in their chronological table of action. Perhaps it is a reaction to this Governmental attitude that the Industrialists' *Plan* goes to the other extreme and is concerned only with the portrayal of ultimate picture of our economy and has, consciously or unconsciously, snapped the intimate cords with which it is tied down to the war-borne complexities and factors. But neither of these attitudes are going to help us to any material degree. We should, if we must plan, proceed systematically and according to plan, of which there is at present no trace. Much valuable time is slipping away. Our final blue-print is not yet ready. There are differences on fundamental, though simple, points. There is more discussion than effort. And there is no knowing how long

this attitude would persist. It was rightly observed by Mr. G. D. Birla in his New Delhi speech, that "the difficulties, however, would be solved if we were practical and realist people not discussing all the time theories and ideologies but uniting for the good of all to act and to achieve." This is, indeed, the time of action, vigorous, quick and united, on the part of the Government and the people. We do not deny that a sort of coincidence between war and peace efforts might have already begun in this country. There can, indeed, be such a thing as unplanned and unconscious planning. As Mr. G. D. H. Cole says, "Planning can arise without being itself planned ...Planning may emerge, in at least a partial form, without any single comprehensive plan being laid down, or any single comprehensive idea behind it." †But this is hardly going to be of lasting benefit to us.

Now when the war has ushered in big changes and the thought and life are in a state of flux, is the time to weave the pattern of our liking into our economy, to be later elaborated and completed by the method of direct switch-over. But

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\*G. D. Birla, *The Plan Explained* (New Delhi, 1944), p. 12

†G. D. H. Cole, *Practical Economics*, p. 39

we have not yet learnt to see the problems of demobilized soldiers, surplus materials, future competition, capital goods, and so forth as so many items in the programme of a durable and ultimate category. Wartime developments are not being engineered in so far as it is possible and desirable, with an eye on post-war planning and no attempt is being made to shorten the transitional and preparatory period and to ensure that we would have a minimum number of war babies to hold after the termination of hostilities. If the proverbial golden opportunity can ever be missed, we are to be sure doing it now ; and the march of events may find us in a repentant mood later.

## XVII

### PROVINCIAL AND STATE PLANNING

Another factor to be reckoned with within the formulation and execution of a nation-wide economic plan would be the existence of several plans already being drawn up and efforts already being made in this direction by Provinces and States individually, as it would be idle to imagine that as soon as a national planning scheme is launched upon, all such developments, in so far as they take place, can be ignored and a *de novo* start made. While the Centre is weak and slow

and the people are only helplessly and dividedly developing a national concept of planning, many of the Provinces and even some of the States are busy ploughing their own furrows. The activity which they are showing in this regard for some time past, cannot be regarded as unmixed good. This is not a matter of happy awakening or of their merely getting alive to their duties. From a wider angle, it is a matter of keen and serious concern for once these unhelpful individualistic tendencies get a strong foothold, it would not be easy to uproot or supplant them in the best interests of a comprehensive national plan.

So far as the Indian States are concerned, the problem of their becoming a part and parcel of an India-wide economic plan does not differ from the wider issue of their being federated constitutionally in common with the Provinces. These units have been given optional powers of joining the Federation under the present Constitution and they would very much like to exercise this option on their own terms. There are no less than 562 Indian States, big and small, having certain rights and privileges which they enjoy to varying degrees. Were the thing of their own choosing, they would not willingly join a common plan of constitutional merger and economic development for the very good and well-known reason that they believe that

their isolationism is a strong rampart to bulwark their present political framework. In case the Indian Princes have to preserve their authority and privileges unmolested, they believe that they must not let their people contract the feelings of freedom, democracy and the like which are at present spreading rapidly among the British Indians. There is besides the important consideration that their purse and affluence are so much linked up with the exchequer of their governments that they might very well dislike to become playthings in the hands of internal and external elements which the game of a huge economic plan would inevitably imply. It is, indeed, more difficult for such individuals to willingly surrender power than for collective bodies like Provinces. It is then only to be expected that the States would throw their entire strength to sit firmly on the lid and let not any power escape without grim contest. It remains to be seen as to what extent they would succeed in holding their own against heavy odds. So far as the Congress is concerned, its Indian States policy is dominated by the extremist viewpoint of Pandit J. Nehru who has already damned these States as so many ulsters in the body politic of the country, which must be cut out and abolished. Mahatma Gandhi has also warned the States that they must put their house

in order now when he is alive for Pandit Nehru and Maulana Azad would have no patience with them. The British Government is perhaps following a dual policy of emphasizing the fact, on the one hand, that the Indian States owe allegiance to the British Crown, a point established clearly in the present Constitution, and of warning them, on the other hand, as did Lord Linlithgow, that the protection that the Government are at present affording them would be continued only if they prove themselves worthy of it. The first line would perhaps be followed if the Government deem it necessary to bolster up the Indian States in order to prevent the tide of coercive anti-British demand if such should arise; and the second might be adopted if the British Government come to an amicable settlement with British Indian politicians. The Muslim League has become the champion of these States so that it might increase the bounds of Pakistan by including them in its fold and forming a separate conglomeration to satisfy the requirements of the Cripps' Proposal, which would give to the States such rights and privileges as they desire, a move which would not be palatable to all of them. The Indian States cannot thus depend upon the definite support of any party but according to the situation either the arms of the British Government or the rampart of the

Muslim League might be available to them for protection. Though there is no knowing as to the precise degree to which the Indian States would be able to hold their own, it does appear that the chances of their intimate co-operation with the whole of British India in economic domain would be extremely remote for some time to come.

This, indeed, is a disquieting situation for a nation-wide planning. But independent of it is the growing tendency on the part of the more progressive States, which are imbued with a burning desire to plan along individual lines and are free from a variety of obstacles in the path of industrialization and economic rehabilitation existing in British India, to hopefully look forward to the realization of an ambitious programme of material betterment. Some of them have already set up special bodies to prepare schemes of economic development and post-war constructions. In Hyderabad, for instance, the Government have set up a post-war planning board ; and in Mysore State a five-year plan of rural reconstruction has been adopted. The State of Hyderabad has established a Board of Post-war Planning at a cost of Rs. 2 lakhs per annum initially, with the President of the Nizam's Executive Council as its Chairman, to prepare plans for post-war development and to

deal with such questions as irrigation and power schemes, engineering, small-scale, cottage and other industries, public work and communications other than railways, scientific and industrial research, education with special reference to technical and agricultural requirements, development of rural areas, man-power, public health, finance, currency, banking, exchange and trade. Similarly the Government of Mysore have also undertaken a five-year programme of rural reconstruction designed to improve conditions in the countryside and local administration. Other less important Indian States are treading the same road. Tendencies of this nature border on isolationism and would no doubt go to strengthen separatism in planning.

While this is the condition with regard to Indian States, the British Indian Provinces do not furnish a better spectacle. Almost every Province has begun thinking in terms of its own post-war plans. And hardly a week passes when we do not hear of special planning measures taken by one Indian Province or the other. To give only a couple of instances, Bengal is organizing its Department of Agriculture to ensure maximum utilization of the agricultural resources of the Province and a Committee including an expert from the Punjab Government has been appointed. U. P. has its own post-war recons-

truction committee and post-war funds and its officers are touring to exchange thoughts and evolve a practical plan for the Province. Other Provinces are likewise blowing disharmonious and discordant notes from their individual trumpets. There is, indeed, not even a pretext of a common theme and a common programme. The Central Government are neither powerful nor keen to bring them to unison. Provinces are openly deviating from Central Government policies with which they disagree. *Inter se* their disagreement is perhaps more marked than their agreement but in either case it is no more than mere coincidence. All this is but a manifestation of unplanned planning, if planning it be, which seems to be the order of the day.

We cannot view such a development indulgently for planning, in order to be effective, must embody the entire country within its scope. This fact is so thoroughly established that its rationale does not require elaborate dilation. It is an economic truism that the greater the restrictions we place upon the application of the theory of territorial division of labour, the less would be the aggregate well-being of the people as a whole. If we begin creating states within state, we would be undermining our own ultimate economic welfare. Unco-ordinated and separate planning by individual units would not only not

bring us the same good as a single comprehensive and dove-tailed national plan, but on the contrary, it would sharpen provincial jealousies and set a keener edge on regional animosities which are already showing signs of intensification. The process of unitization might have to be carried on so far as it is inevitable; but it must not be pursued as far as it can be within the limits set by voluntary efforts and chances of achievement. Especially in these days of extremely aggressive nationalism of foreign countries and its imperialistic wing, which is being aggravated rather than relaxed by the present hostilities, any attempt, direct or indirect, to impair the already handicapped and weakened national integrity of India is sure to be associated with disastrous consequences. Only national planning can take comprehensive stock of our needs and resources, use them to our best national advantage and protect us from menacing economic penetration from abroad. In such a scheme of things, Provincial and State planning as separate entities have no place. They must always be subservient to a comprehensive control and direction. The planning schemes and efforts are destined to be frustrated if they are parcelled out rather than consolidated and unified.

Besides, it is not possible for Provinces to plan individually in a satisfactory manner for a

variety of obvious reasons. First and foremost is the fact that on taking a stock of the resources and needs of an individual Province, it would be found that the principle of autarky cannot be applied to it. The resources of our country as a whole may be such as to enable us to develop on a self-sufficient basis to a material degree, but it would be stupidly erroneous to argue that a Province is only a miniature of the entire country and would be found to contain the same resources on a smaller scale. Planning by units is, indeed, wrong in principle and involves not only a direct attack on the dictum of territorial division of labour, which could well be avoided, but also a disruption of unified action that can be taken against seething external nationalism of economic and non-economic types. There are other definite limitations in the way which must also be taken into account. Free trade on inter-provincial and intra-provincial basis must continue to be a fact and land tariffs must remain things of the past in the present or even a future legal framework. And if it is so, a Provincial plan might well be frustrated by competition from another more efficient unit, which cannot be escaped except by the utilization of national resources on a national scale. Then, again, a Province cannot borrow money outside India as it chooses and likes; for the Federation or

Centre alone has this power. Mr. G. D. Birla, as early as 1934, rightly pointed out several difficulties in the Provincial planning, which may be quoted here : "First of all there is the question of finance which the Central Government alone can solve. Secondly, comes the question of planning production as well as imports and exports. Weapons to be employed to that end, *i. e.* tariffs and bounties and the initiation of Trade Pacts, etc., belong to the armoury of the Central Government. Thirdly, comes the question of division of labour even amongst the provinces themselves. Here again the Central authority alone by acting as co-ordinating link can adjust the claims. Then there is the railway and taxation policy and last but not least is the question of some amount of uniformity in legislation and action. I, therefore, maintain that the source of inspiration could be the Central authority alone and not the provinces."\* With these remarks, everybody would fully agree. Considerations like these are clear pointers to the misplaced nature of the Provincial planning. But despite these facts, the Provinces are making haphazard, slipshod and half-hearted attempts at so-called planning. And these attempts would no doubt persist for

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\*See *Proceedings of the Seventh (1934) Annual Meeting of the Federation of Indian Chambers of Commerce and Industry*, p. 178

some time to come and even assume a practical shape, unless the Federation or Centre acts with quickness and rapidity, foresight and vigour.

For the time being at any rate, these separatist tendencies appear to be only so many shadows cast by coming events. Once these growing tendencies take deep roots, the plans which are being hatched by units are given a go, and the Provinces get a glimpse of their individual planned economies even partly realized in practice, they would assume the role of so many vested interests which would tend to impair the chances of a national planning scheme being put into practice. For the present, however, the programmes of unitary planning are becoming hot favourites and are looked upon with satisfaction and glee. They are being regarded as the index of a progressive Provincial or State administration. And the regions which do not follow suit are bound to be labelled as backward or unprogressive. But this is unfortunate. These unitary planning efforts, arising perhaps out of a faulty sense of regional planning, if allowed to be idealized and, what is much worse, put into practice, would solidify and crystallize into vested interests, calculated to put up an effective resistance against national planning appearing much later on the scene. It would be unhistoric to fancy that the chances of national planning

would be as propitious afterwards when this has happened, as they are today in this regard. But this is the position to which we seem to be heading, unconscious and oblivious of its inherent perils.

## XVIII

### CIRCLE WITHIN CIRCLES ?

The bottlenecks and hurdles studied in the foregoing pages may be conveniently divided into three categories, *viz.*, political, social and economic. Though the idea of planning is pre-eminently an economic one, it would be perilous to nurse the mischievous notion that it is cut off from its non-economic sheet-anchor. Political, social, religious and psychological factors cannot, in practice, be compartmentalized in a watertight manner and, as has been shown, these factors impinged upon economic matters, especially planning, in a very intimate and fundamental fashion.

While this position is not generally challenged, there are people who think that we need not attach much weight to non-economic impediments at this stage and who would like to have such an economic plan as can best be framed now and to go ahead with its execution. All social, religious and psychological problems,

according to them, would resolve themselves automatically in course of time. The political factor might loom large as an obstruction to a plan, but the introduction of a plan would itself tend to make our struggle against political drawbacks sharper and more effective, and we might perhaps be able to achieve the political desiderata of planning with good grace and with the goodwill of Great Britain. Our main problem, first and foremost, therefore, is to plan and plan—straightaway.

This sort of attractive argumentations is, however, no more than either a cleverly conceived claptrap or ingeniously propped up self-complacency; and involves an alarming underestimate of the degree of resistance of the various non-economic difficulties in the way. It is time that the bluff is called off. We do not deny that economic improvement would create an atmosphere in which many of our religious, social and psychological obstructions would begin disappearing gradually. But we also want to emphasize what should be self-evident that if these shortcomings could be solved, we would be able to draw up a really ambitious plan, carry it through with least cost in terms of time and money and achieve best results, such as we could not accomplish if we have to begin in the teeth of these impediments. While this applies to the political

factor as well in *toto*, it has to be further realized that to talk of planning—in fact to ask impatiently to begin planning today rather than tomorrow—when we do not have the power to plan, is being extremely ridiculous. The first thing must inevitably be the acquisition of this political power, which might theoretically be secured, for instance, by a united acceptance of the Cripps' Offer by all the parties or a generous change of heart on the part of Britain. And unless this is done, planning would certainly remain an impossibility with capital I. This, of course, does not rule out—as nothing, indeed, can do—making the best of a bad job and doing whatever can be done under the existing drawbacks. Nor does it refer to such developmental efforts as Government of India find it possible to make or as Britain willingly doles out, which possibilities have already been examined.

It would again be difficult to agree with the thinkers on the other extreme who lay an out-of-proportion emphasis on the cognate non-economic impeditive elements in this context and award them the palm in the chronological preference-scale set by them for practical action.

In so far as they imagine that the economic factors would not react so favourably upon non-economic ones as the latter can do on the former, and that a solution of the political and social

problems would render greater help to planning than what planning can do towards the solution of political and religious and other problems, they do not appear to be far from truth. But we would like to join issue with them when they assert that the circle of economic planning is at present protected by the circular integument of political handicaps which again is bulwarked by the circle of social, religious and psychological hindrances. The circle of planning can, according to them, be approached only by first breaking asunder the two circles which envelop and protect it. They would like us to solve first our social, religious and political problems in the right manner, and then successfully attack the political problem perhaps by bringing the various opposite parties to an amicable settlement. Planning, in their reckoning, comes last. This would appear to be too cautious, misleading or too unbalanced a view according to the angle of the onlooker and would find few adherents.

The fact of the matter is that both these sets of factors act and react constantly and consistently and it would be wrong to give them an order of priority in this regard. Economic problems can be solved more conveniently and planning objectives can be achieved more readily if non-economic obstacles are removed; while it is equally correct that problems of non-economic

nature would lend themselves to ~~easy~~ and more effective solution if economic improvement in the lot of the masses becomes an accomplished fact. And it would be difficult to decide which should precede which. There is, indeed, a vicious circle of economic degradation leading to social, religious, psychological and political deterioration and the latter leading to economic degeneration, which would have to be attacked and broken simultaneously at several points, though efforts might have to be more concentrative and vigorous at certain points than at others, so as to achieve quick, big and durable results. It would be frustrative to make the burden of attack on various parties and points in our national life a shifting proposition. We all, politicians, reformers, religious men, economists and industrialists, will have to rise to the occasion, do our own respective jobs in the all-sided regeneration of our society and country and try to bring the day of our salvation and prosperity nearer. Economic planning would no doubt be the centre around which all these efforts must cluster.

## XIX

### EPILOGUE

We have reached the end of our journey. If pictures of ideal states painted by the great men of all ages have enchanted us and the attitude of our own people towards planning has made us hopeful, a survey of the hurdles and hindrances in the way should help us to be realistic. It is in an intelligent understanding, a careful realization and a constructive solution of these difficulties that the success of planning must rest. The only reason of my having enumerated and discussed the bottlenecks of an economic plan for India is my strong conviction that it is not so much in making a plan as in overcoming these difficulties that the main struggle lies.

The object of this *Essay* is evidently not to furnish so many arguments against the principle of planning or against its application to India. It, as a matter of fact, arises out of a full and unshakable belief in the value, utility and necessity of a plan in general and to our country in particular, which alone can emancipate us from the utter economic predicament in which we find ourselves head over heels. But it is desired to be brought home that the chances of our being able to implement a plan in this country are not

at present so bright as the necessity of it; and serious, constructive and over-all efforts will have to be made if we really want to plan. It is necessary to present this aspect of the matter as forcefully as possible in particular to those who are floating the fantastic balloons of colourful plans in the midst of fanciful clouds to the utter disregard of the realities of the situation, and think that they can achieve spectacular results by merely wishful thinking.

When the despondent becomes an escapist, his hopes become fanciful and his visions unrealistic. This has been the case with us in India. In discussing the proposition of a plan for our country, we have begun building castles in the air. With much relish we are importing the gusto, warmth and character in our deliberations common in the countries where difficulties peculiar to India do not exist save in a nominal way. We are surmounting the impediments by sidetraking them. We are tackling hurdles by overlooking them. We are solving the hindrances by escaping them. And after dropping an opaque and artificial curtain of thought on the disquieting conditions, we are happily marching on, self-satisfying and self-deceiving, aspiring for and expecting the best among the good. We are heading to a psychological disaster on a national scale. This *Essay* is meant to strike a dis-

cordant note of realism in this chorous of visionary songs.

The misconception must not be put that each hurdle and difficulty discussed above is suggested to be so important and significant in itself as to be able to frustrate the entire programme of economic progress. Every difficulty has its own magnitude and its own importance. Some difficulties are inherent in our very institutional setting; others are not so fundamental. Some can be surmounted more easily than others. If some can be solved by a nation-wide propaganda calculated to infuse in the people a desire of reforming from within, others would perhaps require constructive and tactful politics and diplomacy. This *Essay* only discusses these difficulties and does not mean to give weightage to them or to make the suggestion as described above.

*Pessimism* is a term which has gone much out of fashion. But I have risked it. I do not intend to make the reader despondent. Nor do I mean to persuade him to sit up smug and inert in a corner and shed tears of helplessness. To my mind pessimism and hopelessness are separate things. If pessimism is made to cause dejection rather than inject inspiration, it is gross abuse of an otherwise exceedingly useful and constructive type of psychological device. There can be

a pessimism, indeed, which can make us realize the grim realities, save us from sweet dreams and colourful Utopias, help us in chalking out a right and serviceable line of attack, and inspire us to get over the difficulties and obstacles by constructive statesmanship, progressive outlook and sincere and effective practical measures. If the pessimism exposed herein is successful in presenting this angle of vision to the reader, it would have accomplished its mission.

## XX

## POST-SCRIPT.

Much water has flowed down the Ganges since the last pages were written. During the six months that have since elapsed the kaleidoscope of things and thoughts has been extremely dynamic and a great many changes have taken place in the political and economic landscape of this country. But all these have been the matters of detail and have either confirmed the forebodings presented in the preceding pages or have left the thesis of this work unchanged. It would nevertheless be desirable to briefly indicate the main developments in the short interregnum.

In the internal political conditions the only important developments have been the release of

Mahatma Gandhi, the publication of the Gandhi-Wavell Correspondence, the repeated though unsuccessful attempts of Mahatma Gandhi to see and "change the heart" of Lord Wavell, the publication of the C. R. Formula and, the most important of all, the Gandhi-Jinnah talks which are taking place in the police-cordoned and closed-to-public Malabar Hill region of the City of Bombay. It would be some time before the ultimate upshot of the negotiations are made known to the public but high hopes are being entertained in both the Congress and the Muslim League circles. Even if the talks fully achieve their purpose and there is a satisfactory Congress-League Pact, the ultimate planning prospects might not improve. For Lord Wavell has declared in no uncertain manner that even if the Congress and League present a united demand for India's independence, His Majesty's Government are in no mood to part with power at the present juncture. The Viceroy has thus only spoken His Master's Voice and has merely repeated Amery. Apart from it, there are smaller minorities as well as Hindus of some affected areas who are boiling up against the C. R. Formula. The Punjab Hindus and Sikhs, for instance, have definitely declared themselves against this proposal. The Bengal Hindus and Congressmen are deadly against partition. The

Savarkar-Moonje Group is crying hoarse against vivisection from housetops in Maharashtra, Bombay and Madras. Protesting voices of varying intensity have been raised from the other parts of the country as well. If all these dissentient voices are organized and united, a good deal of mischief can be done to the cause of the national unity. There is an honest fear of many that the Government might pitch up the tone and magnify the importance of such opposition by pouring favours, offices and titles on the oppositionists and by other tried devices. They can then hold on on the convenient ground that Indians are grossly disunited among themselves and it would be thoughtless of them to divide and quit without ensuring adequate protection to the minorities. They can again place the Indian States hurdle in the way. The Royists can be brought into lime-light almost overnight and their declared view that they would prefer the British Government to the so-called national Government can be given all the weight that is found necessary. The internal political situation does not, as such, seem to have changed for the better so far as the prospects of the achievement of the political power, without which planning on a national scale would not be possible, is concerned. It would, therefore, be unrealistic to set high hopes on what follows the Gandhi-Jinnah

Pact even if it is satisfactorily concluded.

Nor, we fear, has the British opinion become more favourable to India's political aspirations. On the contrary, this opinion has fallen an easy victim to propaganda and misleading information and shows signs of cooling down on the Indian issue. British people, indeed, have now come to believe that what India stands in need of is not political change but only some improvement in the economic lot of her people. India wants more machinery, better technical skill, more efficient agriculture and so forth, all of which she lacks in and which can be supplied by Britain. The Britishers must, then, stay on in India's own interest and help her to improve economically. We fear that the vague and weak assumptory position given to the political factor by the Eight Industrialists in their celebrated Plan seems to have contributed to this sort of fallacious attitude; and the subsequent explaining on their part has been of no consequence. We, on our part, are definite that no fundamental economic improvement in our lot can be achieved without the achievement of the necessary political power. Give us the necessary political authority and the right type of atmosphere essential for the functioning of an economic plan and we are confident that we Indians can plan as efficiently and perhaps even better than

any other country. But without such power, any talk of an economic improvement of our people is a mere eye-wash and *amphigouri*.

It would, moreover, be quixotic to pin our faith in the sweetly expressed "freedom for all" shibboleths of the United Nations, particularly of America. All the recent indications go to confirm that we would have to make efforts ourselves to win the political power and no other country is going to help us at all. The drama enacted at Bretton Woods in which the most reasonable Indian proposals were turned down mainly on account of the strong American opposition which can only be explained by the American desire to back up Britain on a similar *quid pro quo* from the British side, should be an eye-opener to us. It would, indeed, be deluding to take seriously the American harangue to declare Sir Girija Shankar Bajpeyi *persona non grata* as a retaliatory measure and to make the Phillips episode a front-rank issue of the American politics as they are nothing more than a Presidential election stunt and by no chance rooted in a genuine interest in the political welfare of India. The Bretton Woods drama called off that bluff and it would be wrong for us to forget its moral.

The recent developments in the international spheres are, again, very depressing from our

point of view. The tendency towards a sort of joint Imperialism, as discussed earlier by us, has become more pronounced. The Bretton Woods Conference and other relevant indications have shown in no uncertain terms that the United Kingdom and the United States of America are out for evolving their own co-prosperity zones and it is only over the areas of common control and trade rivalries that disputes and differences have arisen between them ; though we believe that this development has not yet fully worked itself out. America has recently shown great concern for the Indian markets. It was only some time back that the *New York Times* published a complaint that the Britishers are abusing the lend-lease facilities by converting the lend-leased carbon black into news ink and exporting the same to India, while Indian Government have been refusing to give import permits for American news ink and thus "robbing" America of her Indian markets, a complaint that had to be removed by Britain. Similarly, the Government of India had refused permission to import leather belting from the United States but the refusal was withdrawn on a strong representation being made by the United States Government. Both these countries, indeed, appear to be making preparations for matching their swords after the war in the world trading

regions of which India is a very important part. In Great Britain, efforts are being increasingly made for improving the technical and technological efficiency so as to acquire better competitive power in the world markets. The latest news from London is regarding the formation of a National Advertising Agency, with the blessings of the British Board of Trade and Overseas Trade Department, which means to develop Britain's overseas trade and provide "a link between British manufacturers and post-war export markets." On the American side, an Association has been formed of the Indian engineers, businessmen and others residing in that country with the object of establishing better commercial relationship between the two countries and particularly promoting American exports of capital goods to India. The non-official Indian delegates who visited the U. S. A. in connection with International Monetary Conference stated that many American financiers and industrialists were anxious to help Indian financially and commercially and in general to forge closer links between the two countries. Such preparations would, we fear, lead to a rigorous commercial warfare on the Indian soil, which would scorch-earth and torpedo our economic system. The effects of such a position would obviously be none too happy for

us from the political and planning angles.

The importance of the concentration of the more important economic powers for an economic plan does not seem to have been yet realized in our country. Indeed, during the last six months, many of our Provinces and States have come out with their individual economic plans. The Bombay Government have already published their full-fledged blue-print while Gwalior, Jaipur, Travancore and other States had published their plans even before the publication of the Bombay Government's scheme. Other Provinces and States are also preparing their plans post-haste; and the separatist tendencies are thus getting stronger. The difficulties in the way of the concentration of political power are, as such, increasing. In the meanwhile Australia has provided a test case regarding the probability of the units to willingly surrender some of their important economic powers to the centre in the interests of an economic plan. The Australian States have out-voted the proposal of their surrendering some of their powers even for a limited number of years after the war. This confirms our fear that in India the devolution of Government has not been an unmixed blessing and is a definite hurdle in the development and progress of an economic plan.

On the ways and means front, our worst fears

regarding sterling balances have been confirmed ; and the optimism of those who were setting high hopes on them and refuting our forebodings has engulfed in gloom. We had feared that Britain would under some pretext or the other try to repudiate a part of India's debt by placing larger burden of war expenditure on the shoulders of India, a prophecy which has remarkably come true. The suggestion of the London *Economist*, Lord Keynes and others that in view of large sterling accumulations in India, Britain should revise the Indo-British financial settlement so as to place larger burden of war expenditure on the shoulder of the Indian exchequer, was an open bid for the repudiation of a part of our blocked sterling assets ; and in spite of the fact that this has given rise to most bitter criticism and agitation in this country Britain has not been moved to reconsider the matter. Efforts made at Bretton Woods Monetary Conference to bring about a solution of our abnormal war balances through multilateralization ended in smoke and this was declared to be not their concern by the Conference. Lord Keynes and the Secretary of the British Treasury, however, assured the Indian Delegation that Britain would not repudiate its sterling debt to India and the matter could be bilaterally settled in a satisfactory manner which rekindled a temporary and faint hope in this

direction. But when Sir C. D. Deshmukh went to Britain to settle the issue, he was not encouraged to stay and was bundled back ! The recent events have, far from establishing a co-extensiveness between blocked sterling assets and capital goods, have been prejudicial to the very existence of these sterling assets on our books.

However, the Government of India are reported to have become more active than before in regard to planning. They have now created a new and separate Department of Development and Planning which has been put in the charge of Sir Ardeshir Dalal, one of the signatories of the Industrialists' Plan. It has also been given out that the Dalal Department is preparing a Yellow Book containing a comprehensive scheme of economic development of the entire country. While we anxiously await such a plan and hope that it would be a best combination of the Industrialists' Plan and the work done under the auspices of the Government thus far, we feel constrained to repeat our comment that the mere framing of a plan is not the end of the matter and that the preparation of a blue-print is really not a problem with us. Our real problem is a more practical one. It is to put a plan of one type or the other into practice. This requires a certain attitude on the part of the Government of India which is unfortunately still wanting.

We are not very sanguine that the economic plan that is going to be shortly published by the Dalal Department would be given a go. And so long as that fact does not undergo a change for the better, mere plans cannot enthuse the people or improve the lot of this country.

It is thus evident that the developments in the relevant spheres during the last six months have in no way improved—indeed, they have definitely prejudiced—the probability of an actual plan being put into execution in this country in near future. Those chances are as remote as ever.  
*Adieu paniers, vendanges sont faites !*

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