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NATION BUILDING

A FIVE-YEAR PLAN FOR THE PROVINCES

BY

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FOREWORD

THE Congress party which is now in power had its policies and plans defined when it was in a position of greater freedom. These have to be revised in the light of ascertained facts and figures now at the party's disposal.

The change from Dependency rule to Autonomy in the Provinces is a big fact. The consequential changes in the various spheres of the country's life have got to be big too. The masses at present are steeped in ignorance and poverty and the country is without any organisation for the production of wealth.

To remedy these grave deficiencies, the administrative machinery needs thorough overhauling; economic affairs require to be regulated according to some deliberate plan; retarded social developments, such as education, industries, and nation building, have to be speeded up.

FOREWORD

The Provincial Ministries have, it is understood, all these questions at present under their active consideration and they may be expected in due course to formulate a constructive policy and a comprehensive plan.

At such a time, it may not be inappropriate to invite attention to a scheme of reconstruction and nation building evolved from an independent study of the needs and problems of this country.

The immediate object of this paper is to explain how economic planning may be attempted in the Provinces of British India which have recently become autonomous. Stress is laid in this connection on nation building because national planning has become a dominant feature of present day international situation, and whatever work may be undertaken now by way of reconstruction or development in the Provinces should ultimately form part of a plan for the whole of India and be fulfilling its intentions.

FOREWORD

The writer delivered a brief address on "Economic Planning" at a meeting of the members of the Congress party in the Bombay Legislature, held in Poona on 2nd September 1937, and presided over by the Hon'ble Mr. B. G. Kher, Prime Minister, Government of Bombay. At that meeting, he promised to present a written note giving a fuller exposition, from his point of view, of the scope and structure of a Provincial Five-Year Plan. It is in pursuance of that promise and also with a view to reach a wider public that this brochure is issued.

BANGALORE,
1st October 1937.

M. V.

CONTENTS

	PAGE
FOREWORD	iii
I. INTRODUCTORY	1
II. THE LARGER POLICIES BEHIND • THE PLAN	10
III. RETARDED DEVELOPMENTS ..	16
IV. AIDS TO DEVELOPMENT ..	23
V. DISTRICT DEVELOPMENT SCHEME	31
VI. CITIZENSHIP TRAINING ..	38
VII. FOREIGN INTERCOURSE ..	44
VIII. CO-ORDINATION AND CONTROL ..	49
IX. SUMMARY OF RECOMMENDATIONS ..	65
X. INDIA'S FUTURE ..	73

NATION BUILDING

A FIVE-YEAR PLAN FOR THE PROVINCES

I.

INTRODUCTORY

THE old order is changing. The Congress party is in control of the administration in seven Provinces of British India and, in these seven out of the eleven at least, a Government of the people for the people seems established. How far it is also a government by the people has yet to be tested. The precise extent of political power transferred to the elected representatives of the people is still in doubt, but, in what follows, it will be assumed that the unstinted co-operation of the British authorities will be at the disposal of these new governments for all constitutional activities connected with nation

NATION BUILDING

building, in spite of the defective provisions of the Government of India Act of 1935 in this respect.

The Congress party has come to power pledged to economy and the service of the poor. The party has not produced any official plan or programme so far, though it has prominently identified itself with three measures, namely, (1) Prohibition, (2) Use of *Khadi*, and (3) the lowering of salaries of Ministers and Government establishments. These measures have a moral value and they have the approval of Mahatma Gandhi. They will doubtless be given a prominent place in any scheme of reconstruction which may be put forward in the near future.

The party, as such, has a programme of reforms which it adopted in general terms at the Congress Session of Karachi in 1931. Representative Members of the new Congress Ministries have expressed their views on various aspects of political and national life. Many popular proposals,

INTRODUCTORY

vague desires, stray schemes and ideas are being thrust on the notice of the Ministers and all of them have to be subjected to scrutiny and revision with the aid of the latest facts and information available. If confusion and waste of effort are to be avoided, the Congress Ministries have soon to make up their mind as to the lines of national economic activity they propose to follow and announce an authoritative plan and programme.

Planning implies a course of action for achieving a particular object. *Economic Planning* for a Province will be a scheme or course of action for raising the income, standard of living and material prosperity of its people, by making the most sensible use of its resources and manpower. The idea of planning for the public good is inherent in public administration.

Along with economic planning, sooner or later, questions will also come to the front of reforms and reconstruction in other

NATION BUILDING

spheres of national life—political, social, intellectual and spiritual. These are all interconnected and changes in them, fast or slow, will be inevitable. Planning under all these heads will come under the comprehensive title of Nation Building.

All reconstruction measures, of which economic planning will be the chief, may be suitably embodied in a Five-Year Plan, which is the form of presentation generally adopted in countries in which such measures have been carried out since the close of the War. A five-year term for executing the measures has come to be generally accepted in practice, though there is no reason why the interval should not be four or six years or any other period which may equally suit the purpose. Many of the countries which took part in the late War or were affected by it, resorted to a Five-Year Plan for removal or rectification of their deficiencies at the close of the War. Among such nations, Russia stands easily first. It is

INTRODUCTORY

even said that State planning is an original contribution of the Soviets to the science of modern Government. Other countries have also been adopting various radical reforms to serve individual objects, though they have not called them, collectively, a plan or advertised them as widely as Russia has done.

In a separate publication, the writer has recommended a Ten-Year Plan for India as a whole and a Five-Year Plan for each constituent Province or State. The Five-Year Plan for a Province will form part of a Federal Plan but until the Central Government also becomes autonomous, each Province will have to prepare its own plan according to its local conditions and circumstances, co-ordination with other Provinces being maintained by mutual consultations, or by periodical conferences between representatives of the Provinces concerned.

It may be convenient if, at this stage, an outline picture is given of the

NATION BUILDING

organisation and the procedure to be followed in the preparation and execution of the proposed Five-Year Plan. Every Province should have:—

- A Five-Year Plan;
- A Development Department;
- An Economic Council; and
- A Development Budget.

The plan may be prepared by a small committee of five to seven members composed of high officials, experts and business men who would select measures and proposals to go into the Five-Year and First Year Plans, respectively. The First Year Plan will form part of the Five-Year Plan.

Some of the subjects included in the Plan will be such as could be attended to by the regular Government Departments, ordinarily concerned with them. The special items not so handled by the existing Departments should come under the care of the Development Department referred to.

INTRODUCTORY

Where circumstances permit, a Development Department should be started immediately and it should constitute itself into an executive agency for working out proposals and estimates for the two plans. The Madras Government has started a Development Department already, though for purposes of the plans its functions would require considerable expansion.

A Provincial Economic Council may be started either before or after a provisional Five-Year Plan (including the First Year Plan) is prepared. In the former case, there will be no need for the separate temporary Committee suggested.

The Development Department should have a Minister, a competent Secretary, a Commissioner, and the necessary staff of experts and officials. These should be picked men of more than average ability, well known for their zeal for progress and chosen as far as possible for their knowledge of administrative and business

NATION BUILDING

conditions in the progressive countries of the West and in Japan.

The Development Budget should obtain its funds partly by yearly contribution from current revenues and partly by public loans; the latter to be used mostly on industrial enterprises—Government or private—and on productive public works, railways, agricultural and irrigation projects and the like. A loan policy is recommended because, as will be explained later, most modern countries have developed an industrial life by a judicious use of loan funds.

To improve the condition of the rural poor, a District Development organisation based on the Japanese model is suggested which, if put into operation with requisite persistence and courage, might prove a sovereign remedy. For this purpose, the District should be a self-contained unit for economic operations with its own Economic Council, its own staff and Budget. The reconstruction

INTRODUCTORY

work under the Five-Year Plan will consist of the work done in each district, as well as the sum total of work done for the Province as a whole both by the regular Government Departments and the special Development Department.

The character and significance of the great majority of the proposals which would go into the Five-Year Plan are explained in Sections III to VIII which follow.

In the Summary of Recommendations (Section IX) six specific items are singled out as measures of fundamental importance for fulfilling the purpose of the Plan. It is thought that no Province which wishes to advance can do without them.

II

THE LARGER POLICIES BEHIND THE PLAN

ON account of the country's political status as a Dependency, there has been a lack of appropriate policies and adequate facilities for preparing the citizens for the varied occupations and duties of modern economic life. With the advent of Autonomy, this want should be supplied, and henceforth Nation Building should become the common concern of both the Government and the people. The average citizen will be expected to labour not only to benefit himself and his family but also to do his bit for building up the Indian nation. He has duties not only to the city, town or village in which he resides but also to his district, province, and the country as a whole. If his home is the centre of his devotion, the nation ought to be its circumference.

LARGER POLICIES BEHIND THE PLAN

Politically, it may be assumed that the aim of India should be to attain as soon as may be, full powers of responsible government in a democratic Dominion constitution, like that of Canada or South Africa. The Provinces of British India have acquired a certain amount of political power in this sense. But for effective self-help and self-improvement, more power of initiative is needed, in finance, in tariff protection and in military strength. The Provinces should be able to share power and responsibilities in these and other respects with the Central Government. The Provincial Governments have in their turn to concede real self-government to the people of the villages and put them in the way of utilising their resources to the best advantage and improving their living standards by their own initiative and local effort.

Considered in the economic sense, the Provinces are yet in a primitive condition being mainly dependent on agriculture.

NATION BUILDING

Mass poverty exists to an extent unknown in Western countries. A rise in the standard of living should, if possible, be secured by creating diversity of occupations. Measures should be devised so as to give the poorest families a minimum survival standard of living to enable them to keep fit and work for a living.

In accordance with present-day practice, the Provincial Governments will be expected to maintain a close association with the economic activities and needs of their people.

The activities of capital and labour in this country are insufficiently organised and to a certain extent unbalanced. In most foreign countries at the present time, capitalism and socialism are locked in gigantic combat of which no one can clearly see the end. For us, for the present, it would be safe to retain both capitalism and socialism in this country at the stage which they have now reached. For the future, we should be

LARGER POLICIES BEHIND THE PLAN

guided, as far as possible, by the example of, and practices prevailing in, countries like the United Kingdom and the United States of America, care, however, being taken that the worst forms of Western industrialism are not reproduced here.

Social prosperity is dependent on economic strength. In social life, the prime wants to-day are literacy and some knowledge of the conditions under which people can get a decent living. The employment of the villager has been practically confined to the single profession of agriculture which reached its saturation point generations ago.

Summarised, the general aim of Development measures should be:—

- (i) To find work for the people;
- (ii) By work, to increase production and service, and raise income and standard of living; and
- (iii) Concurrently, to advance nation building activities to develop a

NATION BUILDING

healthy, capable, self-sufficient and prosperous nation.

It would be sound policy for Provincial Governments, in the altered conditions of to-day, to be less critical of British economic interests in this country. The extent of indulgence may vary from case to case but the fact that indulgence has to be shown should be recognised. The potentialities of an agricultural country on the threshold of industrialism are very great. The economic strength which can be built up with proper constructive policies, and with British co-operation, if it can be secured, is bound to be substantial and is likely to increase so rapidly that the present yearly payments which India makes to Great Britain for past commitments, will be visibly lightened at a rapid pace along with growth in the country's productive capacity.

The success of a Five-Year Plan will depend in the first place on Great Britain's continued adherence to its

LARGER POLICIES BEHIND THE PLAN

present policy of non-interference with the discretion of Provincial Ministries. Secondly, the Plan should be national, that is, although it may be prepared under the supervision of a Congress party Government, the wishes of other political parties should be consulted before it is adopted. The approval and support of a large majority of the public should be aimed at. And lastly, the present Provincial Governments should act in this and other allied respects in the spirit of a national government. Great Britain is at present ruled in this sense by a national government although the party system is still seemingly kept up.

If these three conditions are fulfilled, the Congress party will be laying a sure foundation for the prosperity of the Provinces which it now controls, and it may at the same time secure for itself a long lease of power.

III.

RETARDED DEVELOPMENTS

CERTAIN developments which are necessary for progressive life were hitherto left unnoticed or unattended to, presumably because they were inconsistent with the Dependency status of the people. Such omissions have now to be speedily made good. The three fundamental developments so retarded have been—*Education, Industries and Defence.*

Education.—Universal mass education, so necessary for the country's advance in business and culture, has not till now been properly attempted. In the population aged 5 years and above in British India, only ten persons are literate out of every hundred. In any country claiming to be civilized, the number should be eighty, if not more. Only five children out of every hundred of the population attend educational institutions. This number

RETARDED DEVELOPMENTS

should be at least fifteen. The actual percentage in the United States of America is nearer twenty-four.

The ratio of literate females in cities to the total urban female population is 14.9 per cent. The provision made for technical and commercial education is very meagre and that for adult education insignificant. Instruction for citizenship training, in social standards, business morals and nation building is not known or even heard of.

Progress will be more rapid if part of the responsibility for educating children in a village is thrown on its residents, subject to well-understood limitations.

The Universities should be induced to give greater encouragement and importance to studies hitherto neglected, such as, mechanical, electrical and industrial engineering, applied chemistry and commerce. Two subjects of outstanding importance, namely, mechanical engineering and commerce, at present relegated

to a low status in University curricula, require to be speedily rescued.

Industries.—Next in importance, if next at all, to education, is the encouragement of industries. A rough calculation shows that we in India derive about 16 per cent. of our total production from industries, whereas the corresponding proportions, in the United Kingdom and the United States of America have been, in some years, 77 and 72 per cent. respectively. Canada with a population of only 11 millions derives as much income from industries as is done by the entire population of this country.

One of our most urgent wants is the promotion of heavy industries and the best way to secure this is for the Provincial Governments to come to an understanding among themselves to establish one or two heavy industries in each Province and be responsible for their development. If this is done, all known heavy industries which can bring profit to the

RETARDED DEVELOPMENTS

country can be brought into existence in 3 to 5 years' time without putting a heavy strain on the resources of any single province.

The manufacture of more steel, machinery, engines, railway locomotives, mill machinery, automobiles, aeroplanes, ships and agricultural machinery is an urgent proposition. This country has double the railway mileage of Great Britain and yet has to depend for locomotives and railway stores on outside production. The need for heavy industries was never so great as it is to-day in India.

In the present circumstances, there should be no hesitation to invest money, even loan money, in all the heavy industries for the products of which there is a home market.

Be it noted that these industries when established will not only bring wealth but will also develop skill and capacity and put real power to do big things in the hands of the people. In many cases, heavy

NATION BUILDING

industries are required as key industries which supply tools and raw materials for cottage industries. The development of heavy and cottage industries must go on *pari passu* if the country is to prosper economically and be self-sufficient. Advanced countries have established a close relationship between the two, as they cannot be separated without detriment to the nation.

Cottage and small-scale industries for rural areas come next in importance as a means of increasing income. Both Germany and Japan thrive on their cottage and small-scale industries. The best way at the present time to bring about rural prosperity in this country will be by encouraging cottage and small-scale industries and quickening the industrial life of the masses.

There are innumerable points to consider in connection with the question of rapid industrial development. But in an outline picture like this, one can only

touch upon essentials. Two classes of industries, namely, the *heavy* and *cottage* industries, are particularly referred to here because these, if Government backing and protection can be secured, may be depended upon to revolutionize production and help to build up wealth rapidly for the country.

Defence.—Now that India is on the way to Dominion Status, the question of the defence of the country by the people themselves should receive early and serious consideration. A Committee consisting of leading Indians interested in the subject with the co-operation of the heads of the several departments of Defence should formulate well-considered proposals for training Indians for officer appointments as well as to fill the rank and file, in the Army, Navy and Air Force.

Military training will teach discipline, and the use of arms and munitions will familiarise people to wielding power. As in Japan, subjects like military strategy,

NATION BUILDING

and naval engineering should be taught in appropriate colleges and schools, and villages should establish, again as in Japan, physical training clubs in their midst to provide recruits for defence services. Without the power of defence or capacity speedily to organise defence, the population will be helpless in times of external attack or international commotion. Enlightened self-interest is to-day making even conservative politicians in Britain to revise their military policy in India.

IV

AIDS TO DEVELOPMENT

Principal Aids to Development.—To increase the production of goods and services under agriculture, industries, mining, trade, transport, etc., diverse aids and facilities will be necessary and they are nearly all dependent on Government policies. The five most important aids to production are:—

- (1) Statistics and specialisation of Capital and Labour;
- (2) Banking and Credit Facilities;
- (3) Tariff Protection;
- (4) A proper form of Village Self-Government; and
- (5) The Co-operation of Universities.

These aids exist at present in an incomplete and imperfect form. They are

NATION BUILDING

not either of the proper quality or of the requisite intensity to overcome the fundamental weaknesses of our economic life.

Statistics and Specialisation of Capital and Labour.—No periodical survey of industries and production is regularly conducted similar to that made in the United States of America, Canada or even Soviet Russia. Statistics relating to production and internal trade are incomplete. Data are insufficient for estimating income and wealth. Several attempts were made to improve the position in these directions but so far without avail. Business organisation everywhere is defective. Specialisation of labour and capital is not known and no account is kept of the unemployed. Nobody knows the precise state of things in regard to many of the most important aspects of Indian economic life. It is therefore necessary to maintain in future complete comparable statistics on the international model for all branches of

production, finance, trade, transport, power supply, and other utilities and activities.

Banking and Credit Facilities.—The provision of credit facilities for productive activities and enterprises is an important need. Many of the Provincial Governments are now free from debt. They may be allowed to borrow money for selected productive enterprises and developments. A complete development programme for the entire country would require not less than Rs. 500 crores in the next ten years. If this sum is obtained from loans and judiciously applied to industries and other productive enterprises, production in the country can be increased by ~~at~~ least the same amount every year. There should be no hesitation to borrow money for productive public works and industries. At present Capital is available only in dribbles for local industries and agriculture is, in this respect, absolutely starved. The times are propitious for development. There is

NATION BUILDING

enough money in the country to meet its permanent needs. Money is also cheap. Government credit is high. Fresh sources of revenue should be sought to meet interest charges. With their own Government, people would be willing to make sacrifices in order to build up a prosperous future, if only they are made to understand what is required of them. The working of the banks requires further development with a view to increase the circulation of credit facilities among villages. Insurance companies should be encouraged to invest more of their funds in industries.

Tariff Protection.—Protection to industries is regulated by the recommendations of the Fiscal Commission Report adopted by the Government of India in 1923. The world has moved rapidly since but those recommendations remain a fixture. A complete change over seems urgently called for in the larger interests of the country. The import of all cheap goods

which can be made locally should be stopped by high tariffs. All free countries levy high import duties in such cases. There is no reason why the home market should not be reserved for local products. It is a suicidal practice to send out raw materials and get back the same in the shape of manufactured goods, while people here are hungering for employment. A permanent Tariff Board, whose recommendations should be binding, is necessary. Although protection is a Central subject, it is hoped the Provinces will be able to prevail upon the Central Government to change their policies in these respects. They can do this only if they planned carefully and acted on a co-operative basis as between themselves in the realisation of the country's objectives.

Real Self-Government in Villages.—Real self-government should be conferred on people in the villages and they should be encouraged to increase constructive activities and production by their

NATION BUILDING

own effort and initiative. The peasant population have to be put in the way to do all this at least for two or three years by Committees of officials and experts in whom they have confidence. The writer has in a separate publication explained how Village Government is conducted in Japan and how the same could be attempted here. An elected Village Council of ten or twelve Members, with an elected Chairman, should administer the affairs of a village including its finances. It would appoint Committees for doing constructive work such as development of agriculture, industries, sanitation, military training. In Japan, some of the village population carry on even agricultural research themselves. By "Village" here is meant a big village of over 5,000 inhabitants or a group of small villages and hamlets with a combined population of not less than 5,000.

According to the experience of Japan, real self-government, combined with the

development of cottage and small-scale industries and improved agriculture, would help to double production in a very short time.

The Work of the Universities.—The Universities should adapt their curricula and methods of instruction to the rapidly changing conditions of the world and the new situation in this country. They should take a hand in providing literature on nation building projects and assist the public by disseminating a correct knowledge of the developments going on abroad in the many fields of production, invention and research. A scheme of rationalization, as between the different Universities in India is a need of the hour, if waste is to be avoided and they are to subserve national ends and aims.

It would be well to attempt to supply the deficiencies in respect of the five aids mentioned above at as early a date as possible, after sufficient investigation. An

NATION BUILDING

inter-provincial Committee of trusted citizens of known ability may be asked to go into the matter and furnish proposals and recommendations.

V

DISTRICT DEVELOPMENT
SCHEME

RECENTLY, an American Professor who visited this country remarked that what struck him was the extreme poverty of the peasants, their illiteracy and lack of modern sanitary methods of living. But the thing that oppressed him most was their apparent helplessness in the face of economic misery. This helplessness must now be removed. The time has come to make the effort and teach the rural population how to help themselves. The question of raising the income of the poor may be considered under three heads:—

- (i) Income and needs of a poor family;
- (ii) Income and needs of the population of an average district in British India; and
- (iii) Increase in the value of goods and

services to be produced in order to give a minimum standard of living to the poor.

Income and Needs of a Poor Family.—Enquiries show that the present income of an average poor family of five persons may, without any grave error, be put down at Rs. 10 per month in rural areas, and at Rs. 20 in urban areas. These incomes should be at least doubled to give the families a decent living and maintain them in reasonable health.

Assuming that 80 families out of every 100 in the district may be classed as poor and that 8 of such families live in towns (with income of Rs. 20) and 72 in villages (income Rs. 10), the *average* income of a poor family for the whole district works out to Rs. 11 per month. A group of hundred families in a district may thus be taken as composed of 80 poor (with an *average* monthly income of Rs. 11 per family), 18 middle class, both upper and lower (with an *average* income of

DISTRICT DEVELOPMENT SCHEME

Rs. 75), and 2 rich (with an *average* income of Rs. 150).

On these assumptions, the *average* income for the hundred families will be Rs. 25.3 per family per month, or roughly Rs. 60 per head per annum for all classes of population. It is suggested that a constructive effort should be made to increase this income by at least 50 per cent. in the next ten years.

Average Income in a District.—According to the 1931 census, the *average* population of a District of British India works out to 1,009,408 or, say, in round figures 10 lakhs. The total income of an *average* district at Rs. 60 per head of population will be Rs. 6 crores. The present proposal is to increase this to Rs. 9 crores in ten years' time. The figures will vary with the seasons and prices. Those given here are merely illustrative. They indicate in a general way to what extent production and income may be increased by organised effort.

NATION BUILDING

How to Increase the Income in a District.—When a Five-Year Plan is prepared, the yearly value of goods and services to be produced in every district would be indicated in a schedule attached to the Plan. The responsibility for increasing the production would be thrown on the local population who would elect the controlling body. This body would be assisted by two or three experts and officials supplied to the district by the Provincial Development Department which would handle the Five-Year Plan.

The work would begin with a survey of the production and occupations in each village and town. It would be easy to survey the resources and maintain statistics of production and income in each village, or a group of villages with an aggregate population of not less than 5,000. This is what is actually being done in Japan. Under the advice of the District Committee the villagers would start improving their existing occupations and

DISTRICT DEVELOPMENT SCHEME

creating new units of work, as required, in agriculture, industry, trade and other occupations and professions. Agriculture would be promoted by the use of better tools, better seed and manure and also in other ways. The bulk of the increase in occupations should come from cottage and small-scale industries, particularly those intended to supply goods for which there is a demand within the district itself. The villagers should be suitably instructed and advised to keep on improving their income from year to year in these and other ways and to see that the poorest family among them is earning enough to enable it to maintain a standard of comfort which would not fall below a recognised minimum.

There should ordinarily be ample production within the district itself of most of the commodities consumed by the poorer classes. Some of the industries to be promoted for the purpose, in addition to all occupations associated with agriculture,

NATION BUILDING

will be production of cloth and preparation of clothing for men and women, manufacture of metal utensils and pottery, rustic furniture such as, cots, carpets and mats, many kinds of house-building materials, simple agricultural machinery and tools, bangles, toys and the like.

Eventually, as a result of district planning and organisation under the Five-Year Plan, every third or fourth house in the village should have a small workshop and, in favourably situated districts, many a household should be able to find occupation in manufacturing small parts and accessories for heavy industries in the neighbourhood.

The income of the village population can be estimated in the same way as it is being done in Japan, and by adding to it the estimated incomes of towns and cities within the district, the total district income can be ascertained. The income of the province, as a whole, will be mainly

DISTRICT DEVELOPMENT SCHEME

the sum total of the income of the districts. There may be some confusion and delay for the first two or three years, till the people correctly grasp the significance of the measures and operations connected with the development programme. Our village population wants guidance. Though illiterate, it is very shrewd where its particular interests are concerned. With patience and perseverance, from the fourth year onwards, there would be a progressive increase of goods and services from year to year in every village as well as in the district as a whole.

VI

CITIZENSHIP TRAINING

THE establishment of a Bureau of Social Amenities is urged as a branch of the Development Department to make provision for training in citizenship and nationhood. The proposed Bureau, although forming part of a Government department, may be required to operate under policies and rules approved by a Committee of national leaders chosen by the Legislature.

India is inhabited by people in all stages of civilisation from the primitive to the most advanced. Arrangements are needed on the one hand to provide regular work, proper nourishment and suitable education to the backward and poorest classes, and on the other, training and guidance to the better-to-do classes to come into line with progressive modern

nations. If no special effort is made like this to raise every class of people in the scale of economic civilisation, national progress as a whole is bound to be retarded. Modern economic civilisation requires that the people of this country should develop rapidly the capacity and habit to force a living and other conveniences from nature with the minimum of effort. Science and power-age technique have made such rapid progress in recent years that, if proper use is made of them, it should be easy to obtain all material possessions needed for comfort and security to the last man, and also to promote national efficiency in every direction, including ~~effective~~ effective defence in the event of foreign invasion.

Training the Citizen.—The first lesson which every citizen should imbibe is that it is by work that goods and services are produced, and that somebody has got to work and produce something to keep the pot boiling.

NATION BUILDING

The next thing needed is education for the masses, the providing of which, in the words of President Roosevelt, is the greatest duty of statesmanship. This will help people to make an intelligent use of their time and opportunities. Eight hours of work a day, for 5½ days in the week, is the standard working time for adults. Estimated in money value, women's contribution to national income in this country is small, if not altogether negligible. In a commercial age like the one we live in, it should be somewhere between one-half and two-thirds of that put in by men.

The peasant and the labourer should be taught the advantage of observing regular hours of work and the value of self-help, thrift and the wise employment of leisure. Uniform standards in social life and habits will result in closer intercourse and mutual helpfulness and promote team work. As in Japan, the Indian citizen should learn to feel that he works not only

to get a living but also to contribute something to the prosperity and good name of his country.

Creating the Spirit of Improvement.— Many of our cities, towns and villages have grown up haphazard, being yet untouched by modern town-planning methods. Their housing conditions are bad, they are lacking in such primary needs as good water-supply, drainage, and electric power. There is need in many of them for better libraries, hotels, inns, travel bureaux, chambers of commerce, banks, business houses, co-operative stores, and the like. The spirit of improvement should be created in such centres and the leading citizens made to realise that they have public duties to discharge towards the communities among whom they live. These will include the study of local economic resources and the regulation of work and occupations among the citizens with a view to increase local production and prosperity.

NATION BUILDING

Building up National Practices.—National spirit and national practices should be widely encouraged. Surrounded as we are by restless and ambitious nations, our democracy cannot long survive if there be no spirit of nationalism, no purpose or plans, no preparedness to defend the country in emergencies. It would do much good if the leaders of the country came to a proper understanding among themselves and advised the ordinary citizen to adopt a standard dress, a uniform language, besides certain well-recognised international habits and practices in matters pertaining to business, society, travel and self-defence. The three industries of banking, ~~trading~~ and travel, as adapted to the life of the people, should be greatly extended. Some of the western Universities are so practical that they have begun to confer degrees for proficiency in the hotel industry.

Rearing up Social Solidarity.—The Social Amenities Bureau suggested

CITIZENSHIP TRAINING

above should encourage the preparation of moral class text-books giving guidance in practical conduct in life and nation building. Propaganda should be carried on through the Press, the universities and schools, public lectures, museums, exhibitions and fairs, the radio and all other available means. The Bureau referred to, if judiciously organised and worked, might in course of time come to be so fully trusted that it would acquire sufficient moral authority to settle communal disputes and prevent wrong, unfair and unjust behaviour of any one community towards another. The propaganda of Mahatma Gandhi has been conducted, in many respects, on this comprehensive plan.

VII

FOREIGN INTERCOURSE

WITHIN the past hundred years, India has built up a large foreign trade. Slowly and steadily, she has also learnt to appreciate the advantages of foreign intercourse. But it seems a pity that the people of this country, who have undoubtedly the spirit of travel and adventure in them, have failed to develop a corporate spirit in foreign lands. That looks particularly unfortunate when we recall the fact that this country has in historical times, helped to people all the territories now known as the Dutch East Indies and the Straits Settlements and all the Islands, little or big, dotted near about, and is yet sending out thousands of settlers to places, far and near, across the oceans. With the growth of modern ideas and the modern need for corporate action, there is a

dire necessity to create that oneness of feeling while on foreign soil that is productive of so much good to the individual citizen and the country to which he belongs.

Indian Trade Commissioners.—There are some two-and-a-half million Indians residing abroad and some of them have settled down permanently in different parts of the world. Commercial communities like those in Sind maintain small business establishments along many of the principal trade routes of the world. Hitherto Indians have had little or no representation abroad. The Indian tradesman was looking to British Consuls and to British banks for help. As foreign settlements and foreign travel are increasing, Indian interests as such require special protection. The appointment of a large number of *Indian Trade Commissioners* is necessary in all the principal countries of the world where Indians are doing business. Canada, though a Dominion, maintains about 35

NATION BUILDING

Trade Commissioners in foreign countries. Except for the cost, there is no reason why this country should not do likewise, that is, send out Consuls or Trade Commissioners to those countries at least which maintain similar officials in India or in which Indian interests of one kind or another are concentrated.

Trade Commissioners, if appointed, would be sending valuable commercial intelligence reports from month to month from countries to which they are accredited giving useful information concerning industry, trade, production and other similar matters which are likely to be of value to India. It would be possible to maintain Indian branch banks ~~abroad~~ and with their help to stimulate Indian export business. This is what Japan has been doing for many years now with great advantage to herself.

Deputations to Foreign Countries.—It would be necessary to send deputations abroad to gather foreign experience in

administration, industries, public works, trade, education, etc., for the benefit of India. The deputations may be official, semi-official or private. With the starting of the Indian reconstruction movement, such deputations to promote special reforms and objects would be most necessary and useful. The more important business communities would get into close touch with the latest scientific inventions, industrial technology and commercial technique. Deputations of this character were many and frequent in the early days of the Meiji era in Japan.

Bureau of Foreign Information.—It would be also an advantage to maintain in India, as part of the Central Administration, a Bureau of Foreign Information whose work should be to watch developments in foreign countries and gather foreign experience. The Bureau would be studying fluctuations in business and trade, changes in administration and social life, and other similar happenings

NATION BUILDING

in foreign countries. It would circulate the information gathered in the shape of reports and notes to the various Provinces and departments of Government and to communities and individuals who may be interested in them. The Bureau would, of necessity, work in close association with Indian Foreign Trade Commissioners and would act as a clearing house of useful foreign information. Such a Bureau would prove helpful in regulating proper business relations with foreign countries, checking the growth of distorted trade or business conditions in India, and even preventing wrong information about India being circulated abroad.

VIII

CO-ORDINATION AND CONTROL

THE entire nation building work for India should be developed on a comprehensive basis. There should be a Ten-Year Plan for the whole country, a subsidiary Five-Year Plan for each Province and State, and a Year-to-Year Plan for each Province and District. All these should be harmoniously co-ordinated and the necessary organisation for them built up, by creating special deliberative and controlling agencies with expert staffs and executive officials. The estimates of cost of all these agencies and operations should be included in the proposed Development Budget.

A Five-Year Plan.—For a constructive programme, a Five-Year Plan has come to be well understood as a suitable instrument in which to focus both immediate

NATION BUILDING

objectives and long range programmes. Such a plan may be worked out for each Province and put into operation without much difficulty. If work is not developed on a deliberate plan, it would mean confusion, delay and loss of opportunities for the country. Neither extensive investigation nor profound study of economic conditions will be needed to make a beginning. But until the Central Government also becomes autonomous, it would not be safe to assume that the production and income of the masses can be increased by the measures here recommended by more than 50 per cent. For the first year, there would be no dearth of urgent constructive schemes; even for the first Five-Year Plan, there will be far more of them than there are likely to be resources to cope with.

A regular Five-Year Plan with schedules of proposals, and estimates of cost and anticipated results will constitute the first step in a development programme.

CO-ORDINATION AND CONTROL

The Schedule.—The Schedule that would accompany the Five-Year Plan should indicate in concrete numbers and figures the extent of progress or growth anticipated during the five-year period under the various heads of production, equipment and other developments.

It is necessary to add that a schedule of the kind proposed is not difficult to prepare from the statistics readily available to-day at the administrative offices of the different Provinces. The results aimed at should be checked and the possible increase for each unit should be calculated on the basis of immediate possibility and verified from the standpoint of national necessity. It is always easy to be critical in matters of this kind but the time is come when all indifference about things affecting people's welfare should be eschewed and a serious effort made to attain definite maximum results in the minimum of time. The results achieved should be reviewed from the

NATION BUILDING

standpoint of reliable facts and statistics, which in future should be maintained for this express purpose.

The following table will indicate the class of items that would ordinarily be included in such a Schedule:—

CO-ORDINATION AND CONTROL

Item	Unit	Increase expected in 10 years		Estimated increase in 5 years	
		From	To	From	To
<i>Income—</i>					
Total annual income ..	Rs. crores				
Average income per head of population ..	Rs.				
<i>Industries—</i>					
Probable value of yearly production including Mining ..	Rs. crores				
Capital total invested ..	"				
Indigenous capital invested ..	"				
<i>Cotton Mill Industry—</i>					
Spindles ..	Number				
Looms ..	"				
<i>Agriculture—</i>					
Probable value of yearly production ..	Rs. crores				
Cultivated Area Total ..	Acres				
(a) Dry crop area ..	"				
(b) Irrigated crop area ..	"				
Value of Forest products ..	Rs. crores				
<i>Trade—</i>					
Exports ..	"				
Imports ..	"				
<i>Transport and Power—</i>					
Roads (both metalled and unmetalled) ..	Miles				
Railways ..	"				
Automobiles in use ..	Number				
Ship building ..	Tons				
Electric power plant capacity ..	K. W.				
Electric energy produced ..	Million K.W.Hrs.				

NATION BUILDING

Item	Unit	Increase expected in 10 years		Estimated increase in 5 years	
		From	To	From	To
<i>Occupations—</i>					
Population supported					
—by Agriculture ..	Number				
—by Industries Total..	"				
—by Organised Industries	"				
—by Cottage & Minor Industries	"				
—by both Agriculture and Industries ..	"				
—by Agriculture and a Subsidiary Occupation other than industries	"				
<i>Literacy—</i>					
Percentage of literate population to population, aged 5 years and over	Per cent.				
Percentage of total population, aged 5 years and over, attending educational institutions	"				
Scholars attending educational institutions of University grade ..	Number				
Mass literacy	Per cent.				
(Other developments contemplated to be added here)					

Development Department and an Economic Council.—Next to the Plan, comes the agency necessary for its execution. For this a separate Development Department should be started under each Provincial Government and an Economic Council should be associated with the Government. This institution, the Economic Council, came into being in several European States in connection with reconstruction work following the war and such a council will be as good as any for our purpose. A Federal Economic Council for the whole country is a necessity. There were talks about one by the authorities sometime ago, but nothing tangible came out of them. As explained before, until a Federal Economic Council comes into existence, the Economic Councils of the various Provinces should organise conferences among themselves and co-ordinate efforts for common action in harmony with the needs of the whole country.

A Development Budget.—For an

NATION BUILDING

effective economic drive, a separate Development Budget is a desideratum. Lack of funds for nation building work has always been a bugbear in this country. The right policy for the Provinces during the first ten years of the new Administration is to borrow money and use it prudently for all *productive* public works, for *productive* business enterprises and for affording credit facilities for promoting rural enterprise in agriculture and cottage and small-scale industries. Provincial Governments may subsidise and encourage industries in many ways; they may even start and operate some themselves. Money should be spent freely for economic research and for promoting education in technology and commerce. The actual amount required for these two objects will be small. Modern national governments keep a close eye on and are ever backing the economic activities of their people, and it is not unusual for loan funds to be used even for promoting education.

If development work is given a place in the ordinary Revenue Budget and gets mixed up with the operations of Government departments, there will be interminable debates and objections from ill-informed and timid people. Through lack of practice and opportunities for enterprise, people in this country have grown over-cautious. The Development Budget, if judiciously administered under the supervision of the Economic Council, would justify itself within a few years. The money to be spent on urgent *productive* schemes would begin to yield dividends and help to build up wealth for the country, almost from the third year, once a sound programme is put into operation. This can be said with some confidence because we will be operating in a virgin field with a home market and an unlimited labour supply.

Action Needed.—A separate Development Minister may be appointed as soon as a Five-Year Plan is put into operation.

NATION BUILDING

In addition to a competent Secretary, a staff of three to six experts including an expert in economics should be attached to the department. Each district should have a District Economic Council and a self-contained organisation for developing agriculture, industries, transport, trade, education, banking and other activities to the extent needed within the district. Schedules of the needs of the district should be compiled for inclusion in the Provincial Five-Year Plan.

As regards the cost, the writer has suggested in a separate publication, the raising, for the Bombay Presidency, of a loan of Rs. 50 crores spread over ten years to provide the necessary capital for industries, productive public works and other progressive activities. To the extent that the loan might be raised within the Province itself, there will be the satisfaction that the people will be paying interest to themselves. The current expenses of a complete Provincial organisation for

working the Plan in the Bombay Presidency, including research and investigation, are estimated at Rs. 1 crore. The average annual cost to the Revenue Budget, including interest on loans in the first ten years, will be Rs. 2 crores. Considering that these estimates were framed before Sind was separated, and a Federal Plan is not yet within sight, the cost—both capital and current—may be reduced to three-fourths of the amounts here given.

The prosperity of a country depends on the goods and services produced by its population. In some years the value of the combined production from industries and agriculture in the United Kingdom has not been very appreciably larger than that in British India. But the United Kingdom is able to raise about twice the income of British India, five times its revenue and eight times its debt. Leaving out foreign investments and Colonial enterprise, this is mainly

NATION BUILDING

due to the vigour and enterprise of the British people, their world-wide activities, their efficient organisation, their readiness to take risks and the wise use they make of their capital for production and trade.

Many activities which under the old order were not the concern of the people have become so now. Activities in innumerable directions have to be stimulated. A single leader or Minister may take interest in a few subjects or activities but Government, as a whole, have to be responsible for nation building. It would not be right in the permanent interests of the country to ignore altogether questions of national importance through want of money or agency for the time being.

A few subjects may be mentioned as an illustration. Improvements are needed in the daily life and home life of the citizen and the wage-earner. Expert advice is constantly required in cities and towns for town-planning, water-supply, electric light and power supply and drainage.

CO-ORDINATION AND CONTROL

The public who want to start industries require advice in company formation, in machine technique and sales. Chemists may be wanted to help chemical industries. Experts in agriculture may be required for mechanisation, and collectivist farming. Financial advice may be needed for productive and commercial enterprises of an all-India character.

One method of keeping all such activities alive is for the Provincial Government to appoint Committees of some half a dozen—say five to seven—persons who would meet at the head-quarters of Government about once a month. A Secretary and a few clerks will be needed to work with each such Committee and the cost of the Committee's operations may come to Rs. 15,000 to Rs. 20,000 per annum. This will be a small sum to pay for the great advantage of keeping a prominent or national question under investigation and research. Many private business men, practitioners and other

NATION BUILDING

citizens will think it an honour to be useful to their country in this way. The members of each Committee may be appointed by Government from a panel of names selected by the Legislative Assembly.

There may be, for instance, a separate Committee of economists, another of industrialists, a third of city and town engineers, architects and town-planners, a fourth of mechanical and electrical engineers, a fifth of agricultural and village improvement experts, a sixth of educationists and political and business leaders for citizenship training, and so on.

A beginning may be made by setting apart Rs. 1½ or 2 lakhs annually for these Committees. When a new department or a bureau of Government or an independent institution or association is specially started to serve the same object in a more effective manner, the services of the Committee may be dispensed with.

Until the Central Government becomes autonomous, leaders interested in special

CO-ORDINATION AND CONTROL

branches of all-India or national activities, should be brought together to confer among themselves and advise both the Provincial Governments and the public on constructive measures of a national character or importance. The Provincial Governments would be well advised to bring about such conferences in the interests of the country as a whole, when necessary by making money grants for holding them.

With a definite, well-thought-out Plan, aided by a competent staff and organisation, the Provincial Ministries will have at their command sufficient driving power to put the entire population to work and to take part in nation building. True reconstruction must be the outcome of the efforts of the people themselves. No one province can be expected to shape the life of another. Each of them should face its own issues and lay down its own aims and lines of advance. Improvements and developments will not fall into

NATION BUILDING

their lap without striving for them. They must be the result of sustained struggle on the part of each Province. If each Province did its duty in this manner, not only would its Plan prove a success but its Government would also be a real government of the people, by the people for the people.

IX.
SUMMARY
OF RECOMMENDATIONS

OF the proposals outlined in the preceding six sections of this paper, the following half a dozen items are fundamental for rapid economic advance. Details pertaining to these particular heads would have to be compiled and included, along with others, in the schedules and estimates of the Five-Year Plan:—

- (1) Establishment of heavy industries, specially those relating to the manufacture of machinery and heavy chemicals;
- (2) Extensive spread of cottage and small-scale industries and industrial life in rural areas;
- (3) Providing Banking and Credit facilities and adequate tariff

NATION BUILDING

protection for both heavy and cottage industries;

- (4) Establishing real Self-Government in villages;
- (5) Introducing a District Development Scheme as outlined; and
- (6) Universal Mass Education.

The following is a summary of the principal conclusions and recommendations:—

(i) Economic Planning is a means to an end. The end is a rise in material prosperity and standard of living.

A Plan for a Province will be part of the larger Plan for India as a whole. A Ten-Year Plan is suggested for Federal India and a Five-Year Plan for a Province.

(ii) Economic Planning is part of a larger development, namely, "Planning for Reconstruction and Nation Building".

With the change in political status in the Provinces, reconstruction on a

SUMMARY OF RECOMMENDATIONS

planned basis in all three spheres—political, economic and social—becomes a necessity and this will be tantamount to nation building.

(iii) The organisation best calculated to promote the proposed developments will include (1) A Five-Year Plan, (2) A Development Department, (3) A Provincial Economic Council, and (4) A separate Development Budget.

It is not considered safe for any country to regulate its economic affairs in these days without a coherently designed policy and a deliberate plan. Until a Federal Plan is evolved and introduced, each Province should provide itself with a separate Five-Year Plan of its own and the co-ordination of Provincial Plans may be secured, as far as possible, by organising periodical conferences between the official representatives of the several Provinces.

The development work under the Plan should be kept separate from the ordinary

NATION BUILDING

administrative routine of the Provinces. So also, the Development Budget should be kept distinct from the regular Civil Budget of the Province.

(iv) The Five-Year Plan should give a schedule showing the growth or increase expected in the five-year interval, in income, production, trade, banking, and other occupations and activities within the Province as previously indicated. .

(v) The main result expected from these improvements is a rise in the standard of living. In the present case, a rise of 50 per cent. may be expected in ten years. It would, of course, be more if the Central Government were also autonomous. This large increase in production, income, etc., will be possible only in the early stages of the Plan. As the resources become used up, the increase will necessarily be at a progressively diminishing rate.

(vi) In order that cottage and small-scale industries may be successfully

SUMMARY OF RECOMMENDATIONS

established, local self-government in villages must become a reality. There should be no hesitation to grant self-government to village populations to the same extent that Japan has done. Rightly directed, the concession would help to stimulate creative power, aspiration and ambition in our rural communities.

To raise the standard of living of the masses, the District Development Scheme outlined will be found very efficacious and it should therefore be speedily brought into operation. This may be done without appreciably interfering with the existing administrative machinery.

(vii) Nation building will be a slow process at first but it is bound to grow as the country gets fuller control of money power, manufacturing power and the power of defence. The banks are the mainstay for all growth.

(viii) A beginning in Planning may be made in each Province at once by the establishment of a Development Department

NATION BUILDING

under the supervision of a Minister with a competent Secretary and a staff of three or more experts. An Economic Council of local men of experience and influence, financiers, economists and experts should be associated with the Department.

(ix) The Development Department should be able to start surveys and investigations and prepare a provisional Five-Year Plan as well as a Plan for action in the first year. The preparation of these two Plans by the department with the aid of the Economic Council, or a special Committee appointed for the purpose should not take more than three or four months at the outside.

(x) The resources of each Province in men, material and equipment should be fully mobilised to serve these ends. The services of University and College professors, retired officials, economists, financiers, engineers, chemists and other experts, wherever available in the country,

SUMMARY OF RECOMMENDATIONS

should be freely utilised by forming commissions, committees, informal brain trusts and the like.

The population in every part of the country should be put to work and induced by suitable propaganda to respond cheerfully to the call made on them to raise their income and standard of living.

(xi) The huge waste of effort that is going on will be prevented, if the Government also awakens the general public to the fact that in present-day economy, agriculture, though a necessary occupation, plays a less important part than industries. In advanced England, agriculture, though protected and subsidised, is regarded as on the whole unprofitable.

(xii) This is a machine age. It is power machinery that moves heavy railway trains, immense sailing ships, military and naval armaments, automobiles, aeroplanes, mills, pumping engines and a host of other instruments of mechanical production and propulsion. The condition

NATION BUILDING

of the country will remain low and primitive until deficiencies in equipment and use of machinery are made good.

X

INDIA'S FUTURE

THE Five-Year Plan here outlined takes into account recent world experience, as well as many present-day aspirations and tendencies. The country must advance either in the direction indicated in this Plan or in some other, conceived on parallel lines. If it turns away from these directions altogether, it will do so at its peril.

The Five-Year Plan is what is appropriate for a Province. But it is not to stand by itself; it should form part of an all-India Plan. Until the Central Government also becomes autonomous and a Federal Plan is authoritatively evolved, the Provincial Governments should visualise the sort of Central Government they would like to have and the sort of nation they would like to build up. A united

NATION BUILDING

and strong India should be the goal of all Provincial Plans.

India in point of dimensions is a continental country. Its great size and huge unorganised population have been its weaknesses in the past—weaknesses which have come in the way of its being welded into a united nation. If the Provinces become too self-centred and parochial, it would spell ruin. They have all to pull together or they will soon be going down together.

These are not mere words of caution, though caution is needed having regard to the past history of this country. A nation that is showing a strong Provincial tendency has to remember that provincialism has limits set to it. Unless those limits are adequately appreciated, there is bound to be trouble. The need accordingly for creating larger opportunities for inter-provincial action is great. It is in the national interest that the Provinces should act in all large matters together—

INDIA'S FUTURE

whether in the political or the economic sphere. To-day there is no economics without politics and no politics without economics.

Happily, the Congress party, which is the majority party in the country, is united. It has national ideals, it is vigorously opposed to communalism, and even its opponents are impressed by its courage, sincerity, and resolute earnestness. Its greatest asset is the vast manpower of the country. There are thousands of gifted men and women in the land to-day who are ready at the call of duty to participate in the work of nation building. They all want a goal. They all want some trusted friends to put before them a high national ideal to serve as a shining star to guide the ship of their destinies.

Whatever happens there should be no weakening of the goal of a strong and united India. The best guarantee for this will be the continued unbroken unity of

NATION BUILDING

the Congress party itself. So long as the party is united and unswerving in its aims and policies, the country is bound to advance. A great future awaits India.

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