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By Harold V. Sare

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Nehru and the Rise of the Modern State of India

The Impact of Nehru's Social and Economic Ideas

By Harold V. Sare*

Jawaharlal Nehru has played an important part in the rise of the modern state of India and has done much to construct its policies. This study evaluates Nehru's role in India's quest for independence and the shaping of the state that evolved. Nehru has given leadership to a new state that is significant in the East-West power struggle. Oriented toward Western liberalism in its political system, it offers the underdeveloped countries an alternative to the Chinese Communist totalitarian approach to economic development. If India should fail and Communist China succeed, Asia undoubtedly would be more inclined toward Peiping and communism than toward Western liberalism.

Before Nehru's role is considered, however, it is necessary to explore very briefly the historical relationship between India and the West. This background permeated the whole development of the modern state of India.

India's contact with the West was originally effected through Western commercial penetration. Commerce was the primary emphasis of the Western "intruders," but cultural diffusion was one of the gifts. India, with a degenerate society, found in this gift a stimulus to resuscitation in the more rationalistic and materialistic ideas of Europeans: a sturdy cohesion in the Indian society began to take form. This was not a complete adoption, but a synthesis which created a new spirit that eventually made the British position untenable.

One of the chief western culture-bearing institutions in India was the English East India Company chartered by Queen Elizabeth in 1600. England at this time began to take a more ambitious part in the daring pursuits of Eastern trade. Though Portugal, Spain, and Holland competed commercially with England, the major competition for control of the territory of India was the French East India Company. The French established their position in southern India between 1660 and 1670. Trade, however, was the sole objective of the French Company until 1742, when Dupleix, the Company's chief executive, began to dream of a French empire in India. The English Company met this threat successfully, with force. After numerous encounters with the French, England finally achieved an unquestioned position of dominance with the conclusion of the Treaty of Paris in 1763.

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Competition between European powers for control of India was not the only factor to be considered. When the European companies went to India they found the Moguls firmly in power. The Moguls had consolidated their position under Akbar in the sixteenth century and for almost a hundred years were able to keep the Westerners at a distance. At the turn of the seventeenth century however, Mogul power and influence had begun to degenerate leaving a political vacuum in India. The European companies trading in India were faced with the necessity of establishing political order or losing their trading position. They filled the vacuum left by the Mogul decay, and in the process turned the commercial companies into political entities. The English Company until the latter part of the seventeenth century pursued a policy of peaceful trade but thereafter became a power eager to establish its position by territorial acquisition and to reign as the governing authority in India.

No sooner had the English Company established political control over a large part of India than it ran into difficulty with the English government at home. Further, the Company itself began to show signs of decay. England had incurred a heavy debt in the Seven Years War, and the government studied every possible source of revenue to pay this debt. The Company was a possible source. It appeared to be wealthy, yet it owed a tremendous debt as a result of the wars in India. Company officials pleaded near bankruptcy. On the other hand, many Company officials after spending only a brief period in India were returning to England fabulously rich. Parliament asked for an explanation of the discrepancy. Another question that concerned Parliament was whether or not it was legal for a commercial company to govern territory and collect taxes without delivering these funds to the English government. The result of all of this was the Company's loss of independence in India after 1773. The Company continued a formal existence, however, until 1858, during which time it was under close supervision of the English government. The commercial aspects of the Company gradually disappeared, and finally the Company was dissolved.

In August, 1858, an Act for the Better Government of India was passed in Parliament which provided that "India shall be governed by and in the name of the Sovereign through one of the principal Secretaries of State, assisted by a council of fifteen members." By the Queen's Proclamation of 1858 (November 1), the Indian government was placed directly under the Sovereign of Great Britain and the Company disappeared. Thus, India was ruled directly by the British government until Indian independence in 1947.

The British occupation and control of India affected the Indian society profoundly. Four major western institutions can be discerned which had a tremendous impact: (1) capitalism and the industrial revolution, (2) a unified system of law, (3) a western system of education, and (4) a

highly centralized and deeply ramified bureaucratic system of government.¹ Under the British, India once again became unified as a nation (more completely than ever before), and the impact of Western liberalism began to be felt. Nationalism was stimulated, particularly in the twentieth century, and the question as to whether or not the British should remain in India became a major issue between the English and the Indians.

NEHRU, INDIAN POLITICS, AND SOCIALISM

The renaissance realized in India was manifested in the growth of several social and intellectual movements in the nineteenth century. Probably the most outstanding organization as far as Indian nationhood is concerned was the Congress Party. Organized in 1885, it was at first loyal to the British, but it soon became the leading exponent of Indian nationalism and independence. In the beginning there was little mass support for the Congress Party, but eventually this was developed by the personalities and leadership of Gandhi and Nehru.

The original leadership of the Congress had consisted primarily of lawyers, educators, and editors who by nature were conservative and who, at the most, demanded only reforms that would give them greater representation in the various Indian councils.² Motilal Nehru, father of Jawaharlal Nehru, was one of these Moderates, as they were called. This group of men did not really represent the rising spirit of the Indian society.³ However, the extremist elements of the Congress, first led by Tilak, did seem to capture the imagination of the dynamic spirit of India. Mrs. Annie Besant also contributed her efforts to this more radical and reckless group of Indian nationalists who were seeking complete and immediate self-government. Both Mrs. Besant and Tilak formed Home Rule leagues in 1916 to promulgate India's cry for self-expression.

Jawaharlal Nehru⁴ was born and bred in this political climate. His father, Motilal, was a lawyer of some renown, financially secure, and a conservative in politics. To give his son the best in education, he sent him to England where Jawaharlal lived a rather normal life as a student.

While Nehru was in England, he became thoroughly imbued with Western liberal and materialistic ideas. He began to ponder the plight of his own land and to cogitate on its liberation. The independence movement in Ireland and the enthusiastic writings of Mazzini and the speeches of Garibaldi of Italy whetted his already keen appetite for action and adventure. Nehru's temperament called for action—he loved to make daring mountain climbs or to ponder novel ideas. The Fabians, as well as the wo-

1. These ideas were expressed by Professor Daniel H. H. Ingalls in a class lecture at Harvard University.

2. Anup Singh, *Nehru, The Rising Star of India* (New York, 1937), p. 33.

3. C. F. Andrews and Giriyo Juckerji, *The Rise and Growth of the Congress in India* (London, 1938), p. 227.

4. A comprehensive account of Nehru's life can be found in Frank Moraes, *Jawaharlal Nehru* (New York, 1956).

man suffrage movement, caught his imagination.⁵ These ideas were vague to him at that time however, and began to crystallize only after he had served several years in the nationalist movement of India.

At this time Nehru was fascinated by Indian politics and followed avidly the activities of the extremists, although to his father's chagrin. He and his father exchanged spirited words over the nationalist movement in India. He once wrote his father an "impertinent letter" chiding him for taking the British side in an article he had written.⁶

Nehru felt almost like a stranger to India upon his return in 1912. He soon established a legal practice, which might have been promising had he continued it. Instead he found that the law held little fascination for him. This led him almost naturally into the political arena, even though at that time India was comparatively quiet with the Congress under the control of the Moderates and Tilak in jail.

By 1916, India began to grow more restive. The British were involved in the first World War, Tilak was out of jail, and a rapprochement between the Moderates⁷ and Extremists had been established. To add strength to the nationalist fervor was the Moslem anti-British feeling resulting from the war between Britain and Turkey. Thus, with a united Congress the Moslem League shared in the promulgation of a constitutional scheme based on Dominion Status.⁸

This formative period of the Indian nationalist movement afforded Nehru an excellent opportunity to develop his talent for leadership and to give vent to his radical ideas. He was a nationalist through and through, having forgotten his vague socialistic ideas of his school days in England. His energies were concentrated on seeking Indian self-government through the Congress and both Tilak's and Mrs. Besant's Home Rule leagues.⁹

After the First World War the British, in an effort to keep pace and control in India while attention was focused on Europe, drew up the Rowlatt Acts continuing emergency police powers. They "insulted" the Nationalist leaders by passing the Government of India Act of 1919 and embittered all of India by the Amritsar Massacre. These events, however justified from the British standpoint, served to unite Indian opposition and to encourage more radical measures to win self-government.

With the advent of these British measures, a new and potent leadership in the person of Gandhi rose to the task of inculcating a new and fervent spirit into the Congress and of adjusting the revolution to the masses of India. Gandhi, a hero from his accomplishments in South Africa, and loyal to the British up to about this time, was eager to use his novel non-violent,

5. Jawaharlal Nehru, *Toward Freedom* (New York, 1941), p. 38.

6. *Ibid.*, p. 37.

7. The Moderates were alienated from the government by the 1909 Reforms which they had come to regard as portraying a "divide and rule" policy. R. C. Majumdar, H. C. Raychaudhuri, and Kalikinkar Datta, *An Advanced History of India* (London, 1950), p. 982.

8. *Ibid.*, p. 983.

9. Nehru, *op. cit.*, p. 42.

non-cooperative technique in India, and the British provided him the opportunity by passing one of the Rowlatt Acts and perpetrating the Amritsar Massacre.

The advent of Gandhi's leadership and his somewhat radical approach to the Indian problem caused a number of Moderates to withdraw from the Congress and form the Liberal Federation.¹⁰ The significance of this event is that the Congress was becoming more and more a fertile field for radical ideas. Nehru, himself, envisioned new approaches as the only effective means to win independence. He disagreed with Gandhi's economic policy as well as his spiritual biases, but he was awed by Gandhi's ability to stimulate the revolutionary spirit of the masses.

Nehru claimed he was still of the "bourgeois mind" in 1920, not knowing anything about labor nor really realizing the poverty of the masses.¹¹ The poverty of the peasant masses was nothing new, but the advent of industrial labor in India was comparatively recent. The First World War had stimulated manufacturing in India and with it the generation of a labor movement. By 1920, Mr. Narayan M. Joshi had instituted the first All-India Trade Union Congress, and from that date the labor movement continued to expand. In 1929, however, there was a split in the Trade Union Congress because the leftist-oriented elements tried to capture its control. As a result Mr. Joshi and the Moderates seceded from the Trade Union Congress and formed the Indian Trade Union Federation.¹²

The stark realities of the plight of the peasants were impressed on Nehru's mind in 1920 when he was expelled from Dehra Dun¹³ and roamed through the rural areas around Allahabad where the Kisan Movement (peasant movement) was in a state of excitement. Nehru reported that he was stirred by the high taxes, money lenders' exploitations, and Zamindar control. He wrote that this experience had a tremendous influence on his outlook toward socialism.¹⁴

The peasantry was enduring a very low standard of living—near starvation, if not starvation. Their plight can be attributed in part to Western commercial penetration; the cheap machine-made cloth had displaced the handicraft industry of the peasant household. Although these handicraft industries did not provide much economic sustenance alone, they supplemented agricultural production. It often meant the difference between life and starvation.¹⁵

It was in the 1920's that Nehru somewhat crystallized his social and economic ideas. He began to feel that India had to change the social struc-

10. Majumdar, Raychaudhuri, and Datta, *op. cit.*, p. 983.

11. Nehru, *op. cit.*, pp. 55-56.

12. Majumdar, Raychaudhuri, and Datta, *op. cit.*, p. 954.

13. He was expelled from Dehra Dun following the brief Afghan War of 1919 for refusing to abide by a police order dictating that he not associate with the Afghan representatives negotiating with the British.

14. Nehru, *op. cit.*, pp. 55-56.

15. William Ashworth, *A Short History of the International Economy 1850-1950* (London, 1952), p. 30.

ture to meet the needs of the people. His experience with the masses had engendered his sympathy for them. When his wife's health failed in 1926, and they went to Europe, he not only was able to ponder India's problems with more perspective, but he came into contact with leftist labor elements and the European Communists who influenced his thinking considerably.

The Brussels Congress of Oppressed Nationalities held a session while Nehru was in Europe, and he attended the conference as the Indian Congress's delegate. Here he worked with other colonial peoples, left-wing laboring groups and the Communists in formulating a common program against imperialism. This Congress was largely Communist motivated and in accord with the general Communist policy of cooperation with any nationalist movement in Asia that might serve their interest.

Nehru gave credit to the Brussels conference for giving him a keener insight into the conflicts of Western labor and the problems of the colonial and dependent countries. He wrote, ". . . I turned inevitably with good will toward Communism, for whatever its faults it was at least not hypercritical and not imperialistic. It was not a doctrinal adherence, as I did not know much about the fine points of Communism . . . These attracted me, as also the tremendous change taking place in Russia."¹⁶

He returned to India with enthusiasm for these new ideas and immediately embarked upon a campaign to inculcate a more radical ideology in the Congress Party membership and its program. Nehru was a politician first, however, and he did not approach his goal with dogmatism. He realized the importance of keeping the Congress united, and further, his ideas were embodied in broad concepts permitting sufficient leeway for adjusting to the Indian situation.

In keeping with Nehru's belief that independence necessitated a change in social structure, he felt that the British could be eliminated and still the people would be no better off because the landlords, Zamindars, money lenders, and wealthy capitalists would still have a firm grip on the masses. The Marxian concept of world revolution attracted his attention, and he believed India's independence could be achieved as part of this world movement. In his presidential address to the Punjab Provincial Conference at Amritsar in 1928, he said, ". . . India must understand world forces and take her proper share in the shaping of them. . . ." ¹⁷

Nehru did not agree, however, with the Marxian violent revolution concept though he accepted the Marxian class conflict of interest. He valued ethics and humanitarian methods as well as Gandhi's non-violent, non-cooperative approach. On the other hand, he saw in the Marxian concepts a revolutionary fervor that he felt would stimulate the Indian nationalist movement. To champion the cause of the peasants and the workers against

16. Nehru, *op. cit.*, p. 126.

17. L. Ram Mohan Lal (editor), *Jawaharlal Nehru, Statements, Speeches, and Writings* (Allahabad, 1929), p. 61.

the British and the minority capitalist elements of India was to ensure closer mass support. Though he and Gandhi looked at the peasant masses from different points of view, he adhered to many of Gandhi's ideas and eventually emerged with him as one of the leading national figures. Nehru was undoubtedly sincere in his socialist ideas, having become appalled by the poverty of India and emotionally opposed to the capitalist system as he saw it in operation there.

Nehru expounded in more detail his socialistic thinking and approach in his Jhansi presidential address to the U. P. Provincial Conference in October, 1928. As an agrarian country, Nehru attacked the Indian landlord system first. He spoke: "We specialize in extremes of wealth and poverty; we must therefore face the problem of landlordism . . . It is a feudal relic of the past, utterly out of keeping with modern conditions."¹⁸ He exhorted that small landholdings were desirable, but that safeguards against accumulation must be taken in the form of prohibiting "all alienation of land and all transfers for debt." He proposed confiscation of large estates with only small compensation given to the holders to prevent hardship.¹⁹ This proposal shows considerable moderation over the Communist policy in China and Russia for eliminating the landlords.

Indebtedness was another major problem in the rural areas that Nehru attacked. He suggested that it should be annulled, "subject to partial compensation in cases of hardship." Taxation having been a traditional burden on the masses in India, Nehru proposed a progressive, direct, and steeply-graduated tax "so as to fall in the main on the larger incomes." Regressive indirect taxes he would eliminate as much as possible and would introduce an inheritance tax. The poor and the very small landholders Nehru would not tax at all.²⁰

He spoke in behalf of labor also, expounding that "ordinary humanity must induce you to side with the worker. Political prudence will point the same way, for the workers are the most dynamic factors in our society today . . . Therefore we must deliberately help the workers to organize themselves."²¹ The epitome of his thinking is exemplified by the following statement:

In drawing up our programme of work we must see what classes and groups in the country stand to gain by the freedom of India and what classes stand to lose their special privileges . . . let us draw up a programme for the former group. The latter can never be of help to us and in a moment of crisis may turn against us and do us great injury.²²

Nehru's popularity among Indian labor was revealed by his election to the presidency of the All-India Trade Union Congress held in Nagpur in 1929. Here again in a presidential address Nehru expounded his broad

18. *Ibid.*, p. 45.

19. *Ibid.*, p. 46.

20. *Ibid.*, p. 47.

21. *Ibid.*, pp. 48-49.

22. *Ibid.*, pp. 53-54.

socialistic ideas, but showed political acumen by not being dogmatic. He advocated a socialistic structure for society and urged the Trade Union Congress to join forces with the Congress party in the nationalist movement. Although he spoke kindly of Communist achievements in Russia, he advised the Trade Union Congress not to join the Third International. He felt that this would mean adopting the Communist methods, which he opposed as inhuman.²³

The Trade Union Congress was threatened with a split between the reformist and the more revolutionary elements. Nehru pleaded that the split would be a backward step in the labor movement,²⁴ but it was not prevented. In his *Toward Freedom*, Nehru registered his sympathy with the more revolutionary elements.²⁵

It was in 1929, also, that Nehru was elected president of the Indian National Congress at Lahore. To that moment this was his greatest political achievement. The responsibility was great, but Nehru in a more moderate language continued to press his socialistic views. In his presidential address, he said:

I recognize . . . that it may not be possible for a body constituted as is this National Congress, and in the present circumstances of the country, to adopt a full socialistic programme. But we must realize that the philosophy of socialism has gradually permeated the entire structure of society the world over.²⁶

Nehru advocated that the Congress take up the cause of labor and the peasantry, pointing out that ". . . the measure of the strength of our national movement will be the measure of their adherence to it." The All-India Congress Committee had accepted his broad ideas of social and economic change in a resolution passed in Bombay prior to the Lahore Congress. Nehru asked the Congress to "set its seal on it" and to lay down some general principles under which the All-India Congress Committee, in cooperation with the Trade Union Congress, could fill in the details.²⁷

Nehru's ambition was to bring the Trade Union Congress closer to the Congress party and at the same time inculcate socialistic and proletarian ideas into the Indian Congress party. He realized his limitations because of the "bourgeois" orientation of the Congress membership. But not only was the Congress disinclined, the labor elements distrusted the Congress, and hence were reluctant to enter into full cooperation with it.²⁸

By this time Nehru had come a long way toward leadership of India, but he was only beginning.

23. *Ibid.*, p. 159.

24. *Ibid.*, p. 157.

25. Nehru, *op. cit.*, p. 148.

26. Jawaharlal Nehru, *India and the World* (London, 1937), p. 27.

27. *Ibid.*, p. 32.

28. Nehru, *Toward Freedom*, p. 148.

NEHRU, RISING LEADERSHIP, AND MARXIAN ORIENTATION

The late 1920's found India in a state of suspended excitement. Among other things, the Simon Commission was in the country studying the progress of political development under the Government of India Act of 1919. The all-British membership of this Commission and the nature of its mission violated the nationalistic sensitivities of the Indians, therefore it was boycotted. In answer to the British action, the Congress initiated an All-Parties Conference, under the chairmanship of Motilal Nehru, to determine general principles for an Indian constitution. This was an effort to display unity among all sectors of Indian society vis-a-vis the British. The Conference, after much deliberation, finally recommended that a constitution be created on the basis of Dominion Status. The Congress accepted these recommendations but made it clear that this would be Britain's last chance to give India self-government on a Dominion basis. If Britain did not grant India self-determination by December 31, 1929, the Congress declared, the Indians would take steps immediately thereafter to win complete independence as quickly as possible.²⁹

The British attempted to mollify the Indians by calling a Round-Table Conference consisting of all major parties of India to meet in London and discuss the Simon Commission Report. The first conference met in 1930, but the National Congress, which claimed to represent all of India, refused to send delegates.

On the first day of January, 1930, because of the British refusal to meet the wishes of the Congress, a declaration of independence was made. Emotions ran high in India as a result, and Gandhi's non-violent, civil-disobedience campaign which was in progress added to the excitement. The British countered with stern measures, imprisoning the Congress leaders and outlawing the Congress party.³⁰

Though the British measures disorganized the Nationalist activities, fermentation inside India continued. Socialist ideas became more popular, especially among the youth labor organizations. By 1934 a Congress Socialist party had been created within the National Congress, and a Communist party had been organized.³¹ Without doubt, the World Depression encouraged this increasing emphasis toward the left. Nehru, himself, who by this time held an impressive position in the Congress, viewed the depression in Marxist terms and was convinced that capitalism was doomed and that British rule was untenable.³²

In 1931 the National Congress itself made its first constructive move toward seeking "economic equality" and advocating socialism in the form of a Resolution on Fundamental Rights.³³ Both labor and the peasants

29. Majumdar, Raychaudhuri, and Datta, *op. cit.*, p. 987.

30. *Ibid.*

31. Pattabhi Sitaramayya, *The History of the Indian National Congress* (Bombay, 1947), Vol. II, p. 7.

32. Nehru, *Toward Freedom*, pp. 230-32.

33. Hereafter referred to as the Karachi Resolution on Fundamental Rights.

were promised many concessions: labor, a living wage and protective legislation; the peasant, relief from high rents and taxes. The general economic program provided that all basic industries, transportation, and communications were to be publicly owned.³⁴ Gandhi's influence precipitated a provision that cottage industry was to be encouraged and foreign cloth boycotted.³⁵

Despite Nehru's socialistic thinking he joined neither the Communist nor the Socialist party; the Congress Socialist party tried to ". . . radicalize the Congress programme and to direct that body toward the path of revolution. . . ." Nehru opposed all "fissiparous tendencies" as politically unsound.³⁶ He showed political astuteness by this policy and indicated his devotion to political leadership. This is not to impugn his sincerity, however, in advocating socialism.

Following the Round Table Conferences, to which the Congress sent a delegate (Gandhi) only once, Parliament passed the Government of India Act of 1935, which gave the provinces considerable autonomy, though with "safeguards." A dyarchy was formed at the center. The National Congress opposed the Act and refused to cooperate with it in the beginning.

In the interim, following the disorganizing effect of the British suppression during the civil disobedience campaign of the early 'thirties, Congress was busily engaged in reorganizing and whetting its opposition to the British. Nehru had been president of the Congress in 1929, again in 1930, and he was elected once again in 1936. His 1936 tenure followed the intensity of the World Depression which plagued India as well as other countries. Nehru's presidential address to the 1936 Lucknow session revealed a more emphatic attack against capitalism and a more persuasive advocacy of Marxism than did his earlier addresses to the Congress. Sitaramayya writes of Nehru, "when he had presided over the Lahore session in 1929, he stated in his presidential address that he was a socialist and republican. When seven years later he presided over the Lucknow session (April, 1936) he reached the logical fulfillment of socialism—namely communism."³⁷

Nehru told the Congress that he felt that capitalism was doomed; that the whole world was undergoing a socialist revolution. He said:

We must try to see and understand the whole picture, and if we do so we can not fail to observe an organic connection between them which endures through changing situations. If once we grasp this organic bond, the world situation becomes easier to understand and our own national problems take their proper places in the wider picture.³⁸

34. Sitaramayya, *op. cit.*, p. 5; the All-India Congress Committee in 1929 had resolved that the economic and social structure must be changed to relieve the misery of the masses, but this never reached the full session of the Congress.

35. Pattabhi Sitaramayya, *The History of the Indian National Congress* (Bombay, 1935), Vol. I, p. 465.

36. Y. G. Krishnamurti, *Jawaharlal Nehru: The Man and His Ideas* (Bombay, 1945), p. 49.

37. Sitaramayya, *op. cit.*, Vol. II, p. 8.

38. Nehru, *India and the World*, p. 68.

Nehru then told the Congress that only one area, the U. S. S. R., had escaped the consequences of the depression "where in marked contrast with the rest of the world, astonishing progress was made in every direction." He further noted that not only was imperialism a force of the "decaying capitalism" but that fascism had been resorted to in order to overcome its difficulties. India, he said, would stand with the socialist and nationalist as opposed to the fascist and imperialist.³⁹

Nehru then turned from his broad concept of determinism and laid down a socialist thesis for the Congress to chart its course by. He said:

I am convinced that the only key to the solution of the world's problems and India's problems lies in Socialism and when I use this word I do not do so in a vague humanitarian way but in the scientific, economic sense . . . That means the ending of private property, except in a restricted sense, and the replacement of the present profit system by a higher ideal of cooperative service.⁴⁰

The speech shows a clear recognition, however, that the Congress was not fully behind Nehru's "advanced" ideas for solving the economic problems of India. He told the Congress session that he would like it to become a socialist organization, but he said, "I realize that the majority in the Congress, as it is constituted today may not be prepared to go this far."⁴¹

Sitaramayya writes that Nehru, "full of Communistic and Marxian ideas," was disappointed with the achievements of the Congress. He took three ardent socialists⁴² into the Working Committee⁴³ with him, but the majority of the Committee consisted of Gandhi's followers who in a solid block opposed Nehru's ideas for achieving industrialization.⁴⁴

Gandhi, who was the inspirational leader of the Congress, would concentrate on religious salvation of the masses rather than on economic development that would lead to an industrialized society; he would assist the people only in meeting the necessities of life, which he felt cottage industry would provide.⁴⁵ Nehru very frankly opposed his economic ideas.

Nehru made it clear to the Congress that he wished for the advancement of socialism in India but that he had no desire to force the issue and thereby create difficulties for the independence movement.⁴⁶ This again was an astute move, for had he insisted on the implementation of a dogmatic doctrine he surely would have endangered his political leadership and split the Congress.

Constitutional changes were recommended by Nehru to give the masses greater participation in the Congress organization. He said, "The Congress must be not only for the masses, as it claims to be, but of the masses;

39. *Ibid.*, pp. 69-70.

40. *Ibid.*, pp. 83-84.

41. *Ibid.*, p. 84.

42. Sri Jayaprakash Narsin, Narendra Deo, and Patwardhan.

43. By this time the Working Committee of the All-India Congress Committee had become almost dictatorial as a policy-making body of the Congress party.

44. Sitaramayya, *op. cit.*, Vol. II, p. 13.

45. Nehru, *Toward Freedom*, p. 316.

46. Nehru, *India and the World*, p. 84.

only then will it really be for the masses." The separation between the masses and the Congress he ascribed to the fact that leadership was from the middle class. He recognized, though, that middle-class leadership was a necessity.⁴⁷ The success of his exhortation is revealed by the constitutional amendment readjusting the proportion of urban to rural representation in favor of the rural segment.⁴⁸

Nehru was elected president again in 1937. Following him in this high office in 1938 was Subhas Chandra Bose, who was also a socialist. The Congress was not averse to electing socialist leaders although it was not a socialist party. Neither was the Congress a large capitalist party—as was evidenced by the election results for the provincial assemblies in 1937. Of ninety-three seats in all provincial assemblies to represent large capitalist interests—thirty-seven for landlords and fifty-six for commerce and industry, the Congress secured only seven of these seats, or seven and one-half per cent of the total.⁴⁹

Gandhi's ideal of village economy and small scale, decentralized industry did not entirely prevail as the major economic policy of the Congress. Through Nehru's influence, the Congress in 1938 moved another step toward a socialist economic policy calling for a planned industrialized economy. A resolution was passed in the Working Committee of the Congress, of which Nehru was a member, directing the president to appoint a National Planning Committee to gather necessary facts for economic planning and to formulate an economic plan for India. President Bose appointed the Committee and named Nehru chairman.⁵⁰

Since the Karachi Resolution on Fundamental Rights (1931) this was the first significant step toward the formation of a socialist state, and Nehru was the guiding figure. Nehru's philosophy was put on record through the Committee's report:

We have agreed to State ownership and control in regard to defense industries, and State ownership or full control of key industries and public utilities . . . In regard to land . . . we have decided that the objective should be the introduction of the cooperative principle to the largest possible extent and the organization of land collectives and cooperatives . . . Our general objective . . . is one of a socialistic planned structure run by the Community for the benefit of the Community.⁵¹

The Committee appointed twenty-nine subcommittees to deal with individual problems. These subcommittees covered almost every phase of Indian life: agriculture, industries, demographic relations, transportation and communication, commerce and finance, public welfare, and education.⁵²

47. *Ibid.*, p. 78.

48. N. V. Rajkumar, *Development of the Congress Constitution* (New Delhi, 1949), p. 90.

49. Indian National Congress, *To the Gates of Liberty* (Calcutta, 1948), p. 305.

50. *Ibid.*, p. 228.

51. R. Coupland, *The Indian Problem* (London, 1943), Vol. II, p. 152.

52. Nripendra Nath Mitra (editor), *The Indian Annual Register*, Vol. I (January-June, 1940), p. 268.

The Committee made a noble effort and accomplished a great deal, but its functions ceased during World War II because of the political turmoil that developed with the war. As a result of opposition to British rule, specifically the unilateral act of the British in committing India to the war, the Congress Party leadership, including Nehru, spent much of the war period in jail.

NEHRU, INDEPENDENCE, AND ECONOMIC PROBLEMS

The advent of World War II aggravated the political situation in India, with the Congress ministers resigning their posts in protests against Britain's engaging India in the war without its consent.⁵³ Negotiations did not prove to mitigate the differences of opinion, whereupon the Congress in 1942 resolved to start a mass struggle for independence "on the widest possible scale." The British retaliated with stern repressive measures, incarcerating the entire Congress leadership.⁵⁴

Negotiations were resumed at war's end, with the British committed to a policy of granting independence either within or outside the British Commonwealth of Nations. Hence the Cabinet Mission was dispatched to India to mediate the difference between the Moslem League⁵⁵ and the National Congress and to assist in forming a satisfactory government to accept the transfer of sovereignty.

The Cabinet Mission was not able to find a common ground on which the two protagonists could unite. After much discussion, an interim government was formed, and Nehru and his colleagues were sworn in as members of the Viceroy's Executive Council. But the Moslem League's entrance into the Council and its refusal to join the Constituent Assembly disrupted the hopes of unity between these two factions. With the British position in India becoming more untenable, the British government finally made a wise declaration that by June, 1948, sovereignty would be transferred to India. Almost a year before this date, on August 15, 1947, the transfer was made, not to a united India but to Pakistan and the Congress-controlled Government of India as separate states.⁵⁶

The immediate effects of this transfer caused serious economic difficulties for both governments. In addition to already-existing economic problems, the partition disrupted what economic unity British rule had provided, and mass population transfers created a staggering refugee problem that intensified the difficulties of economic adjustment.⁵⁷

In addition to the immediate economic problems created by the partition, "the social and economic effects of the Second World War on India were profound and far reaching." Although war demands increased indus-

53. Majumdar, Raychaudhuri, and Datta, *op. cit.*, p. 989.

54. *Ibid.*

55. The Moslem League was staunchly insisting on the creation of a sovereign Pakistan.

56. Majumdar, Raychaudhuri, and Datta, *op. cit.*, pp. 993-96.

57. Donald F. Ebright, *Free India: The First Five Years* (Nashville, Tennessee, 1954), pp. 41-57.

trial manufacturing activities, various difficult problems of "reconstruction and readjustment" arose. The war has been regarded as marking the beginning of a new social order, and together with the complexity of modern economics, as stimulating "an almost universal impulse towards a planned reconstruction of the entire pattern of economic life."⁵⁸

The National Planning Committee, under Nehru's leadership, initiated a stimulus for planning which was followed by the creation of various plans from different sectors of the Indian society. Among these plans were the Bombay Plan, the People's Plan, the Gandhian Plan, and the Government of India Plan of 1944. The Bombay Plan and the Government of India Plan were based on a modified capitalist structure. The Gandhian Plan emphasized cottage industries and rural development, but with special attention given to engineering, chemicals, and basic industries for defense. The latter were to be planned in a way that would not hinder, but rather help the growth of cottage industries.⁵⁹ The People's Plan, sometimes called the Royist Plan (after M. N. Roy, leader of left-wing labor in India), was decidedly left, advocating a strict socialist state.⁶⁰

The National Congress also resumed its planning activities after the war, faced with "a very delicate task" of mobilizing public opinion in the confusion caused by the competing plans.⁶¹ The objective laid down by the Congress Planning Committee, in Nehru's words, was "the establishment of an egalitarian society in which equal opportunities are provided for every member . . . and an adequate minimum of a civilized standard of life is assumed. . . ."⁶² This objective was to be realized by the formation of an essentially socialist state. It harked back to the Karachi Resolution on Fundamental Rights of 1931 which laid down the first economic policy of the National Congress; and it provided for state ownership or control of all key industries, services, mineral resources, railways, waterways, shipping, and other public utilities. Private industry was to be integrated by enforced compliance with the basic policies.

The Committee suggested that state-owned and -operated industries should be administered through autonomous public trusts created for the purpose; it was thought that in this way the efficiency of private industry could be realized. If private industry was to be nationalized, the Committee recommended "fair compensation" be given to the owners.⁶³

Out of deference to Gandhi and also for practical reasons the Committee assigned an important role to cottage industry in its quest to raise the immediate standards of living of the masses. Cottage industry was con-

58. Majumdar, Raychaudhuri, and Datta, *op. cit.*, p. 972.

59. D. S. Nag, *A Study of Economic Plans for India* (Bombay, 1949), p. 62.

60. S. M. Akhtar, Gurucharan Singh, K. K. Dewitt, *Indian Economics* (Delhi, 1946), pp. 714-36.

61. Nag, *op. cit.*, p. 2.

62. *Ibid.*

63. *Ibid.*, pp. 4-5.

sidered transitional, however, and was to be coordinated with larger industry.⁶⁴

The National Committee's Plan was essentially the policy of the Congress at the time it controlled the Interim Government under Nehru's leadership. However, in 1947 Nehru clearly stated that India had to depend on a great deal of private enterprise for the present, but he emphasized that it must function within a state-controlled plan.⁶⁵

Following independence there was confusion as to just what the government economic policy would be. The Economic Program Committee of the Congress Party initiated and secured passage of an Economic Program in the All-India Congress Committee which, Nag writes, outlined the socialist ideal to be achieved and not a program for immediate implementation.⁶⁶ Ghosh, on the other hand, writes that as the Congress party gained more and more control of the Interim Government, the demand for nationalization gained momentum, and that the Economic Program Committee desired a "drastic" nationalization program calling for immediate nationalization of other industries within five years.⁶⁷

Ghosh further writes that when the Congress assumed authority of the Government after independence, several legislative measures were initiated putting the "brake on private enterprise and initiative." He assessed the results as "disastrous"—physical output declined, production cost rose, and confidence fell.⁶⁸

In order to mitigate the confusion in the people's minds and to initiate an economic program for the state, the government issued its Industrial Policy on April 6, 1948. The fundamental objective, in general terms, was "to establish a social order where justice and equality of opportunity shall be secure to all people." The immediate goal, however, was to achieve self-sufficiency,⁶⁹ which in turn called for increased production. Production was to be emphasized rather than redistribution of existing wealth; hence the Government was reluctant to disturb the existing industrial structure and thereby gave it ten years' grace.⁷⁰

Prime Minister Nehru, speaking of this policy resolution in the Dominion Parliament stated that:

One had to be very careful that in taking any step the existing structure was not injured very much. In the state of affairs in India today, any attempt to have a "clean slate" . . . would certainly not bring progress nearer but rather delay it tremendously. The alternative to the "clean slate" was to try to rub out here and there, to write on it gradually, to replace the writing on the whole slate, not too slowly but nevertheless without a great measure of destruction in its trail.⁷¹

64. *Ibid.*, pp. 5-6.

65. *Government of India Information Services*, Release Number 3371/mh, November 15, 1947, p. 3.

66. *Nag, op. cit.*, p. 126.

67. B. B. Ghosh, *Indian Economics and Pakistan Economics* (Calcutta, 1949), p. 306.

68. *Ibid.*

69. The National Planning Committee emphasized the importance of this goal.

70. *Nag, op. cit.*, pp. 127-30.

71. *Ibid.*, p. 130.

The Communist Party of India, on the other hand, was impatient. It insisted that both the ultimate and the immediate objective of maximum production would necessitate the immediate removal of private capitalism and the profit motive from industry and that immediate nationalization of all vital concerns should be a first condition for a planned economy in India.⁷²

The Industrial Policy also reached out into the rural areas prescribing a definite role for cottage industries in the economy. It was felt that cottage industries not only offered scope for individuals, villages, and cooperative enterprises, but that they were better suited for more efficient utilization of local resources—material and human.⁷³

The National Planning Committee firmly believed that the Zamindari system had “outlived its utility” and was a heavy burden on the peasants. It recommended abolition of the system, after which all the provincial⁷⁴ governments committed themselves to the same reform. By 1949 many of the provinces had promulgated legislation abolishing the Zamindari system and had established funds to make the readjustment. This involved an outlay of considerable money and necessitated gradual enforcement to prevent confusion.⁷⁵ The Five Year Plan reveals that much had been done by the time of its initiation to dissipate the system, but it urged the expedition of the program.⁷⁶

The Indian government, in promulgating its economic policy, was faced with a problem of inflation. The Finance Minister, John Matthai, summarized India’s problem in December, 1948, as “a marked inflationary trend on the one hand and low-level investment and business activity on the other.” To help rectify this situation, private industry was encouraged by way of tax relief, protection against foreign competition, and customs relief on raw materials and machinery imports.⁷⁷

As the above discussion reveals, Nehru, at the helm of the Government of India, did not recklessly forge ahead with a dogmatic socialist policy, but attempted to meet India’s needs as expeditiously as possible with the resources at hand. The long-term ideal was not relinquished, however, as was evidenced by the passage of the Industries Bill of 1949 to ensure tighter government control over industry. The bill provided for a system of licensing for all new projects in order to closely direct development for the common interest on “sound and balanced” lines. A schedule for twenty-five major industries⁷⁸ was established. The government was empowered to make rules for registration of existing undertakings and for regulating

72. *Ibid.*, p. 31.

73. *Ibid.*, p. 137.

74. Provinces were called states under the Indian Constitution of 1950.

75. Ghosh, *op. cit.*, pp. 113-14.

76. *The Five Year Plan (A Short Introduction)* (Delhi: Government of India, 1951), p. 19.

77. *Government of India Information Services*, Release Number 3845/J5 December 16, 1948, pp. 3-4.

78. Such as aircraft, arms and ammunition, automobiles, and electrical equipment.

the future production and development of the scheduled industries. Ghosh writes that the bill virtually proclaims the twenty-five scheduled industries "to be state monopolies which are, however, to be run for the time being by those who are at present in charge of them."⁷⁹

On January 1, 1949, the state nationalized the Reserve Bank of India; industries such as the railroads, airlines, post, and telephones were also brought under state ownership and management. The government was also engaged in or planning for heavy industries, such as new steel plants, machine tools, locomotive equipment and electrical power, that private capital had been reluctant to engage in because of the high capital intensity required and small market possibilities.⁸⁰

Since the government is the chief entrepreneur in India, it has attempted to balance its industrial activities by facilitating and encouraging industrial research in nationally-owned and -maintained laboratories. Nehru maintains that private industry has badly neglected this area of industrial development.⁸¹

The Indian Constitution. The Indian Constitution is another indication of Nehru's, as well as the Congress Party's, lack of dogmatism in forging a socialist state. This is revealed by the absence of specific references to a socialist state and by the fact that it is written in general terms, providing considerable scope for legislative implementation. Nehru, speaking before the Constituent Assembly on January 22, 1947, said in reference to an Objectives Resolution he was introducing that:

Others might take objection to this Resolution on the ground that we have not said that it should be a Socialist State. Well, I stand for socialism and, I hope, India will stand for socialism and that India will go towards the construction of a socialist state . . . But we want this Resolution not to be controversial in regard to such matters. Therefore we have laid down, not theoretical words and formulae, but rather the content of the thing we desire.⁸²

The Constitution in its final form contains in Part IV the "Directive Principles of State Policy" which lay down in broad terms the economic policy of India. It is described as "unique," however, in that it specifically states that the policy principles are not enforceable in any court.⁸³

The state, in Article 38, is directed "to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice, social, economic and political, shall inform all the institutions of the national life."

The details of the broad policy in Article 38 are spelled out more specifically in Article 39, providing that all citizens have a right to an adequate

79. Ghosh, *op. cit.*, pp. 314-15.

80. *Ibid.*, pp. 316-18.

81. *Government of India Information Services*, Release Number 3757/LC, July 29, 1948, p. 1.

82. *India's Charter of Freedom* (New Delhi: Director of Publicity, Constituent Assembly of India, about 1947), p. 19.

83. Nares Chandra Sen Gupta, *The Constitution of India* (Calcutta, 1950), p. 57.

livelihood; that ownership and control of material resources must be distributed to serve the common good; and that the functions of the economic system should not permit the concentration of wealth and means of production in a way detrimental to the common interest of the community.

The sanctity of private property is upheld as evidenced in Part III, Article 19, which states that all citizens have the right "to acquire, hold and dispose of property." Property can not be taken from a person except by authority of law, the efficacy of which depends upon compensation for the property taken (Article 31). The provisions of Part III are enforceable in the courts of law.

These provisions show clearly that the Constitution is not a radical, doctrinaire instrument. Private property and private enterprise are permitted "within the law." The State, on the other hand, is given considerable breadth in implementing the general principles; and with concern for economic as well as political equality, it clears the way for the creation of a socialist or welfare society.

The First Five Year Plan. The First Five Year Plan represents the first major step toward implementing the general principles in Part IV of the Constitution. By March, 1950, a Planning Commission had been authorized by the Indian Legislature and subsequently appointed. Its objective was to create a plan that could achieve the "most effective and balanced utilization" of material and human resources, fix priorities, and determine the kind of machinery needed to implement the plan.⁸⁴

In April, 1951, the plan was initiated with two general objectives in view: first, to increase production; second, to reduce the inequalities in the Indian economy.⁸⁵ Political and economic "democracy" as a goal, according to the Plan, could be achieved only by avoiding unregulated private enterprise and by replacing the acquisitive spirit with cooperative efforts. In reality the Plan envisaged a mixed economy in which private enterprise would cooperate with public authority, all under broad direction of the government, in achieving the economic goals.⁸⁶

The public endeavors under the Plan were to be concentrated in the development of agriculture, irrigation and power, social services, and the completion of industrial projects already under construction.⁸⁷ The priorities determined by the Planning Commission placed food production at the top, which called for more scientific farming and increased irrigation. Complementary to the irrigation projects is the development of hydroelectric power, which also is a primary need in industrialization.

The Planning Commission perceived the immediate limitation of the state in trying to engage in every economic activity and thereby temporarily assigned to private enterprise major development in the fields of indus-

84. *The Five Year Plan (A Short Introduction)*, p. 5.

85. *First Five Year Plan, People's Edition* (Delhi, 1953), p. 11.

86. *The Five Year Plan (A Short Introduction)*, p. 7.

87. *Ibid.*

try and commerce. The government, however, assumed the responsibility for assisting and directing these private activities. The planners emphasized that private enterprise would have to "visualize for itself a new role and accept in the largest interests of the country a new code of discipline."⁸⁸

In meeting the second objective of eliminating large inequalities in distribution of wealth, fiscal and legislative measures were suggested. The imposition of an inheritance tax, progressive tax measures that would fall heaviest on the rich, and the expedition of the abolition of the Zamindari system were advocated measures. Other suggestions included raising the standards of living of the people most injured by the inequalities by giving the tenant protection from exploitation, providing labor welfare, and by creating institutions or organized credit that would dispense credit to a wider range of people.⁸⁹ The Commission was candid, however, in pointing out that these inequalities must not be eliminated too rapidly because of the danger of affecting the level of savings, which in turn would limit capital formation and development.⁹⁰

Cottage industries were also considered useful in meeting the objectives of the Plan in regard to economic development because they opened up employment opportunities and provided production potentiality.

In the strict sense of the word, this Plan did not establish a socialist state, though this was clearly the ideal. The emphasis was not on the system but on production of both capital and consumer goods. The most efficient and expedient methods, tempered by democratic and humanitarian ideals, were sought. Self-sufficiency was the major aim of the government—which called for government response in many fields where private enterprise would not venture. But where private enterprise could be induced to invest and to do so more efficiently, the government insisted that it do so.

The First Five Year Plan ended in March, 1956, but for two years previous to that date the Second Five Year Plan was in preparation. The latter plan in general is a continuation of the first, reflecting the same basic philosophy. India proclaims that the achievement of the "socialist pattern of society" continues to be the objective. Private enterprise, however, is sanctioned and even encouraged in those areas where it is furthering "truly social ends."⁹¹

SUMMARY AND EVALUATION

Nehru early in life became a devout nationalist and subsequently offered the nationalist movement a dynamic and progressive leadership. Gandhi, the highly-revered, saint-like father of Indian independence, had given the movement inspiration with his simple ethical and religious ideas.

88. *Ibid.*

89. *Ibid.*, p. 8.

90. *Ibid.*, p. 9.

91. *Second Five Year Plan* (Delhi, 1956), pp. 22-23.

Nehru, man of this world, saw India as a potentially industrialized modern state taking an important place among the family of modern nations. His leadership strove in this direction, often in conflict with the Gandhian ideal of a village economy and spiritualized state.

Nehru was not an advocate of a capitalist economic system; he had become emotionally sickened by the colonial position in which the British capitalists had placed his country. Capitalism to him was an exploitive system, leaving little for the masses except bare subsistence. His broad concept of economics goes back to the 1920's when he became concerned with the poverty of the Indian masses and imbued with the Marxian ideology. His attachment to the Marxian ideal was not a dogmatic doctrinaire adherence, however. Most of his energies were spent in political leadership for independence. It is believed that he never undertook a really deep study of economics, but grasped for broad concepts that could meet his ideological needs in pursuit of Indian self-determination. He astutely realized that the only effective force against the British would have to be impressive in size and united in effort. The Congress party was the only agency in India capable of this task. Without a doubt Nehru was awed by the adventure of leadership, and what greater leadership could be achieved in India than that of the Congress? Yet, the Congress was not easily persuaded into accepting a radical economic and social policy.

Nehru's leadership of the Congress reveals a longing for the adoption of a socialist goal, but also shows moderation in pushing the issue. It was not until 1936 that he became emphatic in his efforts to inculcate Marxian principles into the Congress policy; still he was careful not to unduly disunite the party by his insistence. In 1938 he won a constructive victory by convincing the Congress to prepare a plan for the organization and direction of the Indian economy to go into effect when independence was achieved. By 1947 the Congress was in a position to undertake the task of governing India, and, in assuming the responsibility, was committed to the socialist ideal.

India was an economically backward country, and the capitalism that had penetrated the land, though it left many beneficial things, did not provide a balanced growth for the Indian economy. In fact, it had upset the delicate balance in the Indian agrarian economy by displacing the handicraft industry, leaving much of the Indian population idle for a good part of the year. The impact of this problem convinced Nehru that winning independence was not enough and that the physical needs of the people had to be filled. His foresight persuaded him that nationalist leadership should seriously consider planning for meeting India's greatest problem—economic development.

One should not be too critical of Nehru's seemingly blind adherence to the Marxian ideal. At least he had the foresight to abstain from joining the Communist International and to reject the inhumanity of communist

methods used in the Soviet Union. As an ideal he sought a socialist state, in reality he compromised with private enterprise, giving it a significant role in the planned economy but with temporary tenure and rigid regulation.

In any critical analysis of the Indian economic policy one must take into consideration circumstances as they exist in India. In the United States we have had ample economic growth and widespread prosperity to convince us of the efficacy of the capitalist system. In India, on the other hand, many factors darken the outlook for a healthy private enterprise system. Economic growth in the United States has been long and gradual. India, on the contrary, demands a rapid economic growth, due essentially to what economists call the "demonstration effect"—in other words, a desire to reach the level of development seen in other states. In the United States entrepreneurship, technology, and natural resources have been abundant, and general wealth has been sufficient to stimulate their use. In India's tradition-bound society there has been a deficiency of entrepreneurship; scientific discoveries have been made but not utilized for advancing economic growth. India has a tremendous population burden on the soil. Other hindrances lie in a dearth of education and wealth that could be utilized for general economic development plus a traditional psychology of saving that has not been conducive to industrial investment.

India has suffered from what Nurkse calls the "vicious circle of poverty,"⁹² with only enough production to sustain life, and that rather precariously. Much of the surplus production has been absorbed in population increases. Foreign investments that could contribute to a balanced growth have not ventured with capital and skills into India because first, they were not welcomed, and second, there was not a sufficient domestic market to purchase the produce. Foreign aid can help, but the bulk of India's economic growth will depend upon her own economic resources. The government will have to provide much of the entrepreneurship, as it presently doing, and force the economy by strict regulation to save through various means, such as taxation, and then direct the savings into productive channels.

Nurkse writes that an excessively populated country should concentrate its major efforts on industrialization in an attempt to utilize the "disguised unemployed"⁹³ of the countryside for capital construction. He theorizes that a "substantial improvement in agricultural technique can come perhaps only as a result of industrial development."⁹⁴

92. Ragnar Nurkse, *Problems of Capital Formation in Underdeveloped Countries* (Oxford, 1955), p. 57. The poverty circle is as follows: "(a) the low income level to (b) the small capacity to save, hence to (c) a lack of capital, leading to (d) low productivity and so back to a low real income per head."

93. Nurkse means by "disguised unemployed" those people engaged in farming within the family production unit but who do not really contribute to the total amount of production.

94. Nurkse, *op. cit.*, pp. 53-55.

The Five Year Plans of India have not followed Nurkse's theory, but have attempted to achieve a somewhat balanced growth in both agricultural and industrial production, weighted in favor of agriculture. The humanitarian factor probably enters into this consideration. The Soviet Union and China have both emphasized industrial growth at a terrific expense to humanitarian principles and at a high cost to the already poor peasants. India's efforts are concentrated on raising the low economic standards of the masses who, of course, are primarily concentrated in the rural areas. This is a short-run consideration in relation to industrialization, but it is hoped that by raising the productive capacity or per capita income of the general masses that some saving can be realized and a domestic market developed to absorb the industrial output of the planned industry. Only history will determine the efficacy of such a policy.

The basic document outlining the Second Five Year Plan assesses the progress under the First Five Year Plan. It is indicated that India's national income increased by eighteen per cent; food grains production increased by forty-five per cent. Industrial production in 1955 is reported to have been twenty-two per cent higher than the 1951 level.⁹⁵ These rather optimistic results can very easily be attributed to the efficiency of the Plan.

Professor Balogh,⁹⁶ an English economist who made a study of the progress of the First Five Year Plan early in 1955, evaluated the progress differently, however. He found that the planning and administering bureaucracy was not operating smoothly. Many of the development schemes were poorly coordinated and interdepartmental jealousy hampered the full utilization of the facilities available. He criticised the tendency for making political appointments and the inadequate qualifications of the civil servants.

Balogh's study reveals that actual accomplishments resulting from planning were not so encouraging. He believes that exceptional weather is primarily responsible for the increased agricultural production. In early 1955, investments in irrigation and other agricultural improvements had been only half of what was planned. Land reforms, he reports, had been largely ineffective in many parts of India and plans for providing rural credit had not been executed with "sufficient vigor." The real increase achieved, Professor Balogh writes, must be attributed to the private sector of the economy in which there had been few new investments. Achievements have been realized largely through more efficient utilization of existing capacities.

Balogh's conclusion was that India needs "a little more foresight, confidence and energy." But the modern state of India is new; time and experience may provide a more optimistic picture.

95. *Second Five Year Plan*, p. 2.

96. T. Balogh, "How Strong Is India?" *The Nation*, Vol. 180, No. 11 (March 12, 1955), pp. 215-17.

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