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CHAPTER FIRST

**SOCIO- ECONOMIC PROBLEMS OF INDIA ON
THE EVE OF INDEPENDENCE**

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India got herself freed from the various exploitations to which she was subjected, to, on 15th August 1947. The path of freedom struggle got completed, but the path of a new nation building process was inaugurated. Much was to be achieved since then, and the major responsibilities fell on the shoulders of Pandit Jawaharlal Nehru as the First Prime Minister of India; the position which he enjoyed for a period 17 years. This was the period of constant struggle and Nehru has left his own impact on the pattern of socio-economic development of the nation. Nehru firmly believed in the " Need of Planned Economic Development ", and in this direction he launched the ' Five Year Plan ' scheme. The dissertation desires to throw light on administrative approach of Nehru, which cannot be done until his approach in which the targets, aims and objectives of these plans which are explored. Administration is nothing without policy, nor does policy has any meaning without administration. Administration is nothing but policy in action.

In this direction, the study tries to bring forth Nehru's policy decisions prior to planning as this would help to develop the essential insights on Nehru's views on administration.

It was in 1936 the leadership in India had agreed at the Congress Session on the "Urgent problems of the country as poverty, unemployment and indebtedness of the peasantry which was fundamentally due to antiquated repressive land tenure and revenue system." Nehru had a large share in making Congress accept these ideas. These ideas and problems were further identified on the eve of independence.

In his own speech delivered on 15th August, 1947, he pointed "Our first and immediate objective must be to put an end to all internal strife and violence which disfigure and disgrace us and injure the cause of freedom. They come in the way of consideration of the great economic problems of the masses which urgently demand attention. Our people lack food and clothing and other necessaries and we are caught in a spiral of inflation and rising prices."¹ Migrations in the wake of partition raised urgent problems of maintenance of law order and rehabilitation of refugees. The colonial economy had to be restructured as it was obviously not suited to meet

the requirements of an Independent and democratic Nation. He was aware of the problems which he had to face and this required not only good policy, but implementation of the policies meant to bring in the required social changes in the administrative structure. In this context there is dearth of both matter and material. Nevertheless the study would try to examine the thoughts of Nehru, which would throw light on the administrative aspect.

According to Nehru these problems cannot be solved immediately but cannot be delayed. There should be a perfect plan so that the burden on the masses may grow less and their standards of living may go up. He clearly specified that the interest of long suffering masses must come first. It is in this context he was much in favour of planned economic development. The major socio-economic problems which India faced according to Nehru can be very well brought forth by going through the various letters which Nehru as the First Prime Minister wrote to Chief Ministers. It can also be inferred from his speeches and writings. These problems can be classified in the following fields.

AGRICULTURE AND FOODGRAINS :

The food problem which is the basis of all other problems dates back to 1943 in the form of severe Bengal famine when millions perished due to starvation. To

introduce a proper distribution system of scarce food supplies, the government brought into the rationing system. By the time India became Independent " nearly 45 million people were brought under statutory rationing and another 90 millions came under other forms of public distribution." ²

Partition further weakened the food situation in India because, nearly 51 % of cultivated area came to India where 80 % of the total population was residing, where as about 45 % of the total cultivated area to Pakistan where only 20 % of the total population was residing. Further partition of Punjab meant the loss of wheat producing area and partition of Bengal meant loss of more than 90 % of area producing jute. Thus partition resulted in India becoming deficit in respect of foodgrains to the extent of 3 to 4 million tonnes annually. ³ Further the population was growing at a more rapid rate, than it had done ever before. The floods in the United Provinces and Bihar and the drought conditions in parts of Gujarat, Saurashtra, Rajasthan and Kutch in 1948 led to further deterioration in the food situation.

To meet the situation " India had to import 2.9 million tons valued Rs. 130 Crores in 1948 and about 3.8 million tons costing Rs. 145 Crores in 1949. " ⁴ Nehru as the head of the administration was aware of the situation

and he always gave priority to the food problem. He has rightly stated, " Food problem today is the keystone for any kind of national recovery or progress. If we concentrate on that and make good, then we shall drift every where and we shall never be able to get a grip of the situation." 5

Nehru wanted India to be self-sufficient in food as early as possible, so that food imports could be stopped. He calls importing food as a fatal business to go on imagining. It was also not healthy to wait till some large schemes materialised, hence he always appealed for more production of food grains. " We must always remember" he pointed that, "the population is growing and unless we proceed at a faster rate in food production than the growth of population we shall always be in difficulties." 6

Taking this administrative need into consideration a food grains policy committee was appointed, which submitted its report in 1947. The committee stated " There must be entirely a new approach to the food problem of this country. The dependence of the country on imports from abroad should be liquidated by orderly and planned stages. It is only a substantial increase of domestic production within the earliest possible time that can solve the Indian food problem."

Nehru was convinced that the food problem is essentially a simpler problem, which can be tackled successfully with speed and ease provided there is earnestness and efficiency in the administration and an adequate response from people. Nehru's approach to tackle this problem had both an administrative approach and he also appealed to the farmers to help administration^{to} solve this problem. In this direction he pointed out ;

" I am quite sure that the food problem of India is not a difficult problem. After all the deficit in food is about 6 to 7 %. Now it should easily be possible with long distance schemes which will bear fruits after about 5 to 10 years. It should be easily possible in the course of next two years or so to make adjustments by increasing intensively our growth of food by bringing fresh areas under cultivation to fill this deficit".⁷

Nehru also gave instructions to the state governments that the godowns and storage places for food grains should be in good order and if necessary, spend some money on this as there is much wastage because of bad storage. Today in India we have a great capacity to store food grains in surplus. This was all due to his approach ; the countries storage capacity has increased ; largely because of Nehru's foresight.

One of the evils that crept in due to shortage of food was black marketing. Nehru suggested that no measures should be spared to stop the black marketing. " I should like you to examine the feasibility of setting up special summary courts, for trial of black marketeers and hoarders etc., The only point of arresting these people is to try them quickly. It is good neither for them nor to government to keep them as undertrials for long."⁸ Such were his ideas which shaped the administration in India.

To meet the situation of food grains and to achieve self sufficiency in food grains various long term schemes were undertaken by the government of India headed by Jawaharlal Nehru. Among them were river valley projects, dams, big reservoirs, irrigation canals etc. These projects according to Nehru will not only irrigate the land, bring fresh areas under cultivation, prevent floods, produce hydro-electric power, stop the erosion of the soil, and prevent diseases but generally produce conditions for the rapid development of industries and the modernization of agriculture. Nehru during his initial years as Prime Minister was very much interested in agricultural development and he tried his level best to introduce various administrative units as mentioned above.

Nehru attached great importance to these river valley projects and schemes, even greater than the industries. In

this context he stated " Dams and River valley projects as temples of modern India. These days the biggest temple and mosque and Gurudwara is the place where man works for the good of mankind. Which place can be greater than this ... where thousands and lakhs of men have worked, have shed their blood and sweat and laid down their lives as well." ⁹

Nehru in this regard was also well acquainted with the major hindrances and the hardship which the farmers in Indian agriculture faced; due the Zamindari, ryotwari and mahalwari systems. In the Congress Session of 1935, it was agreed that the only method of improving village life was the introduction of peasant proprietorship without the intervention of any zamindar. After independence it was believed that the land tenure system was unsuitable both from the viewpoint of more productivity and socio-economic justice. Hence land reforms were considered exclusive and complimentary factors in the process of agricultural development.

Nehru had realized the importance of abolishing the zamindari system in India. While addressing the Parliament in 1948 he said " In regard to land reform our general policy has been to put an end to what is called as zamindari system. The pace has been slow because all types of difficulties have cropped up. That again is one of the foundations on which we

can build everything else. I should like to have collective and co-operative farming in this country and hope it will begin soon; but before that you have to put an end the present land system, First of all the Zamindari system and then aspects of it." In this direction Nehru's approach to the problems had multifaced implications; for ex. to develop agriculture he saw how zamindari system was a great hurdle.

Nehru was also keen to have a uniformity in the zamindari abolition bill all over India. But he was particular that the states should not expect too much financial help from the centre. As the financial condition of the Indian government was not sound, he always asked the states to consider the fact that if all the money is spent on the acquisition of land, there will be little or nothing for the developmental schemes.

It is because of this approach of Nehru and in his plan to tone administration that by early 1950's all the states took steps to abolish Zamindari system. Compensation was paid to Zamindars partly in cash and partly in government bonds. As a result of abolition of Zamindari system in different parts of the country, about 20 million tenants became owners of land, which they had been cultivating; since long. Considerable area of waste land and forest land also belonging to Zamindars was taken over by the government and

distributed among the landless and small agriculturists. This was perhaps the first major step which Nehru took, in restoring land to the huge landless labourers.

Nehru has immensely contributed to the development of administrative apparatus required for the development of agriculturists, which he viewed could also contribute to solve the food problem faced by the Indian Economy. It is because of his concern; he also advocated for co-operative farming. The abolishment of the zamindari system may have had its own pit falls, shortcomings, which is not the concern of the study; but as an administrative step, it was a great step to help the poor tilling masses in India.

INDUSTRY :

Before the rise of the modern industrial system, Indian industries not only supplied all local needs but also enabled India to export its finished products like cotton, silk, fabrics, calicoes, artistic ware etc. The impact of the British rule and industrial revolution led to the decay of Indian handicrafts. Instead machine made goods started pouring into India. The void created by decay of Indian handicrafts was not filled by the rise of modern industry in India because of the British policy of encouraging the import of manufactures

and export of raw materials from India. During the British period no effort was made to foster the development of industries, rather the British government put definite hindrance and cold - shouldered their development.

When Nehru assumed power in 1947, the industrial pattern of India was lopsided. The foreign firms and those owned by big business and industrial magnates were of a very large size, coming at the top of the pyramid and at the bottom were a very large number of indigenous small size firms. Only few industries had developed in India uptill independence such as cotton textiles, sugar, paper, matches and to some extent; Iron and Steel and large number of goods were imported from other countries.

Partition of the country, though politically motivated, produced grave effects on the industrial structure of India. As regard to agricultural raw materials of industrial use, India lost 81 % of raw jute of the best quality and also the long and medium staples cotton, while most of jute and cotton textile mills were situated in India. The industries such as woollen textiles, glass Silk, hosiery, soap were also adversely affected by the partition. Many of the skilled workers from the border areas migrated to Pakistan, as a consequences India felt the shortage of skilled workers immediately after partition. Partition shattered this unified industrial system and created very complex problems. Partition of the country had great

impact and implications on the Indian economy and on the Indian administration. Nehru had to face all these problems during his tenure.

After independence the administrators realised the need of rapid industrialization and increasing production. The government of India under the leadership of Jawaharlal Nehru established various industries and took measures such as relief in taxation, giving licences to new industries etc., to foster industrial development. Talking on the Finance Bill in 1948 Nehru said " Our primary objective is not to benefit industrialist as such but to give an incentive to the flow of investment in industrial channels and to increase production. We hope that this would lead to stabilising the price structure of the whole country which would benefit all the sections of the community." 10

To transform the under-developed country into a self-generating economy called for a definite strategy. This strategy emphasised investment in heavy industries and Nehru was the pioneer of heavy or key industries in India. For him the development of heavy industry was synonymous with industrialization. " If we are to industrialize, it is of primary importance that we must have the heavy industries which build machines. They are the base, once you have got the base it is easy to build, that means the basic industries being given the first place."

Though Nehru was keen to establish heavy industries, he did not overlook the importance of small scale or cottage industries. In one of his letters dated 2nd September 1949 addressed to Chief Ministers he says " Big scale industries require a lot of money and time. We may not have enough money for these ambitious schemes. But it is always possible to start a large number of small - scale and cottage industries which add to the wealth of Nation and give employment to many people." This infers Nehru's emphasis on two aspects, development should create employment opportunities, and that small scale industries should be given due place in development plans.

Further Nehru was keen to coordinate the small and heavy industries in the over all economy of the country. " I do not think there will be any conflict between big industry and village industry, provided there is proper co-operation." These views were further fruitified while formulating the five year plans.

In the initial years after independence there were difficulties of transport, raw material and of getting spares and capital equipment to replace the existing machinery. The partition of the country cut across her economic unity which led to the feeling of uncertainty. But slowly these difficulties

were overcome and the industries started their upward march. In this process the government headed by Jawaharlal Nehru took some important steps that helped the process of recovery and progress of Indian industries.

As a consequences of all these steps since independence and also due to greater availability of raw materials and gradual removal of transport bottle necks, most of the industries such as iron and steel, coal, electrical goods, diesel engines, cement, paper, power transformers showed increase in output. Only cotton textiles and jute manufacturers were limping because of shortage of raw material, but also picked up a little later.

The official general index of industrial output (with 100 in 1946) rose to 106.3 in 1949, to 105.2 in 1950 to 117.4 in 1951.

ECONOMIC SITUATION :

The British rule was a long story of the systematic exploitation by an imperialistic government of people whom they had enslaved by their policy of divide and rule. The main motive of all British policies was to serve the interest of England. Thus in 1947 when the British transferred power to India, she inherited a crippled economy with stagnant agriculture and an underdeveloped industry, a proletariat and a peasantry steeped in poverty.

As Jawaharlal Nehru put it, " India was under an industrial capitalist regime, but her economy was largely that of the precapitalist period, minus many of the wealth producing elements of that precapitalist economy. She became a passive agent of modern industrial capitalism suffering all its ills and with hardly any of its advantages." ¹¹ It was this dead weight of a stagnant economy which the national government had to move after 1947.

On the eve of independence the over all economic situation was quite serious. As stated above agriculture and industries were going through serious phase. There was lack of food, inflation marked one of the important feature of Indian economy which ultimately leads to the cost of living index rising. Since the second world war, hike in the price rise was as great as 57 points. While discussing the economic problem Nehru, in one of his letters to Chief Ministers dated 15th October 1947 gives a detail account of the situation. He writes ,

" The rise in prices has been rather rapid in recent months. The wholesale price index rose to 28 points. The rise in retail prices has probably been larger. This is not due to any increase in currency (infact the total volume of money in circulation, whether currency or bank deposits, has

fallen slightly since the end of the war)- but to a fall in production of consumable goods. I am afraid we have been loosing all along the line of textiles and steel and various other basic commodities. The industrial production stood at 102.4 in 1947 as compared to 120.00 in 1945. There seems also no end to our dependents on overseas sources for our food supplies."¹²

One of the basic reason of economic stagnation in India was increase in population. According to the census of India the population in India was 279 millions in 1931, 319 millions in 1941 and about 361 millions uptill 1951 that means since 1931 the population increased by 82 millions within twenty years of period. (Considering the fact that about 20 to 25 % of Indian population became the Pakistani population after partition.) As against the population the resources remained the same and the cultivated area grew at a very slow rate, only about 5 %. This resulted in food shortage and India had to import 2.8 million tons of foodgrains during 1948-49 involving an expenditure of Rs. 131 crores, foodgrains worth Rs. 107 crores in 1949-50 and Rs. 218.7 crores in 1951-52 which add to worsening the economic situation.

Over population not only resulted in food shortage but also led to unemployment and difficulties of providing various social services particularly education and medical services and aid to majority of people.

Nehru as a chief administrator also emphasised the significance of scientific and technological progress for economic development. He believed that the flow of new scientific and technological knowledge helps dynamise the production function via new resources, new products, new processes etc. While speaking as chairman of the National Planning Committee in 1938 he had clearly asserted that " The economy based on the latest technical achievements of the day must necessarily be the dominating one."

These and many other factors of the rapid economic development were realized by Nehru and he took all the steps to materialize them. It is in this way Nehru took to the five year planning because of which India became economically sound though her economic progress was always hindered by over population, food shortage, international debts and unemployment. Hence Nehru stressed the importance of balanced and mixed economy.

UNEMPLOYMENT :

After independence, with the rapid expansion of educational facilities, both at the school and University stage there was an usually large and increasing spate of passes at the middle, High School and higher examinations. New avenues of employment were not created to the same extent.

Writing on the problem of unemployment of educated class Nehru said " The white collar occupation are not enough to absorb the large number of our young men and women who come out of our universities. There is an alarming degree of unemployment among these products of our universities who all seem to look forward to some kind of state service or other office work, even though that may be far less paid than some form of manual labour. Yet in the minds of some there is a mistaken notion, that it is degrading to work in the factory or in the farm. In the modern world whether capitalist or socialist, the man who can use hands as a mechanic or technician or engineer or farmer is far more important than the clerk in the office. We have suffered in the past from a semi-feudal outlook of looking down on labour and that pursues us still to some extent." 13

Nehru was quite aware of the impact of British rule on administration. The British administration had created an atmosphere in which there was a great relationship between education (degree) and job. Nehru had disliked this approach, and felt to bring an over all change in the very approach of employment in Indian conditions. Unfortunately this view of Nehru has not reached the masses, and hence even to this day unemployment ^{be} still continues to/the problem of India.

Government of India under the leadership of Jawaharlal Nehru formulated various plans to give employment to the refugees. One of the measures taken by the government was relaxing the ordinary rules. While giving instructions to the provincial governments Nehru said " I hope that in view of exceptional circumstances the provincial governments, universities etc., will find it possible to relax ordinary rules regarding provincial domicile and age limit required in connection with a provincial appointment." 14

Further new avenues of employment in the form of public works were opened to employ the refugees. The problem of refugee employment did not last long and within two to three years of period many refugees were employed. This was all due to the administrative set created by Nehru.

Nehru was aware of the fact that greater avenues of employment should be created to achieve full employment. Under the five year draft plans with the objective of creating additional employment through additional investment, industrialization both rural and urban area marked the basis of development. In spite of all these efforts Indian administrators failed to achieve full employment. During Nehru's administration the percentage of unemployment increased. At the end of first plan unemployment was barely 2.9 percent, at the end of 3rd plan it rose to 4.5 percent. This problem always remained at the head of all other problems even to this day.

EDUCATION :

When Nehru assumed power in 1947 about 80 % of the Indian population was illiterate.¹⁵ Where as the illiteracy was only 4 to 5 percent in the countries such as France, Canada and U.S.A. Even the Asian country Ceylon had lesser illiteracy rate than India i.e. 43 %

A country which was economically backward, agriculturally primitive and illiterate was to become a parliamentary democracy where in people had to take active part in the political affairs of the country. It placed upon the Prime Minister a special responsibility to make the citizens literate, so that they can discharge their responsibility as vigilant citizens.

Nehru recognized education as the most important single factor in achieving rapid economic development and technological progress and in creating a social order based on the values of freedom, social justice and equal opportunity.

According to Nehru " It is the duty of the state to provide good education for every child. And I would add that it is the duty of the state to provide free education to every child in the country. What ever pattern of society we are looking forward to, must contain human beings not people who have just learnt to read and write but trained people whose

character has been developed, whose mind has aspirations and some elements of culture about it and who can do something with their hands." 16

While framing the constitution Nehru along with other members of the Constituent Assembly gave time bound directive for promoting the basic education. Article 45 of the constitution says; " State shall endeavour to provide^{education} within a period of 10 years from the commencement of the constitution for all the children under the age of fourteen years."

Education which was imparted in India upto 1947, was introduced by the British a century and a half ago with the particular purpose of getting a number of Indians trained to help them in administration of the country in the lower grades. Though education in India had progressed since then, it was not a perfect type of education.

Nehru desired far reaching changes in the existing education system for achieving the national aims and social objectives of free India and in particular to train the right type of personnel for the speedy execution of the development plans.

" Education should not only create clerks, but the training should be fitted into the vocations and professions of later life." 17

In one of the convocation addresses he pointed " Educational institutions stands for humanism, for tolerance for reason, for progress, for adventure of ideas and for the search for truth. It stands for onward march of human race towards even higher objectives. If educational institutions discharge their duty adequately then it is well with the Nation and people. But if the temple of learning itself becomes a home of narrow bigotry and petty objectives, how then will Nation prosper or people grow in stature ? A vast responsibility therefore lies on our Universities and educational institutions and those who guide their destinies." 18

Realising the importance of education Nehru launched various schemes of educational development in the country. Later while formulating the five year plan Nehru set a goal " Education for all ". In the first five year plan Rs. 169 crores were spent for strengthening educational facilities at all levels.

Many of the problems faced by Nehru's government could not develop the required administrative apparatus. Not that Nehru had no intention of developing the required structure. He did appoint various commissions to probe into the administrative problems. One aspect which has to be pinpointed is Nehru got much involved in policy making rather

then toning up the administration to implement the good policies made by the government of India. He gave much thought to policy rather than the administration. On the other hand with partition many of the trained and seasoned administrators migrated to Pakistan. The Indian (I.C.S.) officers were very few.

In this chapter an effort is made to bring forth Nehru's policy decisions relating to socio-economic problems of India prior to Planning. In the next chapter an attempt is made to study the efforts made by Nehru to remould the existing administration for rapid socio-economic development through planning.

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