

A SCHEME OF  
ECONOMIC DEVELOPMENT  
FOR  
YOUNG INDIA

BENOY KUMAR SARKAR

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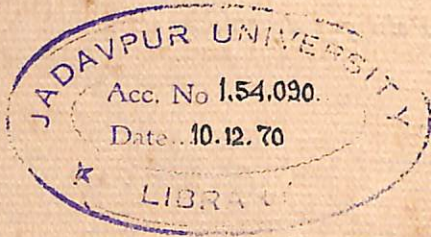
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## PUBLISHERS' PREFACE

The scheme of economic development for Young India by Professor Benoy Kumar Sarkar appeared in the *Modern Review* for July 1925 while the author was living at Bolzano in Italy. Although it is being published as one of the chapters in a volume of essays on applied economics entitled *Economic Development* (B. G. Paul & Co., Madras) it has been considered necessary to issue the material in a pamphlet form in order to meet the requirements of readers such as are interesting themselves in the immediate agricultural, industrial and commercial possibilities of India.

CALCUTTA

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**A Scheme of Economic Development  
for Young India**

## A. THE ECONOMIC CREED

### *Poverty as Unemployment*

Poverty in India today is not so much a resultant of iniquities in the "distribution" of wealth as of the dearth or want of creative occupations. It is more a universal phenomenon affecting, as it does, all the classes of the people than, as is the case in the more advanced countries of Fur-America, a bye-product of the exploitation of one class by another.

The Indian poverty problem is to be envisaged as, essentially speaking, a question of unemployment on a vast, continental scale. How to combat this huge unemployment or, in other words, to create myriads of employments, professions or careers and add to the stream of values is the problem of the poverty-doctor. This is the task that economic development seeks to solve.

### *Industrialism the Cure for Poverty*

Theoretically, the doctoring is quite simple. Let the economic activities of the people grow

in multiplicity, and naturally also in diversity, i.e. let the production of wealth increase on all fronts, and millions of men and women will begin automatically to function as industrial workers, and hundreds of thousands as engineers, chemists, bank-managers, insurance-agents, office-clerks and what not. The factories and workshops will be compelled in their own interest or through pressure from the people and the government to open elementary as well as vocational schools for the training of apprentices, and research institutes as well as technical colleges for the supply of directors and experts.

And of course agriculture will be relieved of the burden of maintaining teeming millions and adjust itself to the redistribution in population as well as pick up much of the science and technology afloat in the atmosphere. Simultaneously will the handicrafts commence shedding their "primitiveness" and rise to the level of subsidiary industries such as are adapted to the new age of large and medium production. In other words, industrialism is the cure for poverty, for it is nothing but industrialism that is presupposed by this great consummation.

Add to this, in order to mention the furthest

logical consequences, that the villages will grow into municipal areas. The sanitary and cultural conditions of the people both in town and country will improve. Individuality, manhood, democracy, political self-consciousness and economic energy will be tasted not by tens and dozens but by thousands, hundreds of thousands and millions. The world will have to feel that there is such a thing as India.

#### *The Strategy of the Next Stage*

Industrialism, indeed, has its dangers and pitfalls. No stage in the history of economic evolution is without its evils. But it would be sheer thoughtless obstinacy to practise blindness to the miseries and evils of today and yesterday or even glorify and cling to them as virtues,—in the fear lest the next stage ahead should bring in new and unheard-of troubles.

There is a limit to cautiousness. One has to be reasonable in regard to the problems of tomorrow; and while not neglectful in the matter of safeguards such as, humanly speaking, may be foreseen both in technique and organization, the strategist or statesman has to plunge boldly into the immediate future. And this

future will take care of other futures. It is not expected of man to achieve impossible feats and to be forearmed against the eventualities of millenniums.

### *The Role of Capital*

Be this as it may, all this transformation implies chiefly one thing, namely, capital operating in terms of crores. And perhaps nowhere does the extreme monistic and metaphysical doctrine of labour being the sole source of value find a greater refutation than in the present problems of applied economics in India. For, in order to create occupations, employments, professions or careers the foremost agent that Indians need today is the wealth mobile in hoarded forms. And that is a stuff which only the most successful among the industrial nations of the world happen to possess in large loanable quantities.

### *Foreign Capital a God send*

The poverty-doctors of India have therefore but one grand mission before them. They have to approach the big bankers of the world and invite them to invest their resources in Indian men and materials.

No matter for what reason, India has failed independently to develop a substantial capital power during a whole century,—the century that has established the industrial revolution on a firm footing in Great Britain, America, Germany and France and partly also in Japan, Italy and Russia. Today the little industrialism that has come to stay in India is nearly 75 per cent perhaps to be accounted for by alien, mostly British capital.

Without these foreign sources of finance India would be poorer in material life as well as less efficient in intellectual and technical affairs. It has to be admitted that but for foreign capital, other circumstances remaining the same, her economic and spiritual poverty would be more palpable, extensive and profound. Foreign capital is not altogether a curse, pure and unalloyed.

### *No Unmixed Blessing*

It is industrialism that will save India and in this saving of India co-operation has to be sought from foreign capital. No unmixed blessing, however, is foreign financial aid. The fundamental objections against it are political such as have been the problem of China, Turkey,

Poland, Hungary, Austria, even Germany and other countries e.g. in South America to counteract each in its own way. But so far as India is concerned she has nothing new to lose in the political line. The economic advantages, on the other hand, are mostly solid gains.

But even economically, the price of foreign capital is immense. India has already paid much because of it during the last half-century. She will have to pay dearly again should she care to have more of it.

The natural resources of the country will tend to get exhausted. The dividends and profits on crores of foreign money will reach the foreigner's pockets. And the directing heads will naturally be mainly foreigners.

But still India can bargain with foreign finance and come to a more or less satisfactory arrangement for herself on the principle that half a loaf is better than no bread. Not only Great Britain and the U. S. but Germany, and even France and Japan may be invited to cooperate.

#### *The Demands of Foreign Financiers*

It is clear that foreign capital will demand "security" as a very first condition. This ques-

tion has assumed serious proportions in other countries. But as long as India is part of the British Empire she enjoys international credit as the land of law and order in spite of nationalistic movements. The problem, therefore, is not so complicated as, say, in the "unsettled" countries of Eastern, Balkan and Central Europe. India is one of the securest markets for investments. Indian patriots should make it a point to advertise India abroad from this standpoint.

Then there is the problem of certain minimum dividends and profits likely to be demanded by foreign finance. It is a purely economic consideration and, as a rule, should be discussed without reference to any guarantees. The problem has to be fought out in every instance as a business proposition with the usual appraisals of normal risk and gain, profit and loss.

As a rule, foreign finance claims political or semi-political concessions in "undeveloped lands". But Indians must make it clear at the outset that no privileges of a legal, political or social character are to be enjoyed in any form by the representatives of external capital. As a matter of fact, it should be considered a disgrace for citizens of British India as juridical persons to



have to concede special favours to anybody. The international prestige of the government should be their safeguard.

It is also understood that the contract will in each instance be made between Indian capitalists on the one side and foreign capitalists on the other, both groups functioning as private persons. Neither the government of India nor the foreign governments are to appear as contracting parties.

But the government of India will have the undoubted right, as every government has, to examine the "legal" basis of all contracts registered within its sovereign territorial jurisdiction. It is to be expected, besides, that everything that is in the least likely to be prejudicial to the economic development of India and Indian people be disallowed by the government while sanctioning the registration of the contracts.

#### *How to Safeguard Indian Interests*

As for purely economic demands from the Indian side, these may be briefly enumerated as follows: (1) The undertaking should be incorporated in India, tell its capital in Rupees, and in every instance possess a certain propor-

tion of capital belonging to Indians. (2) The directorate must contain Indian elements. (3) The higher branches of administration and technical direction must also contain Indian elements. (4) There must be an understanding to the effect that Indian experts get promoted to superior posts without having to feel an unnatural inferiority compared to the foreign personnel. (5) There must be provision for the training of Indian experts abroad and the working men and women at home. (6) The working men and women must have to be treated on terms as described subsequently in the section on industrial workers. (7) Every advertisement or propaganda material must be published in the journals owned and conducted by Indians in India or abroad.

How many of such demands are likely to be accepted at once and to what extent cannot be foreseen. It is a matter of higgling. But it is India's interest to have herself industrialized with foreign capital and she has to get it done by hook or by crook. One has to take note, besides, that today in 1925 the world conditions do not happen to be the same as they were, say, in 1875. An industrialized India is a power,

and a power for the Indian millions, on any count.

*Profits and the Masses*

One of the severest impeachments of foreign finance is that worded by Sir Vithaldas Thackersey. "We cannot but think", this great financier used to say, "that it would be to the permanent good of the country to allow petroleum to remain underground and gold to rest in the bowels of the earth until the gradual regeneration of the country enables her own industrialists to raise them and get the profits of the industries. The price paid is much too great for the advantage accruing from it to the country".

These statements, nationalistic and patriotic as they are, happen to be the words of a high authority who, however, was never considered to be a radical or extremist in politics. And yet it is time for young India, radical, moderate or otherwise, to reconsider this recalcitrant attitude on a statesmanlike and prudential basis. Idealists also must have to move about with eyes open.

Whether the Indian masses (and classes) can afford or should be advised to wait until

our *swadeshi* millionaires have amassed huge fortunes by investing which they are likely to enrich themselves with the "profits of industries" can hardly be decided, however, on purely rational grounds. The discussion is sure to be acute, very much divided, and at all events coloured by intensely "personal equation", not all of which is perhaps, honestly speaking "patriotic".

*Indian Capital "under Training"*

The economic creed that is being presented here considers foreign capital to be a god-send for the time being. It is but as a subsidiary ally and a second fiddle to it that Indian capital will learn to function and grow.

From the standpoint of national vanity the situation is not encouraging. But when the alternative is between the abject destitution of millions without any hope of redress and the sure possibility of an economic regeneration although under conditions of tutelage it is the better part of patriotism to choose the latter.

It must be remembered that a people's life is to be counted not by decades but by generations. Besides, the entire future of the race is not being sold up, in any case, by the experiments of a decade or so.

## B. THE PROGRAM OF ECONOMIC DEVELOPMENT

### *Eight Professional Groups*

If Indian poverty is to be successfully overpowered at all it can be done in the main with foreign capital. Young India should thus seem to be counselled to a doctrine of wholesale despair and pessimism. But, no, there is an extensive ground to be conquered by self-help itself.

The problem is for each individual to exert himself in his own sphere. One does not have to wait for an all-round patriotic propaganda in order to improve one's own lot in life. Many of the ways and means, although of the humbler grades, lie within our grasp. Some of them are already being tried here and there. It is but to be desired that the examples should be followed up in a more general manner, district by district.

There is no universal panacea which might be adopted indifferently by all classes. The doctoring of poverty must needs be precise, personal, individual in order that it may be effective. No prescriptions are likely to be

worth anything that do not enable every individual, each in his own way, to contribute more to the national wealth, and thereby acquire a title to a greater share of it. A more or less equitable distribution is assumed in any case.

In the following program an attempt has been made to indicate the methods not in a "regional" manner but profession by profession. It is assumed that the members of each professional group have identical and more or less similar problems to solve: more precisely, even in the same profession the struggle for existence and self-assertion is alike for members of like incomes. And theoretically speaking, it may be postulated that the problem for each individual, no matter what be his profession, is to strive for the next higher flight of income. The process is naturally slow, but more ambitious schemes can remain but paper projects.

The population has been grouped more or less arbitrarily into eight professions. Although to a certain extent overlapping, the peasants, artisans, retail traders, industrial workers, landowners, exporters and importers, moneyed classes, and intellectuals may be taken to make up the entire human strength of India.

### I. Peasants

Our agriculture is overcrowded and demands relief. The average peasant possesses at present a holding of not more than 5 or 6 bighas. The area is too small to yield enough maintenance for a single family even at more modest standards.

1. Larger holdings.—For the time being, an adequate enlargement of the holding is, economically speaking, more important for the peasants than education (elementary or vocational) or “scientific” agriculture.

It is assumed, moreover, that the tenure is fixed and secure.

The measure needs legislation and backing by government.

*N. B.* What is Village Reconstruction?

As soon as the holdings are enlarged, agriculture will be relieved of congestion, and landless labourers will be available for the industries. And rural reconstruction begins.

The “village” can be “reconstructed” only when it has disappeared or been “deserted”. A paradox of social science. The reconstruction will be automatic as soon as a new economic order has set in and along with it a new legal system.

There is hardly any “politics”, philanthropy or patriotism involved in the question of village-reconstruction. Raise India up to the next higher stage in economic evolution such as has taken place in Eur-America from, say, 1775 or rather 1830 to 1875 and the villages will adapt themselves to the new modes in production and social utilities.

The question is essentially a technical one affecting, as it does, certain aspects of economic dynamics. Not “back to land” but “away from land” is to be the motto for, say, one generation.

There are too many cultivators. Their number can be reduced by diverting an estimable proportion of them to new professions.

2. New Employments for Peasants.—The “cottage industries” of the rural artisans should be able to absorb a part of the cultivators thus set free, other parts being exploited by the “new” industries (small, medium or large). It will be noticed that the *charka* and *khaddar* have still a place in the social economy as some of the handicrafts,—as soon as peasants are diverted from agriculture and begin to function as artisans. But the handicrafts themselves



have need to be reconstructed on productive and more "paying", modernized lines.

3. Co-operative Societies.—(i) The establishment of unions by and among peasants for sale, purchase, irrigation etc. on the co-operative principle is the only method by which they can advance their economic status; (ii) these unions may be made to grow in time into the basis of co-operative credit societies (agriculturists' banks).

N. B. Unionization is a purely voluntary affair. But it depends on a vast amount of propaganda work such as can be done properly (i) by agricultural experts trained in the schools or colleges of agriculture and (ii) by graduates or other qualified persons with knowledge of economics.

About ten such propagandists are needed per district. Rupees 1000/- per month may be taken to be the budget for the propaganda bureaus. The work can commence with nationalists. District Boards are likely to come to help.

Agricultural co-operatives are no new things in India. The movement requires only to be carried further and deeper.

Co-operative credit societies cannot go very

far in helping the peasants out of their difficulties. These must have to be supported at the top by "agricultural banks" established by the moneyed classes: the government also will have to open special banks for agriculture to finance the peasants through their co-operatives.

4. Organization of Sale.—Although the question of sale has been attended to in the preceding section it deserves a special emphasis. The raw produce is at present let off under conditions very unfavourable to the agriculturists. Without producers' combines, the market cannot be protected from the arbitrary dictates of purchasers, especially when the produce is intended for overseas export.

## II. *Artisans*

The artisan class comprising, as it does, almost every handicraft or "cottage industry" comes, numerically speaking, perhaps second only to the cultivators. It includes carpenters, smiths and metal workers of all denominations, potters, weavers, tanners and what not.

Economic advance would consist in an elevation to the stage that lies just above the one in which each craft finds itself at present.

And that is fundamentally a technical question which cannot be grasped by a mere patriot nor by an ordinary economist. (It does not matter whether the artisans be literate or illiterate).

1. Improved Appliances.—Other circumstances remaining the same, perhaps what these artisans need the most is the introduction to a new technique, an improved method in production, the use of a new machine, tool or implement.

2. Artisans' Schools.—The "cottage industries" can begin to imbibe or assimilate these new techniques provided there be in every district at suitable centres several institutions equipped with implements and chemicals of all sorts such as are available for exhibition and practical demonstration. These museums may function really as regular "handicrafts schools" with short-term or full industrial courses.

3. Handicrafts or Cottage Industries, Banks. As soon as the artisans feel convinced that they have mastered a new process, they will need money, hard cash, with which to buy the necessary outfit. It is just to finance these "improvements" in handicraft that small banks have to be founded (by moneyed classes including

land-owners) at every important centre. These "artisans' banks" will be called upon to make loans ranging, say, from Rs. 10/- to 500/- on the mortgage of the outfit purchased by the artisans. A condition may be made to the effect that the outfit will have to be bought through the banks.

### III. Retail Traders and Petty Merchants

Our shopkeepers or retail traders constitute along with the artisans a very great bulk of the population.

1. Schools for Retail Traders.—Many of our retail traders are, like the artisans, illiterate. But in this instance, as in the other, illiteracy should not be considered an absolute hindrance to economic elevation.

What is most needed by shop-keepers and petty merchants is probably an extension of the knowledge of markets and prices. They can improve their earning power as soon as the horizon of their commercial geography is enlarged. And this is possible only when there are established commercial or economic courses by groups of villages or even in subdivisions of the districts.

2. Shopkeepers' Banks.—Every new idea

implies a demand for money for its realization. And the shopkeepers will need capital such as can be advanced, by banks, specially established to cater to this demand. The guarantee for the loans will be furnished in each instance by the goods and other properties.

#### N. B. Handicrafts and Trades Schools.

(1) The absence of literacy is a fundamental handicap. But the best has yet to be made of a bad case, and efforts at economic advance must not be made to wait until primary education has been made compulsory, universal and free.

Besides, it has to be observed that the artisans' skill of hand or the shop-keepers' shrewd business sense are not dependent on literacy. It is assumed, in the present consideration, that poverty is more dangerous than ignorance.

(2) The artisans' schools and schools for retail traders can be located together in one institution. They are to be run on lines similar to those of the *Fachschule* in Germany or *Ecole pratique de commerce et d'industrie* in France.

(a) The following subjects of instruction are to be provided for as compulsory features in

every school: (1) drawing and designing, (2) machine practice, (3) raw materials, (4) chemical processes, (5) marketing. The special industrial and commercial subjects will depend on the locality. General culture subjects are not excluded.

(b) The full course will be complete in three years and will be open to such scholars as have reached the Matriculation standard. But facilities for part-time courses or special subjects will be offered to anybody and everybody, of course, under conditions of institutional discipline.

(c) The full course scholars are to be entitled to admission in the existing higher technical colleges or institutes. But in any case they will be competent hands in new industries, banks and other business establishments.

(d) One mechanical engineer, one chemist and one economist will constitute the minimum strength of the higher staff in such schools.

(e) About Rs. 25,000/- per year is likely to be required for running an institution like this, with an average enrolment of, say, 250. At least 4 such schools are required per district, to begin with.

(f) The institutions are to be founded by the

people. A year or two after the start the municipality or district board may be applied to for an annual grant-in-aid for recurring expenses. With a view to improvements in building, workshop equipment, laboratory and library the provincial government is to be approached for periodical donations.

#### IV. *Industrial Workers*

The industrial workers include not only the working men and women employed in the Indian and English owned factories but also the employees in the collieries and other mines, railways, dockyards, river and sea craft as well as tea and coffee plantations.

Compared with Europe and America the number of industrial workers in India is small. But their problems are the same as elsewhere.

1. Right to strike.—The industrial workers can improve their economic standing only if they are in a position (i) to bargain with the employers in an organized manner and (ii) to exercise the right of strike on all serious occasions of difference.

2. Demands.—The list of their legitimate demands includes the following items : (i) Insur-

ance against accident, sickness and old age, (ii) improved housing and factory conditions, (iii) better treatment from managers, (iv) elastic wages schedule keeping pace with the prices, (v) profit sharing, (vi) a hand in the control of the workshops, (vii) educational facilities, both general and technical.

*N. B.* The eight hour day has already been enforced by law.

3. Unions.—In order that these ends may be won, working men and women have to be grouped in strong unions. And these unions will function not only as the nuclei of economic struggle and self-assertion but also as social and recreational centres.

4. Co-operative Stores.—The working men and women can make a saving and live relatively cheap if they start shops or stores on the co-operative basis.

*N. B.* The very fact of being employed in "modern" works, although not free from certain peculiar evils, acts as a great educative agency on the morals, brain and technical instincts of the employees. Industrial workers constitute therefore a great spiritual asset for



India. The more they grow in number, variety and organization, the quicker will be India's advance towards self-realization in world-affairs. Those intellectuals who will choose to serve the interests of this new class of the Indian population will rank among the greatest of patriots.

### V. *Landowners*

Our landowners range from the poorer and middle-class property-holders through all higher grades up to petty princes. Economically speaking, therefore, they do not constitute a single group.

(a) The lower rungs of this profession may be regarded as almost similar to the cultivators, artisans, retail-dealers and petty merchants. The problem of their elevation in the economic system is virtually identical with that of the others described in the preceding sections.

(b) The position of the "landed aristocracy" (comparatively prosperous, medium and large proprietors as well as the petty princes) calls for a special treatment. Other circumstances remaining the same, it is advisable that these landowners should learn to function as fresh

creators of value and thus to add to the national wealth as well as build up new fortunes for themselves.

The question is essentially one of social and moral reform. Although the "landed aristocracy" is not bulky in size, there is no gainsaying the fact that the existence of a number of high-class idlers in every district is a hindrance to the people's economic uplift.

It might be observed that in certain instances the landowners supervise the management of their estates and to that extent are useful social servants. Even if that were really the case, the problem of employing their sons and relatives in creative occupations would have to be seriously attended to in the interest of the economic development of the country.

The sons and relatives of the prosperous property-holders should not live together in one and the same family but maintain separate households and start independent careers. It is assumed, for the time being, that the laws of inheritance and partition remain as they are. While, therefore, not abandoning the share rightfully belonging to each, the kith and kin of the landed aristocracy as founders of independent

families will have to be on the look out for occupations such as can afford a decent living even without the income from the paternal properties. In other words they have to enter the economic arena as active agents in the struggle for existence.

1. Farming.—Among the occupations the most suitable is perhaps farming. One can take to cultivation with hired labour on plots of, say, 100 bighas or more, spend regular hours on the farm as manager and controller of the operations and in every way see to it that agriculture becomes a profitable business. Initial capital may be drawn in doses from the legal share of the paternal wealth.

2. Modern Industries.—In addition to the handicrafts or “cottage industries” run by the artisans the country needs “new” industries on all different scales. At the present stage of our economic development they are bound to be “small” in size. Small industries in India constitute but the “virtue of a necessity” and have no logical or necessary connection with an alleged Indianism in spiritual or material outlook.

3. Foreign Trade.—Another line is export and import business which may be started in

the metropolitan or district and subdivisional centres.

4. Insurance.—A line which is likely to be very profitable but which has hardly yet been seriously tapped by Indians is life and allied insurance. The landowners’ sons may start or serve as agents and directors of insurance offices.

5. Banking.—The sons of landowners may start banks in order to finance (i) co-operative credit societies, (ii) handicrafts or “cottage industries” and (iii) retail trade such as have been indicated above. There is another class of credit institutions that may be established with their resources. These are (i) banks to finance foreign trade and (ii) banks to promote modern industries.

*N. B.* The landed aristocracy are not absolutely devoid of capital. They have but to acquire the virtues of hard and honest labour as normal human beings in order that they may discharge the functions of farmers, and responsible managers of banking and insurance institutions as well as export-import offices and industrial undertakings.

## VI. *Exporters and Importers*

Foreign trade is a very weighty item in national wealth. Of late the line has begun to attract Indian talent and enterprise in an appreciable degree.

1. Banks for Foreign Trade.—Many export or import houses fail to carry a transaction through simply because of the absence of credit facilities on the Indian side as well as at the foreign ends. There is an extensive field for the establishment of foreign trade banks by Indians. Overseas trade can bring in large profits into Indian pockets only when there are Indian banks to finance exports and imports.

2. Overseas Insurance.—The problem of overseas insurance is equally important for exporters and importers. If there were Indian insurance offices, much of the foreign trade profits would be saved for the Indian merchants.

3. Commercial News Bureaus.—Our exporters and importers suffer very often for want of even elementary knowledge regarding the industrial, shipping, exchange and market conditions. Modest as they are, they cannot afford to maintain an intelligence department. Several

offices in more or less allied lines should therefore combine to establish foreign trade associations such as might serve as commercial news bureaus and administer an information and news service to members as well as clients.

4. Foreign Language and Commercial Geography Classes.—These foreign trade associations may also function as or organize schools for commercial subjects with special reference to the foreign languages (French, German, Japanese, etc.), the industrial geography of the world, and the technique of export and import.

5. Indian Agencies Abroad.—Both as buyers and sellers Indian merchants can derive substantial concessions, economies and profits if they have their own representatives in foreign countries with which they have to deal. Like the commercial news bureaus at home commercial representatives or agencies should be established abroad by several export-import houses in union. A small agency of Indian staff can be maintained in foreign countries on Rupees 10,000/- per year. It can become almost self-supporting in three years if skilfully managed.

## VII. *Moneyed Classes*

The word "moneyed classes" is vague compre-

hending, as it does, everybody who possesses hard cash, whatever be the amount, available for saving. The group comprises "money-lenders," the landed aristocracy, as well as the intellectuals. The services of this group to the economic development of India are identical with those of the landowners, excluding perhaps farming.

1. New Industries.—For the purposes of the present consideration the industries may be classified into four groups :

(a) Handicrafts or cottage industries. Independent artisans employing capital not exceeding Rs. 500-1,000.

(b) Modern Industries :

(i) Small industries. Capital not exceeding Rs 25,000-100,000.

(ii) Medium industries. Capital not exceeding Rs. 500,000-2,500,000.

(iii) Large or Giant industries. Capital exceeding 2,500,000.

In regard to the handicrafts, these are to be left to the artisans. The moneyed classes can, however, come to their help by establishing banks, as has already been pointed out.

In regard to the other three groups of industries it is not yet a question of practical

politics for the Indian moneyed classes, with few exceptions, to attempt financing the large or giant industries singly or in partnership with others. The highest conceivable today for Indian finance, and this also few and far between, is the group of medium industries.

The present program emphasises the fact that it is within the power of Indian moneyed classes to finance legion of new "modern" industries on a small scale. The industries are to be run as far as possible on personal proprietary basis. In any event there should not be more than two or three partners in an undertaking of Rs. 25,000, and in every instance the partners must all be full-time active agents as manager, expert, accountant or otherwise.

2. Export and Import.—It is on the same personal and proprietary basis that foreign-trade houses are to be established by the moneyed classes. A start is possible with capital not exceeding Rs. 10,000-25,000. There is an enormous scope for this kind of economic activity.

*N. B.* The problems of doing away with competition and of financial amalgamation with suitable houses in the same line may arise in course of time. But as long as possible one

should work independently and try to achieve success on one's own unaided efforts. Only, as has been indicated above, commercial news bureaus should be established immediately by several houses united as foreign-trade associations.

3. Insurance Societies.—Two kinds of insurance societies have been mentioned : (1) ordinary life and other insurances and (2) overseas or foreign-trade insurance.

Just at present European and American insurance companies have been deriving large profits from the men and women of India. Indian moneyed classes can save much of these profits for themselves, should they care to master the mysteries of this profession.

4. Banking and Credit Institutions.—Five categories of banks have been considered necessary in the present scheme of economic development, viz. (1) co-operative credit societies, (2) handicrafts banks, (3) shopkeepers' banks, (4) modern industries banks and (5) foreign-trade banks.

Of these, the co-operative credit societies form a class by themselves, depending as they do on the mutual self-help of the peasants concerned. The moneyed classes can render financial aid to these institutions by establishing proprietary

(or joint stock) banks for agriculturists, as has been suggested in connection with the landowners.

But it is the other four categories of banks to which the present program of economic development seeks to attract the attention of the moneyed classes. It is through these institutions that in the course of one generation "Indian capital" will develop into a "great power."

Handicrafts and shopkeepers' banks may be started with an "authorized" capital of Rs. 50,000. Dozens of such institutions ought to be operating in every district (headquarters and subdivisions).

As for modern industries banks and foreign-trade banks the initial "authorized" capital need not exceed Rs. 500,000. A bank is being advertised in the newspapers as established with a "subscribed" capital of less than 2 lakhs of which something like Rs. 75,000 has been "paid-up." Metropolitan cities should be able to run scores of such banking institutions.

*N. B.* All these categories are different from one another, each with its own risks and responsibilities. No bank should, as a rule, try more than one line of business, to begin with.

5. Legislation against Usury.—Unreasonable conditions in regard to loans and exorbitant rates of interest have to be penalized and in other ways counteracted by government legislation.

### VIII. *Intellectuals*

The group "intellectuals" constitutes neither a social nor an economic unit. It is neither coextensive with the so-called *bhadralok* (gentlemen) class nor can it be regarded as the "middle" class as usually understood in Eur-America. No matter what be the origin, as soon as an individual has attained to a certain academic standing he belongs to the intelligentsia. The income of such a man may be as low as the monthly salary of Rs. 5 to Rs. 20 and reach even the highest Eur-American levels as in the case of successful medical men or lawyers.

1. New Professions.—The problem of economic uplift for the intellectual classes, especially such as are neither landed nor moneyed, is part of the larger question of the creation of new employments or professions in the country. These openings can be created only with fluid capital.

The interests of the peasants and industrial

workers thus happen to be identical with those of the intellectuals. One of the foundations of the present economic creed consists in the fact that agriculture is already over-crowded and must have to be relieved.

Unless the moneyed classes are in a position to start industries, establish banks, run insurance companies and administer foreign-trade houses it is not at all conceivable that intellectuals will get fresh occupations whether as clerks, managers or technical experts. And since the amount of capital available in India at present or in the near future is rather small and in any case can operate but modest industrial and commercial undertakings, the import of external capital should be regarded both by manual and brain workers as a most vital problem in the interest of India's material progress.

2. Existing Services.—Public criticism must have to be keen on the following points: (i) Employees (intellectual as well as manual workers, including teachers) in the existing services (whether in government or other offices and institutions) have the right to an increase in salaries and wages corresponding to the increment in prices.

(ii) The admittance of Indians (a) to the higher rungs of the administrative system as well as (b) to the technical services must be made less and less difficult.

Indian patriots should make it a point to enter the services especially in their higher rungs in as large numbers as possible. "Indianization" would bring in not only democracy but economic amelioration as well.

3. Co-operative Stores and Housing Societies.—As with industrial workers it will be advisable for the intellectuals also to organize stores on the cooperative principle. Co-operative societies with the object of providing houses may also be tried. Cheaper living thus secured will mean a saving.

4. Handicrafts and Trades Schools.—At the Matriculation stage the young men of the "intellectual" classes should be advised to seek the handicrafts and trades schools described in connection with the artisans and shopkeepers. Not everybody need qualify for the university. The new industries, banks, export-import houses etc. will be in a position to absorb the scholars who come out of these schools.

5. Pioneers of Economic Development.—

Just at present India does not possess more than a very limited number of such first-class intellectuals as can undertake in a responsible and technical capacity the economic development of the country. But a band of such men who may be described as something like an "economic general staff" is an absolute necessity for each and every district.

There are hardly any opportunities in India for the training of these pioneers. They must have to be sent to Europe, America and Japan for equipment.

For the next ten years each and every district has to finance the training of, say, 100 pioneers at the rate of 10 per year. They are to qualify themselves as (i) industrial chemists (as well as agriculturists), (2) engineers (mechanical, electrical, chemical and sanitary) and (3) economists (with special reference to banking, insurance, exchange and foreign trade.)

None but persons possessing qualifications corresponding to the M.Sc., M.B., B.E., B.L., B. T. or M. A. should be deemed fit for the scholarship. They are to be between the ages of 25 and 28, and spend three or four years abroad for travel, investigation and research.

There is to be no compulsion in regard to studying for a degree.

The scholars will try to associate themselves with banks, business houses, clinics, hospitals, industrial research institutes, factories, farms as well as technical and commercial colleges in a more or less private manner as assistants or guests of the directors. The results of their investigations will have to be published from time to time in the scientific and technical journals of the countries in which they are placed and occasionally also in India. Attending lectures by specialists or taking particular courses in certain fields will likewise belong to the regular work of the scholars abroad.

Average expenses : Rs. 10,000 per head, for the entire period.

### *Questions of Economic Policy*

There are four items of economic life which both in themselves as well as in their general bearings on the country's agriculture, manufacture and commerce affect the employment or unemployment question of the Indian people in a tremendous manner. These are (i) tariff; (2) currency, (3) railway and (4) shipping. In

an all-round program of economic development for India one must have to take these factors into consideration.

But, for the present, each one of these problems is a controversial political issue and is inextricably mixed up with the government's "imperialistic" economic policy. Until the administration is more democratized, i. e. Indianized virtually nothing can be accomplished in these directions. It remains for nationalist agitation to win ground in each of these fields inch by inch, or mile by mile, as the case may be.

It is not intended to set forth a philosophically comprehensive or theoretically perfect scheme complete in all its details. Hence the larger "economic policy" is left out of consideration. Only such measures as can be undertaken by the different classes of the people themselves almost immediately, with or without much government support, have therefore found a place in this economic program for young India.\*

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\* A chapter from the author's forthcoming work, *Economic Development : Snapshots of World-Movements in Commerce, Economic Legislation, Industrialism and Technical Education* [B.G. Paul & Co. Madras].



## WORKS BY BENOY KUMAR SARKAR

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**The Political Institutions and Theories of the Hindus**, (Markert und Petters, Leipzig, 1922.) Pages xxiv + 242. Price Rs. 9/-.

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**The Folk-Element in Hindu Culture** pp. xx,+ 312. (Longmans, 1917.) 15 s net.

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