Monopoly Sharks in India

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DURING 1962 India was faced with a serious economic situation. This was not unexpected. True, the events which arose over the border dispute with China placed new burdens on the Indian economy. This was not the prime cause of India's problems. There were signs of an increasingly serious economic situation before the military operations of last autumn, but the measures taken arising from this conflict served to deepen the crisis in 1963.

Before February 1962 the General Election Manifesto of the Communist Party of India gave the warning that:

> "The increasing collaboration between Indian business and foreign monopolists is a disturbing development, fraught with grave danger to our nation."

At a much earlier stage the Communist Party, while supporting all progressive aspects of Nehru's home and foreign policy, had strongly criticised the influence of monopoly and reaction on India's successive five-year plans. At its Amritsar Congress in April 1958, its main resolution declared:

> "We have also laid bare the grave defects of the plan, namely, unwarranted and harmful concessions to big business, the excessive reliance on foreign capital, the method of raising the resources by increasing the burden on the common people through iniquitous taxation and heavy resort to deficit financing, the dependence on bureaucratic machinery." (p. 6).

New Burdens

Since last autumn the economic situation has become far more serious. In February this year the Government presented a new budget which was prompted by the biggest arms programme in India's history. The 1962 arms budget of £282 million was increased to £650 million (four times that of 1956-57), together with an extra £89 million for capital expansion in the arms industry. Nearly half the increased expenditure—£206 million—is to come from extra taxes on the ordinary people, already poverty-stricken, and only a small portion from India's rich capitalists. The rest is to come from foreign imperialist countries, which will also have to be repaid, by further sacrifices from the Indian people.

In the first three months of 1963 the United States provided arms to India and a direct military grant of £24 million. Britain provided £21 million and West Germany over £10 million. The United States also advanced its biggest single loan of £96 million for India's third five-year plan, making a total of £325 million in the past two years. Britain and the United States are most enthusiastic about increased arms for India (providing it foots most of the bill) and that the arms are purchased from them!

Communist spokesmen strongly condemn the imposition of these new burdens on the impoverished masses of India. An editorial in the Communist weekly *New Age*, March 3, 1963, declared:

> "Taxes were inevitable, but not these. Burdens were inevitable but not this way on the poor. We support strengthening industry and defence, but not this way which only strengthens the big monopoly sharks. We will not prosper or be strong unless we clear them out."

The editorial focused its criticism against the opportunities presented by the new budget to favour the position of foreign capital and private Indian capital, thus:

> "In the name of the Emergency more foreign capital is trying to burrow more into the country and more private Indian capital is trying to bore into the State sector. Is it for this that we are defending the country and giving our blood, labour and life?"

Even the British journal *The Economist* (March 9, 1963), though sympathetic to the Indian Government, felt obliged to point out:

> " . . . the only group who may feel they have got off lightly are the millionaires. No fresh attack of significance has been made on India's wealthy minority. The heaviest blow at the lower and middle classes was a steep levy on kerosene, the normal urban cooking fuel . . . and since real wages in many sectors have fallen in the last two years, and are now to be forced down still further, questions arise about how much the people can stand." (p. 915).

In the Rajya Sabha (Senate) the Communist member Bhupesh Gupta made a sharp attack against those responsible for this new attack:

> " . . . the forces of reaction within the country have grown stronger and the forces of democracy and progress have suffered certain very serious blows. The forces of Right reaction are today

organised not merely in the parties of the Opposition but also within the Government and in the State apparatus" (*New Age*, 3.3.63).

In the Lok Sabha (Parliament) the Communist member A. K. Gopalan warned against the effect of these forces on India's external policy, and the " . . . increasingly dangerous role of Right reaction inside the country and the danger of imperialist pressure on our foreign policy" (*New Age*, 3.3.63).

Five Year Plans

The history of India's three five-year plans since 1951 is not only one of the growth of the state sector of production, but an even more rapid expansion of private monopoly capital. Long before independence in 1947, India was more advanced industrially than any of the newly-independent states which came into being after the second world war.

In this respect it occupied a special position, as distinct from those countries where the national bourgeoisie is still extremely weak and undeveloped. True, India also has common features with all newly-independent states, but the contrasts are so striking that these distinctive features deserve a fuller analysis.

The first five-year plan was launched in 1951 when India's population was estimated to be 361 million. The plan was not designed to transform the economy, but mainly to raise the level of production in industry and agriculture. The total investment planned was for £2,325 million—half in the public sector and half in the private sector. The estimated national income in 1951 was £7,000 million, about £19 10s. per head. The plan resulted in an increase of 18 per cent in the national income, but due to the increasing population less than 10 per cent in income per head.

The second plan—1956-61—provided for an investment of £4,650 million (double the first plan) and the share of the public sector was increased —£2,850 million, as against £1,800 million to the private sector. In actual practice the share of the public sector went down by 10 per cent, while the private sector increased 20 per cent above its target at the termination of the plan.

During the second five years, population increased to 425 million. By now the census was more efficient, and the figures showed nearly double the estimated increase. To make matters worse, grain production fell by 6.7 million tons. India had to import American grain at a heavy cost, and food prices rose by 10 per cent. The terms of trade (declining export prices compared with increasing import prices) became more unfavourable for India (as for other countries producing food and raw materials) and the trade gap widened from £47 million in 1954-55 to £218 million in 1958. In the two years between 1956 and 1958 India had to use £360 million of its foreign exchange to assist in closing the gap.

Despite these unfavourable factors there was a considerable growth in the public sector, mainly in steel, coal, transport and power. However, the private sector increased more rapidly, together with big monopoly and profits. Though the old feudal land system was radically changed after Indian independence it was largely replaced by a system of big landlordism.

Landlords and rich peasants (only 10 per cent of the agricultural population) still own nearly 60 per cent of the cultivable land. More than 10 million families have no land, and have to work as labourers. Taxes rose steeply and mass unemployment increased, with an all-round drop in living standards. At the end of the second plan, it was pointed out that "on an all-India plane, for all workers as such, the real wages have definitely gone down" (S. A. Dange, *New Age*, February 1961).

Foreign Aid

During the decade of the first two five-year plans, India received more than £1,500 million in foreign loans and grants, and withdrew £900 million from its total of £1,000 million sterling balances. Not only were the Indian monopoly firms left untouched, but their profits rose by leaps and bounds. Total national income increased 42 per cent in these ten years, but only 18 per cent in income per head. The millionaires and the rich are included in this calculation (where the increase was ten times higher) and so the ordinary people derived little benefit if at all.

During the period of the second plan there was formed, under World Bank auspices, the "Aid-India Club", comprised of the United States, West Germany, Britain, Canada, France and Japan. Total loans and grants made were bigger than all countries in south-east Asia together, on the plea that it was vital to build up India as "a defence against Communism". It was made clear by the World Bank that this was conditional upon "more incentives to private enterprise, both internally and externally". Moreover, no less than 80 per cent of all U.S. loans (only 10 per cent of which went to industry, including the minute portion of 1 per cent to the public sector) were conditional on the purchase of U.S. goods, and most of this was surplus food supplies. No wonder the U.S. magazine *News and World Report* (August 1962) made the comment: "The true story of foreign aid is that it has become a built-in subsidy for the American economy."

The biggest single factor in this period was genuine economic aid from the Soviet Union and other socialist countries, amounting to £315 million up to September 1960.

The Soviet steel plant erected in Bhilai was the first real step in providing India with a base for heavy industry. Britain, the United States, and West Germany felt obliged to meet this challenge also by constructing new steel plants, but on a lower level and at a much greater cost for India. In the Auditor-General's report for March 1961 it was revealed the Bhilai plant made a profit of £22,500 for India. The British plant at Durgapur incurred a loss of £200,000 and the West German plant at Rourkela a loss of £375,000. Apart from greater efficiency, the Soviet plant was based on loans of 2½ per cent interest and the others at 6½ per cent.

However, due to the pressure of Indian monopoly capital and landlordism and the dependence on the All-India Club, there was little basic change in the conditions of the masses. Consumer prices went up 28 per cent during 1955-60 and unemployment by 32 per cent. True, the working day was reduced to eight hours, but *real* wages were only slightly above even the 1939 level. Literacy rose from 22 per cent to 25 per cent, still leaving 75 per cent without the means of education.

Third Plan

The third plan (1961-66) provided for a capital outlay of £8,700 million, 60 per cent of which went to the public sector and 40 per cent to the private sector. The plan is dependent on getting 40 per cent of the total outlay from foreign loans and grants, of which already, more than £1,000 million has been promised since 1961. Since 1951, India has received more than £3,000 million (exclusive of socialist aid), and since the military clashes on the Indo-China border, both Britain and the U.S., have stepped up their "aid", including armaments and direct military grants.

The plan aims to provide 14 million extra jobs, but if landless peasants are included, this will still leave 12 million unemployed in 1966. The aim is an increase of 31 per cent in the national income, but only 16 per cent in income per head, i.e. from 9s. 6d. to 11s. per week. This still means abject poverty, even below the level of most African countries. In actual practice this has not been achieved, and the already low living standards will be further reduced by the new budget.

The fact must be faced that the third plan is faced with a serious crisis, and the gap between the targets set and actual achievements will be greater than in the first two plans. A special economic survey in the London *Financial Times* (18.3.63) gives the following picture of the first two years of the third plan (1961-63):

	Per cent increase	
	Annual Higher Target	*Annual rate of results*
Industrial production	11.2	6.5
Exports	5.7	2.9
National income	5.4	3.5
Income per head	3.1	1.5

This survey points out that the value of exports in the first ten months of 1962 was £462 million as against imports of £691 million. These had drained India's foreign reserves down to the low level of £71 million, and the *Financial Times* explains:

> "Much of industry works at 30 and 40 per cent below capacity for lack of 'free exchange' to spend on materials and spares."

The real explanation goes much deeper. It is the fact that India is still to a great extent under the joint domination of foreign imperialist "aid schemes", foreign private investment, and Indian monopoly capital and big landlordism.

Production of food grains has remained stagnant at 80 million tons a year for the past three years, as against a target of 100 million tons a year. With the rapid rise in population, this presents a serious problem. Even the New Delhi correspondent of *The Times* (11.3.63) had to point out recently that:

> "The trend is plain. It might not lead to catastrophe (unless or until there is a sequence of bad years), but it must lead towards the depression of India's people to levels of diet even below what they now subsist on, to more malnutrition, for millions to slow starvation."

In a survey in the *Economic Weekly* (June 1960) the economist H. F. Lydall calculated that 34 per cent of the national income went to the top 6 per cent of the population. The poorest 10 per cent get only 2½ per cent of the national income. The average monthly income of 60 per cent of the people is less than 25 rupees (37s. 6d.) when the necessary "minimum for health and nutrition is 35 rupees (52s. 6d.)." The Indian journal *Statesman,* basing itself on the report of the Planning Commission, pointed out that "at the current rate of economic growth and the increase in population at least a third of India's population will continue to be below the breadline at the end of the 20th century" (29.1.63).

Unemployment and under-employment exists on a vast scale. An analysis made by Professor

Mahalanobis, Statistical Adviser to the Central Cabinet and member of the Planning Commission, gave the following picture in January 1959 of the proportion affected among the total labour force of 170 million in the countryside:

30 million work only five days a month
40 million less than 10 days a month
50 million less than 15 days a month.

In contrast, the big landlords and rich peasants are doing well. Of the increased income of £122 million from agriculture in the decade 1950 to 1960 it is estimated that 30 per cent went to only 3 per cent of the farms of over thirty acres (Dr. K. N. Raj, *Economic Weekly*, February 1961). Industrial and plantation profits were even higher. In his speech to the Lok Sabha (Parliament) the Communist member, A. K. Gopalan, gave these examples of increased profits for the period 1955 to 1959:

	per cent
Tea plantations	149
Vegetable oils	152
Jute textiles	292
Sugar	145
Chemicals	249
Woollen textiles	281
Engineering goods	175

The Communist Stand

The Communist Party of India has waged a consistent campaign to transform the character of successive five-year plans, to expand the state sector and reduce the private sector of production, for drastic land reforms, for raising the level of living standards in industry and the countryside. Gigantic campaigns have been waged for higher wages, shorter hours, against increased taxes, the release of political prisoners and expansion of political liberties.

In June 1962, the Communist Party organised mass protest demonstrations against increased taxes, and again in July 1962 against increased railway fares. The reason for these extra burdens put on the Indian people was explained in Lok Sabha on August by the Communist leader Indrajit Gupta:

> " . . . apart from this crisis of foreign exchange, we find a crisis of internal resources because the way the Government tries to solve the problem it is faced with is to make concessions, one concession after another precisely to the group of big business houses and capitalists" (*New Age*, 2.9.62).

The Communist Party declares that the main reasons for the serious situation facing India are the pressure of foreign imperialism, the strengthening of reactionary forces within India—all of which have made their impact on Government policy.

In his survey *Big Business Under Congress* (written in October 1961), Ajit Roy, one of India's Communist leaders declares that:

> "It will not be an exaggeration to say that less than fifty big business families, firms and companies—Indian and foreign—between themselves control about three-fourths of the entire organised private sector—plantation, manufacture, banking, insurance and trade."

The survey goes on to explain that through the co-ordination of directorships, interlinking of interests, and chambers of commerce and industry, these "big business groups pursue common policies and act in unison." They control a large sector of newspapers and periodicals through which "they carry on intensely reactionary campaigns . . . "

The advance of these reactionary forces was given political expression in the Indian elections of March 1962, in which the newly-formed Swatantra Party (the voice of big monopoly), Jan Sangh (communal party) and others of a similar outlook made a big advance at the expense of the Indian National Congress.

The main target of these reactionary forces is against the public sector of production, for the expansion of the private sector (and for bigger profits), and against the Nehru policy of non-alignment. They are encouraged by foreign monopoly interests which have made serious inroads in recent years and greatly extended their penetration of India's economy. Every new loan from the World Bank and Aid-India Club becomes a lever which exercises more pressure on the Indian Government to expand the private sector more rapidly than the public sector and to abandon its policy of non-alignment.

Foreign Investment

British investments in India doubled in the decade 1948-58, from £154 million to nearly £300 million, and United States investments rose five times, from £9 million to £44 million. The Reserve Bank of India estimated that total foreign investments in 1958 stood at £228 million. By 1960 this total had increased to £492 million, apart from bank investments. The London editor of the *Daily Telegraph* observed:

> "British private investment in India, thirteen years after achieving her independence, is today greater than at any time during the imperial rule." (8.11.60).

The paid-up capital of joint-stock companies rose from £345 million in 1947 to £1,294 million (nearly four times) in 1960-61. The big Indian monopolies have been able to collaborate with foreign capital and to extend their grip on the Indian economy. In the year 1958-59 seven big Indian monopolies possessed assets amounting to £582 million, 35 per cent of the total assets of 28,000 firms. Two firms—Tata and Birla—between them held 20 per cent of the total.

Even in 1957 there were 506 giant factories (7 per cent of the total) employing more than 1,000 workers each. They accounted for 62 per cent of the total productive capital of 6,780 factories in the manufacturing industry, and more than 68 per cent of the total workers employed. At the other end of the scale there were 4,969 factories (73 per cent of the total) each employing less than 100 workers, which together had only 9 per cent of the total productive capital and less than 10 per cent of the workers employed.

Big Business

On the tea plantations 10 per cent of the 6,569 total estates held over 74 per cent of the total plantation land. The official report of the "Plantation Enquiry Commission" in 1956 pointed out:

> "Thirteen leading agency houses control over 75 per cent of the tea production in Northern India; out of this seven companies control more than 50 per cent and five companies as much as 36 per cent of the production."

Banking in India reveals a similar situation. A small number of big banks (14 out of a total of 350) held in 1960 about 70 per cent of the total bank deposits, and these were mainly under foreign control. In the insurance business the ten biggest firms (mainly foreign) held 65 per cent of the total premiums, and fifty firms at the bottom held only 4 per cent.

The big Indian monopolies dovetail their operations with the United States and British foreign firms, and ten Indian big business families constitute something in the nature of a financial oligarchy. These are: Singhania, Dalmia and Jain, Ruia, Birla, Geonka, Poddar, Bangur, Jatia Brothers, Thapar and Tata. Between them they hold no less than 619 directors' seats in various associated firms—an average of 62 for each family!

The house of Tata controls more than 150 of the biggest financial and industrial units in India. The house of Birla controls more than 300 companies. The Dalmai Jain group operates through several managing agencies, controls one of the biggest banks, and has a chain of newspapers, cement factories and other industries.

This monopoly control is expressed particularly in the ownership of newspapers. The *Annual Report of the Registrar of Newspapers for India, 1961* pointed out:

> "It was noticed that as much as 67.5 per cent of the total circulation of dailies in India came under the ownership of chains, groups and multiple units which among them published 167 daily newspapers."

The profits of the big monopolies have increased by leaps and bounds. Dividends of industrial securities increased by 26 per cent between 1952 and 1958, but for the year 1960-61 had risen by 83 per cent. Among the wealthy of India the number receiving more than £22,000 a year increased from 1,325, in 1951-52 to 2,693 in 1958-59.

In contrast, the real earnings of factory workers have declined, and were 14 per cent lower in 1959 than in 1955, while the mass of Indian peasants still suffer hunger and poverty. Yet, in the midst of the acute border clashes with China last autumn when India's poverty-stricken masses were urged to contribute to the "emergency fund", it was estimated that "private gold hoards" in the country ranged between £3,000 million and £4,500 million. These have hardly been touched in the "Emergency."

In the 1962 election campaign Bhupesh Gupta wrote *The Big Loot,* a brief outline of foreign exploitation in India and its alliance with the big monopolies, in which he pointed out (pp. 32-3):

> "The U.S. and British Governments, the World Bank, the Development Loan Fund and other international financial agencies of the West make no secret of their plans for more and more foreign private business investments in India for promotion of business collaboration and joint enterprises of foreign monopolies and Indian big business."

People versus Reaction

The 1962 Election Manifesto of the Communist Party warned that . . . "the links that are getting forged between Indian big business and their counterparts in imperialist countries have to be viewed with apprehension, especially in the context of the new strategy of the imperialists." While directing its main opposition to the parties of reaction (Swatantra, Jan Sangh, etc.), the manifesto also exposed the influence of imperialism and big business within the Indian National Congress.

> "By utilising the economic difficulties which the country faces and by playing on anti-democratic sentiments, the imperialists seek to forge

> alliance with the big monopolists who wield enormous economic power and are closely connected with many leaders of the ruling party."

This influence was revealed in the pressure upon the Nehru Government to dissolve the Kerala State Government which was led by Communists, in the suppression of trade union struggles for higher wages, and in the opposition to drastic land reform.

India's reactionary parties and the right-wing in leading Congress circles have the backing of United States and British imperialism in the pressure for reducing the public sector and increasing the private sector of production, and to abandon India's policy of non-alignment. Indian monopoly circles hope to make bigger profits from the new gigantic arms programme. The result is that India's poverty-stricken masses are being urged to tighten their belts for further sacrifices.

Whatever happens in the efforts to settle India's differences with China depends primarily on the struggle of its people against foreign domination and Indian monopoly capital. Only then will the real voice of the Indian masses exert itself in the cause of world peace and friendly relations with all countries.