

IS INDIA ON THE WAY TO INDUSTRIALISATION?

"The strategy governing planning in India is to industrialise"
- Nehru

Therefore we find in the second five year plan that : *"Development involves a transfer of part of the working force from agriculture to secondary and tertiary activities"*. The plan expatiating on this issue goes on to say *"The objective of the policy from the long term point of view should clearly be, to keep to the minimum further increases in the working force in agriculture. In fact, after a period, there should be a fall even in the absolute numbers on the land"*. Explaining that there is no scope to increase the working force in traditional small scale and village industries, the Plan categorically announced that, *"the bulk of the new employment opportunities, have therefore, to be found in mining and in modern industry, large scale as well as small scale, in construction and tertiary occupations"*.

Has this objective been implemented? Has the occupational pattern of working population shown any obvious change towards modernisation?

The interested ideologues of the Nehru Government, including the revisionists of India and the revisionists of the Soviet Union have put up a barrage of propaganda that India is heading towards the *"final phase"* of Industrial revolution. In an article *"The Industrial Revolution in Contemporary India"* published in the book *"Asia in Soviet Studies"*, L.I. Reisner, and G.K. Shirokov point out that *"the process of industrialisation has made considerable head - way"*, and that *"the Industrial revolution in India is now entering its final phase. Intensification of Industrial growth during the period of independence has brought about essential shifts in the Industrial Structure"*. R.A. Ulyanovsky in his book *"Dollar and Asia"* on page 246 says that *"thanks to the support by the Soviet Union and other socialist countries, India's industrialisation has become a fact"*. Such panegyrics of India's economic development particularly the success achieved in Industrial development are replete in Soviet publications. Not to be left behind the Communist Party of India (Revisionists) has proclaimed that *"significant*

progress was registered generally in the field of Industrial Development". (Programme of the Communist Party of India).

Are these statements true? Do they reflect the objective conditions? Facts belie these statements.

Let us now discuss this problem from the angle of occupation of the population and production patterns of the economy as a whole.

Occupational Pattern :

"By far the most important indicator of industrialisation of any country is the change in the share of the manufacturing sector in the total labour force. If this share is increasing, it means that the country is undergoing a significant change in the occupation pattern which is concomitant with the process of industrialisation. It also provides an incontestable evidence of the growth process."

(Commerce, Annual 1968, Page 14)

"Let us see the relevant data. The number of workers in the secondary sector of the economic activity (comprising workers in manufacturing and construction) accounted for 10.6% of the total labour force at the time of 1951 census. By the time of the next census in 1961, this figure had gone up to 11.7% only. In other words, in the course of a decade the share of this key sector had gone up by 1.1 percentage only. If we keep in mind the fact that in industrially advanced countries, the share of the secondary sector in the total working force is 30 to 50%, our rate of change appears very slow."

(Commerce, Annual 1968, Page 14)

The following table of the share of manufacturing industry (mining and quarrying, manufacturing, construction and electricity) is the total labour force in selected countries of the world shows that *"India's agricultural emphasis is of dangerously great, not only in relation to the rich white world, but even in relation to other poor non-white societies."*

("The Crisis in India" Ronald Segal, Page 173)

TABLE : 3.1

Countries	Percentage	Countries	Percentage
West Germany	48.4	Brazil	24.8
United Kingdom	45.2	Iran	19.2
Italy	40.4	Mexico	19.0
Australia	39.3	Peru	19.0
Hungary	38.2	Yugoslavia	17.5
France	37.6	Taiwan	17.5
Czechoslovakia	36.8	Philippines	14.5
U.S.A.	34.1	Ceylon	12.7
U.S.S.R.	33.6	Tanzania	12.2
Argentina	32.5	U.A.R.	11.9
Canada	32.3	Malaysia	11.5
Japan	31.1	Morocco	11.4
South Africa	27.6	India	11.4

The above table, from Commerce, Annual 1968, page 247, shows that the Indian economy after two Five Year Plans is still overwhelmingly agricultural.

Professor Y.B. Singh in his "Indian Economy Yesterday and Today" remarks that *"whether a country is industrialising itself or not, is to be judged on the criterion of the greater, or increasing percentage of people depending on industries for their livelihood"*. In 1911, industrial workers constituted 11.7% of the total working population; but this percentage declined to 1 in 1921 and to 10 in 1931, with the result that agriculture had reached saturation point.

In an extremely interesting treatise, "Problems of Economic Transition : India Case Study", Ranjit Das Gupta shows this high proportion of agricultural share through the following illustrative table :

TABLE : 3.2

**Percentage Distribution of Population by
Different Sectors**

Year	Agriculture	Trade & Commerce	Transport & Communications	Other Services	Industry
1901	67.53	6.05	1.12	8.46	16.84
1951	69.74	5.25	1.53	10.49	13.00
1961	69.53	4.04	1.59	10.38	14.45

Source : 1961 Census Papers Number 1

This table "clearly shows that after 10 years of planned development relative concentration of population in agriculture is larger than it was 60 years ago under British Raj and that in industry it is less. Moreover, the relative number of population employed in 'other services' has also increased. This latter sector is in the nature of boondogles adding very little to the productive potential of the economy. All these indicate the highly disquieting feature that planning efforts have failed to alter the disproportionate relationship between different sectors of the stunted and deformed economic structure, which are inheritances from the colonial days" (Page 99-100).

According to Economic Times of December 10, 1965, the occupational distribution of the population had not changed for the better by 1961 in which year it was as follows :

"In view of the fact that the occupational pattern is regarded as one of the most important indicators (next only to per capita national product) of the economic development of a country, it is absorbing thought to recall that, after a decade of planning, the occupational pattern in India in 1961 was not significantly different compared with 1951 or even with 1901. Thus, for example, the primary sector (agriculture, mining,

plantation, forestry, fishing, livestock, etc.) accounted for 72.5% in 1961, as against 72.1% in 1951 and 71.8% in 1901".

"The secondary sector (manufacturing and construction) accounted for 11.7% in 1961 against 10.6% in 1951. Of the 11.7% shown against the secondary sector, a large portion (6.4%) was engaged in household industries and a smaller portion (4.2%) belonged to small scale, medium - scale, large - scale industries. Those working in factories, as defined by the Factories Act, constituted only about 2% of the working population. The percentage is not likely to be higher in 1965".

The situation after 1965 would be no better. On the other hand, due to the depression that set in 1966 and which continues to this day, industries in general are under-producing compared to their capacities and quite a number of them have closed down. Consequently, unemployment has become a major disease in the body politic. The occupational pattern has not changed for the better but has become worse.

After 15 years of planned development, with increasing taxation of the people, growing inflation and rocketing of prices, unheard of growth of public debt especially foreign debts, and with ever-expanding ties of the comprador bourgeoisie with foreign monopolies, and in spite of the so-called revisionist aid from 'Socialist' countries, fundamentally there has been stagnation in our economic growth.

There has been a continuous barrage of propaganda, both from the ruling class and its agents, the revisionists, that the country is progressing towards industrialisation after the attainment of so-called 'Independence'.

How foolish, incorrect, and deceptive this barrage is can be understood from Lenin's remarks :

"the development of commodity economy means the divorcement of an ever-growing part of the population from agriculture i.e., the growth of industrial population at the expense of agricultural population. It is in the nature of capitalist production to

continuously reduce the agricultural population as compared with the non-agricultural."

"Capitalism constantly reduced the proportion of the population engaged in agriculture and increased the number of large industrial centres".

Production Pattern :

As for national income by industrial origin, *"The second most important indicator of the pace of industrialisation is the change of the share of industry in the total national income of the country".*

(Commerce Annual 1968)

There is loud talk that the country is on the high road to industrialisation. The common man is being hoodwinked by the bourgeoisie, its Government, and its friends, with glowing pictures of individual projects like Bhilai, Rourkela, Durgapur, Bokaro, and other public sector projects. Huge foreign-owned chemical, rubber, pharmaceutical, transport, and other industries, are thrown as a bait to deceive the people about the growing industrialisation of the country. There are the agents of the Government who proclaim that India is progressing "towards independent development", that "significant progress was registered generally in the field of industrial development", and that "it has been able to advance along the road of independent industrial growth". We are even confronted with the flamboyant assertion by 'His Master's Voice' that "There can be no doubt that the policy of imperialists to keep Indian economy within the semi-colonial bounds has received a rebuff" (Programme of the CPI). Let us face the facts.

One of the fundamental features of the semi-colonial economy is the predominance of agriculture, both in the occupational structure of the working population and in the aggregate national production of the country. I have dealt with the occupational pattern of our working population. It is even today 'overwhelmingly agricultural'. To prick the bubble of industrial growth we should now probe into the various factors of our national income known as 'National Income by Industrial Origin'.

On the eve of 'independence', India's National Income was mainly derived from agriculture. No one questions that the Indian economy then was semi-colonial in character.

In 1948, in the year following the 'transfer of power' India's National Income consisted of the following factors.

TABLE : 3.3

	Per cent	Rs in crores
Agriculture	47.6	4,150
Mining, manufacturing	17.2	1,500
Commerce, transport & communications	19.5	1,700
Other services (including administration)	15.7	1,380

On the eve of Indian independence, in 1944-45, the Indian Industrialists put forward a plan for economic development popularly known as the Bombay Plan. It visualised a doubling of the percapita income at the end of three five year plans. This plan proposed that income from industry should be raised by 500%, that from agriculture by 130%, and from the services by 200% naturally at constant prices, not under inflated rising prices. They envisaged that, at the end of 15 years, or three five year plans, industry would contribute 35% of the national income instead of 17%, agriculture 40% instead of 53% and the services 20% instead of 22%.

The three Five Year Plans implemented by the Congress Government were proclaimed as modernisation plans through industrialisation "rapid industrialisation with particular emphasis on the development of basic and heavy industries".

"Indian Economy Since Independence", H. Venkata-subbian (Page 304) What then was our achievement after three five year plans in terms of 'national income by industrial origin'? The following broad categorisation of the National Income will reveal the true character of development.

TABLE : 3.4

**Estimates of Net National Product by
Industry of Origin**

(At 1948-49 prices) : Industry Groups	Percentage of Distribution					
	1948-49	50-51	55-56	60-61	66-67	67-68
Agriculture, Animal husbandry & ancillary activities *	49.1	49.0	47.9	46.4	38.4	41.6
Mining, manufacturing & small enterprises **	17.1	16.7	16.8	16.6	16.2	16.7
Commerce, transport & communications	18.5	18.8	18.8	19.2	20.0	19.2
Other services	15.5	15.7	16.5	18.2	24.7	23.8

(Note : (*) Agriculture including forestry and fisheries.

(**) Comprising profession and liberal arts, government services, domestic services and house property.

Source : **Economic Survey** 1969 - 70, Page 63.

A glance at the above table clearly shows that, after three Five Year Plans 'the origin of net national product' has clearly become worse. During these three Five Year Plans the greatest growth has been achieved by 'other services', comprising income derived mainly by government services, domestic services, house property, and professional and liberal arts a phenomenon indicating growth of bureaucratic machine and growth of income for certain upper middle classes from urban house property, and so on. This indicates that, during this period, the proportion of income in the net national product from unproductive sources (derived mainly from an inflated economy and due to unproductive uses of foreign loans) has unduly increased, so that increased income from tangible production has been practically nil in the total net national income.

Instead of increasing the National Income proportionately by industrial production thereby effecting a fundamental change in our production relations and taking our country towards industrialisation the semi-colonial character of Indian economy has got further strengthened and re-imbursed during this period.

In 1948-49, the derivation of net national product was in the order of agriculture (49.1%), commerce etc. (18.5%), manufacturing (17.1%), and lastly other services (15.5%). This order was maintained till the beginning of the Second Five Year Plan. Looking at the table on 'Estimates of Net National Product by Industry of Origin', it can be noted that there was a change in the importance of income derived from various sources. From 1960-61 onwards i.e., from the end of the Second Five Year Plan the percentage of income derived from other services has proportionately increased. The result has been that income from industry has taken the last place amongst the various sources of Net National Product. By the end of 1967-68, the order of importance of the sources of the Net National Product has so completely changed, that any patriot should be ashamed of the state of affairs of our country. The picture, at the end of Second Five Year Plan, the Third Five Year Plan, and in 1967-68, is as follows :

TABLE : 3.5

**National Income by Industrial Origin from the
End of Second Five Year Plan [Percentage Distribution]**

	Agricultural	Manu- facturing	Commerce etc.	Other Services
Beginning of Second Plan, 1955-56	47.9	16.8	18.8	16.5
End of Second Plan, 1960-61	46.4	16.6	19.2	18.2
End of Third Plan, 1965-66	39.0	18.3	20.1	23.4
After two years of Plan holiday, in 1967-68	41.6	16.7	19.2	23.8

Source : **Economic Survey** 1969-70

The change is glaring. The relative contribution of the agricultural sector to the National Income dropped from 47.9% in 1955-56 to 41.6% in 1967-68, but this was not due to any proportionate increase in the industrial sector which has been almost stagnant. The contribution of the industrial sector was 16.2% in 1955-56, at the beginning of the Second Five Year Plan, when flamboyant declarations were made by the ruling party, that India under the leadership of the Congress - the representative of comprador big bourgeoisie and the big landlords is on the threshold of a socialist pattern of society to achieve industrialisation. But at the end of two 'socialist' Plans, with increasing aid from the revisionist countries towards the building of heavy industry and general industrialisation, the contribution of the manufacturing sector including small industry showed a small rise from 16.8% in 1955-56 to 18.3% in 1965-66; but this slipped again to 16.7% at the end of 1967-68.

It is the share of 'other services' all sorts of unproductive services which neither add to nor create any value that has shown a continuous increase from 16.5% in 1965-66 to 18.2% in 1960-61; 23.4% in 1965-66 and to 23.8% in 1967-68.

Commerce an economic journal of the big bourgeoisie in its Annual Number of 1968 remarks that, in India, the share of industry in the total National Income is so small that even in some of the underdeveloped countries, the corresponding figure is much higher compared to our figure.

The following tables shows the comparative figures of the share of manufacturing industry in the total Gross Domestic Product in selected countries of the world in 1966 :

TABLE : 3.6

Countries	Percentage	Countries	Percentage
West Germany	52	Iran	35
Netherlands	48	Peru	29
United Kingdom	47	Brazil	27
France	47	Morocco	27
Australia	42	Taiwan	27
Argentina	41	Philippines	26
South Africa	40	Malaysia	26

Italy	40	Columbia	26
Canada	39	Turkey	24
U.S.A.	37	Korea	24
Japan	36	Thailand	21
Mexico	36	India	20
Spain	35		

Source : **Commerce**, Annual 1968, Page 274.

It is the faster growth of the manufacturing, industrial production that can fundamentally and qualitatively change the agrarian, semi-colonial structure into an industrially developed society. But the sector-wise index numbers of Net Domestic Product at constant prices (1948-49: 100) show that the compound annual rate of growth, between 1948-49 and 1967-68, is extremely distorted. During this period, income from services has grown at a compound annual rate of 4.7% whereas manufacturing sector has grown only by 3.5%, reflecting, 'the dangerous growth of bureaucracy, along with accentuation of inflation than acceleration of economic growth', (Eastern Economist).

At this stage, it will be interesting and instructive to compare the growth of the Soviet Union under the hegemony of the Communist Party of the Soviet Union during the first 20 years after the Russian Revolution :

"Both for the light it throws on the present stagnant position of India, in contrast with an advancing community and for the hopeful indication it holds out to what can be achieved, given the appropriate social and political conditions" "For the purpose of comparison, we may take Tsarist Russia, not in the condition of utter breakdown and disorganisation in 1917, as it had actually to be taken over by the new socialist regime, but at its highest point of achievement in 1913-14, and compare what socialism has made of the country after 20 years rule by 1937".

(R. Palme Dutt, "India Today", Page. 54)

"In the Soviet Union the index of industrial production [of large-scale industry] rose from 100 in 1913 to 816.4 in 1937 an eight-fold increase. This

increase an advance without parallel in the economic history of any country represented not only the decisive industrialisation of Russia, the establishment of heavy industry and machine production, independent of foreign capital, as well as light industry, but the transformation of Russia from a backward country, which has previously been a 'peasant continent', with only partially developed industry under the domination of foreign capital, into the foremost industrial country of Europe and the second most powerful industrial country of the world", "The proportion of industrial workers to the total working population rose from 16% to 31%. The National Income rose from 21 thousand million roubles (at 1926-27 prices) in 1913 to 96 thousand million roubles in 1937, or four-and-half times increase".

("India today", Page 55)

Russia was transformed from a predominantly agricultural country into a predominantly industrial country.

This picture of rapid advance of Soviet Union under the leadership of Lenin and Stalin, under the leadership of the Bolshevik Communist Party, offers good scope for comparison of the stagnation after 25 years of Congress rule under the leadership of Jawaharlal Nehru and Indira Gandhi.

Lenin after the Revolution in 1917 had placed certain fundamental tasks before the party and the people, to be fulfilled in the shortest possible time. He had said : "Either perish or overtake and outstrip the advanced countries economically as well perish or derive full steam ahead. That is the alternative with which history confronts us."

To drive full steam ahead, he had stressed that "without heavy industry we shall be doomed as an independent country If we cannot provide them, then we are doomed as a civilised State let alone as a socialist State."

But the restoration and development of heavy industry, the basis for the industrialisation of a country particularly such a backward and poor country as Russia as it was at the beginning of the Five year plan period, is an extremely difficult task.

Stalin says the party counted "on our country's own resources".

"It counted on the fact that with a Soviet Government at the basis, and land, industry, transport, the banks and commerce nationalised, we could pursue a regime of strict economy in order to accumulate sufficient resources for the restoration and development of heavy industry. The party declared frankly that this would call for serious sacrifices, and that we must openly and consciously make these sacrifices if we wanted to achieve our goal. The party counted on carrying through this task with the aid of the internal resources of our country without usurious credits and loans from outside".

("Problems of Leninism", Page 400).

Lenin's adage was strictly implemented with revolutionary fervour and discipline. Lenin had explained to the party and the people on this score :

"We must strive to build up a State in which the workers retain their leadership in which they retain the confidence of the peasants and, by exercising the greatest economy, remove every trace of extravagance from our social relations. We must reduce our State-apparatus to the utmost degree of economy. We must remove all traces of extravagance, of which so much has been left over from Tsarist Russia, from its bureaucratic capitalist apparatus" "by exercising the greatest possible economy in the economic life of our State, we shall be able to use every kopok we save to develop our large scale machine industry, to develop electrification, the hydraulic extraction of heat, to finish construction of Volkhovstro, etc. In this and this alone lies our hope."

Following these basic principles meticulously, the Soviet people, under the leadership of the communist party and Stalin "converted their country from an agrarian into an industrial country", by the end of the first five year plan itself. Stalin, in his Report to the Central Committee and the Central Control Commission of the Communist Party in 1933, stated that "the proportion of industrial output as compared with agricultural output, has risen from 48% in the beginning of the five year plan

period (1928) to 70% at the end of the fourth year of the five year plan period (1932)".

The volume of industrial output increased "more than three-fold, as compared with the pre-war output (1913) and more than two -fold as compared with that of 1928".

("Problems of Leninism", Page 402)

It is shameful that, in India, the industrial output as compared to agricultural output has been as low as 30% in 1963-64 after 13 years of the inauguration of Five year plans in 1950. The proportion of industrial output as compared to agricultural production will be still worse in the later years, due to industrial recession and set back in industrial production.

India is a glaring example of the fact that it is impossible to industrialise a backward country under the rule of the bourgeoisie in the twentieth century especially with foreign loans and foreign capital. The formidable monopoly capital of western imperialism will never brook any serious competition from a strong capitalist power in Asia or in Africa; it will sabotage, subjugate, or buy off any independent capitalism in any other country.

"Inevitably, therefore, the struggle for independence (which means political and economic independence) can only be achieved through a socialist structure, or else it becomes a sham undermined by continuing economic and cultural slavery, a state of affairs prevalent among many so-called independent States today".

("China in the Year 2001", Han Suyin, Page 19)

China, which liberated itself in 1949, after nearly 20 years of civil wars, and national liberation war, under leadership of Mao Tsetung, fulfilled the task of industrialising itself much faster to grow into the third most powerful country today, even though it started with a smaller industrial base than India, basing firmly on Mao Tsetung though. It proved to the peoples of Afro-Asian countries struggling against semi-colonial exploitation that, the poorest country can progress with seven league boots, if only they courageously and doggedly fight against feudal and imperialist exploitation and establish a State of people's democracy by overthrowing and exterminating the system of feudal and imperialist drain.

What then are the staggering achievements of China in the industrial field?

No detailed statistical data are available from official sources, but from all accounts it is clear that :

"The speed of China's progress in industrialisation is impressive enough; what is more impressive is that she has in certain sectors already reached advanced international levels"..... "In 1949, China's heavy industry was almost non-existent".

In 1960 [according to Chou En-lai], 8 million tons of steel were produced in large-scale steel plants other than that produced in the backyard furnaces.

"For 1965 figures are inspired guesses, since no statistics or figures are issued. Some scholars put it at between 10 and 15 million tons but others think that it is much nearer to 18 million tons, taking into account not only the large, medium and small-scale steel plants but the three thousand five hundred and odd converter and blast furnaces of the modern type now scattered about the land".

("Han Suyin", Page 71).

Times of India in its 'Current Notes' (September 21, 1971) points out that :

"Nothing would be pleasanter than a peaceful competition between India and China in industrial and agricultural production to give a better life to the people of the two most populous countries which, between them, account for more than a third of the human race. But the rate at which things are going indicates that India is not in the race at all, and that the least the Indians can do is to shed any illusion on this score".

"It is known already that China's steel production has crossed the 20 million mark, while we will not be able to produce half as much even if the steel industry was free from its apparently endless woes. Yet, in 1949, both India and China produced the same amount of steel."

— *"The Chinese estimate that their industrial growth, aiming at 10% a year but which seems to have reached 15% in the last two years, will permit them to achieve their goal, proclaimed in 1958, of catching up with England in steel production by 1972 (26 million tons)"*.

("China in the Year 2001," Han Suyin, page 71)

In 1968-69, India's production of finished steel was 4.70 million tons, production of steel ingots was 6.50 million tons. (Economic Survey, 1969-70, Page 78).

The fertiliser industry is a leaping industry today, nine million tons of chemical fertilisers are produced in China; the building of another 20 large and small fertiliser plants to be completed within the next three years is in hand"

(Han Suyin, Page 61).

In India, production of nitrogenous fertilisers in 1968-69 was 5.41 lakh tons; production of phosphatic fertilisers was 2.10 lakh tons. Together production of chemical fertilisers was less than 8 lakh tons. (Economic Survey, 1969-70, Page 81).

"The discovery of oil wells in Manchuria and in several regions of Sinkiang, opened up in record time by combined teams of technicians and armymen, has made China self-sufficient in oil requirements for her present development. Chinese refineries now turn out a whole range of petroleum products and 10 million tons of crude oil a year; a figure that will probably be doubled by 1970" (Han Suyin, Page 81).

"The American Association of Petroleum Geologists has now revealed that China has become nearly, self-sufficient in crude oil. The Oil and Natural Gas Commission in India, on the other hand is apparently too busy sorting out the mess over the price paid by it to a tea company for land in Assam where no oil has yet been found" "The usual alibi that China's totalitarian system enables it to drive its man power far more ruthlessly than is ever conceivable under the democratic system in this country has only marginal relevance" (Times of India, september 21, 1971).

"Today China can build machinery for industry, agriculture, defence, transport and scientific research. She can produce all kinds of motor vehicles, ships,

aircraft, high-precision machine tools, instruments and meters, locomotive engines and whole textile plants. She produces synthetic materials, plastics, computers, hydraulic presses; she can set up fertiliser plants, steel plants, and refineries, all on her own. Whole plants are being sold abroad and she is also buying whole plants. She is able to design independently and to build modern coal-pits each with an output of one million tons, integrated iron and steel works each with an annual productive capacity of 1.5 million tons of steel, chemical fertiliser plants, each with an annual productive capacity of 25,000 tons of synthetic ammonia, various heavy machine building plants, power stations each with a 6,50,000 kw capacity China can now produce 90% of the machinery she needs In the space of only a dozen years, the foundation of socialist industry has been laid Today industry, science, and technology, have reached a stage where China can go forward industrially even if completely blockaded."

(Page 85, 86, 87)

The contrast in development between the two biggest countries in Asia is striking enough for any patriot to ponder over and understand the reasons for the same. A study by Dr. K.N. Raj, the well-known economist, is revealing :

"China offers the best example of an underdeveloped country which used foreign aid for a limited period of time to promote growth but dispensed with it (partly out of necessity and partly perhaps by choice) and repaid in an almost equally short period the aid it received earlier The aid received by China was really in the nature of trade credits for finalising the excess of imports over exports in the early years."

This is obviously in contrast to what has happened to India Dr. Raj continues :

"A more important difference between the two countries has been perhaps in the purpose to which the available resources have been put. Since income is very unequally distributed in India, and the economy operates largely under the stimulus of market forces.

It is evident that a significant part of the investable resources has got absorbed directly and indirectly in meeting requirements of no great importance for the development of the economy. In China, it seems likely that, this kind of leakage has been prevented through a more equal distribution of income and stricter control over investment".

(quoted by E.M.S. Namboodripad in Patriot,
July 5, 1968).

The underdeveloped India, under the servile, western-oriented, collaborationist ruling class, intent on personal profit, was and is entirely dependent on the affluent metropolies of the West, whereas China, which understood that it will not be permitted by international capitalism to develop, relied on its own politically conscious people, led by a dedicated, revolutionary party. Self-reliance was its basic principle. Begging for alms and aid is the basic principle of India.

Believing that in any large, self-sufficient, modern economy, it is the internal market and exchange of goods which assure a safe and reliable base, revolutionary China blasted landlordism to smithereens and freed millions of peasants from feudal exploitation to create a new, prosperous countryside as a strong market. On the otherhand, the Indian ruling class has sustained and strengthened all forms of landlord exploitation through co-operatives loans, community development, panchayat raj, etc thereby reducing 90% of the countryside to pauparism.

Believing that penetration by foreign capital in any form, even with Chinese partnership, would lead to occupation of the commanding heights in the economy by the foreign companies accompanied by great drain to detriment of national growth, the revolutionary patriot Chinese under the leadership of the communist party exterminated the imperialist hold in all sectors to create a basis for independent, self-reliant development. On the other hand, the Indian comprador bourgeoisie has allowed the massive invasion by foreign capital in all spheres of activity, through private investments and loan capital, to capture the heights of the economy dominating from the hotel industry to dehydrated foods, from transport to steel, from electric generation to distribution, from heavy chemicals and fertilisers to

pharmaceuticals, from toilet articles, sanitaryware and radios to tea, coffee and other beverages, from cigarettes and matches to shoes, from production of paper to books, from production of crude petroleum to refined petroleum products; indeed, in every sphere of industry, both in the private and public sectors. Consequently, India is a picture of insolvency, deficiency in balance of trade, and financial control by foreign powers.

The slogan of industrialisation by the Indian rulers is a kind of evasion from the problem of having to tackle the colonial economy inherited from British imperialism, an evasion of direct confrontation with foreign capital and with the semi-feudal landlord economy. This call "to speed up the growth of industrial output":

"In effect implies a perpetuation of a modernised enclave economy familiar from colonial economic experience", and "calls for minimal disturbance of the established institutional framework" "It is much simpler and less trying to by-pass the social and institutional inhibitions and obstacles which have traditionally suppressed high levels of economic performance than it is to meet them head on."

(Gunnar Myrdal, "Asian Drama", Page 117)

To hope to industrialise India under these objective conditions is to build castles in the air and deception of the worst kind.

APPENDIX :

Industry-wise Gross Domestic Product

[percentages]

	Agriculture, forests, fishing & mining	Manufacturing, electricity, gas & water supply	transport, communications & business	Bank insurance housing, services	Administration, defence, others
1950-51	56.5	15.0	11.0	9.0	8.5
1955-56	54.5	16.9	11.6	8.8	8.2
1960-61	52.1	18.7	12.6	8.2	8.4
1965-66	44.8	22.8	14.4	8.5	9.5
1970-71	45.9	22.3	14.2	8.0	9.6

End of IV plan	43.7	23.0	14.7	8.5	10.1
1975-76	44.0	22.4	15.4	8.2	10.0
1976-77	41.0	24.1	15.9	8.9	10.1
1977-78	42.0	24.0	15.8	8.6	9.6
End of V plan	40.7	24.9	16.2	8.7	9.5
1979-80	37.6	25.4	16.9	9.3	10.8
1980-81	39.6	24.3	16.7	8.9	10.5
1981-82	39.6	24.7	16.7	8.8	10.2
1982-83	38.0	25.0	17.1	9.2	10.7
1983-84	38.8	25.3	16.7	8.9	10.3
End of VI plan	37.4	25.9	17.0	9.1	10.6
1985-86	35.8	26.5	17.5	9.3	10.9
1986-87	34.0	27.2	17.9	9.6	11.3
1987-88	32.9	27.6	18.0	9.8	11.7
1988-89	34.8	26.9	17.6	9.5	11.2

Source : Economic Survey, 1989-90

Distribution of Working and Non-working Population (1981 CENSUS)

	Working population			Percentage distribution to total population
	Males	Females	Total	
A. Working population				
1. Cultivators	7.76	1.49	9.25	13.91
2. Agri. labourers	3.47	2.08	5.55	8.34
3. Household industry	0.56	0.21	0.77	1.16
4. Others	5.96	0.72	6.68	10.04
Total working population	17.75	4.50	22.25	33.45
B. Non-working population	16.29	25.78	42.07	63.23
C. Marginal working population	0.35	1.86	2.21	3.32
Grand Total	34.39	32.14	66.53	100.00

Source : Pocket Book of Labour Statistics, 1990..