

SOCIALISM IN INDIA : REALITY  
AND PERSPECTIVE

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## PREFACE

Socialism has become popular in India today. In fact, less than seventy years after the death of Robert Owen (1868), socialism became the order of the day during the crucial phase of the Indian Nationalist Movement. The Indian National Congress, after the independence, adopted ~~a~~ a Resolution (Avadi Congress) and proposed the establishment of a "socialist pattern of society" for the nation. The method which the Congress adopted was a peaceful and evolutionary path. It is true that, looking at the present situation in the country today, there is no doubt that the political parties unanimously agreed that "socialism" is the only and the immediate solution to all such problems although their approaches to it are varying, indeed complex. Moreover, the present socio-economic and political structure of the country has also enhanced the importance of socialism in India.

Socialism, however, is essentially a 19th Century Western concept which arose and developed in a specific historical and economic situation. It was a reaction to the evils of the capitalist system like economic exploitation, concentration of the ownership of the means of production, distribution and exchange in the hands of



few. Instead, socialism stands essentially for the state ownership of the means of production, distribution and exchange. Private property has, therefore, no place in a socialist system.

India has adopted the socialist pattern of society which bears a number of peculiar characteristics. There is no doubt that India is in the throes of social, economic and political changes since its independence. This has made socialism all the more relevant to the country.

This study is concerned with the socialist pattern which India has opted for in relation to the country's peculiar historical and economic background. Moreover, the political system which we have adopted makes economic development and social justice, a natural corollary to it. Socialism or the socialist pattern is considered to be the essential measure which alone can ensure and guarantee the implications of political, economic and social democracy in our country.

The study, therefore, is concerned with the analysis of the relevance of socialism in India. The nature and scope of the study is very wide with regard to the growing importance of the topic as such in the present context.

The study is carried out in two phases:

The first phase deals with a study of the evolution of socialist thought in India which covers a period upto 1947, that is the historical evolution of socialist ideas in India during the pre-independence era.

The second phase deals with the post-independence era when the Government of India embodied the 'socialist pattern of society' as its official policy. An attempt has been made to analyse the institutional (social, political and economic) structure of the country and to correlate their record and performance with the proclaimed objectives of the society. Attention is also focussed on realities of the Indian situation against the background of government policies and political movements.

Therefore, this study finally makes an attempt to deal with what are the perspectives for socialism in India? Has it failed or succeeded? What are the alternatives, if any? These questions constitute the main point of enquiry in this study. The nature of this study is a critical analysis focussing on the form and content of Indian socialism while the scope is correlated to the records and performance of the system in achieving socialism.

Meanwhile, it was hoped that an analysis based on secondary sources will throw problems for study, point out limitations of data and raise questions which

can subsequently be answered on the basis of a detailed and empirical enquiry; the results of the pre-liminary enquiry are only reported here.

This study has been made possible with the help of number of institutions and persons and I am grategul to all of them. I am grateful to the Librarians and the staff of the Sapru House Library, the Nehru Memorial Museum Library, and the Jawaharlal Nehru University Library, for their help and for putting their holdings on the subject at my disposal.

This dissertation has<sup>been</sup> benefitted greatly from my education at the Centre for the Study of Political Development. I am grateful to the faculty of the Centre for their encouragement and stimulation in the preparation of this work. I would like to mention particularly the contribution made by my guide, ~~ProfessDr~~ Zafar Imam, both in my understanding of the subject and writing of the dissertation. I am, however, alone responsible for many deficiencies in it.

Pushpa Mahanti

**CHAPTER 1**

**THE BACKGROUND**

An ideology is normally conditioned by the environment within which it operates. A number of factors, both internal and external, contribute to a movement based on ideology. Hence, the origin and the development of socialism in India can be studied in the light of the various political, economic, social and cultural factors that went into the making of the history of modern India.

### The Beginning

Looking back to the history of British Rule in India, it can be safely concluded that the growth of Indian Nationalist Movement was the obvious product of the environment which prevailed during that period. The Indian Nationalist Movement and the movements for socialism in India are inseparable because it was <sup>the</sup> former which was a major factor in giving an impetus to the latter. The Indian elite became familiar with the concept of socialism during the first quarter of the 20th century. Two major factors, one internal and the other external, together contributed to the introduction of socialism and to the development of the socialist movement in India.

The internal factor was the very wrath and dissatisfaction which the Indian leaders nourished

against the colonial power. The early nationalist leaders like Dadabhai Nauroji, Gokhale, Tilak, Lajpat Rai and others were critical of British Rule in India. Although for these nationalist leaders, some<sup>form</sup> of self-rule for India was primary concern, the idea of bringing about a socio-economic transformation in the country was not entirely ignored by them; however, such an idea always occupied a secondary place in their plan of action.

The growing discontent against foreign rule, the awakening of national consciousness among the intelligentsia, the cultivation of a sense of pride in India's glorious and golden past and the demand for self-government - all these had resulted in an era of vocal nationalism in the country from 1857 to 1917.

The economic exploitation and the lack of interests in British Rulers towards India's economic problems were to carry the imagination of early nationalist leaders, but a moderate approach to them was discernible. They were "moderates" in the sense that they hesitated to undertake a forceful attitude against the British authorities. Nevertheless, they did not lack the courage to use an "irresistible statement of facts followed by irrefutable arguments"<sup>1</sup> to portray the colonial and

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1. B.P. Sitaramaya, 'History of Indian National Congress', Vol I, Bombay, 1946, p. 60.

reactionary policies of the British rulers in India.

One of the significant contributions of these "moderates" was their unflinching attempt to present a realistic picture of the Indian economy which in the ultimate analysis was responsible for giving a radical touch to Indian nationalist thinking. Some such examples of their outstanding contributions were - Dadabhai's "Drain Theory", and Ranade's speech delivered at the Deccan College of Poona (1862). The "drain theory" in brief, exposed the flow of a lion's share of India's national income from the home country to Britain:

"Whatever revenue is raised by other countries for instance £70 million by England, the whole of it returns back to the people and remains in the country and, therefore, the national capital, upon which the production of the country depends does not suffer diminution, while on account of India being subjected to a foreign rule, out of £50 million of revenue raised every year, some £20 million or more are carried away to England and the national capital - or in the other words its capability of production - is continually diminished year after year."<sup>1</sup>

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1. Quoted in E.M.S. Namboodiripad, Economics and Politics of India's Socialist Pattern, New Delhi, 1966, p. 15.

Moreover, the emergence of an "extremist" section in the Indian Nationalist Movement was a characteristic feature of this period. The three famous names belonging to this group were, Lalā Lajpat Rai, B.G. Tilak and B.C. Pal. These extremists were never satisfied with the political approach of the "moderates" of the Indian National Congress. The moderates were contented with regretting of the insufficiency of the political concessions granted by British Government to Indians which gave no right to them to elect their representatives. The extremists, critical of the moderate's approach, instead clamoured for self-government, and they planned for 'Swaraj' through a militant plan of action. For example, in 1905, Tilak proposed a new programme, "Militancy, not Mendicancy".

The spread of the extremism was prominent in two provinces, Maharashtra and Bengal, in the first decade of 20th century. The partition of Bengal was a major factory for the emergence of extremism in Bengal. The activities organised by extremist leaders manifested themselves in protest meetings, burning of British cloth, boycott against British goods etc. For example, the Swadeshi Movement (1905) was launched as a protest against British policy of the Partition of Bengal.

The moderates, like Surendranath Banarjee, hailed



the Swadeshi Movement with great fervour so much so that in 1905, the Congress supported the boycott, and joined with the extremists for the demand of self-government in India. The political outcome of the Swadeshi Movement was the Morley-Minto Reforms of 1909, which for the first time, introduced the elective principle and increased the number of Indian members in the Indian Legislative Council from 16 to 60.

In 1915, the extremists once again dominated the Indian political scene with the re-emergence of Tilak as their main spokesman. The Home Rule Movement was organised during this period by Tilak and Annie Besant. The increasing intensity of the Home Rule Movement surprised the government which, after making several abortive attempts to curb it, had to take into account the nationalist demands and the Montagu-Chelmsford Reforms providing certain limited concessions in the political field were announced.

Meanwhile, the year 1919 saw a wave of mass movement unrest spread over India; so much so that the basis for cooperation between the Nationalist Movement and British Imperialism was fast disappearing. The British Government in India began to enact extremely repressive laws (e.g. Rowlatt Act; Press Act), and extraordinary measures of repression followed. It

was precisely at this time that the Jallianwala Bagh tragedy occurred and Martial Law was proclaimed in the Punjab. In short, a reign of terror was let loose on the Indian people in 1919.

On the other hand, the tide of mass unrest continued to rise. During 1918-1919, a strike movement spread over the industrial centres on a scale never before known in India and the Hindu-Muslim unity became a characteristic feature of this growing mass movement. Throughout the years 1920-21, the tide of rising mass unrest kept on advancing and it was to be further intensified by the economic crisis of 1920. For example, the first six months of 1920 saw an unprecedented wave of the strike movement with not less than 200 strikes involving  $1\frac{1}{2}$  million workers,<sup>1</sup> and it was in 1920 that the Indian Trade Union Movement marked its formal beginning by the formation of the All India Trade Union Congress (AITUC).

It was also during this period that Gandhi emerged on the Indian scene and began to organise a passive resistance movement against the Rowlatt Act. From April 1919, under Gandhi's leadership an unprecedented mass movement of the Indian people against British Rule began which lasted till the year 1922 when Gandhi drastically withdrew it after the "Chauri Chaura incident".

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1. R.P. Dutt, "India Today", London, 1940, p. 305.

Thus, we see that the very growth of Indian Nationalist Movement during the first quarter of the century created an environment where political opposition to British Rule in India cut across the elite leadership and gradually began to transform itself into a mass movement; this provided a congenial environment for the introduction of new ideas and their receptivity in this nationalist struggle against an alien rule, which was now being regarded more and more as an economic system of exploitation of the Indian people.

It was against this background that a major external factor acted as a catalyst in the growth and development of Indian Nationalist Movement; the era of socialist idea and movement had thus begun in India.

#### Rise of Soviet Russia and Socialism in India

The emergence of Soviet Russia as the first socialist country was well received in India. The nationalist as well as the progovernment sections supported the February and the October Revolutions, but they nurtured different intentions towards these events. The nationalists were happy about it because they became more confident of the fact that British imperialism will meet the same fate as that of the Czarist Russia in the near future. On the contrary, the pro-government

section extended their support to the triumph of Bolshevism in Russia because they hoped that it will act as a counter-measure against German influence in Russia. However, among these two sections, it was the nationalists who were influenced by the Russian events most. The nationalist support for the Russian events was expressed in many of the nationalist dailies during that period. To quote an example, on December 24, 1917, one of the major nationalist dailies of Bombay, The Bombay Chronicle, hailing the Russian revolution thus wrote:

"Our ideas of Bolshevik are very vague.....We recognize the fact that they could never have met with the present success had there not been something in their programme that was attractive and of promise to serve the present fear. The Bolshevik came with a definite scheme which took into= consideration the necessities of the peasants and promised immediate confiscation of lands for the people".<sup>1</sup> The official report on the Indian constitutional reforms of 1918 clearly mentioned that the revolution in Russia had evoked a favourable response in India.

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1. Quoted in Seminar on Socialism in India, Part I,  
New Delhi, 1970, p. 497.

The victory of Bolshevism brought about some notable changes in the Indian political scene. First of all, there was a definite change in the British attitude towards India. The community of interests between the Indian nationalists and the Communists of Russia was a sign of danger to the British rulers. The rise of a new and a power-ful country with a new ideology along the Indian frontiers made them feel uncomfortable. Accordingly, the British rulers took definite steps to strengthen the security measures in the colonial country. However, they found themselves in a fix because they had to face opposition not only from the Indians, but also from the new socialist country. The demand for administrative autonomy, the developments in the war front and the community of interests between Soviet Russia and the Indian nationalists were enough causes to compel the British Government to grant certain political concessions. They <sup>were</sup> granted under the Montagu-Chelmsford Reforms of 1919.

Secondly, the impact of the principle of national self-determination, as expounded by Soviet Russia, both in theory and practice, on the Indian nationalist leaders cannot be overlooked. The allied leaders of the West had fought the war in order to make the world safe for democracy. The Wilsonian 14 points and Lloyd George's

war pronouncements had embodied the principle of national self-determination. But, after the war, these principles were forgotten by the British Government and the concessions granted under 1919 Act failed to keep in line with the demands made by the Indian nationalists.

On the contrary, Russia's whole-hearted support to the principle of national self-determination drew the Indian nationalists towards Russia more and more.<sup>1</sup> In the Calcutta session of the Indian National Congress (December, 1917), the pioneers of the freedom struggle condemned the despotic rule of the Imperial Power and looked upto the "free and self-ruling neighbours across the northern frontier".

In the Annual session of the Indian National Congress (1918) the principle of national self-determination received increased attention. Mrs. Besant, while moving

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1. As far back as in 1913, in his famous article, "Backward Europe and Advanced Asia", Lenin had visualised such a community of interest;

"Everywhere in Asia, a mighty democratic movement is spreading and gaining strength. There the bourgeois is still siding with the people against reaction..... What delight the world movement is arousing in the hearts of all class conscious workers....all young Asia, that is, hundreds of millions toilers in Asia have a reliable ally in the proletariats of all civilised countries. No force on earth can prevent its victory which will liberate both the people of Europe and the people of Asia." (V.I. Lenin, The National Liberation Movement in the East, Moscow, 1962, pp. 62-63.

the main resolution, said: "We say this in answer to the Government of Great Britain declaring that it cannot govern without these powers (i.e. coercion and despotism). But the Czar of Russia could only govern with coercion. Are you then no better rulers than the Czar of Russia."<sup>1</sup>

Lenin also welcomed the attitude of the Indian political elite towards the principle of self-determination. In a message to the Indian Revolutionary Association, on May 20, 1920, he said: "I am glad to hear that the principles of self-determination and liberation of oppressed nations from exploitation by foreign and native capitalists, proclaimed by the workers' and peasants' Republic, have found such a ready response among the progressive Indians, who are waging a heroic fight for freedom..... We welcome the alliance between the Moslem and the non-Moslem elements!"<sup>2</sup>

All this was in spite of the fact that the Indian political elite had then very feeble idea about the socio-economic structure of Soviet Russia and that it

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1. Indian National Congress Report, 1918 Session (Delhi, 1919), p. 18.

Quoted in Seminar on Socialism in India, Part I, New Delhi, 1970, p. 497.

2. V.I. Lenin, Op. cit., p. 248.

was not yet introduced to literature. Moreover, the British press and papers did everything they possibly could do to misinterpret the Russian events in terms of bloodshed, violence, strict censorship of Indian press for obvious reasons also made the picture more confused.

Finally, the impact of Soviet Russia was clearly perceptible in the beginning of an organised trade union movement in India. In April 1918, B.P. Wadia organised a trade union in Madras which was followed by a strike organised by the workers of the Bombay Cotton Mills. The number of workers who took part in this strike was 1,25,000.

A number of internal factors like the <sup>rising</sup> existing prices, the falling wages, the exploitation of the workers by factory etc. were primarily responsible for creating a feeling of discontent among the workers and organising into unions. But, the impact of Soviet Russia was manifested in the formation of an organised working class movement in the country. The All-India Trade Union Congress in <sup>its</sup> ~~was~~ annual session in 1920, declared for a close cooperation between the Trade Union in India and trade unions in other countries. The beginning of an era of labour movement in India, therefore, can be traced back to this period.



Thus, the rise of Soviet Russia was responsible for creating and widening political consciousness among the Indian political elite, for the beginning of an organised labour movement and for raising the tempo of the Indian Nationalist Movement.

#### Early Formative Period: 1920-27

The beginning of a socialist thinking in the Indian political scene during the 1917-1920 period was revealed. Likewise, the adverse socio-economic conditions, the dissatisfaction expressed against British Rule, and the rise of Soviet Russia as the first socialist country in the world were the significant factors ~~also~~ responsible for the birth of a socialist movement in the country during the 1920s.

The history of socialism in India shows that the socialist thought gained a strong foothold in the country during the intervening years between the two World Wars. The Indian politics was characterised by two approaches - the rightist and the leftist. The rightist group included many prominent members of the Indian National Congress who always laid priority simply on the achievement of political independence, yet it was hesitant to take any forceful action against British rule. The leftists, on the other hand, wanted to bring about political as well as economic independence. But they also

differed in their approaches. One section comprising the young socialist members of the Indian National Congress, like Nehru, wanted to liberate the country through constitutional and peaceful means and by legislative measures. Another section, <sup>which</sup> ~~was~~ was opposed to the above approach, preached for revolution and force as the means to achieve its goal.

There thus emerged an ideological conflict between the Indian nationalists. As has been said earlier, the period 1917-20 marked the emergence of Gandhi in Indian Nationalist Movement; therefore, it is worthwhile to examine this emerging conflict by focussing attention on Gandhi's attitude to socialism.

#### Gandhi and Socialism

Gandhi's approach to socialism was an essential part of his economic programme. Gandhian socialism and Marxism converge so far as they commonly believe in a 'classless society'. But they contradict each other on the question of path. Gandhi always believed himself to be an ardent socialist. According to him, in a socialist society, all members are equal. The prince and the peasant, the rich and the poor, the factory owner and the labourer, all are equal in a socialist society; and the non-violence was the only method in creating such a

society. He had warned the few rich in Indian society to surrender voluntarily their wealth, failing to do so, he said, would give a chance to the people to resort to violent means against them (rich).<sup>1</sup>

The core of Gandhian socialism was his idea of sarvodaya. He bore immense faith on the altruistic nature of human being. This is why Gandhi was essentially an individualist and, therefore, one of his unique contribution to socialism was his individualistic approach. A real socialist society, he believed, prescribes for minimum State control and which provides every possible opportunity to develop his own personality. Sarvodaya was, therefore, his unique contribution to Indian brand of socialism. Gandhian socialism, denounces the class doctrine that is so important to the Marxian ideology. Instead, his approach takes the whole society into consideration. "Sarvodaya" as the term suggests, refers to the "welfare

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1. "Economic equality is the master key to non-violent independence, working for economic equality means abolishing the eternal conflict between capital and labour. It means levelling down of the few rich in whose hand is concentrated the bulk of the nation's wealth on the one hand and levelling up of the semi-starved, naked millions on the other..... A violent and bloody revolution is a certainty one day unless there is a voluntary abdication of riches and the

of all" or "rise of all".<sup>1</sup> He even named the Gujarati translation of Ruskin's "Unto This Last" as 'Sarvodaya'.

Gandhi welcomed the Soviet triumph as a victory against imperialism, but he was critical of Russian communism. Gandhi himself on several occasions had spoken about Russian communism and his conception of socialism. He equalised Bolshevism with anarchy. He thought that Bolshevism will never find a place among the masses, because the Indians are basically a peace loving nation. In other words, "non-violent communism" was what Gandhi had always preferred to the Marxist type.<sup>1</sup>

This approach of Gandhi was appealing to many but it generated a continuing debate among the adherent of socialism in India.

#### Early Opposition to Gandhi's Attitude to Socialism

A new process - the Communist movement - as a reaction to the Gandhian philosophy and favourable to the Russian ideology began to develop during this period.

power that the riches give, and sharing them for common good."

M.K. Gandhi, My Socialism, (compiled by R.K. Prabhu), Ahmedabad, 1958, pp. 25-26.

1. For a Marxist review, see H.Mookherjee, "Gandhi, A Study", New Delhi, 1958.

This process began with the appearance of revolutionary literature. A large number of poems and articles were published by eminent nationalist writers. In 1919, Nazrul Islam, published his famous revolutionary work, "Byathar Dan", which was followed by S.A. Dange's little pamphlet entitled "Gandhi vs. Lenin" in 1921. Dange's was an analytical work comparing and contrasting the two approaches of Gandhi and Lenin where the author expressed his view in favour of Lenin's approach as a revolutionary-cum-practical measure.

But the Communist approach was really pioneered in India by M.N. Roy, an out and out revolutionary living abroad. He differed with the Congress approach, because like a true communist he was a blunt supporter of violence and social conflict as the only means to realise the socialist goals. This was obviously in sharp contrast ~~to the Congress~~ to the Congress approach<sup>1</sup>, now being pursued under Gandhi's direction.

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1. Chapter 6 of the Programme of the Comintern, adopted by the Second World Congress (Moscow, September 1920) referring to ideologies inimical to communism, the programme) criticised the Gandhian approach and instead specified in clear terms the strategy and tactics of the Comintern to be pursued from time to time.

"Tendencies like Gandhism in India, thoroughly imbued with religious conceptions, idealise the most backward and economically most reactionary forms of social life, see the solution of the social problem not only in proletarian socialism, but in a reversion of these backward forms, preach passivity and repudiate the class struggle, and in the process of the development

M.N. Roy's approach even differed from that of Lenin's. Lenin advocated that the communists should render assistance to the "bourgeois" - nationalist movement" in the backward countries. He advised the Comintern to enter into temporary alliances with the revolutionary movements that were spreading in the colonial and semi-colonial countries. Roy, on the other hand, considered that the "bourgeois-democratic nationalist movement" was not worthy of Comintern's support because it was devoid of any revolutionary character. The national liberation movements in the colonies and semi-colonies were organised by the native bourgeois i.e. it would be against the communist ideology to support them as opposed to the working masses. He emphasized that there were, in fact, two separate movements taking place in the colonial countries; one was the "bourgeois-democratic" national movements which aimed at achieving the political independence, and the other, was the "mass struggle". Keeping this in view, Roy prescribed for a "communist movement" in the colonial countries which would enable them to skip the capitalist stage of development.

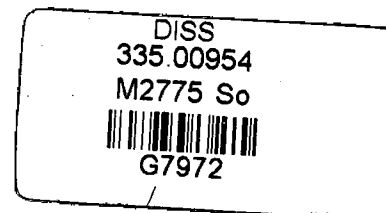
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of the revolution become transformed into an openly reactionary force. Gandhism is more and more becoming an ideology directed against mass revolution. It must be strongly combated by communism".

Quoted in M.R. Masani, "The Communist Party of India", London, 1954, p. 21.

Roy, however, began his efforts to organize opposition to Gandhi on Congress. He wanted to establish a separate "base of operation" for the communists. He was eager to carry on "contact with influential people inside the country" for carrying out democratic struggle. He also compiled a socio-economic programme which included such radical measures like abolition of zamindari, nationalisation of the key industries, minimum wages, right to organise trade unions, etc. Roy, however, had apprehended that the Indian National Congress could not accept such a radical programme and its failure to do so would reveal the true character of the organisation. This would provide a golden chance to organise a new party of the communists.

Roy was happy with the occurrence of the non-cooperative movement in India and considered it as a favourable situation for influencing the Indian leaders and masses of communist theory. He sent an appeal to the 36th Annual Congress Session of the INC, suggesting the way how the mass movements ought to be carried out. The appeal was in the nature of a manifesto issued in the name of the CPI and signed by Abani Mookherjee and M.N. Roy. The Third Comintern Congress threatened the Congress with its replacement by another organisation and criticised the Congress leadership for misguiding the masses.



But these threats made by the Communist leaders received short thrift by the Indian National Congress and its leaders. In February 1922, the resolution passed by the Congress Working Committee at the Bardoli Session, accepted the Gandhain proposal which denied any immediate economic concessions to the peasants.

M.N. Roy was disappointed with the Congress proposals and criticised the non-cooperation movement as "potentially immature with little revolutionary thesis."<sup>1</sup>

Meanwhile, his attempt to win over C.R. Das also failed when the latter, much to the discomfiture of the former, confirmed his faith on non-violence. In his Presidential address to the Gaya Session of the Indian National Congress (December 1922) C.R. Das said: "History has proved over and over again the utter futility of revolutions brought about by force and violence. I am one of those who hold to non-violence on principle."<sup>2</sup> In a speech delivered in Dehra Dun, he again spoke about the Congress programme of "swaraj" for masses and not for classes.

Therefore, during 1920-23, communist movement and organisation could not establish a stronghold, in spite

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1. M.N. Roy, "Memoirs", <sup>Bombay, 1968</sup> p. 526.

2. Quoted in B.M. Nanda (ed.), "Socialism in India", New Delhi, 1966, p. 5.

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of Roy's efforts. There were many small communist groups set up in different parts of the country. But these were disjointed and it was too early for them to understand fully the Marxist literature and its import.

In 1923, the Kanpur Conspiracy Case was launched against the communists by the Government on the charge that they were aligning themselves with "Bolshevism". In 1923-24, the Government of India complained that a section of radicals were indulged<sup>ing</sup> in promoting "Academic Bolshevism."<sup>1</sup> But the Government did everything <sup>it</sup> they possibly could for discouraging the spreading of socialist influence in the Congress circle in particular and the country in general. In spite of this, the political developments occurring in 1923-24 led finally to the establishment of the Communist Party of India (CPI) in 1924.

Other trends in opposing Gandhian methods were still in an embryonic stage. For example, it was ~~during~~ during this period that the Congress Labour Party was

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1. "In February, 1924, the Government of India conducted the trial of eight persons on the charge that they had entered into a conspiracy to establish throughout India a branch of a revolutionary organisation, known as the Communist International with the object of depriving the kind of the sovereignty of British India."

Zafar Imam, "Colonialism in East-West Relations", New Delhi, 1969, p. 200.

established by the Indian National Congress in Calcutta. In 1926, the Labour Swaraj Party renamed it as Workers' and Peasants' Party of Bengal.

R.P. Dutt in his book "Modern India (1926)", suggested the line of actions for the communists in India. He criticised the Indian Nationalist Movement organised by Gandhi as having sacrificed the interest of the masses for the interest of a "tiny exploiting minority." He suggested that the programme of the party would be to organise and centralise the struggle for the conquest of political power, and thereby establish leadership of the working masses in the country. His plan, however, did not materialise. Instead, the Kisan Sabhas became an important feature in the development of socialist thought in India.

Speaking on the relationship between the AITUC and the Kisan Sabhas with the Congress, S.C. Bose had said that these organisations cannot be abolished once they come into existence and, therefore, there should be close affiliation between the Congress and the Trade Unions.<sup>1</sup> The Congress should take close interest in the activities of various trade unions. He observed that close cooperation between these two organisations could be achieved. "...if the latter (trade unions) deal primarily with the economic grievances of workers and peasants and treat the Congress as a common platform for all those who strive for political emancipation of their country."<sup>2</sup>

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1. "My own view is that we cannot abolish such organisation by improving or condemning them. They exist as objective facts and since they have come into existence and show no signs of liquidating themselves it should be manifest that there is a historical necessity behind them."

S.C. Bose, "Selected Speeches", Delhi, 1962, p. 90.

2. Ibid, p. 90.

### The Period of Growth: 1927-33

However, the important fact was that in spite of the limitations of these movements, expressedly opposed to Gandhian method and approach, they did manage to make a beginning of socialist thought and movements in India.

The period beginning from 1927 was favourable for the development of socialism in India. It marked the growth of socialist consciousness among the Indian National leaders. Young socialists, like Jawaharlal Nehru, Subhash Chandra Bose were responsible for injecting a socialist trend of thinking into the Congress ideology and programmes.

This was the period when the Indian political elite was more than ever before dissatisfied with the Government's earlier reforms of 1909 and 1919. It had realised that the concessions granted under these two reforms were not proportionate to their needs and demands. Besides, the crisis that had plagued the capitalist world had also overtaken India. There was political chaos inside the country. The students, the peasants, the workers, the intellectuals and other sections of the society were dissatisfied.

This period resulted in the formation of new ideas among the Indians. Young Jawaharlal Nehru's attraction to socialism was a case in point. In 1927, he had represented India in Brussels Conference of the Congress of Oppressed Nationalities, and was elected as the executive member of the "League against Imperialism", an organisation inspired by the Comintern. His subsequent visit to Moscow was an eye-opener for him and his favourable impression of Soviet Russia sharpened his political outlook to a large extent. He came to the conclusion that "without social freedom and socialistic structure of society, neither the country nor the individuals could develop much".<sup>1</sup> It was in fact this brief visit to the Soviet Union which made him realise that the future political strategy should include as its aim, the achievement of the goals of national independence and social reforms simultaneously.<sup>2</sup>

At this stage, the Indian National Congress, as the representative of the masses, was characterised by two trends of thinking. One trend was represented

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1. Quoted in B.M. Nanda (ed.), Socialism in India, New Delhi, 1968, p. 5.

2. Michael Brecher, Nehru, A Political Biography, London, 1959, p. 128.

by the "Young socialists" and the other by the "Old Guards". The Old Guards of the party discouraged the emergence of a "socialist image" in the national scene. Their aversion towards this younger group was mainly because it "talked much and did little". Nevertheless, the Indian National Congress had to reconcile with the demands of the time, and socialist ideas penetrated into the Congress leadership.

At the Madras Session, in December 1927, the Congress passed a resolution welcoming the formation of the League against Imperialism. Later, it was rather forced to include political independence as the immediate goal to be followed by a programme of socio-economic upliftment of the masses on socialist lines.

Subhash Chandra Bose, in his address to the U.P. Provincial Conference held at Jhansi on October 27, 1928, confirmed that the goal of the Congress was political independence to be followed by the liberation of the masses from the socio economic ills.<sup>1</sup>

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1. "We have so far laid stress on political independence. It is now time for you to take lead again and declare what you mean by independence. We are told by some that Congress must not concern itself with matter other than political. But life cannot be divided up into political compartments nor indeed can politics itself ignore the other functions of society .....

Peace, he believed, in the Indian context can only be achieved by forcing the alien rulers to leave the country. He prescribed that economic and socialist programmes should be chalked out and necessary conditions should be created for their implementation. His faith on socialism was still more obvious, when he told the Conference: "I have repeatedly stated that to my thinking the only solution for our many ills is socialism. Socialism, therefore, must be our aim".<sup>1</sup>

Jawaharlal Nehru and Subhash Chandra Bose thus took the lead in radicalising the thinking in the Congress by speaking about "Imperialism and exploitation", "socialism as the solution of many ills", creating a "revolutionary outlook", etc. But they never talked of violence and revolution. The Communists were busy in this period, articulating a socialist consciousness among the students and the youth and among the workers and peasants through

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The problem before us is to build a free society, and to do that you must consider and seek to social and economic conditions. What manner of independence is it which results in starvation for many and the exploitation for millions?"  
(S.C. Bose, Selected Speeches, Delhi, 1962, p. 112)

1. Ibid., p. 113.

the trade unions and the Kisan Sabhas.

A close cooperation between the trade unions and the young Socialists of the Congress was manifested when Nehru presided over the AITUC sessions and led the organisation of the "Independence for India League". Likewise, Subhash Chandra Bose laid stress that the Congress should take a close interest in the activities of various Trade Unions and pleaded for close cooperation between these two organisations.<sup>1</sup>

In 1929, as the President of the Indian National Congress (INC), Nehru declared: "I am a socialist and republican, and no believer of kings and princes, or in the order which produces the modern kings of industry..... India will have to accept socialism if she seeks to end her poverty and inequality, though she may evolve her own methods."<sup>2</sup> He criticised capitalism, imperialism and advocated for State-ownership of the means of production, distribution and exchange, and he also made other socialist pronouncements concerning the socio-economic structure of the society.

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1. See p. 23

2. J. Nehru, India and the World, London, 1936, pp. 27-28.

The Karachi Resolution of the INC (1931) gave a new and a concrete socialist picture to the Congress policy and programmes. This resolution embodied certain Fundamental Rights and a comprehensive set of economic policies, to be pursued by the Congress. The core of the resolution was manifested in bringing about a simultaneous political social and economic freedom in the country.

This period also marked the beginning of a definite programme and policies of the CPF. In December, 1930, a document entitled "Draft Platform of Action of the Communist Party of India"<sup>1</sup> was published. The document stressed:

1. "Complete independence of India by violent overthrow of British rule."
2. "Establishment of a Soviet Government and the creation of an Indian Federal Workers' and Peasants' Soviet Republic on the basis of 'right to self-determination to the national minorities....'"
3. "Confiscation without compensation of all lands, forests and other property of the

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1. Zafar Imam, Colonialism on East-West Relations, New Delhi, 1969, p. 309.



landlords, the ruling princes, the Government..... and handing them to the use of toiling peasantry"

4. "The 8-hour working day and the radical improvement of conditions of labour, increase in wages....."<sup>1</sup>

The programme also unfolded the CPI's policy of organising mass struggles; agrarian revolution and isolating the Congress. It was critical of the INC, and considered it as an organisation representing the capitalists.<sup>2</sup> CPI's total disbelief in the potentialities of the INC, prevented the Indian Communists for quite some time to come from helping in the growth and development of socialist ideas and movements in the country.

By 1933, the role of a socialist movement in the Indian nationalist struggle was beginning to be felt. But its influence was marginal because the

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1. Zafar Imam, Colonialism on East-West Relations, New Delhi, 1969, p. 309.

2. "The CPI Programme considered the INC as the "greatest threat to the victory of the Indian revolution" and a representative of "a class organisation of capitalists working against the fundamental interests of the toiling masses of our country." (Quoted in ibid., pp 310-311)

'young socialists' were still a minor group. Moreover, these young socialists were still groping in the dark in search of a socialist theory. Marxist literature on socialism reached them via England, but its programme of action had little use for them. On the other hand, the programme and policies of British socialism as exemplified by the then Labour Government had convinced them of their pro-imperialist orientation; British way to socialism was neither a guide nor an inspirer for them, something which was sought to be corrected by them in later years.

The Old Guards of the INC, who still dominated it, did not show any positive attitude towards the new ideas and programmes. The resolution adopted by the Madras Congress, had welcomed the formation of the "League against Imperialism" and suggested close association between it and the AICC. But such a pronouncement was rather unreal, because during this period the Congress leadership was suspicious of Communist activities and the League was essentially a Communist organisation.

During this period, the response of the Congress towards socialist thinking was perceptible

only through its resolutions and words, as for example, the Lahore session of 1929 and the Karachi session of 1931, and the socialist pronouncements made by Nehru and Bose on various occasions. Yet it was not accidental or purposeless exercise, as the subsequent years were to show.

The Period of Advance and Confusion: 1934-47

The conflict of approach between the left and the right within the Congress was now marked more than ever before, and it resulted in the emergence of the Congress Socialist Party (CSP) under the leadership of the Nasik Group.<sup>1</sup> With the formation of the CSP, the small group of Indian socialists for the first time made an attempt to pressurize the INC into accepting a socialist oriented programme of action; indeed not for nothing it preferred to stay within the Congress fold.

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1. These members of the 'Nasik Group' originally were Congress members. These young leftists were arrested during 1930-32 Civil Disobedience Movement (J.P. Narayana, Yusuf Meherathy, A. Patwardhan, A. Mehta, M.R. Masani, N.G. Goray, and S.M. Joshi) and were detained in Nasik Central Jail. Acharya Narendra Dev and Ram Manohar Lohia joined this group later.

The Congress socialists pursued an ideology which was a combination of varied trends and incompatible ingredients. The Party was pledged to two diversified tendencies - Marxian (or Scientific) Socialism or Democratic Socialism of the British Labour Party brand. Jayaprakash Narayan was the believer of Marxism whereas M.R. Masani stood for democratic socialism. He was a member of the British Labour Party and the I.L.P. when he was a student in London. These two trends were indeed symptomatic of the great schism between the socialists of the western world and they in fact did contribute to the splitting of the ranks of Indian socialists later in the forties.

Paradoxically enough, the CSP was also influenced by Gandhian approach. Even Jayaprakash, who was a Marxist, was influenced by Gandhi's sarvodaya or people's socialism.

Acharya Narendra Dev had mentioned that socialism was consistent with the basic values of the Indian culture<sup>1</sup> and it has won the heart of the masses.

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1. Narendra Dev, "Socialism and National Revolution", Bombay, 1946, p. 67.

Organising the peasants and the workers was the main contribution of the CSP to the cause of socialism. It was critical of the Congress policy of refusing to provide necessary budgetary concessions to the Kisans and the workers. The CSP scored a success when the Congress, in the Haripura Session, passed a resolution, accepting thereby the Kisan movement as a part of the national movement. But the Congress Working Committee on June 18, 1933 made it clear that the Congress will oppose the CSP's programme of confiscation of property and the advocacy of class war.<sup>1</sup> Nehru, who, during this period, was known for his forthright socialist orientation, was not happy with the Working Committee's resolution. Nevertheless, two years later, he was offered the Presidentship of the INC. He invited three members of the CSP - A. Patwardhan, Jayaprakash Narayan and Acharya Narendra Dev - to the Congress Working Committee, thereby allowing the fresh air of

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1. "While the Working Committee welcomes the formation of groups representing different schools of thought, it is necessary in view of the loose talk about confiscation of private property and necessity of class war to remind the Congressmen that Karachi Resolution neither contemplates confiscation of private property nor advocacy of class war. The Working Committee is further of the opinion that confiscation and class war are contrary to the creed of non-violence." J. Nehru, "An Autobiography", London, 1936, p. 570.

socialism blowing over the INC.

Thereafter CSP became an organized and vocal pressure group inside the INC working for drawing the INC towards socialist programmes and policies. The prestige and influence of the CSP was further strengthened by the close cooperation extended to it by the CPI during 1935-1939 as a result of CPI's adoption of a united front policy. In fact, the period 1935-1939 was the high water-mark of the propagation of socialist ideas and proliferation of socialist movements in pre-independent India.

The beginning of the second war precipitated a crisis among the adherents of socialism. The rift between the Congress and the Communists became still more wide during and after the second world war. The Indian Communists had earlier denounced the war as an "Imperialist war" and had come out in total opposition to the British Government. But when Hitler attacked Soviet Russia, they changed their tactics. The Congress and the CSP had also denounced the war on anti-imperialist grounds. But it was willing to cooperate with the British Government only if the latter promises to grant Dominion Status to

India. It also demanded the inclusion of the Indians in the Viceroy's Executive Council. The British Government showed lack of interest on these conditions. The left-wing of the INC wanted to force the Government to concede to their demands, whereas the right wing was content to wait until the Government changes its attitude. Gandhi did not want to join the war as it was opposed to the "principle of non-violence". Confusion within the INC became still more obvious when the war developed adversely for the allies. Leftist leaders like Nehru were confused. In general, the Congress, however, could not decide whether to be loyal to the nation or join the war. Finally, in 1942, the "Quit India" movement was launched and the Government undertook extra-ordinary repressive measures to suppress it. The rise of Muslim communalism was another characteristic feature of this period.

In spite of their confusion, the nationalist leaders were sympathetic towards Russia. As Nehru had said, the nationalist leaders were stirred by Russia's misery and followed the developments with "anxiety and interest".<sup>1</sup> But they regarded CPI's

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<sup>1</sup>. J. Nehru, Discovery of India, London, 1951, p. 418.

attitude to the war and its failure to join the Quit India Movement as an act of betrayal to the nation.

Like the members of the INC, the communists were also confused in their attitude towards the war. They declared the war as "People's war" and criticised the Congress approach towards the war. The "people's war" policy of the CPI underlined the cooperation in the Government war efforts and laid emphasis on organising all parties and the masses into a united front from below on the basis of a demand for National Government. The Communists were partially successful in the sense that they were able to bring the A.I.T.U.C., All India Students' Federation and the All India Kisan Sabha under its influence. But by refusing to join the Quit India movement, they cut themselves off, however temporarily, from the mass movement.

The entente between the CPI and CSP also came to an end during this period. Towards the end of the war, the communists were criticised for their policy. They had opposed the Quit India Movement and had extended full cooperation to the Government on



war efforts. The tussle between the left and the right reached its peak when the Communists supported whole-heartedly Jinnah's two-nation theory. Their thesis was that the creation of Pakistan was a genuine, just and progressive demand and none can change the course of history.

Thus the dawn of independence saw a widening rift and a growing confusion among the adherents of socialism in India. However, the experiences of the years 1917-1947 were symptomatic in the sense the Indian Nationalist Movement did ultimately become a prime source of origin and growth of socialist ideas and movements in this country. Indeed by 1947, socialism was no more a utopian idea or a conspirational plan of action. On the contrary, it had stood well the preliminary test of its relevance to Indian situation by giving a certain social context, and at times, a sharper edge too to the Indian Nationalist Movement and the Indian National Congress before independence.

**CHAPTER 2**

**IDEAS AND MOVEMENTS**

IDEAS AND MOVEMENTS

The evolution of socialist thinking as a part, though a small one, of the Indian Nationalist Movement was a feature during the years 1917-1947.

As we have noted earlier in the previous chapter, three factors contributed immensely to the development of socialism in India, the rise of Soviet Russia, the socio-economic conditions created by British rule and the influence of the British socialist movement on the Indian political leaders. These factors were also responsible for creating a confusion in India over the nature of socialism and its end and means. The Communist Party of India (CPI) and some members of the Congress Socialist Party C.S.P. were in favour of Marxism (or Scientific) socialism, as they were obviously influenced by the developments that took place inside Soviet Russia. On the other hand, some members of the Congress and the C.S.P. were in favour of the Congress and the C.S.P. were in favour of democratic Socialism. Leaders like Nehru and Jaiprakash Narain were influenced by both the trends. The common frame of reference for all of them, however, was the objective conditions prevalent in the country.

Thus, on the eve of independence, one finds a confused picture of the concept of socialism. The Indian way to socialism if we can call it, is, therefore characterised by a local trend, Marxian or Scientific socialism and Democratic Socialism.

Against this background, the development of socialist thought in India, in the post-independence years can be analysed in terms of Movements and Ideas prevalent in the country since

1947. The development of socialism in terms of Movements is revealed through the politics and programmes of various political parties. They also highlight various approaches and means towards socialism and signify attempts to institutionalise socialism in the Indian polity.

The nature of the Indian polity in post-independence era Manifests that although the critics of socialism have been many, socialist tenets have been articulated in India during this period. The Indian National Congress (INC) Communist Party of India (CPI), the Communist party of India (Marxist) (CPM) and the Praja Socialist Party (PSP) - all have officially declared socialism as their goal.

This chapter attempts at making an analysis of the Policy measures of the I.N.C., P.S.P., S.S.P., C.P.I., C.P.M.\* and also at an understanding of the nature of socialism as seen in contemporary India.

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\*In this chapter, we have only included political parties with self-declared socialist ideologies and background though varying in their methods<sup>and</sup> approaches; the two non-socialist parties, Jan Sangh and Swantratra, are therefore, excluded.

### The Indian National Congress: (INC)

The analysis of socialist ideology of the Congress receives a priority because it was the I.N.C. which dominated the national scene in the Pre-independence era and it has also enjoyed the monopoly of political power at the centre as well as in the States with few exceptions since independence of the country. The attitude of the Congress Party towards socialism can be analysed in two <sup>phases</sup> ~~phases~~, first, Congress ideology and Programme in pre-independence years, and second, Congress ideology and policies after independence.

#### Before independence:

The rift between the left and right in the Congress was obvious in the pre-independence years which finally led to the establishment of the Congress Socialist Party (C.S.P.). However, the members of the I.N.C., committed to socialist ideology were few in number and they were dominated by the Old Guards.

The civil disobedience movement (1920.21), the economic aspect of Salt Satyagraha (which was the result of the dissatisfaction among the Indian peasants due to a rise in the salt tax by British rulers); Gandhi's 11 point programmes etc. were few but significant developments which contributed to the evolution of socialist thinking inside the Congress. Further the Congress attitude towards socialism was perceptible by the formation of the Labour Swaraj Party (1925), the independence of the India League (1927), the Lahore session of 1929 etc. The contribution of Karachi Resolution (1931) towards the new

trend cannot be overlooked. The Congress leadership on the whole was always sensitive to such criticisms. For example, in the Haripura session of the I.N.C., Sardar Patel had warned the "Young Socialists", "Let me make it clear that we have tolerated you for many years, but the time has come when we shall no longer tolerate you, we shall now give it back in coin".<sup>2</sup>

Therefore, the right and left conflict within the Congress was not a new feature on the eve of independence.

#### PAST- Independence :

With the attainment of the independence, the I.N.C. because of its historical role in the Indian Nationalist Struggle dominated the past-independence political scene in the country, though losing its earlier pre-eminence it had enjoyed during the freedom struggle. Nehru became the leader of the Congress party and the Government. This along with the imperatives of national development brought the question of socialism in India to the forefront. However, because of the historical and ideological background of the Indian Nationalist movement in the immediate past independence period, the I.N.C. was pre-occupied in clarifying its own concept of socialism.

This process began with the Jaipur session (1948) of the A.I.C.C. (All India Congress Committee) after a lengthy debate on the future goals of the new nation, dominated by Nehru. The Congress declared.

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<sup>2</sup> P.D. Kaushik, Congress ideology and programme, Bombay, 1944 P-81.

"To establish a socialist order and to raise the standard of living of the people it is necessary to bring about equitable distribution of the existing income and wealth and prevent the growth of disparities in this respect".<sup>1</sup> This was followed by the Nasik meeting of the A.I.C.C. (1950), embodying the concept of a "welfare state"<sup>\*</sup> "Thereby enhancing the state's role in the socio-economic field."

However, during the early years of the independence, along with this exercise in clarifying the idea of socialism, another trend in the Congress was perceptible. This trend revealed the Congress's desire to establish a 'Ram Rajya' and this was followed by an occasional talk of the Congress striving to establish a "Cooperative Commonwealth". But the meaning of these concepts were never made clear by their propagandists.

Essentially these conflicting trends represented multiplicity of opinions and interests that had characterised the Congress Politics since the beginning of this organisation. Once the hold of Nehru on the Congress Party was firmly established after 1950, the debate on the concept of socialism acquired a little more clarity.

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1. Quoted in

Shri<sup>M.</sup> Banerjee, Democratic Socialism, Calcutta 1971

P-38

2. Myrdal defines a welfare state as one with "economic development, equality of opportunity for the young, social security and protected minimum standard of living as regards not only income but nutrition, housing, health, education for all people of all regions and social groups"  
General Myrdal, Beyond the welfare State, Yale University Press 1960, p 48

The promulgation of the Indian constitution further strengthened this trend. The Preamble<sup>1</sup> of the constitution ~~confirmed~~ <sup>confirmed</sup> the party's desire to establish socioeconomic equality in the country and to accrue the benefits of socioeconomic justice to the masses. The chapter on Directive Principles of State Policy embodied a set of socio-economic directives which the state was expected to refer while formulating the laws.

In the constituent assembly conflicting opinions were put-forth <sup>by</sup> various sections, who opposed to the Resolution on the basis that it did not incorporate the doctrines of Socialism in clear terms. Dr. B.R. Ambedkar in his address to the constituent assembly criticised the Resolution and said that the Government's desire to bring about socio-economic and political justice cannot be brought about unless it is clearly declared that India has a socialist economy. 1

The other section, objecting the above view, defended their position by arguing that the const<sup>it</sup>uent assembly did not enjoy sufficient mandate to ~~in~~-corporate into the constitution

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1. "\_\_\_\_\_ I should have expected some provision whereby it would have been possible for the state to make economic, social and political justice a reality and I should have from that point of view expected the Resolution to state in most explicit terms that in order there may be social and economic justice in this country, there would be nationalisation of land. I do not understand how it could be possible for any future government which believes in doing justice, socially, economically and politically, unless its economy is a socialist economy".



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Alladi Krishnaswami Ayyar argued that the Constitution should contain "necessary elements of growth and adjustment needed for a progressive society."<sup>1</sup> 1

Nehru said that the introduction of the word "Socialism" would create much confusion and controversy among the members. And therefore, he believed that the faith on socialism is implicit in the Objective Resolution.<sup>2</sup> 2.

The massive victory of the I.N.C. at First General Election of free India (1951) and the worsening economic situation in the country, both these factors compelled further attention to this debate. Accordingly Congress Government moved to clarify its stand on its own brand of socialism.

In 1954, the Parliament for the first time passed a Resolution proclaiming the "Socialist Pattern of Society" as the national goal. The Resolution proclaimed the "attainment of a welfare state of the Socialist Pattern" towards which every party must strive for. The Congress as the Ruling Party, specified the economic Policy of the Government which laid emphasis primarily on "increased production". This concept of "mixed economy" became central to the Congress economic policy and an important measure to facilitate the establishment of a socialist society.<sup>3</sup> 1

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1. CAD, Vol I, P 138

2. ibid. P 160

3 "This House having considered the economic situation in India and the policy of the Government in relation thereto is of the opinion that ; -

1)The policy of Government is in harmony with the policy statement of the 6th April, 1948

Accordingly, the Congress for the first time, adopted the "socialist pattern" as the national goal and confirmed its faith on socialism officially in the Avadi session (January, 1955). The Resolution manifested the determination of the party to fulfil the ideals laid down in the Preamble and the Directive Principles of State Policy as embodied in the Indian Constitution. Further, it signified its resolve to work for the establishment of a socialist economy.. Planning was thought to be the essential requirement for the establishment of a "Socialist economy"<sup>1</sup>.

The economic policy was formulated to facilitate increase in production, increase in national income, provision for greater employment and equitable distribution. Socialist economy and "welfare state" were the two pre-requisites for establishing socialist society. These two concepts enhanced and confirmed the role of the state for contributing towards the socio-economic welfare of the masses.

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3 Contd. from page 7

- 2) the objective of our economic policy should be a socialist pattern of society, and
- 3) towards this end the tempo of economic activity in general and industrial development in particular be stepped upto the manimum possible extent".

Government of India, Lok Sabha Debates, Part II, Vol. IX, No. 29 (December 21, 1954); Column 3692.

1!..... in order to realise the objective of the Congress as laid down in Art. I of the Constitution and to further the objectives stated in the Preamble and Directive Principles of State Policy of the Constitution of India, Planning should take place with a view to the establishment of the socialist pattern of society in which the principal means of production are under social ownership and control, production is progressively speeded up and there is equality of distribution of national wealth"-

A.I.C.C. Resolution, Avadi.

(Quoted in, M. Banerjee, Op.cit., p 39)

The state was expected to work for the following objectives :-

1. Establishment and working of large scale schemes;
2. Establishment of necessary infra-structures like transport facilities, power etc;
3. Full control over the resources and to allocate it in order to achieve a balanced economy; and
4. Establishment of a state sector etc.

The then Congress President, U.N. Dhebar welcoming the Avadi Resolution, declared that it was the "third big step" which the Congress had undertaken, the first one being its determination and pledge for "complete independence" and the second was its pledge "to consolidate freedom" on the eve of independence.

The Avadi Resolution was moved by the then Education Minister, Maulana Abul Kalam Azad, who declared that the Congress nothing new to its previous plans and programmes.

Explaining the Congress approach towards Socialism, he said;

".....the most important thing as we want to have a socialistic pattern and not socialism", because "there is very great depth in the ideal underlying the use of the other phrase socialistic pattern" <sup>1</sup>

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<sup>1</sup> Margaret W. Fisher & J.V. Bondurant, Indian Approached to a Socialist Society, Berkeley 1956, p 7

He criticised those socialists, who spoke for complete nationalisation and an all-powerful state. He criticised the Russian Socialists and other followers of Marx, because they followed socialist ideology and tenets blindly. The Congress on the contrary, wanted to achieve the equitable distribution of national wealth through peaceful means.

Speaking on the necessity of coining a new phrase to the previous one "Cooperative Commonwealth", Maulana said - that the Congress had adopted planning which makes it amply clear about the future Plan of the Congress for the establishment of a socialistic pattern of society.<sup>2</sup>

This pronouncement of the Congress, of course, <sup>did</sup> not come as a surprise to other political parties or groups or to the Indian Press at all. On several occasions before, the Congress leaders had expressed their desire to establish a socialist state. Nevertheless, there were sharp reactions from these sections. To some the Congress programme appeared as a "Master-piece" and to the others, the Congress programme was faulty on the basis of two points -

1. The Congress members never made it clear, what they meant by the term "socialist society; and
2. They did so, as a political manoeuvre to win the elections in 1957 (Second General Election)

The Times of India, in its editorial (20th January, 1955) mentioned that the Congress was suffering from ideological confusion because <sup>of</sup> its ".....desperate attempts to keep

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1 Margaret W. Fisher & J.V. Bonduerant, Op. Cit., p 8

every original Congressmen and some new ones, including ex-Princes and Zamindars - within the fold, howsoever divergent his views"<sup>1</sup> and accordingly, it suggested that the Congress should attempt to specify both its short-term and long-term measures, and those who were willing to leave the Congress platform should be allowed to do so.

The Tribune wrote:

"No party which seeks to encourage private enterprise by all legitimate means, which seeks to give every farmer enough land to cultivate and which assigns important role to small-scale producer in the development of the country's economy can legitimately say that it is working towards the establishment of socialism"<sup>2</sup> (10th January, 1955). On the whole, the Congress's determination to adopt the "socialist pattern" had its immediate impact on the programmes of other political parties. For example, the Forward Block, created by S.C. Bose in 1939, wanted to rejoin the parent body. To the Communists and other leftist - oriented parties, it came as a challenge. The Communists declared that the new phraseology of the Congress is a hoax and a political move to win the second General Election.

The official news weekly of the C.P.I., the New Age, speaking about the Avadi Session (30th January) wrote :

"But this lofty words had produced only cynical comments even from the Press which the ruling party runs. As days pass,

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1 ibid., p - 14

2 ibid., p-14

the masses will be able to see through the smoke screen of Nehru's "Socialism", that all this is being done with an eye to the ballot box two years hence".<sup>1</sup>

In spite of these criticisms the Congress party has on each occasion - i.e. in various sessions of the A.I.C.C. and in various election manifestoes have reiterated its pledge for the establishment of a "socialist pattern of society". Therefore, there has been no doubt that, the leftists have dominated in the I.N.C. since independence. They have tried to give a new orientation to the concept of socialism. A review of Congress approach towards socialism shows that the Congress favoured the establishment of "socialist pattern of society" and adopted "socialism" as its official ideology, primarily as a means of quick economic development and rapid industrialisation of the country. Democratic political structures and persuasion were applied as methods to achieve socialism. The commitment to evolve institutional structure were further widened by introducing the democratic planning and establishing the state sector.

This approach of the Congress to socialism as a means for rapid economic development, has however, neglected the ethical and moral aspects of socialism. Because of its influence from the past, the Congress has accepted the democratic and non-Marxist brand of socialism as its ideology. Violence, therefore has no place in the Congress brand of socialism. The Congress as the ruling party, since independence, has pursued many policies and programmes,<sup>2</sup> but the performance has

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1 ibid., p 21

2 Chapter III deals with socio-economic policies.

not been promising<sup>1</sup>. Absence of any practical programme has been a fundamental short coming with the Congress. As a result, socialism of the Congress party, has become more a "socialism" by resolutions and words and this trend has continued even after Nehru.

Praja Socialist Party and Smryukta Socialist Party (P.S.P. & S.S.P.)

The connection between the P.S.P. and the S.S.P. can be traced back to their originiture and association with the Congress Socialist Party (C.S.P.P.). The oldest party committed to the ideology of "democratic socialism" was the C.S.P. During the pre-independence era, the C.S.P. remained within the IN.C., but it worked to give a new dimension to the national movement by redefining its "aims and methods". The C.S.P. was critical of Gandhi's satyagraha movement in 1940 and instead, proceeded in organising active campaign against the war.

The C.S.P. - C.P.I. entente of the early years also came to an end with the knowledge of a secret document which indicated the C.P.I.'s determination ~~of many~~ not to tolerate the existence and continuance of any socialist parties in India. In 1945-46, the party in its Kanpur Conference reorganised itself and dropped the "Congress" from its name. After independence, the C.S.P. preferred to remain within the Congress but they refused to accept any ministerial posts either in the centre or in the states. Soon they became disappointed with

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1 Chapter IV deals with "Record and Performance"

the Congress ideology and programme and in the Nasik conference (1948), a series of constitutional and organisational measures were passed which finally led to the separation of the Socialist Party from the Indian National Congress. The new party faced the popular verdict along with other political parties in 1951, on the basis of a comprehensive and detailed programme: "We build for Socialism".

The Madras Conference, 1950, clearly and categorically stated the party's ideology and programmes before the masses. Speaking to the members, Jaiprakash Narain, who was the secretary of the party then, said :

"Now the socialist party is not patterned <sup>+</sup> after maxims mechanically lifted out of Marxian textbooks, nor is the party a puppet show, the leading strings of which are in the <sup>hands</sup> powerful agents outside.

Since its birth, as the C.S.P. ....the party has slowly and painfully been working out its basic ideals and its methodology....."<sup>1</sup> The party considered "Socialism, is not just a school of thought but a new culture, a new civilisation".<sup>2</sup>

As an independent party, its proclaimed objectives were: the establishment of a democratic socialist society; the workers should work under a free atmosphere and healthy conditions etc. The state should do, whatever it can, to provide all these conditions. The state should not have the power to cancel the

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1 Report of the Eighth National Conference, Madras, 1950,  
p- 133.

2 ibid., p - 135



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the rights and privileges of a worker except through the process of law; the formation of political parties as an important feature of the democratic government; and planning as a major instrument for multiplying the pace of economic development.

Therefore, the Socialist Party considers that the state, the Trade Unions, and the Cooperatives will share in the planning process in the country. In other words the State's monopoly over the economic structure of the country was regulated. A socialist society, the Party considered as one, where there is absence of exploitation of man by man; where there is no injustice; no insecurity; equitable distribution of wealth, services and opportunities etc. Such a society can be achieved through only democratic methods.

What then is this method? According to the Socialist Party, social revolution can be brought about through two ways:

1. Revolutionary mass movements; and
2. Peaceful democratic method.

Democratic method and constitutionalism <sup>were</sup> ~~was~~ not one and the same thing to them. Socialist movement, they believed should be carried out by the people themselves, aided and guided by a socialist State. The party spoke for certain radical measures like - abolition of zamindari, abolition of tenancy; acquisition of key industries, ceiling on urban properties etc.

However, with such broad "aims and strategies" the Socialist Party has failed to emerge as the leading opposition group in the first General Election. Although it was successful

in polling over 10 million votes - more than any other party except the Congress - yet, they secured only 12 seats in the Lok Sabha and 126 votes in all State Assemblies. As a result the Socialist Party and the K.M.P.P. (Kisan Mazdoor Praja Party) merged together despite the absence of any ideological similarity between them. The new party was named as the Praja Socialist Party. This cooperation continued for a short time when in 1956, R.M. Lohia formed a "Socialist Party". The split was more on the basis of personality conflict rather than any ideological conflict.

The impact of the Avadi Resolution on the Socialist Party was manifested in the split of the party which took place in the Bombay session; although, there were other internal dissensions among its members. Asok Mehta, expressed the party's desire that it should take advantage to employ the opportunity provided by the Congress to move towards its goal of "democratic socialism". R.M. Lohia, another important leader of the Socialist Party, told the Socialist Youth League of Uttar Pradesh, in the same day and same year (16th Jan. 1955) that the Congress was trying to mislead the people by false slogans. Nehru's Socialism was a measure to ~~the~~ hoax the people. Therefore, he appealed to the Socialist Youth to unite, and work for the achievement of socialist goals through a revolutionary process.

But a few days later however, there was an obvious change in Lohia's tactics when he declared that in India, each and every party should work for the achievement of socialism. He invited those members of the Praja Socialist Party to join with Nehru to achieve socialism in the country. He believed

that all the parties were characterised by factions and rivalries. Accordingly he advised:

".....it was a fraud on India's millions that they should continue their present existence"; and therefore, all the political parties should split and "no political party or element should be allowed to continue on independent existence unless it can prove its independence in principles and actions".<sup>1</sup>

The leaders of the P.S.P. like Jaiprakash Narain, Narendra Dev were influenced by both Marx and Gandhi. They tried to follow the ideology of both in their approach towards establishing socialism, in the country. For example, the P.S.P. accepts class struggle, a Marxian concept, as an important measure to achieve socialism, but they add Gandhian approach to it, when they say that the class struggle should be peaceful. They refused to agree with Gandhian concept of trusteeship, although they supported his policy of decentralisation.

Acharya Narendra Dev, who was the Chairman of the P.S.P., declared that the party stood for the establishment of "democratic socialism" in the country. He considered that the P.S.P. in India, has a definite programme, but it needed a "definite social philosophy" to give it a more exact character. The P.S.P. considered itself as the only party, which then will be competent enough to bring about socialism in the country

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i Margaret W. Fisher and J.V. Bondurant, Op. Cit., p- 23

Its leaders considered the Congress as a "Party of the Right", and criticised the Communists because they indulged in subversive activities, in violence and disruption, in class struggle, in extra-territorial loyalties and other opportunistic approaches.

Such conflicts between the leaders continued and although in 1962 an attempt was made to unite the two parties - the P.S.P. and S.S.P. - to revive the old Socialist Party, yet, such an attempt has proved to be an abortive one.

The election manifestoes of the P.S.P. present the Party's clearcut programmes and policies to build a socialist society in the country. These policies include such measures like ending the monopoly; granting the Parliament with sovereign right to amend the Constitution ; to work for the achievement of socio-economic equality in the country; land reforms; integrated price policy; economic planning; reducing regional disparities etc.

Defining what socialism is, the Election Manifesto of the P.S.P. made it clear :-

"Socialism does not mean killing of individual initiative and spirit of enterprises. It only means that this initiative and enterprise have to be used in the service of the community as a whole through national reordering of economic relationships".<sup>1</sup>

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1. Election Manifesto, P.S.P., New Delhi, 1971, p - 8

S.S.P.

The S.S.P. is considered to be another radical element in Indian Politics along with the leftist parties like the Communist Party of India and the Communist Party of India (Marxist). It considers that unless the meaning attached to various phrases like "socio-economic equality"; "casteless and classless society"; "end of exploitation and equal opportunity to all", are clearly defined, any attempt to bring about social consciousness among the masses will prove to be abortive. Therefore, the party first, proceeds to fix a definite meaning to such words as equality, social ownership, democracy etc.

Madhu Limaye had said

".....As long as the Indian people do not insist on political parties that they outline their roads of travel as distinctly as the end of their journey, the menace of inaction and to democracy will grow." 1

The major policies and programmes of the Party to build up its plan of "Democratic Socialism" are -

1. The S.S.P. differs from the Congress approach to planning in the sense that the farmer chooses to raise small sectors of the people by different stages to lead a better, decent and healthy life whereas the S.S.P. proposes to raise the entire people together even though such a measure involves longer time and hard labour.

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1 Madhu Limaye, Why Samyukta Socialist?, Bombay, N.D.

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2. Abolition of the caste and class in the society.
3. Rejection of the policy of compensation for the confiscation of property, because the state has every right to legislate on property. Instead, the Party provided for "rehabilitation compensation".<sup>1</sup>
4. Equality of incomes and expenditure.
5. Democratic decentralisation
6. Constitutional amendments etc.
7. Land Reforms
8. Free and compulsory primary education.
9. Socialisation of all means of production and business which employ wage labour.
10. Organisation of trade unions on the basis of democratic principles etc.

These socialist ideals and aims thus, the S.S.P. believes can be brought about by giving appropriate expression and organisation to the people's will. The socialist in India, the Party Resolution declared should practice civil disobedience.

The Communist Party of India (CPI).

The Communist Party of India has claimed that the Party contributed greatly to the strengthening the political and economic independence of the country, for national integration; for raising the standard of living of the masses, democratising the political system of the country etc. The C.P.I. also reveals

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1 Rehabilitation compensation included such measures as providing employment, or even awarding small money grants to those, whose property is confiscated by the State.

its stand for anti-imperialism, anti-capitalism and anti-landlordism. The Party believes that the Congress comprises of both reactionary and progressive elements and therefore, a political alignment with the Congress will facilitate and smoothen the progress towards the establishment of a "national democracy". According to the Party, the dictatorship of the proletariat is a necessary pre-condition in the progress of capitalism towards socialism, and this is an important element in the C.P.I.'s ideology. This also distinguishes the C.P.I. ideology from the ideology of the Social Democrats and the Marxists - Leninists.

The split between the C.P.I. and the C.P.I. (Marxists) is the direct outcome of the conflicting programmes and policies pursued by these two parties respectively. The point of conflict raises the question of path - i.e. whether to follow the Russian or the Chinese Path in order to establish socialism in the country.

The C.P.I. theory is that class struggle no doubt, hastens the process of transformation towards socialism, but socialism can also be achieved through peaceful and constitutional means. Between the "armed civil war" and "peaceful evolution", the C.P.I. opts for the second one as its first preference. But if the ruling class does not surrender the power wilfully, then resort to violent means is justified.

The C.P.I. puts special emphasis on building up a self-reliant and self-sustaining economy. Radical economic measures like nationalisation of banks, rapid expansion of the public sector, reducing regional disparities, providing employment etc. have been put forth in the election manifesto to establish a "national democratic state". The C.P.I. also

appeals for the abolition of caste and class divisions, providing special provisions for the minority communities etc. Educational system should be oriented in such a way so as to bring an end to social inequality. Full participation of the students in the management of education should be facilitated. The manifesto indicated that a "full-fledged socialist reconstruction of India," society is not possible so far as the country has not undergone the transitory phase of basic democratic political and economic changes necessary for the progress towards socialism.

The C.P.I. in its Amritsar session, had made it clear about the specific role which the Parliament ought to play in bringing<sup>ing</sup> about a socialist transformation<sup>1</sup>. The Party accordingly provides for the amendment of certain provisions of the Constitution, which will help to achieve a socialist evolution.

Coming to the nature of the state, the C.P.I. observes that the ruling class in India is essentially a bourgeoisie and capitalist class, who are in close cooperation with the landed aristocracy. The policies pursued by the national bourgeoisie (Congress Government) who are ~~in~~ closely affiliated

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1. The Communist Party professes to make "Parliamentary democracy a genuine instrument of National Democracy, reflecting loyally the will and interests of the toiling masses and all other anti-imperialist, anti-monopolists and democratic forces."



to foreign monopoly capital on the one hand, and with feudal and semifeudal interests on the other hand, have resulted in the establishment of capitalism in the country. In spite of the Congress claim<sup>o</sup> to establish "socialist society", the party is busily engaged in building up capitalism in the country - private capitalism in the private sector and state capitalism in the state sector.

The C.P.I., therefore, preached for the pursuance of the non-capitalist path of development in order to establish a National Democratic Society.

"The Communist Party <sup>believes</sup> ~~maintains~~ the real socialist reconstruction of society, which is free from capitalist crises, can be undertaken only by applying the scientific and universal truth of Marxism - Leninism to Indian conditions"<sup>1</sup>. According to C.P.I., factors like social ownership, control and management of the means of production, exchange and distribution coupled with the dictatorship of the proletariat, are the two essential features of a socialism. The ruling party should aim at achieving these two features and accordingly, the C.P.I. will "lead the working people to the establishment of a proletarian statehood, a real, genuine democracy for carrying out socialist transformation"<sup>2</sup>.

The party adds that :

"In order to embark on the socialist road and begin the construction of a socialist society, India has, however, to go through the stage of completing the anti-feudal, democratic revolution"<sup>3</sup>.

1 Documents adopted by the Eighth Congress of the C.P.I.  
New Delhi, 1968, p - 308

2 ibid., p-308

3. ibid. p - 308.

Accordingly the C.P.I. works for organising a "national democratic front" which will be led by the working class in alliance with the peasantry and the revolutionary middle class and which will ultimately establish the national democratic state. But the Party adds - "the national democratic state in the hands of the national democratic front will be a transitional stage"<sup>1</sup>, because, the hegemony of the working class is not yet achieved in this stage.

This is why the Constitution of the C.P.I. claims itself to be a "Political Party of the Indian working class, its vanguard, ..... It is a voluntary organisation of workers, peasants and of toiling people in general, devoted to the cause of socialism and communism"<sup>2</sup>.

#### Communist Party of India (Marxist (C.P.I.(M))

While the C.P.I. aims at establishing a "national democratic state", the C.P.I. (M) preaches for the establishment of a "People's Democracy" in the country. It considers the C.P.I. as a revisionist party,<sup>3</sup> They accuse the Indian revisionist

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1. ibid., p - 309.

2. ibid., p - 331

3. The conflict between two parties were manifested when the C.P.M. decided to break away from the C.P.I. in its Seventh Party Congress held in Oct. - Nov. 1964. The Congresses presented before the public two political programmes which were diametrically opposed to each other. Each of them claimed to be the true follower of Marxism - Leninism.

leaders for boasting as the sole and true follower of Marxism - Leninism, and substituting the concept of "National Democratic Revolution" for the concept of "People's Democratic Revolution" - a concept which was accepted as an important feature of the Party's ideology in 1948.

The C.P.I.(M) believes that the two classes - the capitalists and the working class - will contribute to the destruction of the capitalist system<sup>1</sup>. The C.P.M. asserts that all social revolutions occurring in different parts of the world are a part and parcel of the world socialist revolution. The dictatorship of the proletariat is only capable of leading a socialist revolution and the hegemony of no other class can bring about a necessary revolution. It is on the basis of this the C.P.M. criticises the Russian theory of nationalistic democracy and the non-capitalist path of development in bringing about a socialist revolution, as nothing but opportunism and revisionism, a betrayal of Marxism - Leninism and proletarian internationalism.

So far as the nature of class alliance is considered which will bring about a National Democratic Revolution, the C.P.M. is once again critical of the C.P.I.'s policy which the latter pursues. The C.P.M. observes that the class alliance of

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1. "Therefore two hostile classes on the stage of history, the capitalist class and the working class; ..... the former representing decaying capitalism and the latter leading the victorious cause of socialism; while all other classes and strata thrown in between the two in the final analysis have no other go except to choose to follow one of these two classes".

the C.P.I. reveals neither exclusive leadership of the working class nor the exclusive leadership of the bourgeoisie<sup>1</sup>. They consider that the C.P.I.'s slogan of national democracy is a slogan of class collaboration, where the working class is forced to surrender its hegemony to the bourgeoisie. By doing so, the C.P.M. considers that the C.P.I. disrupts the unity of the democratic forces.

The C.P.O., on the contrary, strengthens its position by arguing that national democracy and the non-capitalist path, does not subvert the aim and justifications of a national democratic revolution; or the surrender of the supremacy of the working class. Instead, the C.P.I. believes that the non-capitalist path of development and national democracy has been responsible for strengthening the world socialist movement etc.

The C.P.M. further criticises the C.P.I. - Congress entente, and demerces both the combination as "reactionary, as instruments of the rule of the capitalists and the landlords in this country"<sup>2</sup>

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1. The C.P.I. expressed that in the national democratic revolution will be carried on the national democratic ~~movement~~ front, which will be a transitional stage where there is no hegemony of the working class. (see p -13). ".....in this class alliance the exclusive leadership of the working class is not yet established, though the exclusive leadership of the bourgeoisie no longer exists"

ibid., p -139

2. C.P.I. (M), Election Manifesto, 1971 p -4

The C.P.M's policy towards the existing political structure is revealed when it demands that - the present Constitution must go "lock, stock and barrel". On the contrary, the new Constitution must replace the "sovereignty of the vested interests" by the "sovereignty of the people".

#### Understanding Indian Socialism:

Socialism, as an ideology has thus caught the imagination of our national leaders and movements for quite a long time. On various occasions, they have spoken about socialism and as a result, socialism has come to mean so many things in the Indian context, that it has become almost difficult to trace what socialism means? Both the left wing and the right wing parties freely pronounce socialism as a radical economic programme committed to the welfare of the masses.

The programmes and policies of the political parties, committed to socialist ideology, reveal that they differ from one another not only with regard to what they mean by a 'socialist society' but they also disagree with regard to the "approach to establish a socialist society". Each party is committed to an ideology but this ideology goes on shifting from time to time. For example, the Congress spoke of a "Cooperative Commonwealth" (whose meaning was never made clear), then the 'socialist pattern of society' and later "Democratic Socialism" based on a planned economy. The C.P.I. stands for a "National Democratic State" while the C.P.I.(M) wants to establish a "People's Democracy" in the country. The P.S.P.

and the S.S.P. have almost the same ideological background but they differ from one another in their "strategy and tactics". The lack of definitiveness and the absence of consistency in defining "socialism" has been one of the inherent shortcomings of our national leaders and the political parties. The C.P.I. in its economic policy professes Marxism - Leninism, but on the question of approach, both the wings sharply differ from one another. So is the case with the P.S.P. and the S.S.P. The same trend within the Congress. Sarvodaya has come to stay in the Indian political scene and itx has been considered as the only Indian alternative to western brand of socialism. The ideals of Sarvodaya has been put into practice for the last eighteen years through Bhoodan, Gramdan, Sampattidan etc. by Vinoba Bhave. By doing so, he puts into practice the Gandhian philosophy of trusteeship - where a labourer or a worker is a trustee in providing his skills. The influence of Sarvodaya can also be seen both in the Congress as well as in other socialist parties. But, it is yet to be accepted as a true alternative to the western concept of socialism by our political parties. The leftist parties in India are engaged in criticizing each others policies rather than working or explaining what they mean by socialism. Although, it is a controversial question, - has the emergence of left pressure groups helped to arouse social consciousness among the masses - Yet, it can be said that they are more self interested. They have pursued such ideological phrases and terms, which can act

as a challenge against the Congress. This is one of the causes, which has prevented the achievement of socialism in the country which these political parties hope to work for.

What then is Indian socialism? The official ideology of the Indian Government contemplates India as a country, committed to "Democratic Socialism". But, before explaining what 'Democratic Socialism' refers to, it should be made clear what socialism means?

Looking back at the origin of the word "Socialism" it can be said that the word was first used in French where the word 'Socialistes' was chosen to describe the followers of saint simon (in 1832). But the Englishmen take the pride in coining the word, because in 1826, the word appeared in the London Cooperative Magazine. Later, socialists in England meant the followers of Robert Owen. By 1840, the word 'socialism' had gained popularity in Europe where it referred to the ownership and control of the means of production (land, capital) to be owned and managed by the entire community in the interest of all.

Socialism, however became a significant force, as an ideology with the emergence of Soviet Russia in 1917. Since then, the ideology has become so popular that one finds various labels of socialism in the world today. Karl Marx was the first thinker to give a "scientific socialism". In Marxist theory, socialism refers to a society in which the means

of the production are in the hands of the state and in which goods are distributed "from each according to his ability, to each according to his <sup>needs</sup> ability". He gave a scientific touch to socialism through his two major contributions - the materialistic conception of history and the importance of surplus value as a measure of capital accumulation. Social ownership of the means of production, distribution and exchange is what Marxian socialism contemplates for. Marx believed that socialism can be achieved only through revolution and violence. Centralisation of the means of production, distribution and exchange what they contemplate. It was Lenin, who put into practice Marxist ideology for the first time in Russia. In his book socialism: Utopian and scientific, Lenin explains and defines the development of modern, scientific socialism.

The emergence of Soviet Russia in 1917, brought about socialist firmation in various colonial countries in Asia, Africa and Latin America. Since world war II, one finds a number of changes in the theory and practice of socialism as such. They are : -

1. Centralisation has been replaced by decentralisation. The emergence of " revisionists" in many western countries, who believe and work for decentralisation in achieving socialism. For example, decentralisation of planning has been provided as an alternative to the Russian type of centralised planning, in many of the Third World countries who are committed to establish a socialist society".



2. Violence and revolution have been criticised instead, the importance of Constitutional method has gained more importance.
3. Marx, in his theory had laid primary importance on factory workers as the major force in bringing about social revolution. Although he devoted some time and some literature on the peasants, yet, it was a minor one in his theory. In many of his writings, he believed that the peasantry was a reactionary element because they owned private property. One finds that he used the term "rural idiocracy" repeatedly to refer to the 'peasantry' in a society. In recent years, the emergence of the peasants as the revolutionary forces in "third world" countries cannot be overlooked because these countries are primarily agrarian countries.
4. Marx formulated his theory by keeping the western capitalist countries as his model. He believed that socialism would first occur in the industrialised countries through the capitalist stage of development. An alternative to Marxian concept has been provided by the third world countries. The peaceful transition has been named as 'Non-capitalist' path of development. The backward and the under-developed countries can by pass the capitalist stage in their transition towards a socialist society. Lenin in his address to the Congress of the Second Communist International (1920) had said :

".....Are we to consider as correct the assertion that the capitalist stage of economic development is inevitable for backward nations now on the road to emancipation and among <sup>them</sup> when a certain advance towards progress is to be seen since the war? We replied in negative".<sup>1</sup>

In India, socialism has been portrayed, akin to the revisionist trends rather than akin to the Russian model or the Chinese model. "Democratic Socialism" as the very name suggests. Provides for achievement of socialism through democratic framework. In other words, Parliamentary system of government and a democratic Constitution should be the means for the peaceful evolution towards a socialist society. The Marxist concept that democracy was a "Bourgeois" concept holds valid no more today. In other words, political democracy can never be a success unless and until it is accompanied by socio-economic democracy as well.

Socialism in India has been accepted so long as it does not subvert the goals of democracy. The new Constitution was promulgated on 26th January, 1950 which declared India as a "Sovereign Democratic Republic". It was obvious that our Constitution does not ~~em~~ embody any word referring to "democratic socialism" or ever "socialism" at all.

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1. Y. Zhukov

<sup>d</sup>  
The Third World : Problems and Prospects,  
Moscow, 1971, p- 176

L Demyson & others,

The preamble which was a continuation of the objective Resolution, contemplate in providing socio-economic and political justice to all the people of India. It aims at providing:

"Justice, social, economic and political; Liberty of thought, expression, belief, faith and worship;

Equality of status and opportunity .....

The socialist ideal is again implicit in chapter IV of the Constitution a "social document". The ideal of socio-economic justice, which is considered to be the sheet anchor of the Modern Welfare States, is proclaimed by the chapter on Directive Principles of State Policy (DPSP).

Art 38, of the Constitution of India, dealing with the scope and objective of the DPSP reads:

"The State shall strive to promote the welfare of the people by securing and protecting as affectively as it may, a social order in which justice, social, economic and political shall inform all the institutions of national life"

This en ~~over~~ the state with a vast array of power and makes it obligatory upon the state to exercise them in such a manner so that its positive obligation would be to create the necessary socio-economic conditions in which the negative rights of the citizens have their full meaning. Social and economic inequalities are the fundamental factors in bringing about both horizontal and vertical divisions among the Indian masses. The basis of socialism is economic equality which ~~xxx~~

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requires levelling down of few riches in whose hands the bulk of the country's wealth is amassed, and uplifting the condition of the masses who remain beyond poverty live.

Among the specific provisions of Part IV of the Constitution are:

1. Both men and women have the right to an adequate means of livelihood (act 39 (a)).
2. The ownership and the control of the material resources of the community are distributed for common good (act 39 (b)).
3. The operation of the economic system should not result in the concentration of wealth and means of production to the common detriment (act 39 (c)).
4. Equal pay for equal work (act 39 (d)).
5. <sup>te</sup>Production of children and youths against exploitation (act 39 (f)).
6. Right to work, education and public assistance to be granted to all (act -41).
7. Free and compulsory education to all children till the age of 14 (act 45).
8. Promotion of the standard of living of the masses and improvement of public health etc.

The Directive Principles of State Policy, therefore, contains a set of directives which aim at creating socio-economic equality among the masses. The Government of India,

take the pride in portraying its ideal of a socialist society and declare that the Constitution implicitly confirm to this ideal through the preamble and the DBSP. But one of the inherent shortcomings of chapter IV was that it was not made justiciable like fundamental Rights, dealing with Chapter III of the Constitution.

The democratic character of the Indian polity is revealed through the chapter on fundamental Rights<sup>1</sup>. It enumerates seven broad categories of "Fundamental Rights," namely, the right to equality, the right to freedom, the right against exploitation, the right to freedom of religion, cultural and educational rights, the right to property and the right to constitutional remedy. In contrast to Directive Principles, the Fundamental Rights are justiciable and any citizen can move to the Supreme Court for their enforcement.

The right of equality includes equality before the law, (art 14) prohibition or discrimination on grounds on grounds of religion, race, caste, sex or place of birth (art 15) equality of opportunity regarding public employment (art 16). Social equality is promised by "abolition of untouchability" (art 17), and abolition of titles (art 18).

Similarly, art 19 promises the citizens, the right to freedom of speech and expression, assembly, association or unions, residence acquisition, to practise any

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1. Constitution of India - Chapter III (Acts 12 -35)

profession, to acquire, hold and dispose property etc.

Acts 23-24 dealing with Right against exploitation, prohibits the traffic in human beings and forced labour. Act 24 forbids the employment of a child below the age of fourteen years, in any factory or mine.

Thus, the Constitution of India, aim at establishing a democratic socialist state in the country, and this is obvious from the provisions included in Chapter III and chapter IV of the Constitution.

Democracy, therefore, has been accepted by the socialists both as a means and <sup>as</sup> an end as a means, the parties stand for full rights guaranteed like freedom of speech, freedom of assembly and freedom of forming associations as an end, the socialists consider democracy as the free consent of the governed.

Thus India does not fully follow the paths pursued by Russia or China. Instead, it aims at establishing a "socialist society" through democratic means and methods, thereby completely discarding the method of violence and revolution. The non-capitalist path of development and peaceful transition has been accepted as a part and parcel of the Government's socialist programme. Socialism in India is not communism either. The basic and fundamental tenets of communism like - dialectical materialism, economic interpretation of history, class struggle etc. have no place in the Indian approach to socialism.

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In his famous article, 'on Basic Approach'<sup>1</sup>, Nehru had commented that our socialist tenets and socialist ideals should give no place to violence and other revolutionary measure. He wrote: "Unfortunately, many of the political aspects of communism have tended to distort our <sup>VISION</sup> ~~vision~~ of socialism. Also, the technique of struggle evolved by Communism has <sup>s</sup> ~~ve~~ given to violence a ~~pre~~dominant part. Socialism should be considered apart from three political elements or inevitability of violence"<sup>2</sup>.

India is a traditional, under-developed and backward country and socialism in Indian conte<sup>x</sup>t is considered to be the only measure in modernising <sup>s</sup> ~~and~~ industrialising its economic structure. Accordingly, the individual is given primary importance in the Indian socialist pattern and the adoption of parliamentary framework is considered as an indispensable feature <sup>of</sup> ~~for~~ it.

In India, the Marxist principle of complete nationalisation or state ownership of the means of production," has been given place to "public control of enterprise and planning". In other words, the concept of "mixed economy" has been accepted as the essential measure for reorganisation of the country's economic structure.

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1. J. Nehru, The Basic Approach, A.I.C.C. Economic Review, (New Delhi), August 15, 1958.

2. ibid.

Thus, in the post-independence years 'Socialism' has become more popular among the Indian political parties. The political parties, committed to socialist ideology, attempt to arouse a social consciousness among the masses. Socialism and Democracy are therefore, the two important trends in the Indian approach to socialism and these are fundamental in understanding Indian socialism.

A peculiar brand of socialism has, therefore, come into existence in India in the post-independence years. The Draft outline of the second five year Plan, thus referred to India's socialist pattern; "The socialist pattern of society is not to be regarded as something fixed or rigid pattern. It is not rooted in any doctrine or dogma. Each country has to develop accordingly to its own genius<sup>s</sup> and tradition. Economic and social policy has to be shaped from time to time in the light of historical circumstances".<sup>1</sup>

We will now proceed to examine the nature, performance and record of such a socialism in India.

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1. Government of India, Second Five Year Plan; Draft Outline, New Delhi, 1966 p -10.



**CHAPTER 3**

**SOCIO-POLITICAL CULTURE  
AND ITS RELEVANCE**

( 1 )

Socio-political culture and the economic structure are two inter-dependent factors which exercise a decisive influence in shaping a nation. The relevance of a congenial and a viable socio-political culture for the success of any action oriented programme cannot be overlooked. In other words, if such a programme ~~and, the ideology~~ behind it, succeed in developing a congenial socio-political culture in relation to reality, they should yield best results. Therefore, a congenial socio-political culture is a pre-requisite for the achievement of goals and objectives that a nation sets before itself.

The socio-political culture is indeed the reality. i.e., such a reality is determined by so many complex factors, - the economic structure being the prime one and the politicalisation or the role of the mass of the people being the main contributory one. Hence, the success of a government and the success of an ideology depend upon the socio-economic environment within which they operate. Moreover, the policy of a government can never be successfully implemented, until and unless it receives the enthusiasm and support of the masses. A responsive political system, therefore always aims at building up a conducive socio-political culture among its people through the implementation of various policies and programmes; it always tries to win the cooperation, participation and support of the masses at all levels. Democratic socialism and the establishment of a socialist pattern of society have been declared as the objective of the Government and the official ideology of the ruling Congress

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Party. This decision was an outcome of the objective situation and the reality which the country faced in 1947. The record of the two hundred years of British rule, and the events that followed the independence of the country (e.g. partition of the country,; communal strife, economic plight of the masses, political uncertainties etc.) had made India a nation torn by internal strife. The leaders of the country therefore, in addition to building up a democratic system of government, adopted 'socialism' as a means for quick economic development. They realised the importance of creating a relevant socio-political culture in relation to the objective conditions, which will make socialism a success in the country. After coming to power the ruling party has opted many socio-economic measures with the hope that it will provide for a mass approach to its various policy measures and through them in restructuring<sup>or</sup> the socio-economic life of its people.

The objective of this chapter is to study the process that has been adopted to create a socio-political culture among the masses since independence. Such a study is carried on with reference to three points; first, the socio-economic structure of the country on the eve of independence; second, the relevance of socialism with regard to objective conditions, and third, the various socio-economic measures and institutions that has been pursued after independence to institutionalise socialism in the country. As has been said earlier, the success of "Democratic Socialism" will depend upon the policies and programmes adopted by

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the government and more important so, on their right implementation. In this chapter, therefore a critical analysis is made of the various policies pursued by the Indian government to restructure the economy and to politicalise the masses.

#### Record of British rule:

The socio-economic structure of the country under British rule was not amenable to the welfare of the masses. Looking back at the record of British rule and its impact on the Indian Society it can be concluded that the government's policies were essentially dictated by the interests of British imperialism. While implementing them, there is no doubt, that the Imperial Power undertook various measures in creating an infra-structure for the administration country, and thereby inadvertently helped to set the country on the road of its progress from medievalism to modernism; however, all these were done because they directly served the interests of the colonial power.

The Britishers were not against the economic development of India insofar as it did not stand in their economic interest and their Raj. The educational attempts were limited. The old society characterised by rigid caste structure continued. Except a very small fringe of the educated elite, the vast majority of the Indian people continued to toil and sweat. As an Indian representative, in the Round Table Conference of 1930 simply summed up: "..... there certainly is no fundamental change in

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our position. Indeed, so far as we are concerned, the British Government has accepted the social arrangement as it found them... Our wrongs have remained as open sores and have not been righted, although 150 years of British rule has rolled way."<sup>1</sup>

Independence, also brought about a series of problems on the domestic front. Partition of the country was followed by communal atrocities in East and West Punjab, Bengal, Delhi and other parts of the country. The effect of the Second World War was of considerable magnitude in India. On the eve of independence, there was chaos inside the country. Rehabilitating the displaced persons was a tremendous task which was faced by the new government. The vast expenditures incurred in meeting these and other problems created a serious economic crisis. This was accompanied by the problem of food shortage, mainly due to the separation of India and Burma in 1935 and the loss of a food surplus territories to Pakistan after the partition. ~~©The xjuxxmk~~

Thus on the morrow of independence, the country was faced with serious problems and the economic conditions of the masses were in a pitiable condition. The national leadership faced five crucial tasks which needed both long-term and short-term attention. They were:

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1. Quoted in R.P. Dutt, India Today, Bombay, 1947, p. 105.

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1. The establishment of a national government;
2. The formulation of a national identity;
3. Initiation of socio-economic transformation process in the country;
4. The task of organising a democratic and stable political system of government; and
5. The creation of a conducive socio-political culture among the masses.

As has been said earlier (in Chapter II ) the national leaders and political parties were confused regarding the concept and approach towards socialism. The objective situation enhanced this confusion still more. Moreover, this was not a time, which was propitious for a firm commitment to any particular ideology. The first few years following independence were entirely devoted to organising and restructive<sup>ing</sup> of the society on the whole.

The government's desire to establish a national government and a stable democratic political system was manifested with the promulgation of the new Constitution in January 1950. It declared India as a "Sovereign Democratic Republic". After much arguments and counter-arguments in the the constituent Assembly, the Parliamentary System was adopted in preference to the Presidential system of Government prevalent the United States of America.

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But, there were certain features like the existence of a large number of Princely States, the Zamindari system etc. which were inimical to the establishment of a democratic polity. After independence the government undertook immediate steps to bring an end to such undemocratic features and thereby build up a firm national government capable of solving various other problems with competence.

Inteoration of the Princely States:-

The first measure they pursued was the integration of the country. India under British rule was bifurcated into two parts - the British India and the princely states. The latter consisted of about 554 Native Princely States, which covered an area of about 6 lakh square miles (47% of the Dominion India) and had a population of 89 million (26% of the total population of India). On the eve of independence, the British Government left the choice with princely rulers either to remain independent or to accede to India or Pakistan. These states were primarily autocracies. When India adopted for a "Democratic Republic" these states were inimical to the establishment of a Democratic Society in the country. Nehru referred to them:-

"A lack of civil liberties was a common feature <sup>among</sup> ~~of~~ them. As a class they were necessarily feudal in outlook and authori-

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tarian in methods".<sup>1</sup> Nehru's belief in humanism and individualism resulted in his aversion towards authoritarianism and strengthened his faith in democracy.<sup>2</sup> Therefore, the Government of India as a first step towards establishing a democratic polity, integrated the states.

#### ABOLITION OF ZAMINDARI

The second measure which the government undertook was the abolition of zamindari, an obvious product of British colonial policy. The zamindari system was a major hurdle in the establishment of a socio-economic democracy. It had resulted in the concentration of land in few hands. Besides, the zamindars were responsible of exploiting the poor peasants.

In 1952, Nehru had said: "If there economic inequality in the country, all the political democracy and all the adult suffrage in the world cannot bring about real democracy."<sup>3</sup>

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1. Quoted in, Mrityanjoy Banerjee, Democratic Socialism, Calcutta, 1971, p. 44.
  2. "Absolutism is not only based on inequality but must perpetuate it in every sphere of life..... Those who have to suffer under it, lose their sense of dignity and self-reliance." J. Nehru, the Discovery of India, pp. 554-5.
  3. Nehru's speeches, Vol. II, Speech in Parliament, December 15, 1952, p. 85.



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As a result nearly 173 million acres of land were freed and Rs. 500 crores were paid as compensation to the zamindars. This approach of the Congress was criticised by the communists, who believed that confiscating land should not be followed by paying compensation to them. Confusion is also expressed over the term "abolition of landlordism" and "abolition of intermediaries". For example, the Congress only takes into consideration the landlords as intermediaries who are recognised by the statute as those persons who stand between the state and the tiller. The CPI, on the other hand, consider "abolition of landlordism" the elimination of these persons who own land but the manual labour is performed by the second person.

As a result the non-cultivating landlords in the statutory ryotwari areas (e.g. the Jenmies of Kerala, Miradars of Madras etc.) and the non-statutory landlords in the zamindari areas (e.g. Jotidars of Bengal) were excluded from the term 'intermediaries' by the Congress and such a process of abolition of the intermediaries has hardly changed the agrarian situation in the states.

The government nevertheless, undertook such measures to abolish the zamindari system and to uplift the Indian peasantry from their pitiable condition.

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These practical measures of the government undoubtedly created a new situation in the country. Against this background, the first General Election was held in 1952 and as a result, representative governments were established in the centre as well as the states. The Indian National Congress because of its past performances in the nationalist struggle had no difficulty in emerging as the most popular party in the election. Therefore, during the interim years between 1947-55, the government was engaged in restructuring the society as a whole. But, as has been mentioned earlier (in chapter II ) this was not a period which enabled the government or any other political parties for a firm commitment to any ideology. But once the political stability was established in the country, the government as well as the political parties proceeded to define their ideologies. Because of its past commitments, socialism became the national goal of the Congress as well as the national government.

The decision to establish a 'socialist society' was a genuine reaction because even during the pre-independence days, the political elite had realised that socialism was one of the means for eradicating all the socio-economic evils in the country. But they wanted to bring about the desired socialist transformation in the country through peaceful and non-violence measures. Non-violence and peaceful evolution had been a constant feature in the Indian political scene. The pattern of transfer of power was a peaceful affair. Unlike the Chinese revolution which

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established a new order and broke away completely from the past, the Indian transfer of power under the statesmanship of Gandhi, was responsible in creating such social conditions, which were in continuation of its past traditions. Marxian thesis considers class struggle as a indispensable feature in the development of one stage to another, but the Indian socialists, denounce class struggle and use of violence as a necessary measure in socialist transformation. Nehru had once said: "While not denying or repudiating class contradictions, we want to deal with the problem in a peaceful and cooperative way by lessening rather than increasing these conflicts and trying to win over the people instead of threatening to fight them or destroy them."<sup>1</sup>

Therefore, the Government's decision to adopt socialism and to create a new socio-economic order in the country was, partly in continuation of its previous programmes and policies of the pre-independence years; and partly, influenced by the objective situation that prevailed in the country during the period from 1947-1953.

With its monopoly of power, the Congress realised that the multifarious problems like - partition of the country, communal riots, problems of integration of the princely states,

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1. R.K. Karanjia, The Mind of Mr. Nehru, London, 1966, pp. 76-77.

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food shortage etc. were inimical to the all-round development of the country. It was desirable to create a socio-political culture among the masses, which could bring about an equalitarian society and which would teach the people to accept a new social order without any inhibition. Accordingly, the Congress Government pursued certain programmes with the declared objective of creating a favourable socio-political environment in the country.

These programmes have the twin aims of reorganising the economic base of the country leading to rapid economic development and the politicalisation of the masses. In other words, the government was desirous to create a mass consciousness through its policies and programmes. In order to restructure<sup>ure</sup> the national economy, the government has adopted certain measures like democratic planning, mixed economy, land reforms, etc. Similarly, the process of politicalisation is to be established through the setting up<sup>of</sup> democratic institutions, providing various socio-economic measures and organising movements in the country. Indeed, the government's desire to politicalise the masses ~~is~~ is manifested through the establishment of bureaucracy, Panchayati raj, education, community development programme and other socio-economic measures undertaken from time to time. In other words, the government has intended to create a socio-political culture among the masses with the help of these measures. But, whether these policy measures have created the desired socio-political culture among

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the people, is another question. An analysis of these measures and their impact on the ~~following~~ society as a whole is undertaken in the following pages.

## RESTRUCTURING OF THE ECONOMIC BASIS

### Mixed Economy

The policy of the Government towards organising the economy on the whole was expressed through its policy of mixed economy - a policy which facilitates the coexistence of the public and the private sector within the economic framework. Although India is primarily an agrarian country, yet one of the important objective of the government's economic policy is rapid industrialisation. The creation of the public and private sectors, is expected to provide industrial base to <sup>our</sup> ~~ewe~~ economy. But the manner and the proportion in which these two sectors will function and continue to exist, is an important question. This is conditioned by two factors, the ideology of state, and the socio-economic structure of the country. For example, in a socialist State, the public sector plays an important role. It is considered to be an essential measure for bringing about a "socialist transformation" ~~in~~ the country and organising the socio-economic basis of the society or the whole.

The Congress leaders, in relation to the objective conditions <sup>that</sup> prevailed in the country, wanted to pursue an economic policy, which will put the country in the path of progress from an under-

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developed, poverty stricken country to an industrialised, developed and modern state.

By adopting the policy of 'mixed economy', the Congress wanted to avoid any rigid, dogmatic outlook, that is characterised by either capitalism or communism.

Nehru, who always wanted to avoid such an outlook, wanted to give a place to both the public and private enterprises within the country's economic framework, although he knew that the system of private enterprise <sup>was</sup> ~~and~~ loosing its influence. In his address to the National Development Council on 9th November, 1954, he said:

" This (i.e. giving a secondary place to the private enterprises in the plans) does not mean that we are doing away with the private enterprise. I think there is much scope for it and where you allow private enterprise, you should give scope, freedom and encouragement to it to develop."<sup>1</sup>

His belief in mixed economy as the basis of India's socialist pattern was confirmed on the same occasion when he spoke of social ownership of the means of production and the existence of private enterprise together.<sup>2</sup> He believed that

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1. Quoted in Margaret W. Fisher and Joan V. Bordurant, "Indian Approaches to a Socialist Society", Berkeley, 1956, Appendix I, p. iii.

2. "The picture I have in mind is definitely and

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the existence of the public sector and private sector simultaneously was in conformity to the objective conditions of the existing situation and this was in line with the Indian approach to socialism.

The Congress Resolution on economic policy at the Avadi Session, specifically mentioned the role of the State or the public sector and the private sector in the economic structure of the country. Clause 5 of the Resolution was wholly devoted to the public and private sector respectively.<sup>3</sup>

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and absolutely a socialistic picture of society. I am not using the word in a dogmatic sense at all, but in the sense of the sense of meaning largely that the means of production should be socially-owned and controlled for the benefit of society as a whole. There is plenty of room for private enterprise there provided and main aim is kept clear."

Quoted in *ibid.*, Appendix I, p. iii

3. "The first Five-Year Plan was based on a public sector and a private sector. The public sector must play a progressively greater part, more particularly, in the establishment of basic industries.

The private sector or the non-state and voluntary enterprises will, however, continue to have importance.... In the present conditions in India, such non-state enterprises are necessary for adding considerably to production and employment. There can thus be a speedier and fuller achievement of our objective, provided that functioning of the private sector is in terms of the National Plan. The private sector has thus a definite place in our economy at present & should be encouraged to play its part within the broad strategic controls of the plan." *ibid.*, p. ix

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The Congress, in the Amritsar Session (1956), once again declared that: "The public sector has to expand rapidly, but the private sector also has to play an important part within the framework of the Plan. The two sectors must be viewed as parts of a single plan to be worked in coordination with each other and not as two independent sectors of our economy."<sup>1</sup>

Accordingly, the two Industrial Policy Resolutions of 1948 and 1956 of the Government demarcated the specific roles which these two sectors should command, in the economy.

#### DEMOCRATIC PLANNING AND DEMOCRATIC PROCESSES

Another measure which the Government has undertaken towards the goal of achieving democratic socialism in the country was the introduction of democratic planning and the establishment of necessary democratic institutions for the speedier implementation of the plans and programmes. Some of our national leaders were influenced by the tremendous achievement made by Russia in the economic field through its "miracle plans."

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1. Quoted in ibid, Appendix III, p. xi.



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Planning was not a new concept to the leaders of the Congress in the post-independence era. As early as 1938, the Congress had established a National Planning Committee under the presidentship of J. Nehru. It was a representative committee, consisting of educationists, scientists, economists, industrialists, trade unionists etc. belonging to different schools of thought. Obviously, it was clear from the beginning that there would be conflict of approach relating to planning in the Committee. Another singular attempt was made by Sir M. Visveswaraya, to start a planned economy in the country. In 1934, he had published a book, "Planned Economy for India" or the "Tata-Birla" plan (1944), People's Plan prepared by M.N. Roy, and the Gandhian Plan prepared by S. N. Agarwal.

But planning, as an essential part of the Government's economic programme was accepted only in 1951, when the first plan was implemented. The Congress spoke for "democratic planning" which conveys the idea that planning is democratic so far as it is shared, understood and willed by the citizens.<sup>1</sup>

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1. "Democratic planning is held to mean, ".....that planning and the policies should enlist not only the support of the masses but also their active participation in plan preparation and implementation", that this popular participation and cooperation should emerge voluntarily so that the state policies can be carried out without regimentation or coercion."

Gunnar Myrdal, Asian Drama, An Enquiry into the poverty of Nations, 1968, Penguin Books, p. 850.

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The Government also believed that uniform planning will counteract against such narrow tendencies like provincialism, communalism, casteism, and regionalism. During the last twenty-five years, four five-year Plans have been implemented in addition to the three annual plans and each of them have conveyed that the purpose of planning in India is to raise the standard of the masses and to provide them with such opportunities so as to pursue a rich and a varied life, and to set up a new social order, where there will be no exploitation, poverty, unemployment and injustice.

Nehru had immense faith in planning and he considered that planning will not affect the Indian democratic structure in an adverse way, instead it will further strengthened the Indian democratic structure by creating necessary conditions for peoples' cooperation in the government's programme. Nehru had repeatedly ~~re~~ mentioned that:

"If anybody is going to tell me that a democratic structure means no planning, I am not prepared to accept that statement."<sup>1</sup>

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1. Nehru's speeches, Vol. III, New Delhi, 1955, p. 70.

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But democracy can be a danger to planning if the people are not in support of the planning.<sup>2</sup> Planning requires the goodwill and cooperation of the masses for its success. The Congress believes that individual liberty and freedom will not be restricted in a democratic planned society. The degree of centralisation will be allowed to that limit which will not restrict the liberty and rights of the citizens as prescribed in Part III of the Constitution. Among various checks to restrict centralised planning, the Government has incorporated certain constitutional measures like elected Parliament, universal adult franchise, trade union, other labour organisations etc. These democratic institutions, not only restrict the centralised planning, but facilitates the involvement of the masses in the administration of the country. Like the Russian type, planning in India not only aims at rapid economic development and creating a congenial viable economic base in the country, it also proposes to eradicate all social evils which are a constant feature of our traditional society, and set it on the process of modernisation.

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2. ".....while in Western countries, the trend towards planning is certainly not a danger for democracy, there is more truth in the converse proposition. A democracy, which is itself among the forces driving forward the trend toward planning can endanger or at least postpone the fullest rationality of planning. This is so as long as the people are badly informed about their interests and facts.... the lower their participation in the community type."

Gunnar Myrdal, "Beyond the Welfare State", Yale University, Press, 1960, p. 58.

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LAND REFORMS

The agrarian structure which India inherited from its colonial days was a major obstacle in the development of the country. The Government, in order to accelerate rapid industrialisation and to release the peasants from exploitation took the necessary steps to alter the economic structure<sup>1</sup> of the country.

Daniel Thorner has made it clear that "the complex of legal, economic and social relations uniquely typical of the Indian countryside served to produce an effect which I should like to call that of a built-in depressor."<sup>2</sup> In his study Thorner pointed out that Indian agriculture in the pre-independence era was characterised by:

- (1) Low capital intensity and antiquated methods;
- (2) The pattern of landholding, cultivation and product-sharing was mainly responsible for low productivity in the agricultural sector.
- (3) The income of the peasants were below the subsistence level.

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1. "In the general sense, the structure of an economy conveys the idea of the organisation and in generalised from.....organisation involves the joint application of capital, labour and enterprise to natural resources..."  
S.A.Shah, "Structural Obstacles to Economic Development"  
New Delhi, 1969, pp. 81-82.
  2. Daniel Thorner, "The Agrarian Prospect in India",  
Delhi, School of Economics, 1956, pp. 12-13.

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In order to look into these problems, the Congress set up two committees - "Congress Economic Committee", headed by J. Nehru and the "Congress Agrarian Reforms Committee" headed by J.C. Kumarappa.

The Committee recommended certain measures like:

- (1) Rent and land Tax should not be imposed on uneconomic buildings;
- (2) Reduction and readjustment in rent and revenue in conformity with the existing situation;
- (3) Agricultural income should be assessed to income-tax, like all other incomes on a progressive scale subject to a prescribed minimum;
- (4) All feudal dues, levies and forced labour should be abolished
- (5) Abolition of rural debt;
- (6) Statutory provisions regarding better conditions for peasants etc. should be provided;
- (7) Elimination of all intermediaries; and
- (8) Elimination of eviction, rack-renting and illegal transaction etc.

The Five-Year Plans also reiterate the Government's desire towards agrarian reforms. The First Five-Year Plan conceived that the fundamental issue in considering the national development involves the question of the future land ownership and pattern of cultivation. The Second Five-Year Plan manifested the objectives of land reforms as:

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first, to abolish the obstacles inherent in the existing agrarian structure; and second, to create conditions which will help in evolving a new agrarian economy resulting in high productivity.

The Third Plan also gave a priority to the land reform. This proved to be an improvement over the previous plans, because it suggested to ".....eliminate all elements of exploitation, social justice within the agrarian system to provide security for the tillers of the soil and assures equality of status and opportunity to all sections of the rural population."

Therefore, the purpose of land reform in India is first to evolve an efficient agrarian economy and to realise the productivity of land, and second, to establish an egalitarian society based on social justice.

The Land Reform Programme intended by the government, includes the abolition of zamindari and the abolition of all intermediaries between the state and the actual owner of the land, imposition of ceilings on land; fixation of fair rents for the tenant etc.

These reforms are desirable in themselves but they have failed to improve the over all condition of Indian agriculture which could have contributed for an increase in the investment of land improvement, increase in the productivity of land and increase in the total production in terms of food grains etc.

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However, a review of the Governments' agrarian policy today will show that the policy of land reform is yet to fulfill its aims. Although the AICC's Agrarian Reforms Committee had prescribed (in 1948) for land reforms, still such a land reform is yet to come about. Congress pronouncements over the years have showed that there is no lack of good will among the congress leaders, but the difficulty lies in their implementation. The implementation of the land policies are left to the initiative of the states. This leads to variation in purchase prices ceiling on landholdings, compensation to the landowners etc. For example: - in Punjab, the purchase price is nearly 75% of the market price and the tenants are expected to repay the amount in annual instalments which at times may cover from 5 to 20 years. Some states have shown half-hearted reforms and fixing up a ceiling.

"Land to the tiller" has become an empty slogan in recent years. Whatever measures the Government has undertaken, have not shifted the ownership of land from the old semi-feudal, rent-receiving absentee landlords to the actual tillers. If there is any change, then there has emerged a new class who have replaced the old landlords and rich peasants.

The growing concentration of land monopoly is perceptible to a large extent. It is estimated that nearly:

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1. 47% rural households are deprived of owning any land, and if they do that holding is limited to less than 1 acre. They only own 1% of the total land area.
2. 74% rural households either possess no land or if they do - that is less than 5 acres. They possess 16% of the total land area.
3. 2.3% households possesses 30 acres each or more. This comes to 28% of the entire land area.
4. 1% households own more than 40 acres each - which comes to 20% of the total land area.

Thus, inspite of government's much attempt, the policy of land reform has not been successful.

#### PROCESS OF POLITICALISATION

The Government's wish to create a process of politicalisation in the country can be analysed on three phases. Firstly, the government's plan to establish democratic institutions, secondly, the government's measure to bring about social development and thirdly, the policy to organise political movements and therefore, to create necessary social consciousness and political culture among the masses.



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DEMOCRATIC INSTITUTIONS:

PANCHAYATI RAJ.

Panchayati Raj has been accepted as an important institution and a measure by the government to bring about three dimensional change in the rural sector - modernisation, politicisation and democratisation of the villages.

Realising the difficulties faced by the C.D. Programme, the government under the aegis of the National Development Council in 1956 set up a Committee to look into the "economy and efficiency" of the Community Development Projects and, therefore, suggested appropriate recommendations. The Committee looked into the problems in reference to certain points like defining the content and assigning priorities to different fields of activity; intensification of activities in the sphere of agricultural production etc. The primary task of the Committee was, however, to assess the extent to which the whole Community Development programme had been able to utilise local initiative, and creating favourable socio-economic conditions in ~~the~~ the villages.

The report, which was prepared under the guidance of B. Mehta was adopted by the National Conference on Community Development in 1958. The Committee recommended for the establishment of a three tier local government - the village panchayat, Panchayat Samiti and the Zila Parishad - as the grass root basis of the Indian democracy. Panchayati Raj, therefore,

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replaced the term "democratic decentralisation". The Village Panchayat is an elected local council with enlarged powers of local government; which is followed by the Samiti (second level) consisting of the heads of village Panchayats and covering an area of about 60,000 people. The third level is Zila Parishad, consisting of the Samiti presidents.

The Government has given priority to the "villages" as the basic unit in bringing about a socio-economic change in the country; and this has been in line with constitutional provision.

The Draft Constitution did not incorporate any article on village panchayats.<sup>1</sup> But the new Constitution gave a definite place to the village panchayats. Article 40 of the present Constitution empowers the State to "... undertake steps to establish village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of Government.

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1. Dr. B.R. Ambedkar, Chairman of the Drafting Committee was cynical about the villages and their role in the national reconstruction. He had commented that:-

"I hold that these village communities have been ruination of India... What is the village but a sink of localism, a den of ignorance, narrowmindedness and communalism?"

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Accordingly, the Plans give special importance on the Panchayati Raj. The Third Five Year Plan inscribed the principal aims and objectives of the Panchayati Raj Institutions as:-

1. Increasing agricultural production;
2. Development of rural industries;
3. Postering cooperative institutions;
4. Full utilisation of local manpower and other resources, physical or financial, available to the Panchayati Raj Institutions;
5. Assisting the weaker Section of the community, etc.

Therefore, Panchayati Raj had been responsible for bringing about a vertical division of the administrative apparatus. It was intended that Panchayati Raj will ensure people's participation in the democratic processes in the country. In other words, the Panchayati Raj institution facilitated decentralisation of administrative authority by coordinating various agencies of the government and making the administration an instrument of the people.

The role of the Panchayati Raj, institutions in the process of democratic planning cannot be overlooked. As has been said earlier, democratic planning is not centralised planning. It is decentralised planning in the sense, it tries to involve the Centre, the State and the District

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administration in the formulation of plans. The people are expected to take part in the formulation of the plans. The Grow More Food Enquiry Committee in a special report, once observed that - "No Plan can have any chance of success unless the millions of small farmers in the country accepts its objectives, share in its making, regard it as their own and are prepared to make the sacrifices necessary for implementing it."

The role of the Planning Commission, as the Government has proposed, is to prepare the general framework of the Plan. Beyond this, it will invite the appropriate local and functional bodies to send in the plans, affecting their respective fields. The Commission will amend and adopt them in the light of overall needs and resources of nation and finally to work out, in consultation with bodies concerned, a National Plan.

In the formulation of the plans at the local level, the Panchayat Samities play the most important part. The State Governments ask the Panchayati Raj institutions to indicate the availability of resources which can be utilized for developmental plans. The Panchayat Samiti prepares production plans, after taking into consideration the objective facts. This plan is then included in the District Plan. Similarly, the Panchayati Raj institutions plays an important role in the implementation of the plans.

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Therefore, by establishing the Panchayati Raj institutions, the government considers that they are "a revolutionary step promoting mass participation in the administrative process and the economic reconstruction of the country at the village level."<sup>1</sup> They are supposed to provide a new dimension to rural development and have also introduced a change of considerable importance in the district administrative structure. But, the performance of the Panchayati Raj institutions has shown that they have not been able to fulfill the objectives for which they were created.

## 2. BUREAUCRACY

The Government of India implemented its policies and programmes through the bureaucracy. Bureaucracy, as a link between the Government and people, plays an important role. However, the policies of the Government may be good, but if they are not implemented properly, they lose their value. Bureaucracy as an organisation is responsible for proper implementation of the Government's programmes and policies, whether the country is a developed or an under-developed community, hardly matters.

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1. M. Pattabhiram (ed), General Election in India, New Delhi, 1967, p. 170.

Election Manifesto, Indian National Congress, New Delhi, 1967.

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India being an under-developed country, the role of bureaucracy in relation to various developmental programmes and planning cannot be overlooked. India is a welfare state and accordingly, the bureaucracy as a creative instrument of state action plays a major part. Planned economy necessarily implies the Government's function at all levels - the centre, the State and the local bodies.

The Government of India, therefore, wanted to cultivate a sense of complete integration between the bureaucracy and the community - and to win the confidence, cooperation and active participation of the masses. With the adoption of the socialist pattern of society, and the concept of welfare State, the magnitude of administrative services has increased in recent years.

But, in reality, the bureaucracy presents a different picture. Today, the Indian bureaucracy is characterised by corruption, red-tapism and mismanagement of affairs. There is no doubt, that the bureaucratic structure in India have<sup>s</sup> expanded ~~the~~ greatly because of nation's commitment to the

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"welfare concept"; but, along with it, corruption and red-tapism have corroded into all levels of the bureaucracy. The bureaucrats are less interested in the welfare of the masses. The class origins of the Indian bureaucrats show that they come from the higher strata of the society. In fact, those who are at the helm of affairs in the country belong to a higher caste, higher income group and have better educational qualifications. Their living standards vary greatly from those of the ordinary people. The social origin of these bureaucrats also reveal that, they mostly belong to the urban, Anglised and more-than-average family group. This is one of the reason why they prefer to remain aloof from the Indian masses.

There is no doubt that these bureaucrats are in many respects the most intelligent, supple and refined ~~xxxx~~ persons in India; but their long monopoly of state services has made them value official careers more for their own security; prestige and handsome emoluments than for the opportunities of social service." 1

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Gupta, R.C. <sup>Rules</sup> Who values a Country? New Delhi, 1969, p. 117

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SOCIAL MEASURES AND PROGRAMMES:

The Government's desire to bring about social changes in the country was manifested through its measure of community Development Programmes, educational policies etc. as <sup>they are</sup> ~~this~~ was fundamental to establish an egalitarian society in the country.

Community Development Programme

India is a land of villages where 80% of her population reside. Therefore, the villages are basic to the country's all-round progress and development. In other words, if proper conditions are created within which the villages will develop rapidly, then it will automatically lead to the progress of the nation as a whole. However, this task is ~~under~~ formidable. As one observer of the village scene as put it: "The village communities are little republics having nearly everything they want within themselves. They seem to last where nothing else lasts. Dynasty after dynasty tumbles down, revolution succeeds revolution, Hindu, Pathans, Moghuls, Marathas, Sikhs, English are masters in turn, but the village communities each one forming a separate



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state within itself, remain the same. It has contributed more than any other cause to the preservation of the people of India, "through all revolutions and charges they have suffered."

After coming to power, the Congress pursued the policy of rural reconstruction which will ensure a socio-economic transformation not only in the villages, but also in the country as well. It wanted to create a sense of need among the masses for economic regeneration, political consciousness and social transformation. In other words, the Government's programme of rural reconstruction, aimed at material, moral and intellectual development of the masses. The material aspect aims at providing better conditions and opportunities to the people, like better health, sanitation etc. and thereby raise their standard of living. Educational facilities were provided to them for their intellectual development. The moral aspect was most important of all, because it wanted to make the rural citizenry conscious of their own personality and individuality.

In 1952, the Government of India undertook a concrete and a comprehensive step in the name of

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"Community Development and the National Extension Service."

The Community Development was considered as a method and the National Extension Service was accepted as the agency to build up a new society. At first, the Community Development was believed to be the Government's programme with people's participation" but later it was changed to "Government's participation in people's programme." It was, therefore, a movement which was designed to provide better opportunities and conditions for the masses to raise their standard of living with the active participation of the people on the whole. The Community Development Programme<sup>1</sup> was launched on October 2, 1952 with 55 pilot projects at the first instant, covering an area of 500 square miles and 300 villages and a population of 2 lakhs. Under each Plan period, the Government allotted a large sum of funds for the Community Development Programmes. During the First Plan period, the expenditure incurred on Community Development was Rs. 45.9 crores as against an outlay of Rs. 90 lakhs. The Second Plan incurred an expenditure of Rs. 187.1 crores as against an outlay of ;. 200 crores. During the Third Plan, a sum of Rs. 322 crores were allotted to which Rs. 269 crores were actually spent.

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The dispensation of power was further achieved by the establishment of rural cooperatives which are governmental institutions. They provided loans and services for small scale industries in rural areas and also seeds, fertilizers etc. to the peasants. Besides, they also protected the villagers against the moneylenders. At the initial stage of its implementation, the Community Development Programme registered a profound increase in people's enthusiasm in sharing of the political and socio-economic transformation of their respective blocks. But soon this popularity receded because the government failed to keep up to its promises. Lack of finances, lack of trained personnel and other problems kept coming up and the government was not in a position to give proper attention to the basic problems of the villages. The UNESCO delegation in 1954 commented that the C.D. Programme in India lacked the human touch- although there have been some welfare work, but little is done on social side. The human aspect of the Programme is being neglected.

#### EDUCATION

The close link between education and national development cannot be overlooked, so far as India is concerned. A good educational system contributes immensely <sup>to</sup> ~~for~~ creating a new culture among the masses

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which makes them conscious of the things happening around them. In other words, a good educational system always contributes to political, economic, social, cultural, and intellectual development of a country.

Coming to Indian reality, education has come to occupy an important part in the Government's policies and programmes. During British rule, the foreign government had undertaken very limited measures for educational development of the masses. The people were illiterate, tradition-bound and ignorant. Lack of proper educational facilities had forced the people to remain backward and this was one of the shortcomings why they could not break through traditionalism and embark on a process of modernisation. The cultural patterns which had remained through the years were not conducive to the future development.

The success of democracy and socialism in a country like India, which has embarked on a process of change from traditionalism to modernism, depends upon the pattern of its educational system. The Government of India, soon after coming to power, had realised this problem, and education has been accorded

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a prime place both by the Centre and the States as an indispensable factor for national development and security. Prior to the independence, the national leaders had some concern for educating the masses. The scheme of "Basic Education" of Gandhiji has always laid emphasis of coordination and harmonisation of manual work to intellectual work; and making education directly relevant to the life of the people. In 1948-49, the Government appointed the University Grants Commission to look into the problems of educational reconstruction. The Constitution also accorded special place to the education in the country. Education including university education, was placed under the State list in the Seventh Schedule (List II), except the control of national universities and other scientific and technical institutions, which are to be under the control of the Central Government.

Article 45 (Part IV) of the constitution provided for free and compulsory education upto the age of 14 years within 10 years of the implementation of the Constitution. Special provisions were inserted in Part III dealing with cultural and educational rights of the minorities. For example, Article 29 guarantees the protection of interests of the minorities; and Article 29(2) provides:-

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"No citizen shall be denied admission into any educational institution maintained by the State or receiving aid out of State funds on grounds of religion, race, caste, language or any of them."

Similarly, Article 30 provides the right of minorities to establish and administer educational institutions.

The Plans have accorded special place to education for socio-economic and political development in the country, and each Plan accords more money than the previous one for the expansion of educational opportunities.<sup>1</sup> The Third Plan accorded to Education an amount of Rs. 588.7 crores; the annual Plans (1966-69) provided Rs. 822.7 crores. As a result, the Government has established schools, colleges, universities and other technical and scientific institutions throughout the country. Problems for educational reconstruction have been undertaken by various educational commissions.

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1. The Table <sup>on the next page</sup> refers to the pattern of expenditure under various major heads, and as provided by various plans. p. 38.

Table 4

EXPENDITURE UNDER PLANS

(In crores of Rupees)

Major Head	First Plan	Second Plan	Third Plan	Fourth Plan (1969-74).
Elementary Education	85	95	178	234.74
Secondary Education	20	51	103	118.52
University Education	14	48	87	183.52
Teachers training	**	**	23	21.17
Social Education	5	4	2	8.30
Other Educational Programmes	9	23	64	118.75
Cultural Programmes	@	3	7	12.49
Technical Education	20	49	125	125.37
<b>Total:</b>	<b>153</b>	<b>273</b>	<b>589</b>	<b>822.66</b>

\*\* included under elementary/secondary education.

@ included under other educational programmes.  
Source: India, A Reference Annual, New Delhi, 1971. p. 63.

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The University Grants Commission was set up in 1955 to determine and coordinate the standard of education in the universities and to implement developmental schemes.

The Third Five Year Plan reported for educational reconstruction in the country and in 1964-66 the Education Commission was appointed to advise the government on -

"the national pattern of education and the general principles and policies for development of education at all stages in all aspects".\*

The Commission also reported that a radical re-orientation of the educational system was needed for economic and cultural development, for national integration and for creating the necessary socio-political culture in the country for the realisation of the goals of a socialist pattern of society. Education is the effective measure to create a xpolitical culture among the citizens and in the process teach them to make an intelligent choice between rational and non-rational determinants of human behaviour.

This will involve transformation of the system to relate it more closely to the life of the people,

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\* Education and National Development - Report of the Education Commission, 1964-66.

Ministry of Education, New Delhi, 1966, p. xv.



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a continuous effort to raise the quality of education at all stages; an emphasis on the development of science and technology; and cultivating moral and social values. It must produce young men and women of character and ability committed to national service and development. Only then education be able to play its vital role in promoting national progress, creating a sense of common citizenship and culture, and strengthen national integration."<sup>1</sup>

#### Focus on Impact of Educational Programme

But, once again the failure of the government to achieve the necessary changes in the educational system and to raise the intellectual level of the masses becomes obvious if one looks at the performance of the educational institutions in the country today. There is no doubt, that the number of the educational institution has been increasing, but the quality of our educational system is deteriorating. Corruption in the universities and other educational establishments is clearly perceptible. Mass copying has become almost a constant feature in many of our universities, schools etc. Students strike is another example.

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1. Ibid., p. xv.

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In addition, the Government has spent massive amounts during each Plan period on social overheads, which shall result in not only all round economic development but will also filter down social justice to all living within the same society.

Employment has been accorded priority in Government programmes.

"Non-utilization of our vast manpower is one of the central weaknesses of the economy we inherited at the time of our independence. The whole process of building a new order means providing new opportunities for work and employment".<sup>1</sup>

In order to meet the challenge of growing unemployment, the government has proposed for a programme of decentralised industry in the rural areas, and a continued rise in productivity in agricultural and industrial sectors which need immediate attention. It has also undertaken many measures like - public construction in villages, towns; irrigational facilities, marketing centres, etc. in the rural areas.

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1. Election Manifesto, Indian National Congress, New Delhi, 1967, p. 74.

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The caste system has corroded the Hindu society but its elimination is not an easy task. The Government has undertaken various legislative measures to put an end to it. For example - the Parliament in 1955 passed the "Untouchability Act" in conformity with Article 17 of the Constitution which prescribes for the abolition and practice of untouchability in any form.

"The enforcement of any disability arising out of untouchability shall be an offense punishable in accordance with law". (Article 17)

The Government has taken a liberal attitude by making certain concessions like special representation in the Parliament and the State Assemblies, appointment to Government offices, etc. The Government has also spent heavily on improving the conditions of this section. For example, the First Five Year Plan envisaged an expenditure of Rs. 26 crores; the Second Plan Rs. 78 crores; the Third Rs. 102 crores. The annual plans together covering the period from 1966-69 provided for Rs. 24 crores (average). The Fourth Plan prescribes an amount of Rs. 142.38 crores for the backward and under-privileged section.

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Another important development in the Indian political scene is the organisation of political movements and mass actions by various political parties. These political parties organise mass demonstrations and resort to measures like gherao, bandh, strike, etc., to defend or press their policies or protest against the policies of other parties. By doing so, they wanted to reach the masses, and prevent before them the merits of reach the masses, and present before them the merits of their programmes. The Communist Party of India, the C.P. (M.) the Congress, the S.S.P., the P.S.P., and even the non-socialist parties like Jana Sangh and Swatantra organise mass actions and demonstrations to criticise the policy of the Government. These have become a constant feature in the Indian political scene in recent years. By organising bandhs, gheraos, strikes, demonstrations, etc., these political parties try to mobilise the masses and bring before them the conflicting political - economic issues. Therefore, mass movements have become a sort of measure in the hands of the political parties to politically educate the masses.

For example, protesting against the policy of devaluation undertaken by the Government the CPI in 1966 declared that -

"The present situation raised the perspective of Bharat bandh more seriously than ever before." Let the

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energies of the organised working class and of the entire democratic movement in the country be so directed and the mass movement so developed~~ed~~ that an all India mass action in the form of Bharat bandh take place. ...."<sup>1</sup>

The increase in the number of mass movements and demonstration organised by the students, the workers and labourers in various factories etc. are clear examples of this. In this mass action, not only the workers but also the peasants and the women have taken part.

On the basis of these measures undertaken by the government, it is desirable to see whether they have been able to create the necessary social condition in the society and a new culture among the masses which has made them responsive towards the Government.

The various measures pursued by the government for restructiveing the national economy and strengthening the process of politicalisation in the country, were a direct outcome of the objective situation; and the realisation on the part of the leaders of such an objective situation. But, a review of

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1. Report of the Eighth Congress of the C.P.I.,  
New Delhi, 1968, p. 86.

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the Record and performance" which is undertaken in the next chapter,<sup>1</sup> shows that, the performance has not been upto expectations. There has been wide gap between the government's promises and performances.

Therefore, the necessary socio-political culture has not evolved among the masses. The masses have remained out of the whole process. They are yet to evolve a sense of community feeling towards the government. The benefits of various governmental measures have not filtered down to the masses. As a result, the masses feel neglected. The discontent of masses is expressed through strikes, student unrest, agitation etc. The interference of the police is growing day by day in the name of maintenance of law and order. Thus the government's desire to create a viable and congenial socio-political culture in the country in order to facilitate the process of socialist transformation is yet to be achieved.

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1. Chapter IV.

CHAPTER 4

RECORD AND PERFORMANCE

The process of changing a society, not to speak of establishing socialism, in an under-developed country is a complex one. The complexity of the problem is all the more felt because here we are focussing attention on the process of establishing socialism of a peculiar Indian brand in the country. Generally speaking, while examining the question as to how far the process of establishing his brand of socialism in India has moved forward, we have to take into consideration three inter-related factors: (a) whether the economic measures have brought about necessary changes in the economic base of the country; (b) whether the political system has been able to arouse a political consciousness among the people; and (c) whether the social measures have contributed to necessary changes as contemplated by them. Hence, we propose to undertake precisely this exercise in the following pages by examining the overall "Record and Performance" of the Indian Government during the last twenty-five years.

Here, a point needs clarification. By the very nature of the evolution and growth of socialist ideas and movements in the country,<sup>1</sup> and by the peculiar nature of the objective situation in post-independence India,<sup>2</sup> a limited frame of reference has been adopted in this chapter. We are dealing with the "Record and Performance"

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1. See Chapter 1 and 2.

2. See Chapter 3.



of the government of this country against the background of the three inter-related factors mentioned earlier and not of the political parties and their policies. Further, the "Record and Performance" of the Indian government is examined purely against the background of the process of establishing a characteristic brand of socialism in the country and this may not be confused with a general exercise of analysing the nature and the pace of economic and political developments in the country.

#### Economic Base

Socialism in India aims at achieving a rapid and steady development in the economic field. The government with the aim to establish a "socialist pattern of society" tries to acquire faster rate of economic growth through its policy of mixed economy and democratic planning.

An estimate of the country's economic base today can be made by making an analysis of the "record and performance" of the government's economic measures, i.e. record and performance of the state sector which is considered to be an essential medium for achieving rapid socialist transformation in the country and the record and performance of planning.

#### Record and Performance of the State Sector in India

During the first 15 years of the plan period, the number of state-owned undertakings increased by 17 times

and the capital investment by 134 times. The performance of these undertakings can be judged on the basis of their contribution to build up a firm economic base from the viewpoint of establishing a socialist society. It has been claimed that the public sector undertakings have contributed immensely for an increase in the production capacity in the country in heavy industries like coal, iron and steel, petroleum, fertilizers, machine tools, electrical equipment etc. Besides this, the public undertakings have made a positive contribution to foreign exchange savings and earnings. Imports would have been more in the absence of necessary production contributed by these undertakings especially in the field of steel, fertilizer, petroleum and engineering goods. Railway coaches and rolling stock which were used to be imported previously are now completely indigenous products. Similarly, mining, telephone, heavy electrical equipment etc. are all produced under the public sector.

In 1965-66, the public sector undertakings contributed Rs. 218 crores to foreign exchange savings whereas in 1966-67 it increased to Rs. 251 crores. In addition to this, the public sector undertakings have been responsible for bringing about a rise in foreign exchange

earnings by increasing the volume of exports.<sup>1</sup> The public sector has been responsible for directly contributing to the expansion of defence production in the country.<sup>2</sup> There are eight public sector undertakings<sup>3</sup> in the country today apart from the ordinance factories managed by the departments. The HAL produces aircrafts

1. As a result of increased production, there has been increase in export of the articles produced under the state sector. The foreign exchange earnings by exports was Rs. 35 crores in 1965-66, Rs. 74 crores in 1966-67, Rs. 113 crores in 1967-68, and Rs. 142 crores in 1968-69. From manufacturing and mining public sector undertakings, the foreign exchange earning amounted to Rs. 84.64 crores during 1969-70. During the same period, foreign exchange amounting to Rs. 85.24 crores was earned from services rendered by the public sector corporations, i.e. Air-India and the Shipping Corporations.

2. "The Rationale of the Public Sector is three-fold; to gain control of the commanding heights of economy, to promote development in terms of social gains of strategic value and to employ the commercial surplus for further economic development. These objectives are being fulfilled by and large by Defence Public Undertakings."

Jagjivan Ram, "Defence Industries : A Triumph of Public Sector Undertakings", Peoples' Sector, p.12, (Vol. I No. 1), May 1972.

3. HAL, Bangalore; Mazagon Dock Ltd., Bombay; Garden Reach Workshop Ltd., Calcutta; Paragon Tools Ltd., Secunderabad; Bharat Earth Movers Ltd., Bangalore; Goa Shipyard Ltd., Goa; and Bharat Dynamic Ltd., Hyderabad.

for defence purposes [e.g. HF-24, Marut, Supersonic interceptor MIG-21, Gnat, jet trainer HJT-16 (Kiran), Alouette helicopters and HS-748].

Another contribution of the public sector undertakings for the self-sufficiency in defence is the creation of the frigate "Nilgiri"<sup>1</sup> of the Indian Navy. It was constructed at the state-owned shipyard, The Mazagon Dock Ltd., Bombay, at a cost of Rs. 18.50 crores.

The Bharat Earth Movers has been responsible for the production of scrapers, dumpers, D-80 tractors etc. which are indispensable to defence. The Bharat Electronics Ltd., produces such electronic equipment as transmitters, radars and transreceivers for the defence purposes.

In the light of such records, the protagonists of the public sector argue that the public sector in India is doing well. At the dawn of independence there was hardly any industrial base in the country and the public sector had a very insignificant existence. At the commencement of the Fourt Five-Year Plan, the share of the public sector in the capacity created for the following basic

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1. Nilgiri is an ultra-modern 2,800-ton warship equipped with a long-range air warning radar system "sea-cat" anti-aircraft missiles, improved submarine detection equipment. It also carries a lightweight helicopter armed with homing torpedoes. It has been constructed with Indian labour and knowhow, although the design is British. With the commissioning of this on June 3, 1972, the first of the two Leander class frigate is produced.

industries were:

Steel	..	64%
Pig iron	..	67%
Zinc	..	53%
Metallurgical equipment	..	48%
Machine tools	..	62%
Coal and mining equipment	..	80%
Newsprint	..	100%
Petroleum refining	..	50%
Power generating equipment	..	100%

In spite of such records of the public sector, it has not been freed from constant review, and at times, their performance in a number of cases has not been in line with their expectations for bringing about the desirable socialist transformation. For example, such public undertakings as HAL, Bharat Earth Movers, NMDC, STC, Shipping Corporation, Garden Reach Workshop, have not only maintained their profit levels but have also increased them. The bigger units, however, present a contrasting picture. Smaller units of the state sector, for example, the Instrumentations Ltd., in Kota, publishes a seven-fold increase in its balance-sheet (net profit). Others like HMT, BHEL, Electronic Corporation, Uranium Corporation and National Textile Corporation, who were running in loss

so far have succeeded in earning profits. Of course, factors like better planning and management, fuller utilisation of the installed capacity, happier industrial relations and the most important of all a pragmatic pricing policy, have contributed to a better production capacity.

But the performance of the 'bigger units' are surprising. Over the years, the production capacity in few of the undertakings has registered a revenue trend. In others, the installed capacity has remained almost under-utilised. Losses have mounted to astronomical figures. The HSL, the NMDC, the IDPL and the NCDC to mention a few larger and strategically placed projects, continue to be in red since their installation. Therefore, during 1970-71, although 50 undertakings have earned profit, the rest 37 (including the HSL) have suffered heavy losses. The overall performance results with a net loss of Rs. 3.37 crores as against Rs. 4.87 crores in the previous year.

The largest public sector investment has been undertaken on HSL, Nearly Rs. 1,036 crores (about 22% of the total investment). The loss incurred during 1970-71 has been Rs. 4.72 crores as against Rs. 10.1 crores during the previous year. The performance of the HEC is equally disturbing. The 18th Annual Report of the Committee on Public Undertakings on the HEC, Ranchi, made it clear that the causes of poor performance can be traced in defective

planning, mismanagement and inefficiency. The HEC accumulated a staggering loss of Rs. 73 crores in 1970-71 with an estimated loss of another Rs. 23.6 crores forecast towards the end of 1972. These staggering losses, it is expected, will ultimately lead to the shut down of the undertaking finally around the year 1974-75. It is further anticipated that within next two years if the HEC continues to work at the present rate, then the entire "paid-up capital" will be wiped out.<sup>1</sup> Most of these undertakings are organisationally weak and the Government has not undertaken adequate measures to solve the organisational problems. Therefore, although the public sector has expanded absolutely and relatively over the planned years, yet the net outcome has been disappointing. In the sphere of production, the state sector has not been able to keep in line with the production capacity besides many of the public sector undertakings show an adverse balance.

The existence and continuance of the public sector is considered to be inimical to the capitalist forces in a socialist economy. The size of the state sector in our country is comparatively small and these undertakings have become an effective medium facilitating:

- (1) the development of the private sector; and
- (2) the preservation and sustenance of capitalism.

The only field where the public sector has made

any direct contribution is the 'Defence'. Beyond this, the public sector has contributed to the concentration of capital in the hands of few big monopoly houses. The state sector has enriched the private sector in many ways. For example, it has facilitated the supply of equipment, civil engineering contracts; erection and design contracts, development of ancillary industries etc. The private use of the public sector is obvious on many occasions from the performance of the NCDC and the HSL. The NCDC which is the largest public sector undertaking in the country, engaged in the production of non-coking coal suffers from a faulty distribution system. The distribution is carried on by the 'middle-man'. In other words, the Corporation distributes its products to the consumers indirectly through a middleman and this is also true if the NCDC decides to sell the product to any other public sector undertaking.

The Bharat Coking Coal, a public sector undertaking, was primarily set up to take over the coking coal mines belonging to the private collieries. It was expected to supply coking coal to all steel units of the country except the TISCO (Tata Iron and Steel Company). The coking coal supplied by the Bharat Coking Coal to the HSL (Hindustan Steels Ltd.) was actually analysed by the private sector firms who named themselves as the 'public analysts'.



The HSL and the Fertilizers Corporation of India distribute fertilizers through a number of firms in the private sector. The most important among them is the SHAW WALLACE. Similarly, the Neyveli Lignite Corporation distributed urea through another private monopoly house, the RALLIS INDIA.

The supply of inputs to the production undertaken by the Public Sector is provided by the private big business. Many public undertakings also employ contractors to undertake certain construction works on various commissions. The public sector, it is interesting to note, is engaged to invest foreign capital. The Philips Petroleum shares nearly 25% interest in the Cochin Refinery Factory - a public sector undertaking set up under the "Joint Sector". Thus, the foreign investors secure their investment in the public sector. Looking at the functioning of the public sector undertakings, it is well understood that due to the increasing use of skill and technology which these undertakings undertake in the early years of their existence, will result for the losses which they face for a certain period of time. Instead, a spiral loss system has become a threat not only to the existence of the whole modern state sector but also to the process of economic development desirable for a socialist transformation.

To be more precise, the public sector undertakings suffer from two shortcomings: (1) the faulty and inadequate managerial system, and (2) other non-managerial or socio-economic problems. Leaving aside the perennial problems like the lack of inputs, uneven pricing policy lack of any fundamental policy indicating the responsibility and accountability of the management of public enterprises, absence of a sense of participation and other such problems<sup>1</sup> have been overlooked by the government over all these years. Appointment of bureaucrats and ineffective politicians have contributed to ineffective working of the public enterprises. The old management is a constant feature in many public undertaking units and there are also cases, where the top managements are from personnel belonging to the private sectors.

"Those who had demonstrated resourcefulness in rigging the market, in tax avoidance and tax evasion, in under-invoicing and over-invoicing.....in securing

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1. Faulty planning at times results in over-estimation of demands, high cost of the products, an unnecessary lengthy construction period and delay in attention of production targets. Wage disparities (which involves an absence of proper and uniform wage and personnel code policies) have resulted in discontent, frustration among the lower personnel of the undertakings. This also results in personnel movement from one undertaking to another a great deal. Lack of proper education and in-service training for the workers have been another factor in further inefficiency of the public sector undertakings. Many workers of different units have been refused to join the workers' training course, given by the Union Ministry of Labour for improving the ability and effectiveness of these workers. Disparities in service conditions among the big bosses and workers

most profitable licenses, concessions; subsidies by exploiting their contacts among the politicians and the bureaucrats and so on.....are suddenly discovered as model managers for the various public sector undertakings, which are expected to be the harbingers of socialist transformation."<sup>1</sup> At other instances the government has also appointed many defeated and frustrated politicians who are ignorant about the working of the public undertakings. Their appointment to top positions have added to problems relating to management in the public undertakings.

Sluggishness, uncertainty in performance, unenterprising attitude and lack of initiative for work, decreasing morale among the workers etc. are the outcome of excessive bureaucritisation in the organisational set up. Appointment of the civil servants to the public

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have adverse effect on the morale of the workers. The higher management personnel enjoy air-conditioned offices, palatial residences, high pay along with other comforts and privileges whereas the worker is devoid of getting any such luxuries.

1. M.J.K. Thavraj, "Constraints on Resource Mobilisation", Social Scientist, August 1972, p. 20.

undertakings has affected the working of these set-ups.<sup>1</sup>

The close affiliation between the politicians, the bureaucracy and the private business has not only hindered the efficient working of public enterprises, but it has also contributed for the benefit of the private sector.

The government shows scant concern about the wasteful expenditure, and this has been pointed out in the Report of the Enterprises. The non-applicability of the Article 311<sup>2</sup> of the Constitution (providing dismissal, removal or reduction in rank of persons employed in civil capacities under the Union or a State) to the public

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1. "Most of them were picked and trained by the alien rulers for manning the law and order machinery of the colonial governments. Their attitudes, outlook and tastes were foreign. Besides their class origin, their social contacts and relationship are anything but conducive to administer the transformation of the socio-economic fabric. If they have any commitment, it is largely to status quo, which suits the own stratum of their society."

M.J.K. Thavraj, Op. cit. p. 20.

2. Article 311 lays down:

"(1) No person who is a member of a civil service of the union on an all-India service or a civil service of a state holds a civil post under the Union or a State shall be dismissed or removed by an authority subordinate to that which he was appointed.

(2) No such person as aforesaid shall be dismissed or removed or reduced in rank until he has been given a reasonable opportunity of showing cause against the action proposed to be taken in regard to him....."

sector has altered the management-worker relationship to a master-servant level. In the absence of a proper management policy, the working of the public sector undertakings have suffered much.<sup>1</sup> Therefore, the performance of the public sector in India has not been satisfactory. The loss which a public sector undertaking suffers during the first few years of its existence is understable. But a continuing loss system instead has become a permanent feature in some of our public sector undertakings. The government has been a constant feature. The growth of the public sector has not brought about proportionate weakening of the private sector.

#### Record and Performance of Planning

Planning in our country covers every aspect of our national life - economic, social, cultural, educational etc. The reports on progress and achievement of these plans have been published by the Planning Commission from time to time. They refer to the establishment of new

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1. "There is no coordinating agency to rationalise an objective or philosophy of the undertakings nor are there any training arrangements for top management where such principle or objective can be evolved. As a result of this differences between one undertaking and another are so great that in the three principal steel plants in the public sector, the philosophy and pattern of management is not Indian, but either German or Russian or British."

Rajbans Khanna (ed.) Op. cit. p. 51.

industries, organisation and expansion of agricultural production, establishment of educational institutions etc. With the commencement of each plan period, the government sets out new targets and goals, towards which the entire national will endeavour to fulfil. The record, performance and achievement of the Plan can be listed on three points. They are:

- (1) Whether the achievements are in consonance with the targets which the Plan imply;
- (2) Whether the targets and the achievements are maximum which the country can possibly aim at within the availability of present national resources; and
- (3) Whether the progress which have been registered will help the country to reduce the gap between our country and the rich west.

The First Five-Year Plan, covered the period from April 1951 to March 1956 and concentrated on two fundamental aspects of development - increase in production and equitable distribution - for the eradication of poverty and economic inequality from the country. The Plan proposed an outlay of Rs. 2000/- crores, which were spent on various developmental programmes like transport and communication; agriculture and community development, social sciences, multi-purpose irrigation and power

projects, etc. The period of implementation of the Plan was much more favourable as compared to the subsequent Plans.

As a result, the First Five-Year Plan was successful, in the sense that there were increases in foodgrains by 25%, in agricultural output by 20%; in industrial growth by 20%. The National income increased by 18% as against a target of 12%. There were no difficulties in securing the external and internal aid to carry out the Plan targets. But the Plan failed to achieve the targets in certain other respects. For example, in case of non-food crops the Plan could not keep up to the targets. Cotton production fell short by 18% (10.3 lakh as against 12.6 lakh bales); jute by 47% (9 lakhs bales as against 20.9 lakh bales); sugarcane by 65% (0.24 lakh tons as against 7.0 lakh tons). The production of certain crops showed an erratic nature, e.g. the production of oilseeds. During the first year of the Plan, production of oilseeds fell by 1.8 lakh tons (49 lakhs); in the second year there was a further fall by 2 lakh tons (47 lakhs). Production went up in the next two years when it reached the figure of 62 lakhs. The last years of the Plan resulted in the fall by 6.4 lakhs (56.6 lakh tons).

The targets and the percentage of the achievements during the First Plan Period can be perceptible from the Table given <sup>on the next page.</sup> below. It is obvious from the Table that except in case of locomotives, cotton yarn, mill cloth, superphosphate, sewing machines and sugar (over-production), the Plan has failed to fulfil the targets in other fields.

The Second and Third Five-Year Plans were also formulated in line with the goal of a 'socialist pattern of society'. The Second Five-Year Plan document declared:

"The task before an under-developed country is not merely to get better results within the existing framework of economic and social institutions, but to mould and refashion these so that they contribute effectively to the realisation of wider and deeper social values. These values on basic objectives have been summed up in the phrase "Socialist Pattern of Society...."<sup>1</sup>

Both the Second and the Third Five-Year Plans in brief aimed at:

- (1) a sizeable increase in national income in order to raise the standard of living of the masses;
- (2) rapid industrialisation with particular emphasis on the development of basic industries;
- (3) providing employment opportunities; and

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1. Government of India, Planning Commission, "Second Five Year Plan", New Delhi, 1956, p. 22.



TABLE 3

	Targeted increase	Actual increase	% of achieve- ment to target
Area irrigated	19.7 m.acres	14.0 m.acres	71
Electrical energy (installed capacity)	1.3 m.KW	1.1 m.KW	84
Finished steel	6.7 lakh tons	3.0 lakh tons	45
Pig iron	12.6 " "	2.2 " "	17
Cement	21.1 " "	19.0 " "	90
Aluminium	8.3 (000)tons	3.6 (000)tons	43
Aluminium sulphate	404.0 " "	347.7 " "	86
Superphosphate	125.0 " "	16.0 " "	13
Locomotives	170.0 (Nos.)	176.0 (Nos.)	104
Cotton yarn	461 (m.lbs)	454 (m.lbs)	99
Mill cloth	982 (m.yds)	1384 (m.yds)	141
Handloom cloth	890 " "	639 " "	72
Jute manufacture	376('000)tons	230('000)tons	61
Bicycles	433 (Nos.)	416 (Nos.)	96
Sewing machines	58.5 " (Nos.)	78.0 " (Nos.)	133
Power alcohol	13.0(m.gallons)	5.4 (M.gallong)	41
Sugar	400('000) tons	760('000) tons	190

Source: Review of First Five Year Plan,  
pp. 15-6

- (4) reducing concentration of wealth, income and economic power in the hands of few, etc.

The outlay for the Second Plan was Rs. 4000 crores and the Third Plan was Rs. 7500 crores. Both the Plans, however, failed to fulfil the targets they specified. Factors like Chinese aggression, bad weather, Indo-Pakistan war were some of the chief factors which were responsible for their failures. The agricultural production remained stagnant whereas the rate of growth in the industrial sector decreased from 8%-9% to 5%-6% during the Second Plan period.

The Draft Outline of the Fourth Plan in its official report pictured economic situation of the country at the end of the Third Plan:

"Over a five-year period, the rate of growth of national income was less than half of the rate of 5% per annum aimed at. National income increased at the rate of only 2.5% in the First and 1.7% in the Second Five-Year Plan. This was followed by a rapid recovery in the next two years. National income increased at the rate of 4.9% in the Third and 7.6% in the Fourth year. In the fifth year, however, there was a severe setback due to unprecedented draught conditions and Pakistan-India hostilities and national income actually

declined by 4.2%. Except for one year, namely 1964-65, agricultural production did not show any increase and large imports of foodgrains continued. Industrial production was also lower than expected.....The projected outlay was actually exceeded and the amount of deficit financing nearly doubled."<sup>1</sup>

The Fourth Five Year Plan, accordingly, aims to cover the five-year period from 1969 to 1974. (The period from 1966-69 was covered under three annual plans). The Fourth Plan is similar in its objectives, programmes and approaches to its preceding plans. The Plan provides for an all-round economic development of the country, i.e. to increase the tempo of economic growth in general and industrial development in particular to the maximum possible extent. Planning in India aims at achieving economic equality and social justice. The primary objectives of the Plan were:

- (1) to control foodgrain prices in particular and price level in general;
- (2) to reduce the dependence on foreign aid and work accordingly to bring an end of PL 480 imports by 1971;

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1. Government of India, Planning Commission, Fourth Five Year Plan - A Draft Outline, New Delhi, p. 21.

- (3) to increase the agricultural production;
- (4) to build up a sizable buffer stock of food-grains and distribute them evenly; and
- (5) to bring down other imports to manageable point and sustain increase of exports by nearly 7% per year, etc.

The Plan, accordingly, has an outlay of Rs. 24,882 crores out of which Rs. 15,902 crores were allotted to the public sector and Rs. 8,906 to the private sector.

The money allocation under the public sector has been arranged in the following manner:

<u>Head of Development</u>	<u>Outlay (Rs. in crores)</u>
Agriculture and allied sector	2,728.18
Irrigation and flood control	1,080.57
Power	2,447.57
Village and small industries	293.13
Industry and minerals	3,337.71
Transport and communication	3,237.26
Production	822.66
Health	433.53
Scientific research	140.26
Water supply and sanitation	407.29
Housing, labour and regional development	237.63

<u>Head of development</u>	<u>Outlay (Rs. in crores)</u>
Welfare of backward classes	142.38
Social welfare	41.38
Labour welfare and craftsmen training	39.90
Other performances	192.31

Therefore, the framers of the Plan, in order to establish a self-reliant and self-sustaining economy, provided that keeping in view the investment programme and the production target to be reached in various sectors of the economy, the overall rate of growth should not be less than 5.5% per year.

The national income (1968-69 prices), the Plan suggests, should go up from Rs. 28,800 crores in 1968-69 to nearly Rs. 37,900 crores in 1973-74. Similarly, the per capita income is expected to rise about 3% per year. In other words, it shall increase from Rs. 546 in 1968-69 to Rs. 636 in 1973-74. Such a calculation has been undertaken by keeping in view the most obvious fact - the 2.5% growth of population per annum. (It is also calculated that the population will grow from 527 million in 1968-69 to 596 million in 1973-74).

The Government of India spends massive amount during each Plan period to wipe out economic inequality from the country. But the performance of planning shows

that the Indian economy is yet to achieve a measure of stability even after 25 years of independence.

".....this measure of stability which is made much of, has been achieved at a heavy cost when viewed in the context of a pathetic low rate of growth in the national income, anaemic investments, a prolonged plan holiday, and still feeble industrial recovery. This dolorous indications make the claim of stability tantamount to an admission of stagnation."<sup>1</sup>

The growth rate has not been certain adequate to meet the growth needs of an increasing population. New scientific and technical methods are to be pursued to increase productivity - but they are yet to bring about revolutionary changes. As a result, millions live in poverty and backwardness. Justice - social, economic and political - are yet to be secured to the common man.

The performance of the Government to increase the national and per capita income has not been successful. For example, it was conceived by the government between the Second and Fifth Five Year Plans (by 1975) that the per capita real income should increase by more than twice. But it is not possible to reach that

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1. Economic Times, February 22, 1969 (editorial).

target because the real per capita income has shown an increase by 19% during the first three plan periods. The rate of growth reaches the figure 1.2% instead of 3.2%, which is necessary for doubling the per capita real income. The economic survey of 1968-69 showed only a 3% growth in our national income.

### Industry and Agriculture

The country is facing an era of industrial stagnation. The 1968 Bulletin of the Reserve Bank of India has showed that although production in the industrial sector is increasing, yet it is increasing in a decreasing rate. The industrial stagnation has been a constant feature in the industries like scooters electrical power and electrical goods, aluminium, fertilizers, petroleum and petroleum products.

The imbalance between agriculture and industry is not favourable to the economic growth of a country. The agricultural production in the country has almost doubled since Independence. Since 1970, agricultural production has been increasing due to:

- (1) high yield per acre;
- (2) increase in area under cultivation;
- (3) increase in area under multiple cropping.

In 1950, the irrigated area was only 56 million acres and it has increased to 100 million acres by the end

of 1971. The Government spends nearly Rs. 100 crores per year and the outlay for the Fifth Five Year Plan has been contemplated as Rs. 954 crores (only for irrigation) so that an additional 18 lakh acres will be covered under irrigation facilities.

"Thus, taking 1949-50 to 1951-52 as the base period, according to the Economic Survey, between 1950-51 and 1966-67 area under cultivation increased by 22.8%, the production by 45.5% and the yield per acre by 18.5%."<sup>1</sup> The production of foodgrains in 1951 was only 55 million tons, but today it has reached the mark of 108 million tons. This does not mean that all is fine in the agricultural sector. The Green Revolution has been only successful in an increased production of wheat, whereas it is still to bring about equal changes in crop of rice. Similarly, the Government has not been successful in controlling rising prices of the agricultural inputs and products like fertilizers and seeds. The Land reforms has not been implemented even after 25 years.

#### Procurement and Distribution

The imbalance between the production in the

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1. "Problems of Economic Transition", Ranjit Das Gupta, Calcutta, 1970, p. 80.



industrial and agricultural sectors is accompanied by the Government's failure to pursue a reasonable procurement and distribution policy. In the absence of a rational procurement and distribution policy, the Green Revolution has directly enriched the richer sections of the rural elite. Food zones have been established by the Government, but they have not been working in the lines which they are expected to work. The Food Corporation of India has failed to hold the price line of the foodgrains. The government's failure to procure surplus food stocks from the landlords have benefited the landlords and the big peasants in the rural sector. The condition of the rural masses is deteriorating day by day. In 1960-61, nearly 52% of the rural folk lived under poverty level. In 1967-68, it increased to 70% and in 1970, the figure reached 80% of the rural population. As a result, nearly one-third of the nation's population live below 'poverty line' and about one-fifth below the line of 'destitution'.

#### Absence of Uniform Price Policy

Absence of a uniform price policy has contributed to further inequalities in income and wealth in the country. India has been termed as the 'high-taxed' nation in the world and the tax avoidance and tax evasion

is maximum. An absence of the price policy so far as the consumer goods are concerned has affected those who belong to a fixed income group and the poor sections of the country. One of the causes of high and increasing rise in prices is the increase in taxes. The government imposes additional taxes every year on the plea that it will reduce the economic gap between the rich and the poor and to finance the plan projects and defence. But the past experience has shown that in addition to being the high-taxed nation, the tax policy on the one hand has inhibited economic growth and encouraged the evasion on the other.

The tax-revenue of the Government during the period 1969-70 to 1970-71 increased by 24% (from Rs. 2,510 to Rs. 3,137 crores). Additional taxation contributes Rs. 600 crores to the government's revenue; excise duties also showed a mounting trend. It increased from Rs. 1,344 crores to Rs. 1,689 crores. In case of certain commodities the taxation rate has come to nearly 20% - 40% of the price of the commodity.

So far as the production cost is considered, India has been framed as a 'high-cost' nation, which is certainly a dangerous sign to an under-developed and poor country like India.

The government's attempt to bring about economic growth and social justice through budgetary goals has also been disappointing. Additional taxes were imposed in the mini-budgets of October and December 1971 with a view to earn a revenue of Rs. 500 crores in the year 1971-72. The budget of 1972-73 proposes to levy new taxes and collect an additional sum of Rs. 133 crores. The Finance Ministry has their own argument for this. They said that the Government had to spend Rs. 525 crores in Banglaa Desh (Rs. 325 crores on refugees and Rs. 200 crores as aid to that country).

The record and performance of the government's economic measure show that the government has been partially successful in achieving the targets. There is no doubt that the economic growth in the country has registered a faster rate since independence as compared to what it used to be when India was a colony. The national income registered an increase by 3.3% during the span of 21 years (1948-1969). This figure was calculated on the basis of an official enquiry carried out by the Ministry of Finance, Economic Survey (New Delhi, 1970). The estimate from 1948-60 was calculated at 1948 prices (based on conventional prices); and the 1960-68 estimate was based on 'revised services'.

For the year 1969, the Report showed that the real national income had increased by only 5.25%. But these are certainly not sufficient.

These records reveal the government's achievement in various economic sectors, but on each occasion these achievements either have not been able to cover up the targets or if they have done, the benefit have enriched a particular section of the society.

But, what is the position of India in comparison to other developed and developing countries belonging to various parts of the world. In Table (P. 154) an account of the levels of real per capita income in 1965 of some countries has been given, which shows that the position India occupied in 1965 was second lowest.

Therefore, twentyfive years of planning have resulted in the economic development of the country only upto a certain point. But the degree of achievement is not in line with the promises made by the government from time to time. The economic base of the country has remained almost same and India has still remained an under-developed country.

Besides this, the success or failure of a Plan

TABLE 4

Levels of Real Income Per Capital in  
1965 \$ at U.S. Relative Prices

Argentina	1,272
Brazil	482
Ceylon	271
Chile	863
Colombia	375
Egypt	295
Ghana	230
Greece	676
India	182
Israel	1,340
Malay	528
Mexico	423
Pakistan	152
Peru	397
Phillipines	269
South Korea	255
Spain	975
Taiwan	573
Thailand	254
Turkey	289
Venezuela	1,264
Yugoslavia	736

Source: A Madison, Economic Progress and Policy in Developing Countries, London 1970, p. 295.

always depend upon the successful co-operation of its people. The degree of achievement by a Plan is always conditioned by the degree of co-operation of the masses. The Planning Commission, reviewing the failure of the Indian Plans, had mentioned that one of the causes was the lack of co-operation of the masses, towards the planning process in the country. The Plan said:

"Democratic planning will not succeed unless the sanction of an awakened public opinion operates powerfully and the force of public action, in pursuit of constructive ends, continually grows. A democratic working for socialist ends has to have itself on the willing assent of the people and the coercive power of the state..... If the direction of advance is in line with expectations of the bulk of the people and the rate of progress is not too slow, the essential pre-requisite for winning public co-operation will have been succeeded."<sup>1</sup>

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1. Government of India, Planning Commission, The First Five Year Plan : A Draft Outline, New Delhi, 1951, p. 235.

### Political System

The nature of the Indian political system lays emphasis on the increasing role of the state in all spheres of activity. Today, in every country, irrespective of the fact whether it is capitalist or socialist, democratic or totalitarian - the state plays an important role in organising the socio-economic and political structures. The difference, however, is on the degree of control which the state exercises. Almost all the states of the world are welfare states and India is no exception to it. The state plays a vital role in the socio-economic and political sphere of the country. This is manifested from the planning process of our country and the role which the state sector plays in industrialising our national economy for bringing about a socialist transformation.

### Role of the State and the Policy Declaration

The belief of the Congress Party on the enhancing role of the State was first embodied in the Karachi Resolution of 1931. The Resolution prescribed that political freedom should include economic freedom of the teeming millions. Accordingly, it provided for "the control by the State of key industries and ownership of mineral resources".

In the post-independence era, the Preamble and Directive Principles of State Policy contended about politico-socio-economic justice, and this was projected through the Constitution of India. The Industrial Policy Resolutions of 1948 and 1956 also implied the enhancing role of the State. The Resolution on Industrial Policy of April 6, 1948, made a four-fold division of the industries. They were:

- (1) Industries which were to be exclusively owned by the State;
- (2) Industries which were to be established by the State as matter of principle;
- (3) Industries which were to be regulated and controlled by the State but run by the private enterprises; and
- (4) Industries to be established under private, co-operative and individual enterprises.

The Directive Principle of State Policy provided in Article 39:

"The State shall, in particular, direct its policy towards securing -

- (a) that the citizens, men and women, equally have the right to an adequate means of livelihood;



- (b) that the ownership and control of material resources of the community are so distributed as best to subserve the common good;
- (c) that the operation of the economic system does not result in the concentration of wealth and the means of production to the common detriment."

Besides this, Articles 38, 41.4 and 46 also speak of the enhancing role of the State. The concept of State intervention is positively manifested in the planning process of the country. The Draft Outline of India's First Five Year Plan considered:

"Planning under present conditions.....means an economy guided and directed by the State."<sup>1</sup>

The Avadi Resolution also laid priority on planning (mentioned in Chapter 2). The Resolution laid emphasis on the role of Public Sector.<sup>2</sup>

The Second Five Year Plan<sup>3</sup> and the Third Five

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1. Government of India, Planning Commission, The First Five Year Plan - A Draft Outline, New Delhi, 1951, pp. 23-24.
  2. Please refer to the Policy of Mixed Economy in Chapter 3.
  3. "The public sector has to expand rapidly. It has not only to initiate developments which the private sector is either unwilling or unable to undertake, it has to play the dominant role in

Year Plan reiterated the role of the State. The "socialist pattern of society" and the expanding role of the State was manifested in the Industrial Policy Resolution of 1956, which classified the industries into three types - "having regard to the part which the state would play in them."<sup>1</sup>

The Fourth Five Year Plan contemplated that the Industrial Policy Resolution of 1956 will continue to control the industrial policy.

#### State Sector in India

The role and the expansion of the public

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shaping the entire pattern of investments in the economy, whether it makes the investment directly or whether these are made by the private sector."

Government of India, Planning Commission,  
"Second Five Year Plan, New Delhi, 1955,  
 pp. 21-24.

1. The first category included 17 industries like iron and steel, amunitions, heavy engineering, coal, oil etc., which will be undertaken by the government. The second category included 12 industries which included mining, aluminium, machine tools etc. and which "will be progressively state-owned." The state will primarily take an initiative in establishing industries in this sector, but the private sector is also expected to provide necessary assistance. The third category included industries to be placed under the control of the private sector.

sector<sup>1</sup> in under-developed countries has gained tremendous importance in recent years. These economically backward countries accept the existence of the public sector as 'inevitable' in order to achieve 'rapid economic growth and social justice.'

The public sector is an essential feature in those countries which have opted for the non-capitalist path in their evolution towards a 'socialist society'. It is also an effective measure in - reducing the concentration of economic power in the hands of a few; substituting private profit for social benefit; and reducing the inequalities that exist in a distributed system.

With the independence of the country, the Government of India had pursued a policy of mixed economy, which has facilitated the co-existence of the public and the private sectors simultaneously. But the characteristics of the public sector can be broadly

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1. The concept of "Public Sector" is not as wide as the term "State capitalism". The latter refers to all kinds of State intervention and control of the economy, where the State acts as a major instrument in material production. The concept of Public Sector, on the contrary, includes the material output units and also economic and financial institutions which are specialising in certain services, or performing executive and administrative functions.

indicated as:

- (1) The public sector has been allotted a permanent place in the economy. It is expected that the rate of growth in the public sector should be higher than the private sector, so that the former will always achieve a commanding position in the economy.
- (2) The public sector is an instrument in reducing economic inequalities.
- (3) Certain strategic and important sections of production are placed under the control of the public sector.

Thus the public sector has come to occupy an important part in the Indian economic framework. The government has invested massive amounts for the expansion of the Public Sector during different plan periods.

The Table <sup>1</sup> reveals the increasing trend in the over-all investment by the government in the Public enterprises over the three plan periods; the subsequent Annual Plans and the projected investment by the end of the Fourth Five Year Plan period.

The Annual Report on the working of the Industrial and Commercial Undertakings of the Central

1 . See p. 162 .

TABLE 2

## Growth of Investment from Plan to Plan

	Total invest- ment in excess of Rs.	No. of units
1. At the commencement of the First Five Year Plan	29	5
2. At the commencement of the Second Five Year Plan	81	21
3. At the commencement of the Third Five Year Plan	953	48
4. At the end of the Third Five Year Plan	2,415	74
5. As on 31.3.1967	2,841	77
6. As on 31.3.1968	3,333	83
7. As on 31.3.1969	3,902	85
8. As on 31.3.1970	4,500 <sup>1</sup>	
9. Anticipated additional investment at the end of the Fourth Five Year Plan, i.e. as on 31.3.74	7,300 <sup>2</sup>	

1. Estimated figure.

2. Based on assumption that anticipated investment during the Fourth Plan will materialise.

Sources: (a) Annual Report on the working of Industries and Commercial Undertakings of the Central Government, New Delhi, 1970.

(b) Fourth Five Year Plan (1969-74), New Delhi, 1970.

Government a year later (in 1970-71) revealed that there are 87% public sector undertakings in the country and the total investment incurred on them (other than the departmental projects) showed an estimate of Rs. 4,682 crores at the end of 1970-71 as against Rs. 4,301 crores. The total amount outstanding under the crash credit arrangement amounted to Rs. 311 crores as on March 31, 1971. If this figure is added to the total investment in state-owned units at the end of March 1971, the figure reaches Rs. 4,993 crores.

In the political field, therefore, the government has worked to evolve new democratic institutions, democratic methods and democratic process with the purpose of establishing a socialist society, but the entire process has not been geared up in right direction. Political stability has been achieved but political development in the country has its limitations.<sup>1</sup>

#### Social Changes

Pacing social gains along with economic development has been one of the important objective of the national government, in order to achieve a "socialist society". The whole purpose and reason behind our philosophy of rapid industrialisation and economic

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1. See Chapter 5 for more discussion.

growth is, to provide the Indian masses (at least a majority of them) with the opportunity to lead a better life.

In a country like India, where a majority of its people live below the poverty line, the urgency for providing social changes receives a greater magnitude. In other words, social change as a factor is correlated to economic and political development. But as there has been no satisfactory change in the economic base of the country, and the political development is confined to a limited sphere, therefore, it is not surprising that social changes have been also perceptible in a very limited sphere. This is manifested in the performance of the government with regard to its social measures.

#### Regional Disparities, Urbanisation and Planning

Planning and the creation of the state sector are supposed to contribute to rapid industrialisation and reducing regional disparities, in the country. Differences in prosperities and development between one state and another and between one region and the other has an adverse effect on the politics of the country, which aims at establishing a "socialist society". Socialism aims at reducing regional disparities and creation of an all-round growth of the country.

Twenty years of planning, however, has failed to reduce the regional disparities in the country. The per capita income in the states vary from one another and this shows the degree of regional imbalances which our country faces today.

Per Capital Income in Different States (1964-65)

<u>State</u>	<u>Rs.</u>	<u>State</u>	<u>Rs.</u>
Punjab	575	Mysore	420
Maharashtra	526	Kerala	393
Gujarat	523	Madhya Pradesh	373
Haryana	504	Rajasthan	356
West Bengal	498	Orissa	347
Assam	441	Jammu & Kashmir	341
Uttar Pradesh	438	Bihar	299
Tamil Nadu	434		

Planning has also failed to bring about a transformation in the rural-urban structure of the country. Economic development and urbanisation are correlated.....to each other. The most highly developed and industrialised countries are highly urbanised. But in India, the urbanisation process is rather slow and this is obvious from the given Table. This is obvious from the following table.



TABLE 5

Rural and Urban Population - 1921-71

Percentage of total population	1921	1931	1941	1951	1961	1971
Rural	88.8	88.0	86.1	82.7	82.0	80.1
Urban	11.2	12.0	13.9	17.3	18.0	19.9

Source: India, a Reference Annual, New Delhi, 1971.

Note: Of 54.74 crores of population (according to 1971 Census), nearly 43.86 crores or 80% lived in rural areas whereas the rest 10.86 crores (20%) in cities and towns. The 1951 Census Report showed (according to the above Table also) that out of an entire population of 361 million, nearly 82.7% (i.e. 298 million) lived in rural India, while the rest 17.3% resided in urban areas. In 1961, the ratio changed to 82% to 18% with a change of 0.7% over the 1951 ratio which is negligible. The 1971 figure shows the percentage distribution as 80.1% to 19.9%, a difference of 2%. However, the urbanisation process in the country from 1951 to 1971 has been slow.

This rural-urban structure has resulted in the emergence of a rural elite who dominates the socio-economic scene in the rural areas. As one eminent sociologist comments:

"The rural elite has emerged as a class keenly conscious of the political and economic opportunities lying before it. It does not have any inhibitions about exploiting these opportunities to its own advantage..... In implementing programme for the benefit of rural areas the government officials tend to be guided by rural leaders who are part of the rural elite. But it is forgetting that there is a fundamental conflict between the rural elite and the rural poor..... The hierarchy and exploitation are so deep seated in rural India that they are accepted without questioning..... Neither the urban politician nor the administrator can do without the rural elite."<sup>1</sup>

#### Unemployment

The government has failed to solve the problem of unemployment. Socialist distribution demands the

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1. R.N. Saksena, Sociology of Development and Planning in India, New Delhi, 1969, p. 25.

fulfilment of four conditions. They are:

- Social security;
- Fair wages;
- Adequate social services, and
- Full employment.

The Government of India has shown some concern to provide fair wages to the workers and adequate social services. But they have failed to fulfil the other two conditions - full employment and social security.

The problem of unemployment has become a disturbing element in Indian scene. At the end of the First Plan, the number of unemployed were 5.3 million, which increased to 7.1 million at the end of the second plan period. The figures increased to nearly 9 million. The Draft Outline of the Fourth Plan commented:

".....the backlog of unemployment at the beginning of the Fourth Five Year Plan is 9 to 10 million of whom about three-fourths are in the rural areas."<sup>1</sup>

The employed today number nearly 14 million and it is expected to rise to 14 million at the end of 1980.

Thus, the problem of unemployment is increasing at a rapid rate, and Government has failed to solve

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1. Government of India, Planning Commission, "Fourth Five Year Plan - A Draft Outline", New Delhi, p. 106.

it. Unemployment and under-employment are the two inherent shortcomings of Indian economy. The number of educated persons who had registered their names in the "live registers" of the Employment Exchanges in June 1968 were nearly 9 lakhs.<sup>1</sup>

It is obvious that with the expansion of secondary and higher education in the coming years the problem of unemployment will become still more acute. The Education Commission has also apprehended that if the present rate of educated unemployed continue, followed by an optimistic rate of economic growth, there will be about 4 million matriculates and 1.5 million graduates by 1986.

The problem of unemployment viewed against the background of a stagnant economy and a high rate of population growth, has become a serious threat to our economy.

#### Planning and the Occupation and Production Structure

Planning has exercised little influence on the production structure of the country. The production

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1. Out of 9 lakhs "educated unemployed", 7.7 lakhs were matriculates and 1.4 lakhs were graduates and post-graduates.

#### Break-up:

60,000	graduates and post-graduates	in arts.
30,000	"	" in science.
18,000	"	" in commerce.
15,000	"	" in education.

structure of developing country with an agrarian structure reveal that:

- (1) the industry ought to contribute more to the national income, and
- (2) decrease in the agriculture population with considerable increase in the "non-agricultural population in general and industrial population in particular.

The occupation structure, so far as the 1961 Census report manifests a slow improvement and this is obvious from the following Table:

TABLE 6  
Percentage Distribution of Population  
by Different Sectors

Year	Agri- culture	Industry	Trade & commerce	Transport and commu- nication	Other ser- vices <sup>1</sup>
1901	67.53	16.84	6.05	1.12	8.46
1951	69.74	13.00	5.24	1.53	10.49
1961	69.53	14.45	4.05	1.59	10.38

Source: 1961 Census Papers No. 1

Note 1. Other services include such occupations as civil and administrative services, domestic services, professions, liberal arts etc.

The Table shows that a majority of the population (70%) are concentrated in agriculture. There has been relative concentration in agricultural occupation in post-independence years than in British days.

The India, a Reference Annual 1971-72, shows that nearly 70% of the country's population depend upon agriculture and allied activities and this accounts for half of the country's national income.

#### Planning and Social Inequalities

The Government's performance in wiping the social inequalities is not so promising as they show it to be.

There is no doubt that heavy expenditure envisaged by the Plans, coupled with the introduction of legislative measures, have brought about some changes in this field. The rigidity between the touchables and the untouchables have shown some signs of improvement. But the caste system which divides the Indian society both horizontally and vertically has not been completely wiped out.

Of course, modern industry has solved the problem of caste and vertical mobility by providing them with limited employment.

"The majority of the factory workers come from the impoverished, landless, labouring castes of the villages....."<sup>1</sup>

The women are also absorbed into the labour force of the factories. The vast majority of the women workers, as the study of Mohinder Singh in "The Depressed Classes"<sup>2</sup> shows, belong to the lower castes.

Of course, the reservation of government posts for the schedule castes and scheduled tribes, the special provision provided for them in the Constitution and the political parties policy, to satisfy all sections by putting up candidates from these backward sections, have aided to break up the rigidity of the caste structure. The depressed classes have become conscious of the advantage of giving proper education to their children. This has all resulted in social mobility among different strata of the society only to a limited extent. In spite of Government's massive outlay for the

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1. Quoted in Simon Kuznets, Wilbert E. Moore, and Joseph J. Spengler (ed.), "Economic Growth", Brazil, India, Japan, U.S.A., 1955, p. 311.
  2. Mohinder Singh, "The Depressed Classes", Bombay, 1947, p. 173.

period from 1950 to 1968<sup>1</sup>, the caste influence still pervades in the Indian social structure. The influence of caste system is obvious in the villages rather than in cities. Caste has come to play an important role in our political process and politicalisation of the masses. The political parties have taken advantage of these 'backward and privileged classes' to win the elections. Caste plays insidious role in various elections and political processes.

"They had to depend on the rural upper strata for catching numerically extremely important rural votes, as the landlords together with the rich peasants represented and still represent concentration of political and economic power and also great social influence on account of their caste status."<sup>2</sup> The demonetisation of the Indian society and the introduction of various representative institutions have given a new orientation

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1. The Government has spent nearly Rs. 2.8 million on special programmes for the welfare of the backward classes, out of which Rs. 1 billion was for scheduled castes, Rs. 1.5 billion for scheduled tribes and Rs. 0.3 billion for others. This estimate was shown in Fourth Five Year Plan (1969-74), Planning Commission New Delhi, 1970, p. 415.
  2. Gyanchand, "Socialist Transformation of Indian Economy", Allied Publishers, Delhi, 1968, p. 112.



to the caste system in the country.<sup>1</sup> Salig Harrison has appropriately commented that:

"In an economy of plenty social lines are eroded by the change to urban life, but in an economy of scarcity the lines harden."<sup>2</sup>

The policy of the Government relating to democratic decentralisation has been far from its subjects. Satish K. Arora<sup>3</sup> gives examples regarding the problem, how the Community Development Programme and the institution of the Panchayati Raj have benefitted the richer section of the society. Combined to it, the 'Pachage Programme' not merely aid the villagers in

1. Douglas Enshinger, who has made an exhaustive study of caste system, concludes that it pervades the economic, social and political life of the country.

"In reflecting about caste in India, it is important to know its historical basis for being; to accept as a fact it still exists and understands it, with many modification, continue to be part of India's social structure into the indefinite future. India's caste structure and untouchability were not by the framers of the Indian Constitution. India has not abolished untouchability from the minds of the people of India any more than the U.S. did in abolishing slavery or remove the deep seated attitudes and prejudice about blacks from the whites of America"

2. Salig Harrison, "India, The Most Dangerous Decades", Oxford University Press, 1965, p. 104.

3. S.K. Arora, "Economic Growth, Social Justice and Political Stability", Economic and Political Weekly, Special Number, July 1970, p. 1203.

areas already containing basic amenities but also help farmers who are already prosperous.

The Congress had been able to strengthen its position in the rural areas through this institution of Panchayati Raj. After independence, the Congress found them to be ideal organisations, which can absorb the District Congressmen to a large extent. The Congress also was able to buy over those classes and sections of the people who had shown their unquestioning support to the Congress in their struggle for national freedom, and avoid any conflict between them and the masses.

The Andhra Pradesh State Chamber, in a Report on the Working of the Panchayati Raj institutions have showed that:

"Those whose annual incomes are less than Rs.2500/- among them, 19% are Presidents of the Panchayat Samities."

"2% are chairman of the Zilla Parishads."

The study reported that:

".....for Presidentship of the Samitis and the Chairmanship of the Parishads, persons with sound economic background have better changes than others."

Hugh Gray, a foreign observer, who had made the study of Panchayati Raj institutions of the Nalgonda

District, had observed that the members of the dominant land owning classes, whatever be their political affiliations, are members of the Panchayat Samities.

"Panchayat Raj has provided a new framework for political class struggles between rival landlords jealous of their prestige and determined to maintain and if possible, to strength their district power network."

The Government's measure on educational expansion have also contributed mainly to the children of the higher and middle income groups. The government has failed to fulfil the constitutional goal, i.e. to provide universal primary education to all children upto the age of 14 by 1960. In 1968, the number of school-going girls and boys was only 57%.

Since independence, two primary aims have guided the government's desire for planned development, i.e. to build up a rapidly expanding and technologically progressive economy by democratic means and measures; and to establish a social order which will create conditions for better life by providing equal opportunities to all.

Economic development in India is, therefore, a means to an end. The end is to establish a socialist society which though based on its own traditions, should

be efficient and progressive. It must be capable of minimising the gulf between the rich and the poor; restrict the concentration of economic power in the hands of few. It must be a society where there would be a social equality, abolition of caste and class distinctions. The people in such a society ought to possess a strong sense of unity and mutual obligation under a democratic system of government.

There are four criteria, through which the government tries to achieve the ideals of such a society as mentioned above; and which also serves as effective media in judging the performance of the government in the country. They are: increase in production, full employment, equal distribution of national income and higher standard of living.

The first of these reflects on the economic growth of the country and the last three speak of social justice. If the government's overall performance is judged through these four measures, then we can easily conclude that the government has failed to achieve economic growth and social justice in the country.

The policies of the government no doubt has lead the country to a new situation which makes it doubtful whether we are working for the achievement of a socialist

transformation in the country. The reality of the Indian situation today is, however, carried on in the next chapter.

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**CHAPTER 5****REALITY AND PERSPECTIVE**

## CHAPTER V

## REALITY AND PERSPECTIVE

The record and performance of the Indian polity during the last twenty-five years reveal that the economic base of the country has essentially remained intact, the political system has its own limitations, and the social changes have lagged behind. In the process of creating a socialist environment in the country, the government of the day has, however, not been entirely idle. The question whether we are moving towards the goal of a socialist pattern of society can be examined not only in terms of government's record and performance, but also by taking into consideration the total reality of the Indian situation as it is today.

Hence, in this chapter an analysis is made about the reality of the existing situation and an overall impact on Indian polity of what we may call, the Indian brand of socialism.

In making an attempt to correlate this reality with the problem of institutionalising socialism in this country, we intend to look at the perspective of this problem as well. This is, however, a difficult exercise in itself, only certain conclusions can be

arrived at, against the background of our experiences during the last twenty-five years.

### National Economy

The economic policies and programmes of the Government envisaged in Plans and annual budgets are crucial. But such programmes have their own self-imposed limitations when we realise that more than 50% of Indians live below the poverty line and also a person with a monthly income of Rs.400/- is considered to be among the privileged 10% members of the Indian society. In sharp contrast with this, nearly 80% of our national income originates even today from the private sector.

Moreover, the Government's attempt to organise and develop the industrial and the agricultural sector has resulted in economic recession in the country. The recessionary trends have manifested into such industries like engineering, textiles, sugar, jute and electrical machinery, etc. The Fourth Five Year Plan was expected to launch a "take-off" stage for the country's national economy. But, once again it is doubtful whether this plan will be able to fulfil the targets if implemented like its predecessors.

The agrarian policy of the Government has not changed the basic agrarian structure of the country.



The Central and State Governments, perhaps with the only exception of the Government of Kerala, are yet to implement the land reform measures.<sup>1</sup>

All this shows that the economic policies of the Government have helped the accumulation of national wealth in the hands of few.

#### Growth of Monopolies in India

In spite of the Government's repeated clamouring that it will work for restricting the growth of monopolies in the country, it can be clearly seen that growing concentration of national wealth in the hands of few rich has been a constant feature of the Indian economic scene. This has been revealed by official reports, such as Mahalanobis Committee and Monopolies Commission.

The Monopolies Commission, in its report, made it amply clear that the total number of non-governmental and non-banking companies in India was 25,661 in 1964, with a total asset of Rs. 5,552.14 crores. In 1968, the number increased to 28,000 with a total capital asset of over Rs. 6,000 crores. This shows the capitalistic trend in the Indian economy.

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1. See Chapters IV and III.

During the second plan period the profits rose by 68% and the bulk of it was appropriated by the richer section of the society. Only the top 10 business houses control and regulate nearly 68% of the total paid up capital of all companies. At present there are nearly 900 private companies which have assets over Rs. 1 crore. Out of them, thirty (30) business houses can be termed as "giants" with capital assets ranging from Rs. 5 crores to Rs. 300 crores.

The Monopolies Commission also reported that 75 top business houses are at the apex of India's monopoly ridden economy. They control nearly 432 companies in all. Nearly 1,536 companies have been classified as belonging to the major "business groups" possessing a total capital asset of Rs.2,605.95 crores.

Another aspect of the "big business houses" is that majority of them are engaged in the production of articles of consumption. This exercise of control over diverse fields of economic activity and production is a serious threat to the economy on the whole. The "managerial agency system"<sup>1</sup> even after its abolition has not been able to reduce the concentration of economic power.

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1. This system evolved under British rule when some British firms provided managerial skill to both Indian and British business houses located in India. The firm, in question, was controlled by the managing agency. The Boards of Directors of these Companies were silent onlookers.

The collaboration between the Indian big business and foreign business houses has been another feature of the Indian monopolies.<sup>1</sup> Although it is difficult to make an exact calculation relating to an accurate share of foreign private investment, because the investment is undertaken in the form of foreign exchange and rupee investments, the magnitude of foreign investment can be easily perceptible if one casts a glance over the products they are engaged to produce. They include sugar and bicycles, paper and paper products, electrical engineering, shipping, banking, insurance, trading, cement, drugs and pharmaceuticals, paints, tea, coffee, etc. These enterprises are not only big in size but also more efficient than its purely Indian counterparts.

The Fourth Plan has indicated the Government's intense desire to control the monopolies. The industrial licensing policy has been reviewed in this context. The new industrial licensing policy has adopted various measures which shall be taken into consideration while issuing the licences with regard

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1. According to the Monopolies Commission, out of the 75 business groups, nearly 25 are controlled or associated with foreign business companies. The 75 business houses in India control altogether 432 companies in all.

to setting up industries. Some of the broad features of this policy are:-

1. Detailed individual plans shall be prepared for the "core" industries which include basic, critical and strategic industries. They will receive necessary inputs only on a priority basis.

2. The industrial houses and the foreign companies can only set up industries in the 'core' and 'heavy investment' sector - where such industries are not set up under the Public Sector in accordance to the Industrial Policy Resolution of 1956.

3. Industries with an investment ranging Rs. 1-5 crores were expected to receive industrial licenses liberally except in few cases:

- a) where such an industry is set up by a big business house; and
- b) where it involves investment in terms of foreign exchange.

4. The licensing policy provided that industries set up with an investment of 1 crore or less will not be required to be licensed under the Industries (D & R) Act. But such industries will not involve any foreign exchange or should not be monopolised by any foreign companies.

5. The reservation of small-sector was given adequate attention and it was expected that they will increase in number in future.

Besides this industrial licensing policy, the Government's programme in the Fourth Plan suggests that it will undertake all necessary measures — positive, negative and restrictive — to control the monopolistic trend in the country. The Government intends to prohibit the issue of licenses for the manufacture of parts and components to large-scale sector. Consumer goods will be produced under the public sector.

The Government also intends to regulate the credit policies of various financial institutions which will restrict the flow of finances to the big business houses. So far as the regulation of foreign investment is concerned, the foreign investment board is expected to look into the problems in this context.

But whether such policies of the Government will bring about the desired results, is doubtful. The Government is itself responsible for creating new areas of monopoly in the plea that the private sector in the country has a vital role to play in stepping up production and generating employment opportunities.

Moreover, the Government has also occasionally betrayed lack of initiative in establishing industries in the public sector and thereby in entering into direct competition with the monopolies.

Another lacuna of the India's national economy is that the mounting expenditure on Defence has also exercised severe pressure on the economy. It drains the money which would otherwise have been spent in restructuring the socio-economic framework of the country. The mounting expenditure on Defence can be perceptible from the fact that — in 1950-51, the Government spent Rs. 168 crores on defence, which increased to Rs. 312.39 crores in 1961-62. The 1971-72 budget allocates Rs. 1,411 crores to Defence and it is expected that the Government will spend another Rs. 1,400 to Rs. 1,500 crores in the year 1972-73. Such an arrangement could have <sup>been</sup> avoided if the Government from the beginning could have <sup>been</sup> undertaken consistent approach towards the Defence on the whole.

The Government's saving and investment policy is also faulty. Economic development in a country is a matter of investment and saving both on a long-term and a short-term perspective. The rate of investment was 13.4% in 1965-66 towards the tail-end

of the Third Plan period. Then it fell to 9.5%. The Fourth Plan aims to increase the rate of investment to 13.1% and that of saving to 11.9% by 1973-74.

In India, as the Fourth Plan reveals, the politically and economically capable rate of growth in per-capita income will be roughly about 3%. With a rate of growth of the population of 2.5%, it becomes necessary that the rate of growth in the national income be around 5.5%. If we were to assure a capital/output ratio of 3:1, the investment required would be around 16.5% of the national income. In other words, if the Government is to achieve self-reliance in national economy, then the investment rate should not be less than 16% to 17% without the benefit of foreign assistance.

But, the mid-term appraisal of the Fourth Five Year Plan reports that, during the first two years of the Plan, the rates of investment and saving have more or less kept to the level obtaining in the pre-Plan year. The rate of investment was 9.2% in 1969-70 and 9.6% in 1970-71 against the base year level of 9.5%. With the inflow of foreign funds, it is expected to remain at 9.6 percent.

Budgetary deficit has become a constant feature of our economic policy. The Government proposes to raise additional money through deficit financing, but deficit financing has certainly adverse influence on the price stability as well as financing of Plan programmes in the public sector. But, the Government has not been able to deal with this problem competently.

Thus, the pattern of development that has taken place in the last two decades in the country show that despite the growth of basic and heavy industries under public sector in each Plan period, they have been intensely capitalistic. Our economic policy has primarily been responsible for an increase in the production of articles of luxuries and semi-luxuries, and the introduction of new and sophisticated range of consumer goods. It has betrayed the rural masses by failing to give priority to the production of goods for high mass consumption.

The Government has adopted a dualistic policy in the economic field which is made amply clear, on the one hand, through its policy of gradual nationalisation and grant of licenses to the monopoly houses on the other hand. The policy is contradictory in practice and ultimately facilitates the growth of



capitalism in the country.

The growth of the capitalist forces is perceptible in the agricultural sector as well.

The national economy in India has indeed generated contradictory trends. These are manifested by the growth of agricultural production on the one hand, and sharp drop in the industrial growth on the other. As a result of industrial stagnation, there has been shortages in supply of industrial products and rise in prices. For example while the agricultural output has been increasing at a rate not less than 5% to 6% per year during the last five years or so, the rate of increase in the industrial production has gone down to almost  $1\frac{1}{2}\%$  to 2%. The technological base of the economy of our country still remains under-developed. The technological revolution has provided a limited scope as large labour force of the country remain unutilized.

The performance of the Government's economic policy and programme has been rather disappointing. This does not mean we have not progressed from the colonial economy since independence. We have been producing all our defence equipments, armaments etc. and other goods which are necessary. The index of industrial production show an increase every year, but it increases in a decreasing rate.

Whatever growth we have achieved in the industrial sector would have been otherwise impossible without the role of the Public Sector. The Government every year spends increasing amount for the expansion of the Public Sector. The contribution of foreign aid from the socialist countries in strengthening the Public Sector and the Indian economy on the whole, cannot be overlooked. Given the compulsions of a mixed economy, which we have discussed earlier, the economic aid from socialist countries is a reckoning factor for the future of socialism in India. Hence it is pertinent to have a quick glance at the qualitative and quantitative nature of this aid.

In September 1960, the aid from the socialist countries amount to Rs. 4,200 million in the form of loans and credits. In 1967, the aid was more than 17% of all foreign aid, accepted by India. The Government of India, during this period, had refused to accept the aid from G.D.R. which it accepted, would have increased the percentage to 20%.

Among the socialist countries, the Soviet Union has been the chief provider of foreign aid to India. Since 1954, Russia has been keen in developing the Indian economy, and accordingly by the end of 1967, the USSR aid to India reached the figure of Rs. 10,317 million.

Within a span of 12 years (1954-1966), the socialist aid to India was \$ 1,938 million, out of which Soviet aid was nearly \$ 1,593 million, and the rest \$ 345 million came from other socialist countries. India is the highest recipient of Socialist aid, in Asia.

There is no doubt that Soviet aid to India as compared to American aid is substantially less. For example, the Soviet aid is only 1/6th of the American aid received by India. Towards the end of March 1969, the US aid to India reached the figure of \$ 1.3 billion whereas the Socialist aid was only \$ 1.3 billion. The percentage between them towards the total figure was respectively 51.7% and 8.3%.<sup>1</sup> (See Table below)

TABLE No. . . .

FOREIGN AID TO INDIA

	Rupees crores (Post-devaluation figures)
<u>From Socialist Countries</u>	
1. Bulgaria	11.25
2. Czechoslovakia	99.38
3. Hungary	25.00
4. Poland	65.05
5. USSR	1021.13
6. Yugoslavia	93.75
	<u>1315.56</u>

1. Report on Currency and Finance, Reserve Bank of India, 1970. p. 39.

Rupees crores  
(Post-devaluation figure)

From Capitalist Countries

1. Austria	20.63
2. Belgium	22.77
3. Canadian	152.32
4. Denmark	6.50
5. West Germany	793.85
6. France	123.75
7. Italy	153.01
8. Japan	346.09
9. Netherlands	55.34
10. Sweden	6.96
11. Switzerland	36.02
12. UK	612.00
13. USA	2438.93
14. IBRD	767.93
15. IDA	666.86
	Total: 6201.01

(Figures given in this Table as calculated till  
31st December, 1967)

Source: M.S.K. Menon, India and European Socialist Countries  
(an Economic Survey)

New Delhi, 1970. p. 193.

But, the socialist aid is meaningful and qualitatively better than the aid received from capitalist countries as such. Firstly, the socialist aid is used to build up the public sector in India. Looking back to the Indian reality on the morrow of independence, it is clear that the Government of India could not have otherwise been possibly successful in building up an infrastructure for industrial development.

Today with the help of socialist aid, the Government has been able to create vital industries like steel, coal, oil refinery, iron ore, oil exploration, synthetic drugs, etc.<sup>1</sup>

Secondly, the rate of interest is comparatively low in case of the aid provided by the socialist countries. For example, the credits are extended by the socialist countries to cover a period of 12 years and are provided with an interest of 2.5%. Such an arrangement is advantageous to both the parties because the repayment is permitted in the form of export commodities of the

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1. The collaboration between India and the socialist countries i.e. USSR and other East European countries, is obvious. For example, India has been able to set up steel plants - Bhilai, Bokaro and continuous steel casting plant in Madras. The Barauni and Koyali Oil Refineries are the product of Indo-Soviet collaboration. Similarly, Bulgaria has been helping India for the development of chemicals, food processing and electronic equipments etc. Poland is aiding to build up coal mining, power generation and marine industries etc.

borrowing countries and at times, the export commodities also include goods produced by the Undertaking established with socialist aid. This has helped the export problems in the aid-receiving countries.<sup>1</sup>

Thirdly, in case of the socialist aid, arrangement has been made, that the payment of the loans can be made with Indian currency or goods produced.

An overall estimate of the Indian economy thus reveal that the economic structure of the country has remained capitalistic. The growth in the number and size of the private sector undertakings, the collaboration between the Indian big business houses and the foreign capitalists, the growth of monopoly houses in the absence of a more vigorous industrial licensing policy etc. indicate the growth of capitalism in the national

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1. The interest rates of the capitalist countries are comparatively higher. In August, 1968, the total U.S. commitments in India reached the total figure of \$ 8,593.3 million (Rs. 6,442 crores). These were provided to India under three programmes - Public Law 480 Programme; U.S. Agency for International Development (U.S.A.I.D) and U.S. Export-Import Bank.. The interest rates on the Export-Import Bank loans have oscillated between 5.26% to 6% and the repayment period covers 13-16 years. The loans from Development Loan Fund (DIF) were used for infra-structure development projects with a lower interest rate of 3.5%; while for development purposes, it varied between 5.5 % to 5.7%.

Similarly, loans received from Canada, France, Italy carry an interest rate varying between 5% to 7%.

economy. The State Sector in India, which is considered to be an important measure in bringing about a socialist transformation in the country, has not been successful in influencing the rural sector of the country.

In the urban sector, it has acted against the desired transformation in the socio-economic field. There are other structural shortcomings in the national economy of our country. All these factors have resulted in a slow rate of economic growth in the country.

Even from the viewpoint of Congress socialism, the present form and content of Indian economy hardly augur well for the future.

The political system of a country is essentially important for implementing the ideology to which it is committed. In other words, the success of an ideology depends very much on the political machinery of the country. Indeed, there have been some notable changes in the Indian political system mainly geared towards making it more viable. But these changes during the last twenty-five years also reveal various shortcomings which are inimical to the process of establishing a socialist society through democratic means.

Firstly, the big business pressure groups still manage to exercise decisive influence on the decision

making process in our political system. A good example of this is the company donations to the Indian political parties. Indeed, company donations have always been the backbone of the election campaigns of the political parties in general. In other words, the companies donate profusely to party funds and in exchange, they exercise a decisive influence on the decision making process in the country.

This is one of the reasons which has gone in making the Indian elections the most expensive feature in recent years in a poverty stricken country like India.

Company donations have been also crucial for the ruling party. Money has played an important role in acquiring and sustaining political power of the congress. The main bulk of the money donated by the companies are received by only two parties -- the Congress and the Swatantra. The ratio between them is reported to be about 3:1.

The Congress has always been financed by big business houses. This was true in 1947 and this holds true also even today. Gopal Krishna, in his article, "One Party Dominance: Development and Trends"<sup>1</sup> has

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1. Gopal Krishna, "One Party Dominance: Development and Trend Perspectives", Supplement to Indian Journal of Public Administration, New Delhi, 1966.



shown the total expenditure incurred during the Third General Election (Table I), and the contribution of companies to the party funds of Congress and the Swatantra during that period (Table II).

TABLE \*

ELECTION EXPENDITURE BY THE POLITICAL  
PARTIES IN 1962

<u>Name of the Party</u>	<u>Total amount (in Rupees)</u>	<u>Average per candidate (in Rupees)</u>
Congress	15,853,231.01	4,769.32
CPI	1,951,271.90	2,011.62
Swatantra	3,631,875.16	2,999.07
PSP, SSP	3,110,051.31	1,598.18
Jan Sangh	2,126,347.80	1,591.58
Other Parties	2,638,874.55	1,807.45
Independents	5,829,101.00	1,334.50

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\*Source: Gopal Krishna, "One Party Dominance: Development and Trend Perspectives", Supplement to Indian Journal of Public Administration, New Delhi, 1966, p. 19.

\*  
TABLE

CONTRIBUTION TO CONGRESS AND SWATANTRA PARTIES  
BY MAJOR REGISTERED COMPANIES IN  
1961-63

<u>Year</u>	<u>Congress</u> (Rupees)	<u>Swatantra</u> (Rupees)
1961-62	7,904,191	2,076,151
1962-63	981,970	54,200
1963-64	302,593	7,700

This vital link between the big business — the capitalists and the industrialists — and big landowners and the members of the Congress Party has been responsible for influencing the decision-making process of the Government and also for blocking the implementation of its policies at a practical level. Moreover, the Congress Party has attracted businessmen, civil servants and landed aristocracy to its circle.

In a socialist order, as understood by the Congress Party, not to speak of other form of socialist societies,

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\* Source: Gopal Krishna, "One Party Dominance: Development and Trend Perspectives", Supplement to Indian Journal of Public Administration, New Delhi, 1966. p. 17.

there is no place for big business and big landowners as such. Instead, its policies and programmes give undue weight to their interests particularly when they are implemented. Accordingly, it is doubtful whether such actions and attitudes will lead to the establishment of a semblance socialism in the country.

With the massive victory of the Congress in the Centre as well as the States in the Fifth General Election, it can be said that the country is at the present experiencing a political stability. By voting for the Congress as opposed to the united front of the parties, the people have once again given another chance to the Congress Party to carry out its coveted socialist goals.

At one stage, the dissatisfaction of the people with the Congress Rule was manifested for the first time in the Fourth General Elections (1967) when the party failed to secure a majority in 8 out of 16 States. It managed to secure only 283 seats in the Lok Sabha and failed to secure 2/3rd majority (in the House of 520). Top ranking leaders of the Party like Kamraj, S.K. Patil and others were defeated. The Party managed to secure only 2 seats in the Kerala Legislative Assembly (133) and 49 seats in the Tamil Nadu Legislative Assembly (234) and 31 seats in Orissa Legislative Assembly (140).

Why was it so? The simple and the most obvious reason was that the people have failed to see any concrete benefit from the ruling government. Yet, the Indian people at large in spite of their obvious dissatisfaction with the Congress rule, as was manifested in the Fourth General Election, have continued to extend their support and preference for the Congress Party to rule the country.

The ~~table given below~~ <sup>last General election</sup> clearly indicates this essentially continuing pattern. Here, it is quite relevant to point out that such election results during the last twenty-five years do indicate in no uncertain terms the desire of the people to see, the establishment of an egalitarian society in India. Indeed, this mass trend continues to be a positive stabilising in our political system which has committed itself to the goal, what the Congress Party official calls the "socialistic pattern of society". Indeed, this trend stands in sharp contrast to the record and performance of the Congress Party and the Government it controls. The Congress leaders had spoken on each occasion they could possibly get of high sounding ideals, but these had remained as mere "slogans".

Pandit Nehru had been a socialist in his thinking and attitude but he was more a 'passive socialist', a 'hesitant socialist' - who hesitated to partake actively in bringing about revolutionary transformation. The Congress, under his leadership, merely pursued a centrist policy.

Shastri succeeded Nehru and during his short tenure as the Prime Minister, he, like Nehru, in essence followed a centrist policy. "Shastri like Nehru pursued a centrist policy, but with a difference. In spite of all its vacillations and weaknesses, Nehru's policy was one of centrism with explicit commitment of a radical nature, commitments of bringing about far reaching changes in the existing economic and social relations. But under Shastri's leadership while almost a cult of centrism was built up, his policy was amorphous and wedded to the status quo."<sup>1</sup>

Indira Gandhi's policy is certainly leftist oriented. But her policies and programmes have not yet brought about the desired results. She faced certain difficulties in the initial years from the reactionary parties especially the Congress (O) or the Syndicate Group.

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1. R. Dasgupta, "Problems of Economic Transition", Calcutta, 1971. p. 333.

The split in the Congress itself indicated Party's realisation to the need for meeting the rising expectations of the people.

Likewise, after the split itself, under Indira Gandhi's leadership, the Party hustled into taking some radical steps. It began with the nationalisation of 14 major banks carrying a deposit of not less than Rs. 50 crores. The objective of this nationalisation was supposed to be to control the heights of economy and to meet progressively and serve better needs of development of economy in conformity with national policy objectives.<sup>1</sup>

The main purpose behind the nationalisation was:-

1. Remove the monopolistic tendencies
2. Encourage a new class of entrepreneurs
3. Mobilisation of savings
4. Extension of credit to the rural farmers

Considering the Indian situation, the nationalisation of the banks was an inevitable necessity, although it was nearly 25 years after independence, the measure was undertaken. Prior to nationalisation, banks were under the control of few directors. It was estimated that nearly 188 directors of the leading banks

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1. LINK -- November 7, 1971.

own nearly 1452 directorships of nearly 1309 companies. Since nationalisation upto June, 1971, roughly 3/4 of the net deposits growth of statutory investment has been absorbed by credit to agriculture, small industry, small business and retail trade, education etc. But the share of credit remains only 23.8% which is expected to rise in the coming years.

Another radical measure, undertaken by the Congress Government was the introduction of the bill in the Lok Sabha on September 1, 1970 — seeking to abolish the privy purses, and the privileges of the former rulers. The Constitutional Provisions providing (Article 291 and 362) were the unsocialistic features. These concessions helped to build up a class society. Princes numbering 278 were being paid Rs. 5 crores as allowances besides such concessionary measures as — the water, and electricity, import duty free articles for private use, free medical treatment, immunity from court of law, etc.

The Bill was passed in the Lok Sabha by 339 votes to 154, but it failed to receive the 2/3 majority by 2/3 votes in the Rajya Sabha. The necessary amendment to Article 291 and 362 could not be brought about as desired by the Government. On September 7, 1970, the President issued an ordinance, for derecognising the Princes. This action was opposed by the Supreme Court

and the Act was declared as unconstitutional (December 5, 1970). The Court argued that article 366 which empowers the President to recognise a "ruler" was a "definition clause". Accordingly the power to cancel particular provision of the Constitution does not flow from it. Article 291, 362 and part VII, were the result of the democratic arrangement which was incorporated in the Constitution.

This conflict finally resulted in the dissolution of the Parliament almost 14 months before the normal tenure. In her broadcast to the nation, the Prime Minister said, that millions of people in India live in poverty and backwardness. In order to achieve the socialist goal all institutional barriers will be wiped out and any constitutional provisions blocking the path towards socialist advancement will be altered.

Seeking a new mandate from the people, she addressed to the nation:-

"The challenge posed by the present critical situation can be met only by the proper and effective implementation of our secular and socialist policies and programmes through democratic processes. Time will not wait for us. Millions who demand food, shelter, and jobs are pressing for action. Power in



a democracy resides in the people. That is why we have decided to go to the people and seek mandate from them."

When the nation went to polls on March 18, 1971, the result was a landslide victory for Congress — which won 350 seats in a House of 518. The Congress also achieved absolute majority in West Bengal (104 seats) where the victory was never anticipated.

The voting trends in the Fifth General Election undoubtedly shows peoples faith in democracy and socialism, John Grigg, writing an article in the Hindustan Standard —

" It is abundantly clear that the Indian electorate has voted for stability, for rapid but non-revolutionary change, for the secularist ideal, for Mrs. Gandhi's pragmatic form of socialism. Anybody who thinks otherwise is either blind in the most elementary facts or has mind distorted by prejudice." <sup>1</sup>

The Fifth General Election was held, in an atmosphere of extreme political turmoil. The most

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1. John Grigg, "A Fresh Impetus for Democracy", Hindustan Standard, April 9, 1971.

glaring example was West Bengal where the depressing and violent situation persisted for a longer period. The Naxalites and the rivalry of political parties were undoubtedly responsible for this. According to official statistics, there were nearly 546 political murders between March 1970 - February 1971. On the eve of the election, three candidates were murdered, including Hemanta Kumar Basu, President of the Forward Bloc. Certain areas of the State were declared as 'free zones' and were exclusively reserved for certain parties. But nearly 60.6% of the total electorate exercised their franchise in the last General Election inspite of these political uncertainties - although a figure which is lower than the percentage of 1967 (66.1%) and 1969 (66.5%) elections. The answer is of course obvious.

Many parties were reduced to almost insignificant minorities. For example, the SSP and PSP secured only 3 and 2 seats respectively in the Lok Sabha (1971) as compared to 17 and 15 seats in the previous one. Congress (O) was completely wiped out. Coalition Governments have come to an end in many of the States. Trends in Indian politics, have showed the increase in floor crossing have become a constant feature. It has been calculated that nearly 10% of the total memberships of the State legislatures, are involved in floor crossing.

The Congress has secured 350 seats nearly 80% of the contested seats (439). Criticism and doubts have arisen over the landslide victory of the Congress — that democracy might degenerate into dictatorship. While answering back to such criticisms, Mrs. Gandhi has said:-

" If at all there is dictatorship it will be of the people. We cannot overlook the hopes and aspirations of the people, therefore, we will follow the dictates of the people."<sup>1</sup>

At this stage, it is worthwhile to focus our attention on the institutional framework of our political system and on the reality of the process of establishing socialism in India within it.

The Constitution of India, is a mixture of socialist and non-socialistic features. Mrs. Gandhi, in her speech on various occasions have said that — any part or article of the constitution which will act as a measure against the evolution towards a socialist society shall be amended. This is not only a justified statement but also necessary if a "socialist society" is to be established within the democratic framework. Such

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1. Indira Gandhi, Speech to Congress Workers, New Delhi, ..... 24, 1971.

a fact should have been realised years ago by late Pandit Nehru, and late Lal Bahadur Shastri. But, they were hesitant to implement such a programme of action. The credit goes to Mrs. Gandhi, who showed her determination and commitments by amending the constitutional provision which had given special place to the princes and rulers. The nationalisation of banks was another measure which she didn't hesitate to undertake. However, recent amendments, which the Congress Party have undertaken after coming into power show that they were undertaken to accelerate the progress towards democratic socialism and to achieve social revolution through peaceful way. For example, the 24th amendment aimed at changing the verdict of the Supreme Court, in the Golaknath case (1967). The Court with a majority of 6 to 5 votes decided that :-

1. The Parliament has no power to amend any part of Part III dealing with Fundamental Rights. It cannot, at any time, abridge or take away the Rights which are fundamental to the citizens of the country.
2. The Article 368 does not grant the amending power to the Parliament.
3. Amendment is itself a law within Article 13 of the Constitution and, therefore, the State shall not pass

any law relating to the abolition of restriction of Fundamental Rights. Therefore, any amendment undertaken to that extent will automatically become null and void.

But, in a Parliamentary Democracy, Parliament is the supreme body. It is the representative organisation of the masses, and it represents the interest of the masses. Jawaharlal Nehru in the Constituent Assembly had said that the Parliament is supreme organ of the country and the courts cannot encroach upon this supremacy.<sup>1</sup>

The 24th amendment, therefore, empowers the Parliament - notwithstanding in the Constitution, may in exercise of its constituent power amend by way of addition, variation, or repeal any of the Constitution including the Chapter on Fundamental Rights. The Amendment, therefore, makes it clear that Article 13 will have no application of law. The Amendment was passed in Lok Sabha (with 384 to 23 votes), in the Rajya Sabha (177 to 3) and has been ratified by more than 1/2 of the States.

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1. "No Supreme Court and no judiciary can stand in judgment over the sovereign will of the Parliament representing the will of the entire country. If we go wrong here and there, it can point it out, but in the ultimate analysis, where the future of the community is concerned, no judiciary can come in the way . . . . . The Legislature must remain supreme and must not be interfered with by the courts of law in such measures as socialism reform."

The 25th Amendment places the Directive Principles of State policy on a constitutional footing. This was one of the major lacunas in our Constitution. The Amendment set up a revolutionary approach by dealing with the problem of confiscation of property and payment of compensation. It makes arrangement for such confiscation without any provision for compensation. The 25th Amendment is a change so far as the Ruling Party's earlier procedure was concerned.

To be more precise, the 25th Amendment aims at:-

1. A law passed either by Parliament or the State Legislatures for the declared purposes of carrying out the DPSP of reducing concentration of wealth to the common detriment shall not be liable to judicial review.
2. The word 'comensation' was replaced by the word 'amount'.
3. Article 19(1)(f)<sup>1</sup> shall not apply to any law covered by the amended Article.

Thus the political process in the country has undergone a change. But to what extent? And whether

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1. "Right to acquire, hold and dispose of property".

such changes bring about the desirable socio-economic transformation in the country. There is no doubt, that under the pressure of popular opinion, the Government has undertaken certain radical measures, both institutional and social in context to facilitate the process of socialist transformation in the country. The popular trend of the masses which we have mentioned earlier, for creating an awareness mainly in the Government that it has not done enough for them. The Government has also realised that its performance has not been promising in all these years. Yet, these measures are certainly not sufficient.

In fact, we are inclined to conclude that the roots of Indian State structure has remained unchanged because the economic base has essentially remained in tact over all these years and although the political system has achieved a large measure of viability, it has not been geared to bring about fundamental changes necessary to establish a socialist society. This conclusion gets further support when we look at the nature of socio-political culture in India today.

### Problems of Changing Socio-Political Culture

The social structure of the country has admittedly undergone some changes after independence. Likewise, certain institutional reforms have been undertaken by the Government coupled with other non-institutional measures.

Yet, all these measures have failed to bring about worthwhile social changes in the country. The caste system still dominates in the Indian scene. The educational system which is considered to be an essential measure for creating an awareness among the masses has not been promising. It has been riddled with multi-farious problems. The intra and inter-regional disparities are still an obvious feature of our society. The Government's desire to uplift the backward classes and tribes has shown various limitations. The policy of prohibition of untouchability has not been fully wiped out.

The bureaucracy in India has acted as a major hindrance towards a socialist transformation because of the class composition and social background of its members. The lack of sincerity has <sup>been</sup> ~~not only~~ a feature with the political parties on the whole.



Political Parties of a country, whether democratic or totalitarian or communist, have a set of principles upon which they function. Each party stands for a particular ideology. In India, various political parties have their own ideologies and these ideologies have become a mere instrument in the hands of political parties to manipulate, influence and confuse the masses. Neither the adherers of these ideology are clear about its concept nor they allow the masses to have a conceptual clarity about them. As for example, on each occasion the Congress has failed to keep pace with its pre-election pledges and its post-election performances.

During the pre-election period, many Indian political parties speak of 'socialism' to mobilise the masses. They pose themselves as the champion of the interest of the masses but in reality, it becomes a different picture. Once any of them comes into power, masses remain at the background and all its actions are carried on in the interest of the class and of the party on the whole.

Such a lack of coherence and gap between the words and actions has been a perpetual factor with the ruling party. Radicalism in speeches and conservatism in actions is what the pattern of rule of the Congress has manifested in last twenty-five years.

This is why one finds a great gap between the promise and performance made by the ruling party. It lacks ideological loyalty when the question of practice comes into picture.

Besides this, the leaders and activists of the party and the legislators come from higher castes, upper classes. A large majority of them are English educated belonging to higher and intellectual groups; as such they show very little concern for the welfare of the masses. Moreover, the leaders play the game of party politics<sup>1</sup> once they come to power and thus they lose touch with the masses.

#### Lack of Effective Communication between the Rulers and the Masses

In a developing society, proper and effective communication between the leaders and the masses is not only important but absolutely necessary. The monopolies control the mass media in India. The big

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1. "There is no doubt that the basic ideologies of the parties are good but they easily get distorted in the hands of their leaders. As the leaders rise in power, they lose the interest in masses and indulge in party politics, in order to maintain their position ..... the accumulation of power in the hands of the leaders give rise to numerous abuses."

R.C. Gupta, Who Rules a Country? The Challenge of Democracy in India, New Delhi, 1969. p. 68.

business houses control the important news-papers thus blocking the rapid growth of political consciousness among the masses.

Besides, the State also exercises its influence over the news-paper industry through the "Government Advertisements". The Directorate of Advertising and Visual Publicity (DAVP) is an organisation through which the Government channelises its advertisements. This organisation is attached to the Ministry of Information and Broadcasting and have a budget of Rs. 2 crores for the current year. Complaints have been put forth on various occasions that the DAVP spends the advertising money on journals and souvenirs which are the favourites of the Congress and its allies.

The Minister for Information and Broadcasting, Mr. Gujral accepted this comment and replied:

" If other political parties approach us, and if they fall within our criteria and if they do not propagate communalism, we are also willing to help them."<sup>1</sup>

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1. Economic and Political Weekly, September 9, 1972, Vol. VII, No. 37, p. 1874.

The Government proposes to pass a Bill in the Parliament which will bring an end to monopoly of big business over the news-paper industry. This will provide 60% of the share of the big news-paper to the State financial institutions. The company employees will be able to exercise their influence over the news-paper industry.

But all the news-paper groups will not be affected once the Bill is introduced and put into effect. Only the Times of India, Hindustan Times, Indian Express and few others will be affected. Therefore, it is doubtful whether the original problem will be solved at all or not\*.

Thus, the truth of the matter is that in Indian situation today, we find a wide gap between the reality and achievements.

Then the question naturally arises as to the perspectives for Indian socialism. To outline the perspective is not doubt a very difficult task. More so against the background of our Indian brand of socialism. Indeed, the perspective remains as confused as the concept of the Indian socialism.

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\* Recently the Supreme Court has decided against this Act.

As we have shown earlier, the policies and programmes of the Government have not been able to establish a socialist society or even the Congress brand of socialism. If these policies are continued without making necessary changes in them, we are then heading towards a bleak future.

Today India is the second most populous country in the world - the number reaching the figure of 548 millions. During the last decade, the increase in population was said to be the highest in any decade. This can be viewed against the background of our Government's family planning programme which was launched almost two decades ago in 1951. The present rate of birth in the country is around 50 whereas the death rate reaches the figure of 4, and there is the hope that the death rate will decrease in the years to come. If the present birth rate continues it is calculated that the population figure will reach the number 934 million in 1991 and 1.2 billion by 2001.

The economic development which we have achieved if viewed against this background will certainly make one disappointed. The rise in prices and rise in the figure of unemployment and under-employment will increase

more and more with population explosion.<sup>1</sup> It is estimated roughly that the number of unemployed will rise to an additional 23 million by 1980, that is, if the present policies of the government continue to be as they have been in the past.

Our national income has reached the figure of 3% in 25 years and it is the lowest among other countries.

If the present policies and programmes of the Government continue, then it will lead us to a future where India will be counted as the poorest country in the world.

"There we get a picture of India in 2000 A.D. Today we are 73rd out of 75 countries according to an economic survey by the U.N. There can be no doubt that if we go on like this, in 2000 A.D., we shall be

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1. Mr. B.K. Nehru in the Madan Mohan Memorial lecture observed that in 1950 there were 3 million unemployed and in 1971 it is 14 million. In the present decade, the figure of people available for jobs will reach 90 million. Death and retirement will result in 27 million. So there will be 63 million people, who will be available for jobs. He further said, "Taking an optimistic view, if present policies continue there will be 40 million more jobs in the next ten years from 1970-1980.

75th out of 75 countries: 30% will still be living below the poverty line of Rs. 40 per month, that is, 300 million people will be getting less than Rs. 40."<sup>1</sup>

With such a perspective, it is now for the Government to take serious note of things as such. Since the Fifth General Election, the country has achieved a political stability. The Government as well as the party in power must take the best advantage of the situation at hand, and fulfil the pledges it has made from time to time. There is no doubt that we have failed on many occasions in the past but the magnitude of failures need not disappoint us. The ruling party should learn a lesson from its previous failings, and work accordingly.

To change a traditional society, rooted in thousand years of history, into a modern society based on modern science and technology is certainly a difficult task, and the difficulty is still more if one wants to achieve that process through democratic and peaceful means as in the case of India. In fact such a process cannot be achieved in a few years.

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1. M.R. Masani, Illustrated Weekly of India, October 1, 1972, p. 37.

The task to transform such a tradition-bound society into a modernised state is beyond the capacity of a single political party irrespective of its size. It is, therefore, necessary, though it sounds today highly unlikely, that all the democratic socialist parties in India should cooperate with each other irrespective of the fact that who exercises power.

There are certain important problems like education, bureaucracy, State sector and planning which demand immediate change.

#### State Sector

The State sector needs a special attention with regard to its past performance and future role which it is expected to play within a socialist framework. It should command the prime place in our socialist economy, and the Government should look into every problem - organisation, financial and other aspect of the State sector. This means that our policy of mixed economy needs reappraisal within present context. Our economic policy should be more state sector oriented than to the private sector. "Monopolies and the public policy" should not be complementary to each other. The government instead should take over the industries, owned by the monopoly houses, or it should advance loans to such industries by the public financial



institutions. The government should also exercise adequate control over the management of such industries. Besides, the government should set up public enterprises in fields where the monopoly exists. Or, it may issue fresh licences to new private parties in order to break the monopoly of the big businesses.

In building up and strengthening the State sector, aid from the socialist countries continues to be relevant, although dependence on foreign aid, particularly Western aid, should be limited more and more.

#### Administrative Reforms

The administrative structure of the country needs radical change. No matter how good a policy may be, if it is not handled properly at the time of its implementation, it is bound to produce adverse results. The present administrative structure is a British inheritance which worked for the maintenance of law and order and the status quo in the society. Today, the bureaucracy is a picture of corruption, red tape, nepotism, favouritism and many other ills. Besides, too much of ministerial interference and close cooperation between the minister and bureaucrat have

brought about adverse results. Politics is characterised by bureaucratization and the bureaucracy suffers from politics in the country.

Under such circumstances, the bureaucracy is not geared towards bringing about socialist transformation in the country. In other words, the manning of administrative posts where policy making and implementation are involved, should be in the hands of those who are committed to make the Directive Principles of State Policy a reality. Therefore, new recruitment and personnel policy should be evolved to give a new orientation to the country's bureaucracy.

#### Educational System

Political development in a country is closely related to the educational system. So far, our educational system has failed to create a social consciousness among the people. It is yet to create new values which are necessary to build a society free from injustice, exploitation and inequality.

Hence, it is absolutely necessary to give a socialist orientation to the country's educational system. A proper educational system with socialist orientation is necessary to mould the younger generation of India. Such an educational system will create new values congenial to the needs of the society among the younger generation.

### Planning

Planning has become investment-oriented rather than output-oriented. We invest more and more during each Plan period, but there is no proportionate rise in the production sector. This is one of the factors which has made us more and more dependent on foreign aid. The savings in the country comes roughly around 10%, whereas the investment is much higher than that. The gap between them is narrowed by foreign aid. Therefore, Planning should be output-oriented and not investment-oriented.

The Plan investment system needs an orientation in the sense that the Government should lay emphasis on agricultural sector. Because India is essentially an agrarian country, unless agricultural sector is mechanised and developed, rapid industrialisation cannot be achieved.

The Government has reconstituted the Planning Commission so as to provide greater technical expertise, on the one hand, and a clear political commitment, on the other. The new Planning Commission should make a sectoral study of the entire economy and then give its suggestions.

The overall picture of the reality of Indian situation, as it is today, which we have attempted to draw in the preceding pages, does not augur well for the future of socialism in India. Indeed, the reality is not only depressing from the point of view of development - capitalistic or socialistic - but it also betrays a widening gap between words and actions. This gulf between performance and promise is really the main stumbling block for the establishment of any kind of socialism in this country, including the Congress brand of socialism.

One need not overemphasise the fact that the establishment of a socialist society in an under-developed country, like India, may not necessarily follow the Marxian pattern or the Social Democratic pattern, yet certain pre-requisites like a fundamental restructuring of the economic base, a congenial socio-political culture and a political system responsive to the needs of the masses, are called for. On all these counts we have found that the Indian polity has lagged far behind. Yet, we have suggested ways and means which could provide a better perspective for the future of socialism in India. The point, however, is whether these suggestions are within the realm of

practice, given the nature of Indian Polity today. This question really hinges on the future of socialism in India, a debate which we will take up in our concluding chapter.

**CHAPTER 6****THE FUTURE**

Although socialism is a popular concept today in most of the Third World countries, various meanings are ascribed to it. This is partly because of the varying historical traditions of these countries and partly due to their different objective situations. However, socialism has come to be regarded as a correct policy for their rapid economic development, as a common reason for the underdevelopment of the Third world countries has been their colonial past, their agrarian structure and their rising population. Moreover, as a practical and correct measure to build up an industrialised economy ensuring faster rate of economic growth and all round development of the society, they have adopted the concept of "planning" from the communist countries. On the other hand, they also admire the scientific and technological development of the capitalist countries. Indeed, they are impressed by the political system of the capitalist countries based on self-government, rule of law, adult suffrage, fundamental rights etc. As such the third world countries have tried to combine these two concepts - economic planning and political liberty - from the two systems, socialist and capitalist. The combination of these two concepts in these countries has contributed in many ways to varying interpretations of the ideology of socialism.

The communists believe in the transition from capitalism to socialism through class contradictions. The socialists of the West, on the other hand, consider that the progress towards socialism is a graceful transition and gradual evolution of the economic order from individualism to socialism by the methods of representative democracy achieved by common consent.

The third world countries discard the communist method of class contradictions and instead, believe in the graceful evolution from capitalism to socialism.

India shares with many developing countries of Asia, the twin characteristic problems of a predominantly agricultural oriented economy and an increasing rate of population. Besides land scarcity in India has further aggravated these problems.

Against the background of this community India occupies an important and a significant place among the developing countries of the third world. Her commitment to a "socialist pattern of society", within a democratic framework and her efforts to solve her complex problems have been an inspiration to many of these countries. The most important question for us, however, is that given the situation as it is today in India, should this country continue to pursue the goal of a "socialist pattern of society".



It will not be proper to argue that the failures of the Indian policy to achieve this goal were due to the democratic method adopted by it - a method widely different from that of the socialist countries like Russia, China, and other East European countries. The fault lies, as we have discussed earlier, in the widening gap between theory and practice of Indian socialism.

What then is the alternative? Whether we should go for "communist models - the Russian, the Chinese or the Latin American? Or, whether India should evolve her own model? Or, whether we should abandon our present commitment to a "socialist society" and go for a pure and a simple capitalist system?

Practice has shown that even the communist countries have evolved their own models in relation to their characteristic socio-economic background and cultural make-up.

"It is clear that henceforth, for everyone, Soviet, Chinese, European, or non-European countries, the problems of the revolution will be seen through various prisms in which subjective judgements growing out of a background of unique cultural tradition will play a considerably important role and that the multiplicity of revolutionary

perspectives cannot fail to develop."<sup>1</sup>

It is not really illogical to suggest that India should work for a model which conforms to her historical past and socio-political culture of her people, and also to her existing reality. However, considering the fact that the Indian policy is riddled with multi-farious problems which has led the country to the present impasse, this may turn out to be an uphill task. But this need not depress us. In spite of all these shortcomings, limitations and the gap that exist in the country between theory and practice, there is still a hope; socialism can be achieved in India if necessary measures and reforms, to which we have alluded in our previous chapter, are really implemented.

The problem of implementation of these measures, however, must necessarily be analysed against the background of the potential appeal in the country for communist models. The communist models - whether Russian, Chinese or Latin American - are less likely to impress and appeal to the masses and leaders of the under-developed and developing countries of Asia, in general, and India, in particular.

Today, in India, the masses are yet to develop the required political consciousness to understand fully the implications of communist doctrines. The system of

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1. Stuart, R. Schram, and Helene Carrere d' Encause, Marxism and Asia, 1969, p. ix.

education and the process of political development are yet to be complementary to each other. The peasantry in India is conservative, tradition bound, illiterate and poverty stricken. The working class in India is not at all a negligible component; indeed it is fairly organised. But at the same time it is still immature to lead a socialist revolution in the country.

Moreover, the ruling elite in India comprising of big landowners, big businessmen, and persons belonging to higher strata, will never accept communism because it realises that communism serves against its vital interests. The communist parties in India (CPI and CPM) have ideological conflicts and this is one of the main causes why they have not been successful to arouse an enthusiasm for communism among the masses. Mainly because of this split also, their role as an effective opposition to the ruling Congress and as a source of alternative, has exercised only limited effect. As a result of all these factors, the communist models does not appeal to India today and it may continue to be so far quite some time to come.

As things are today, India appears to be stuck with a "socialist pattern" based on a democratic framework.

The pattern of socialist development in India has

so far occurred at two levels, at the level of ideas and at the level of movements. The development of socialist ideas in India still remains in a confused stage. The political elite and the political parties have not been successful to give a real content to Indian socialism. The development of socialism in term of political movements and social changes, once again has not been promising. This is obvious from the government's "record and performance" in various fields, social, political and economic, and from the failure of Indian policy to create a congenial socio-political culture among the masses. Indeed, the total reality of the Indian situation presents us with a depressing picture in which the gap between the promise and performance is wide.

The main thing, which we have achieved in the last twenty-five years, is a large measure of political stability in the country. But this will have no value unless the inherent limitations of our political system are removed.

To sum up, India has not been successful in establishing a socialist society, not even the Congress pattern of socialism. In fact, the Indian brand of socialism is still in an experimental stage. Democracy

has been practised in the country, whereas socialism has yet to become a reality.

India should evolve her own model in consonance with her past traditions, present situations and future needs. Whether it will be some kind of a socialism, we have yet to see. However, socialism or any other ideology cannot be practised only by passing legislative measures or by preaching it. The decisive factor here is the sincerity of the leaders and a correct and purposeful implementation of policies - a dynamic relationship between theory and practice.

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