

ALL - ROUND CRISIS OF INDIAN ECONOMY

India today is in the midst of a crisis unprecedented in its history. The allround crisis of the Indian economy is accelerating in 1971, even though the Finance Minister and the Prime Minister have expressed the hope in the budget for 1971-72 that the Indian economy has turned the corner after the 1965 recession. In every sphere of activity the unsatisfactory performance of the Indian economy has given raise to fear of the deepening economic malaise.

According to the Annual Report of the Reserve Bank of India for the year July 1, 1970, to June 30, 1971, the performance of the Indian economy during this period *"was rather uneven", and "in particular, as the year progressed adverse trends emerged in the important sectors"*,

What were the important sectors in which *"adverse trends emerge"*.

- (1) *"The rate of growth in industrial production showed deterioration"*.
- (2) *"The prices continued to be under pressure through out the year"*.
- (3) *"The deficit in balance of payments on current account widened"*.
- (4) *"The organised sector of Industry remained subdued with capital consents and capital issues lower than last year"*.
- (5) *Budgetary operations in 1970-71 have shown a much wider gap between receipts and disbursements than expected", "leading to a considerable increase in Bank financing"*.
- (6) *The problem of under utilisation of established industrial capacity was accentuated.*

Rate of Growth of Industrial Production :

In its report on currency and finance, for 1965-66 the Reserve Bank of India had reported that the rate of growth of

industrial output has come down, from 8.8% in 1962 to 8% in 1963, 7.5% in 1964, 5.6% in 1965 and 2.5% in 1966. It had concluded that 1965-66 which marked the close of the Third Five Year Plan was "the most difficult year for the Indian economy since the beginning of the planning era".

Since then, there has been no noticeable improvement, on the other hand there has been noticeable slackening in the tempo of industrial growth. During the three years, 1965-66 to 1968-69, the rate of growth has fallen so precipitously, that the fourth Five Year Plan which ought to have come into effect in 1966-67 was postponed and a plan holiday was in effect declared. When an annual increase of 6.4% and 7.1% was achieved during 1967-68 and 1968-69. It was expected that India had recovered from the crisis. But again the growth rate slackened and in 1970, it was only 4.5%. According to the Reserve Bank of India Annual Report for the year 1970-71 "the set-back became more pronounced during the later half of the year which showed a growth rate of only 3% over the corresponding period of 1969". In 1971 the tempo of the crisis of industrial production still increased further. The rate of growth slipped down further. Again, as per the RBI Annual Report, "latest available data show that during January - March 1971, the increase in the index over the corresponding months of 1970 works out to only 1.5%.

Thus it is clear that India has reached the stage wherein it has entered the period of disintegration. The following table showing trends in industrial production reveals the true state of affairs.

TABLE : 2.1

**Trends in Industrial Production During the Years
1969 and 1970**

(Per centage increase over the corresponding period of previous year)

	1969	1970
General Index	7.1	4.5
Basic industries :	8.9	4.2
Capital Goods industries :	1.8	4.7
Intermediate Goods industries :	4.2	2.7
Consumer goods industries :	10.2	6.3

The above general index does not reveal the dangerously absolute fall in production in certain major industries in our country. The dangerous disease which is eating away the vitals of our economy is glaringly revealed in the following table showing **absolute declines** in output in certain industries during 1970, the Second year of the Fourth Five Year Plan.

TABLE : 2.2

**Industries Showing Absolute Declines
in Output During 1970**
[Percentages]

Industry	Growth rate during	
	1969	1970
Iron & Steel	+ 8.5	- 6.9
Brass manufacturing	+ 28.5	- 4.6
Prime Movers, boilers and steam generating plants	+ 0.5	- 2.7
Rail-road equipment	- 10.6	- 19.8
Dyestuff and Dyes	+ 9.6	- 1.4

This decline in production is both relative and absolute. This slackness in industrial production since 1965-66 shows the depth of the economic crisis India is facing today.

Problem of Under-utilisation :

Thus in this period of crisis, it is not only a question of the decline in the rate of growth, but also of the inability of this society to utilise even the existing capacity. When the growth rate decelerates, it is quite natural that existing capacity too is underutilised. When there is shortfall in public sector investment in Irrigation, Electricity, Transport, Health, Education etc., it is not only the tempo of growth which gets affected but also the full utilisation of existing capacity of industrial production.

India, dependent on foreign know how, foreign raw materials, foreign finance, and foreign management, cannot plan its production independently. Our industrial production depends on non-project loans and aid doled out by the imperialist powers.

Therefore, with the growing poverty of the majority of our people reducing the capacity of the market to absorb production with the growing drain of our resources through repayment of loans, interest and profits to international finance, reducing the nation's capacity to increase its investments, with the growing dependence of our industry and Government on foreign loans, the country has been brought to a stage of utter desolation. One major aspect of the situation is the crisis of underutilisation of existing capacity. The following review in the Annual Report of the Reserve Bank (R.B.I. Bulletin, August 1971), gives a glimpse of the situation :

"With the slackening of the industrial growth rate, the problem of under utilisation of capacity was accentuated particularly in such industries as Iron and Steel, heavy machinery and rail-road equipment. For finished steel, the utilisation ratio worked out to 68% during second half of 1970, as compared to 70% during the corresponding period of 1969. Those industries manufacturing machinery for cement mills, tea, printing, leather and rubber products experience a reduction in capacity utilisation during 1970, as compared with 1969. In respect of railway wagons, hardly 39% of the installed capacity was utilised as a result of the steady decline in orders from the railways. Other important industries which showed a reduction in capacity utilisation ratio during 1970 included, among others, cement, steel casting, steel pipes and tubes, storage batteries, and dry cells. The utilisation ratio in almost all these industries was not only lower during second half of 1970, than during the first half, but was also lower during the calendar year 1970 as compared to 1969".

Output of coal was adversely affected by reduced demand. Among consumer goods industries, the cotton textiles industry has been passing through a difficult period due to shortage of raw cotton.

Thus industry is passing through an anguishingly halting progress, and is almost at a stand-still. Industrial production has increased by 71% over the decade. But the over all figures for the decade obscure the steep decline in growth rate in recent years. In

1970, the growth rate tumbled down to 3.4% and, during January-March 1971, it slipped still further to only 1.5%. It is clear that 1965-66 and later years connote stagnation.

Agricultural Production

That India has achieved a break - through in agricultural production and that the 'Green Revolution' has set in, has been the talk of the day. Government pronouncements have enthusiastically proclaimed this great success. The All India Radio carries this success story to every nook and corner of the country through the panchayat radios. The press has been publishing news of villages and Krishi Pandits who have been responsible for this achievement. In the midst of this noise certain truths have been buried.

The following data reveals the true nature of this "revolution".

TABLE : 2.3

Trends In Agricultural Production

	Food grains	Rice	Wheat	Cotton Lint	Jute & Mesta	Ground nut
	'000	Matric	tons	'000	Bales	'000 Matric tons
1960-61	82018	34574	10997	5298	5263	4812
1961-62	82106	35663	12072	4581	8236	4994
1962-63	80151	33217	10776	5228	7185	5064
1963-64	80642	36998	9853	5428	7976	5298
1964-65	89356	39308	12257	5677	7604	5888
1965-66	72347	30589	10394	4582	5778	4263
1966-67	74231	30438	11393	4973	6579	4411
1967-68	95052	37612	16540	5454	7592	5731
1968-69	94013	39761	18653	5144	3837	4631
1969-70	99501	40430	20093	5233	6750	5130

Source : R. B. I. Bulletin, 1971

The table does not feature the production trends of all the major agricultural commodities in the country. All the same, it does not provide basis for the conclusion that "agricultural production showed a fairly high rate of expansion" (RBI) like all the statements of the bourgeoisie, this statement, too, contains half truths as is evident from the table. It is clearly seen that, except in wheat, no significant progress has been made towards higher production in any other commodity. The increase in production in rice is meager from 39,308 thousand metric tons in 1964-65 to 40,430 thousand metric tons in 1969-70. Cotton, jute and ground nut - major raw materials for our traditional industries - have actually been regressing. Production of cotton has slipped from 5,677 thousand bales in 1964-65 to 5,233 thousand bales in 1969-70. There has been a decline of serious proportions in jute and mesta from 8,236 thousand bales in 1961-62 to 6,750 thousand bales in 1969-70. Groundnut production has been so lagging that import of soya bean oil from USA has become a necessity. Its production too has regressed from 5,888 thousand tons in 1964-65 to 5,130 thousand tons in 1969-70. According to the same Reserve Bank Bulletin "pulses showed a marginal decline", "output of both cotton and raw jute during 1970-71 is expected to be lower than in 1969-70".

A Study of Raw Material Rates :

In the recent euphoria induced by the recent meagre successes in certain sectors on the farm front especially in wheat - the country reaped a good harvest for the third successive year in 1969-70 and an even better one for the year 1970-71 the rather poor performance of agriculture as a whole, during the sixties, has been wilfully lost sight of. Therefore an analysis of the growth rates, between 1950 to 1960-61, and between 1960-61 to 1968-69 should be studied to blast the iron screen of lies and reveal the truth.

(1) An analysis of the trends in the output of both food and non-food crops between 1960-61 and 1968-69, reveals that, except in the case of wheat, compound rates of growth of major agricultural commodities during this period have been markedly lower than their respective growth rates in the fifties. In the case of pulses which are rich in food value and groundnut which is also an important industrial raw material, growth rates have been

negative during the sixties.

(2) And more important, the long term (1950-51 to 1968-69) compound growth rate of food grains output has not kept pace with the annual increase in population. Even during 1960-61 to 1968-69, the increase in population outpaced the growth in food grains output.

The following table gives the agricultural growth rates for 1950-51 to 1960-61, and for 1960-61 to 1968-69, for important agricultural commodities in our country.

TABLE : 2.4

Agricultural Growth Rates

[Percent per annum]

Crop	1950-51 to	1960-61 to	1950-51 to
	1960-61	1968-69	1968-69
Rice	4.01	0.51	2.67
Wheat	4.76	5.07	4.23
Cereals	3.82	1.53	2.74
Pulses	3.42	-2.59	0.03
Gram	5.64	-3.93	0.39
Food Grains	3.77	1.112	2.45
Ground Nut	5.12	-0.21	2.85
Oil Seeds	3.70	0.32	2.40
Cotton	4.64	0.60	3.11
Non Food Grains	3.70	0.60	2.78
All crops	3.75	0.93	2.57

Source : Research Bureau; **Economic Times**, December 17, 1970

This table gives the compound growth rate of various agricultural commodities together with the following two tables; it reveals that, first, except in the case of wheat, the growth rates in all other major crops were very much less during 1960-61 to 1968-69 in comparison to 1950-51 to 1960-61.

Secondly, in major commercial crops, such as oil seeds and cotton, on which more and more foreign exchange is being spent, the growth is practically nil in sixties, a dangerous trend for agricultural economy and industrial growth.

TABLE : 2.5

**Index Numbers of Food Grains Production
1949-50 = 100**

	Rice	Wheat	Cereals	Gram	Pulses	Food grains
1950-51	87.9	101.1	90.3	98.0	91.7	90.5
1951-52	90.1	93.9	91.2	88.2	90.3	91.1
1952-53	96.8	112.7	101.4	109.2	98.8	101.1
1953-54	118.6	120.0	120.1	125.2	112.0	119.1
1954-55	105.8	135.4	114.5	145.9	118.5	115.0
1955-56	114.2	131.3	114.9	138.9	118.4	115.3
1956-57	120.4	140.7	120.5	159.8	122.9	120.8
1957-58	105.7	118.5	110.1	125.8	103.0	109.2
1958-59	127.6	147.4	129.8	180.3	136.0	130.6
1959-60	126.2	152.8	128.9	144.2	120.8	127.9
1960-61	137.7	162.8	138.3	160.4	129.0	137.1
Compound growth rate 1950-51 to 1960-61 %	4.01	4.76	3.82	5.64	3.42	3.77
1961-62	142.4	178.8	143.1	148.5	121.5	140.3
1962-63	132.6	159.6	137.6	137.6	117.9	133.6
1963-64	147.0	145.9	141.4	115.5	102.9	136.5
1964-65	156.2	181.5	154.5	148.2	126.1	150.8
1965-66	121.8	154.4	124.2	107.9	98.3	120.9
1966-67	120.9	168.7	129.5	92.9	85.2	123.8
1967-68	149.4	244.9	164.2	153.2	123.5	159.0
1968-69	157.2	258.7	165.7	106.1	102.3	157.5

Compound growth rate	1960-61 to	5.07	1.53	-3.93	-2.59	1.12
1968-69 %	0.51					

Compound growth rate	1950-51 to	4.23	2.74	0.39	0.03	2.45
1968-69 %	2.67					

Source : **Economic Times** ; 17, December 1970.

TABLE : 2.6

**Index Numbers of Production : Non-food grains
1949-50 = 100**

	Groundnut	Oilseeds	Cotton	Non food grains	All Crops
1950-51	101.4	98.5	110.7	105.9	95.6
1951-52	93.0	97.4	119.2	110.5	97.5
1952-53	85.3	91.9	121.0	103.8	102.0
1953-54	100.3	103.7	151.8	104.7	114.3
1954-55	123.6	122.6	163.6	120.9	117.0
1955-56	112.4	108.6	153.9	119.9	115.8
1956-57	127.2	120.3	181.2	131.5	124.3
1957-58	137.5	119.0	178.8	129.5	115.9
1958-59	149.0	136.8	175.8	139.4	133.4
1959-60	134.7	125.3	132.4	135.0	130.3
1960-61	142.1	134.0	202.1	152.6	142.2
Compound growth rate 1950-51 to 1960-61 %	5.12	3.70	4.64	3.70	3.75

1961-62	147.5	140.0	174.9	153.9	144.8
1962-63	149.4	142.6	199.9	151.6	139.6
1963-64	156.3	134.5	208.6	156.5	143.1
1964-65	181.6	166.5	219.0	176.7	159.4
1965-66	128.0	125.3	183.7	154.8	132.1
1966-67	133.5	125.6	191.8	147.4	131.6
1967-68	173.5	161.5	210.3	155.1	161.0
1968-69	135.5	137.1	203.2	161.0	158.7
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Compound growth rate					
1960-61 to 1968-69 %	-0.21	0.32	0.60	0.60	0.93
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Compound growth rate					
1950-51 to 1968-69 %	2.58	2.40	3.11	2.78	2.57

Source : **Economic Times** : 17, December 1970.

Thirdly, among food grains, the growth rates of rice, grams and pulses in the sixties have fallen dangerously low. Rice showing only 0.51% compound rate of growth, pulses and gram was negative rates (-3.93 for gram and -2.59 for pulses).

Fourthly, overall agricultural production has had a severe jolt in the sixties. The growth rate of the fifties of 3.75% has slipped to such an extent that it stands below one percent in the sixties.

In the other words, the output of food and other agricultural commodities showed a surge in farm production in the fifties. The growth rate was meagre in the sixties -- 1.12% in food grains and 0.93% in all crops.

Thus the growth rates of output of major crops have been rather poor during the sixties. What is more, over a 19 - year period, they have barely kept pace with the annual rise in population.

One cannot do better than quote from the Agricultural Prices Commission (August 1970) which estimated the annual growth rate between 1949-50 and 1969-70 to be 2.90 per cent.

"it would be useful to bring out with help of an example the implications of a growth rate of this order or less in the production of food grains for the country's food policy. With population growing annually at 2.5%, if the per capita income is assumed to rise only at the modest rate of one percent, observed since 1957-58, and if the income elasticity of demand for food grains is placed at 0.5, the demand for food grains would increase at not less than 3% per annum. Even if the production of food grains does in fact increase at 4% per annum in the next four years an imbalance between demand for and the domestic production of food grains would continue although it would gradually diminish from nearly four million tonnes - as measured by the present level of imports - to 0.4 million tons by 1974".

It's a big "if". Were this supposition to become a fact, the country would still be in deficit. But, the growing poverty of the people might turn the deficit into 'credit' - and then the Government might with pride blow its bugles and beat its drums for having achieved an extraordinary success on the food front !

The crisis in the production of raw cotton and oil seeds has increased the problems of the Government. In an effort to overcome this serious lag in production, "Government stepped up its import programme. In the case of raw cotton Government decided to import 13.3 lakh bales during 1970-71 season as against 9.1 lakh bales in 1969-70 In respect of oil seeds, Government permitted large imports of soya bean oil under P.L. 480 and made arrangements for the import of rapeseed".

(RBI Bulletin, August 1971)

Economic and Political Weekly in its issue of December 4, 1971 has painted a grim picture of agricultural production in the year 1970-71, and the bleak prospects of achieving even the limited targets for 1973-74. As per its report : *The Economic Survey for 1970-71 had forecast that 1970-71 would finally present a mixed picture with oil seeds registering a rise, sugarcane being about the same level, and jute and cotton being some what lower. Latest reports have it that jute, cotton, and sugarcane, all showed a downward trend last year. A comparison with Fourth plan output*

targets for 1973-74 show the vast ground yet to be covered. Against the targets of 80 lakh bales, the production of cotton in 1970-71 was 46 lakh bales; as against the target of 74 lakh bales production of jute was 49 lakh bales".

Such has been the progress of agricultural production under the impact of this most advertised Green Revolution. The crisis in agricultural production increases the depth of the crisis of industrial production.

Budgetary Crisis : Inflation

The Government's resources for its budgetary needs have begun to shrink sharply even though taxation has been increasing heavily. With the increased defence expenditure from 1962 onwards, and the increasing burden of repayment of loans and interest there on rising sharply year after year, the *"budgetary operations of the central and state governments in 1970-71 indicate a considerable worsening of the overall position"*.

(R.B.I. Bulletin, August 1971).

As against a modest overall deficit of Rs. 37 crores in 1969-70, the revised estimates for 1970-71 show a deficit of Rs. 455 crores. If we remember that this huge deficit occurred at a time when the economy had not fully recovered from recession and that *"this worsening has taken place despite a slow down in the rate of growth in total disbursements, because of the considerable smaller growth rate of total receipts"*. One can as well imagine the dangerous situation that will have to be faced in 1971-72. The year in progress has further intensified the economic and political crisis. Even the budget for 1971-72 had envisaged a deficit of Rs. 387 crores. Already, according to Reserve Bank of India, during the current fiscal year within a matter of only three months (from April 1 to June 25, 1971), net Reserve Bank credit to Government sector has increased by Rs. 468 crores as against an increase of Rs. 65.5 crores in the corresponding period of the preceding year.

Is it not a fact that the budgets have got out of control of the government of India and that constant, consistent, and continuously growing inflation is the main sustenance of the central and state Governments ?

With this inflation, amidst the recession, rising prices have become one of the major features of this crisis ridden economy.

The Economic Adviser's Index number of wholesale prices (base: 1961-62 = 100), which stood at 173.5 as at the end of June 1969, moved up further to 180.5 at the end of June 1970, and reached further heights of 186.1 at the end of June 1971. These figures did not indicate the **actual** prices the consumer is forced to pay in the market. The rising trend in prices has continued to grow steeper to the sweet satisfaction of the patriotic sharks of the nation. The crisis in Bangla Desh, millions of refugees that have flooded into India, the inflationary spree of the economy, the '*patriotic*' war against Pakistan, has created favourable atmosphere for these patriots of unquestionable character, not only to peg down the wages but to increase the prices. Within a matter of hours of the Indian army's intervention in East Pakistan, kerosen suddenly disappeared from the shops, prices of sugar, dal, rice shot up from previous levels. The Internal Security Act, the proclamation of emergency are God sent opportunities not to be lost in the midst of the plethora of cheap sentiments of patriotic fervour mouthed by the leaders of the nation to divert the attention of common man from the nefarious deeds of these financial sharks.

Therefore, it is obvious that the expansion of monetary resources and money supply unrelated to expansion of production and the stagnation in both industrial and agricultural production causes a persistent upward pressure on prices.

The effects of the rise in prices are too well known to be recounted. As Professor D. R. Gadgil, well known economist and ex-vice-chairman of Planning Commission, has observed; *"The distributive effects of a rise in prices are well known; they accentuate inequality. The rise in prices in India after 1963 has been inadequately compensated for in relation to the lowest paid government employees It is obvious that, where the government servants suffer, the large proportions of the less favourably placed suffer more"* (Economic and Political Weekly, Annual, November 1967). It is abundantly clear that the large proportions of the less favourably placed, that is, agricultural labourers, small peasants, industrial workers middle and lower paid employees, rural artisans, and tenants, who happen to be the majority of the population suffer most.

With growing unemployment, increasing money supply and the creation of abnormal conditions due to war with Pakistan, the limitless lust of speculators for profit becomes widespread, leading

an accentuation of growing crisis in every sphere of national economy.

Growing Deficit in Balance of Payments

Just as internal financial relations showed up in budgetary deficits and led to increasing doses in inflation, so also in international financial relations, Indian economy faced growing deficit in Balance of Payments leading to growing dependence on international aid. The most disturbing and dangerous factor in the balance of payments is continuous growth of heavy external liability in the forms of loans and foreign private capital investments, leading to an increasing drain of our resources. The high rates of interest on loans, the growing burden of repayment of loans, the extraordinary loot in the forms of profits, payments of royalties, technical know-how, and various other forms adopted by international finance capital; may be seen from the following table which shows the phenomenal growth in foreign exchange payments under Investment Income and *Amortisation*, as reported in India's Balance of Payments account by the Reserve Bank of India.

(August, 1971; Pages 1391 and 1392).

TABLE : 2.7

Debits under Investment Income and Amortisation as per Balance of Payments Account [in crores of Rupees]

	<i>Investment Income</i>	<i>Amortisation</i>
1960-61	61.9	37.6
1965-66	134.3	74.4
1966-67	203.9	129.0
1967-68	229.3	169.1
1968-69	239.7	159.6
1969-70	251.6	180.8

These figures show only a part of the international finance capital's loot of India. As per the Annual report of the RBI 1971, the latest balance of payments compilations relating only to the

calendar 1970, "show that India's balance of payments position worsened during this year as compared with 1969". "Following the deterioration under merchandise as well as invisibles, the deficit on current account widened over the year by Rs. 108.0 to 280.7 crores". "For sometime now the gross outgo on Investment Income account, which amounts to more than half of the total gross outgo, has been growing steadily and over the year went up by Rs. 23.8 crores to Rs. 271.5 crores. More than half of the additional out go in 1970 was accounted for by interest payments on loans and credits which amounted to Rs. 203.5 crores as against Rs. 186.5 crores in 1969."

(RBI Annual Report)

Such has been the continuing exploitation of India by imperialism in different forms that the "Great Drain" of the resources of the country as in the period of direct rule of the colonial power has been increasing with phenomenal speed, and we have reached the miserable degrading stage (I had warned of this shape of things to come in my speeches in Parliament during 1951-62) of begging and *receiving loans for repayment of loans in the form of postponement or rescheduling*. The following table will show the quantum of aid received for repayment of loans.

TABLE : 2.8

Amounts Rescheduled or Postponed [in US \$ in Millions]

	1966-67	1967-68	1968-69	1969-70	1970-71
Japan	3	6	17	19	25
IBRD	—	15	15	15	15
USA	—	—	9	9	9
Canada	—	1	1	1	—
	3	22	42	44	49

The above table from the Annual Report of the RBI includes the interest postponed by the USA amounting to \$3 million (?) each in 1968-69 and 1969-70.

Having brought the country's economy to such a low level, it is no wonder that India's prestige has fallen to insultingly low rung. The following news item in Economic Times should shock any one with any national pride. On May 30, 1970, the paper's New Delhi Bureau reported that *"Japanese ship builders insistence on guarantees from foreign banks has caused disappointment here ... Japan has been demanding guarantees from foreign banks for the suppliers credit that the shipbuilders would give against orders for ships placed by Indian Shipping Companies. Japan has refused to accept guarantees offered by the Government of India ... The Japanese stand would imply that the shipbuilders there, have greater faith in the security offered by an ordinary bank in any other country than that offered by the Government of India.*

Is it not fantastic that I and my colleagues, are being charged with conspiracy to change, this demeaning state of affairs? Is it not fantastic that those who have sold the country's resources lock stock and barrel for tens of years to come to foreign financial interests charge us as traitors? Any citizen with a grain of patriotism in him, should by nature revolt against such a degrading state of affairs to resurrect the great glory of the Indian people and the Indian nation.

Growing Unemployment :

The constant and ever deepening economic crisis - with rising inflation, slowing down of the rate of growth of industrial production, under-utilisation of existing capacity, increasing balance of payments crisis and stagnation in agricultural production, all resulting in total liquidation of planning has resulted in the unbearable growth of unemployment.

Even during the first three plans it was found that at the end of each plan the backlog of unemployed had risen steadily. From 5.3 million at the end of the first plan it rose to 7.1 million at the end of the second plan. According to the outline of the fourth five year plan *"the backlog of unemployment at the beginning of the fourth plan is 9 to 10 million of whom about three fourths are in rural areas."* (Page 106) According to official estimates, if present trends continue, unemployment may reach the colossal level of 28 million at the end of what is called the fourth plan.

According to a report published in the Hindu of September 19, 1971, *"Unemployment today is increasing at an alarming rate*

of one lakh more jobless persons every month. The total number of unemployed on the live registers of the employment exchanges which was 40 lakhs as on December 31, 1970 swelled to 47 lakhs as on July 31, 1971. And this does not cover those unemployed whose names are not registered at the employment exchanges. The monthly average of unemployed added to the live registers of unemployment exchanges was 33,000 in 1969, 50,000 in 1970 and 1,00,000 in the first 7 months of 1971. The current growth rate of unemployment is thus twice as much as in 1970, and three times as much as in 1969. Registered unemployed in 1968 was 30.1 lakhs; in 1969 they numbered 34.3 lakhs; and their number shot up to 40.7 lakhs in 1970. And it has grown to alarming proportion of 47.1 lakhs by July 31, 1971".

These figures as indicated above are largely underestimates as only a small portion of educated unemployed do register as such. The immensity of the educated unemployed can be seen from the fact that, by July 1968, there were 83,000 qualified engineers without jobs.

Growing Illiteracy :

More Indians are illiterate today than in 1951. It is reliably estimated that two out of every three Indians cannot read or write at all. The 1961 census revealed that, out of 439 million only 105.3 million were literate consisting of 77.3 million men and 27.5 million women, thus showing percentage of literacy to be 24. India had 36 million more illiterates in 1961 than in 1951, and every year the number of illiterates increases by 4 million. *"According to the present trends, this rate of increase is likely to continue for another decade or so"*, observes an author in 'Commerce Annual Number', 1969. This might seem incredible, given the phenomenal educational development expenditure under the direct financial help of imperialist donations and technical aid.

Even the standard of literacy is so low that, in any other developed country, quite a number of 'literate' by the Indian standard would be treated as illiterate.

"If literacy at the lowest useful level is defined as ability to read a simple instruction or write a simple letter, it will be noted that of the literate population in India 62.9% are literate without any educational level

and for all practical purposes this population is to be treated as illiterate".

(Commerce, Annual Number, 1969; Page. 72)

It is but inevitable that in a country of semi-feudal, landlord dominated rural society civilised existence is a minus factor. Children of school-going age are left out of school due to unimaginably extreme poverty. In India only 77.8% of the children in the age group of 6 to 11 actually attend school. The remaining 22.2% who are 14.55 million children, grow up as illiterates and add to India's illiterate population.

Even of the children who attend school, a large number drop out before they reach fifth standard. As per the report in Hindu dated 10 January 1970, "out of 7.52 lakhs of boys and 5.81 lakh girls admitted in the first standard in Madras province in 1964-65 only 4.51 lakh boys and 2.66 lakh girls were in the fifth standard in 1968-69. In the middle schools out of 3.12 lakh boys and 1.64 lakh girls admitted in sixth standard in 1966-67 only 2.55 lakh boys and 1.33 lakh girls reached eighth standard in 1968-69."

A Times of India news service article, (May 7, 1971) has published, on the basis of preliminary figures of the latest census in 1971, "what the census reveals : some distressing features". It reveals certain facts, shocking to any ordinary persons with common sense. This long extract from this article is necessary to open the eyes of all those who are yet parading on the progressive nature of the ruling class.

"Considering the emphasis placed on primary education during the 1960's it is really shocking that even today, literates - those able to read and write account for only 29.35% of the population. This means that 385 million people, more than the entire population of the country in 1951, are unlettered. In absolute terms the illiteracy is increasing".

Between 1941 and 1951 the proportion of literates went up from 12.2 to 16.6% a rise of 36%. Between 1951 and 1961 the rise was 44.6%. The figure this time i.e., between 1961 and 1971, as per the latest census is a disheartening 22.14%.

The question arises as to why the literacy percentage shows such a disheartening growth, resulting in the growth of illiterates in absolute terms, when according to government reports, primary

schools have spread to every nook and corner of our country and enrolment in them has been growing under the impact of planning.

The author of the above article gives "two explanations for these paradoxical results" the two reasons are a disgrace to any party in power.

"First, that there has been a massive rise in bogus school enrolment in several states. A Delhi University study made after 1961 census showed that, for the country as a whole, primary school enrolment has been over-reported by 27%". "The census confirms the fear that the extent of over reporting has gone up in the last decade and may be anything upto 100% in some states. This kind of jugglery with figures by State governments makes a mockery of Educational Planning". [For example] "How is it that literacy rate in Assam actually fell by 154 percent although primary school enrolment went up by 38.9%? How is it that in Uttar Pradesh where the enrolment increased by 150%, the rise in literacy was just 22.61%?"

"Secondly, there seems to have been a steep increase in wastage contrary to the hopes entertained by some educationists. An increasing number of children continue to drop out of school before becoming literate in the technical sense; and many others who attain literacy, lapse into illiteracy soon afterwards either because they have not attended school long enough, or have no access to any reading material".

It should be noted that child labour in the countryside is prevalent. Poverty leads children to beggary.

Naturally whatever the statistics in the school records, minimum number of children attend the schools.

Therefore, it is not wonder that in our country, after three much advertised five year plans, the number of illiterates is growing in number. According to the Kothari Commission Report, in 1966 India had 20 million more illiterates than in 1961, although the percentage of literacy had increased from 24 to 28.6 during this period.

World History has proved that without first carrying out an

anti-feudal and anti-imperialist democratic revolution to success, no aspect in the life of a nation can progress with required speed. Anti-feudal revolution, culminating, in the total destruction of feudal society in the middle ages, was responsible for the phenomenal growth of capitalism and industrialism, there by giving a fillip to the growth of education in western Europe. The anti-imperialist, anti-slave revolutions of America were the weapons which laid to rest the imperialist and other non - capitalist forms of exploitation, and paved the way for its phenomenal growth.

Such democratic revolutions under the hegemony of the bourgeoisie, cannot take place in this era of Imperialism and Socialist Revolutions. Only under the leadership of the working class can an anti-imperialist, anti-feudal revolution culminate in complete extermination of feudal, imperialist exploitation in this era, there by establishing a New Democratic State. Wherever such a revolution has taken place in this century, progress in all walks of life including the eradication of illiteracy, has been a success.

At the time of the Revolution, 85% of the population of Russia were illiterate. The new government under the leadership of Lenin and Stalin assigned top priority to the eradication of illiteracy and within 20 years it was done, with results that we see today. The Cuban example is a recent success story. Illiteracy was completely eradicated after the successful Cuban Revolution.

China of today is an exhilarating example. *"Literacy before 1949 in the countryside was (at its highest) 5 percent. By the end of 1966 no person under 40 in the communes is illiterate. This means that well over 60% of the total population of rural China has now become literate". (Page 49) "In 17 years enormous advances have been made in the field of creating a technical pool of high grade scientists, engineers, technicians, doctors, metallurgists, geologists" (Page 184) "In 1949 no peasant knew any thing about scientific experimentation; in 1966, a pool of six million peasant scientists not only knew about soil and seed improvement but could carry out experiments, hold conferences, and pass on their knowledge at scientific meetings"*

("China in the year 2001" Page 49)

China achieved all this earth shaking progress without

receiving any educational aid from imperialist powers, where as India received "U.S. Grants and loans totalling Rs. 114.9 crores from PL 480 funds to meet a substantial part of government of India's expenses for the development of elementary education". A supplement of 'Commerce', 'Indo-US co-operation : A survey' dated November 30, 1968, further reports that "the money is utilised to improve the quality of instruction through a teacher training programme to upgrade science teaching, develop better text books, increase teachers salaries and build schools in rural areas". (Page 99) And yet India stays 'put', where as the Chinese-isolated by the grace of US-Soviet diplomacy, has been marching forward with giant strides to the astonishment and growing fear of imperialism!

APPENDIX :

Foreign Trade

Year	Exports	Imports	Balance
1970-71	1535	1634	- 99
1975-76	4036	5265	- 1229
1980-81	6711	12549	- 5838
1981-82	7806	13608	- 5802
1982-83	8803	14293	- 5490
1983-84	9771	15831	- 6060
1984-85	11744	17134	- 5390
1985-86	10895	19658	- 8763
1986-87	12452	20096	- 7644
1987-88	15741	22399	- 6658
1988-89	20295	28194	- 7899

Source : Economic Survey, 1989-90

Agricultural Growth Rates

	1970-71 to 1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
Rice	2.7	-0.7	27.6	-2.9	9.4	-8.1	-8.1	-6.1
Wheat	5.3	3.1	14.3	6.3	-3.1	6.8	-5.8	4.2
Pulses	-1.0	8.3	3.0	8.7	-7.2	1.7	-12.4	-6.4
<i>Foodgrains</i>								
<i>Total</i>	1.7	2.9	-2.8	17.6	-4.5	3.4	-4.7	-1.2
Ground nut	-1.9	44.4	-20.9	34.3	-9.3	-20.4	14.6	-0.5
<i>Oilseeds</i>	0.04	28.9	-17.2	26.9	2.1	-16.5	4.1	12.2
Cotton	6.4	12.4	-4.4	-15.1	33.2	2.6	-20.9	-7.7
<i>Total Crops</i>	1.9	-	-	15.6	-1.5	2.5	-3.7	-0.8

Trends in Industrial Production

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
1. Basic Industries	10.9	7.0	6.0	11.1	6.8	9.2	9.6	9.9
2. Manufacturing industry	6.7	3.7	11.7	3.0	10.6	18.2	15.9	7.4
3. Intermediate goods industry	3.7	1.0	9.8	9.7	7.5	4.4	4.8	11.5
4. Consumer goods industry	13.9	-1.6	1.6	7.2	12.5	7.1	6.5	6.0
A. Consumer Durables	10.9	9.1	16.1	21.6	18.7	18.9	7.8	22.1
B. Consumer Non-durables	14.1	-2.8	-0.4	5.1	11.5	4.9	6.2	2.4

Trends in Agricultural Production

Year	Food '000 M.Ton	Rice '000 M.Ton	Wheat '000 M.Ton	Ground -nut '000 M.Ton	Cotton '000 bales	Jute '000 bales
1970-71	108422	42225	23832	6111	4763	6193
1971-72	105168	43068	26410	6181	6950	6834
1972-73	97026	39245	24735	4092	5735	6090
1973-74	104665	44051	21778	5932	6309	7676
1974-75	99826	39579	24104	5111	7156	5854
1975-76	121034	48740	28846	6754	5950	5941
1977-78	126407	52671	31749	6087	7243	7154
1978-79	131092	53774	35510	6120	7960	8330
1979-80	109700	42330	31830	5770	7650	7960
1980-81	129589	53631	36310	5010	7010	8160
1981-82	133300	53593	37450	7220	7880	8380
1982-83	129530	47120	42790	5280	7530	7170
1983-84	152370	60100	45480	7090	6390	7720
1984-85	145540	58340	44070	6430	8510	7790
1985-86	150440	63830	47050	5120	8730	12650
1986-87	143420	60560	44320	5880	6910	8620
1987-88	140350	56860	46170	5850	6830	6780
1988-89	170250	70670	53990	9540	8690	7700

Source : **Economic Survey**, 1989-90

As was observed by Com. TN, the Indian economy continues to be in the midst of an all-round economic crisis. The growth rates of agricultural production are in stagnation. The initial rise in the

growth rates of rice and wheat production have stagnated around 2 and 5 per cent per annum respectively. This had been achieved at the expense of minor or dryland foodgrains like jowar. It not only has reduced the per capita availability of foodgrains but also raised the consumer prices of foodgrains. The growth rates achieved in foodgrains, except wheat, had fall behind the population growth rates. Despite special mission for the development of oilseeds, their production is still dependent upon the vagaries of monsoon.

There is a considerable rise in the growth rates of industrial production, but this is mainly due to the rise of consumer industry. The growth rates in this sector varied from 1.6 in 1983-84 to 13.8 in 1981-82. This trend is not an healthy one as it depends upon assembly line production and import of knock-down kits. Underutilisation of existing capacities is still plaguing the industrial sector. The export oriented growth strategy, as prescribed by the World Bank and faithfully followed by Indian ruling classes, has landed the Indian economy in the balance of payments crisis and growing foreign trade deficit. While nearly five lakh people are getting registered with employment exchanges every month, only five lakh are finding placements in a year.

As Com. TN observed, the Indian economy has not only entered the period of disintegration, but it is also on the verge of disintegration.