

III. The Wealth of India

"The most interesting fact about India is that her soil is rich and her people poor."—M. L. Darling, *The Punjab Peasant in Prosperity and Debt*, 1925, p. 73.

India is a country of poor people. But it is not a poor country. Not only are the natural resources of India exceptionally favorable for the highest degree of prosperity for the population through combined agricultural and industrial development, but it is also the case that prior to British rule Indian economic development stood well to the forefront in the world scale.

The Indian Industrial Commission of 1916-18 opened its report with the statement:

"At a time when the West of Europe, the birthplace of the modern industrial system, was inhabited by uncivilized tribes, India was famous for the wealth of her rulers and for the high artistic skill of her craftsmen. And even at a much later period, when merchant adventurers from the West made their first appearance in India, the industrial development of this country was at any rate not inferior to that of the more advanced European nations." (Indian Industrial Commission Report, p. 6.)

Sir Thomas Holland, the Chairman of the Commission and the leading authority on Indian mineral resources, reported in 1908:

"The high quality of the native-made iron, the early anticipation of the processes now employed in Europe for the manufacture of high-class steels, and the artistic products in copper and brass gave India at one time a prominent position in the metallurgical world." ("The Mineral Resources of India," report by T. H. Holland, 1908.)

It will be observed that iron and steel production had already reached a high degree of development; to this extent the material conditions for the advance to modern industry were present.

The causes that led to the destruction of this leading position under British rule, and the relegation of India to a backward economic situation, will be examined in later chapters.

No less universally admitted is the fact that the natural resources exist for the highest modern economic development in India.

In respect of agriculture the judgment of Sir George Watt, Reporter on Economic Products to the Government of India, may be quoted:

"It seems safe to affirm that with the extension of irrigation, more thorough and complete facilities of transport, improvements in methods and materials of agriculture, and the expansion of the area of cultivation . . . the productiveness of India might easily be increased by at least 50%. Indeed, few countries in the world can be said to possess so brilliant an agricultural prospect, if judged purely by intrinsic value and extent of undeveloped resources." (Sir George Watt, *Memorandum on the Resources of British India*, Calcutta, 1894, p. 5.)

Even more striking are the potential resources for industrial development. India possesses abundant supplies of coal, iron, oil, manganese, gold, lead, silver and copper.

Sir Edwin Pascoe, late Director of the Geological Survey of India, reported in 1931:

"India possessed large reserves of coal, estimated at 36,000,000,000 tons. . . India also had potentialities as a first-rate producer of iron and steel, but the industry was still in its infancy. Of manganese, one of the hardening constituents of steel, India produced a third of the

world's supply." (Sir Edwin Pascoe, lecture at the Imperial Institute, *The Times*, March 13, 1931.)

Especially important are the iron-ore deposits, which amount, according to a conservative estimate, to 3,000 million tons, as against 2,254 million tons for Great Britain and 1,374 million tons for Germany, and are only exceeded by the United States with 9,885 million tons and France with 4,369 million tons (Cecil Jones, of the Geological Survey of India, *Capital*, Supplement, December 19, 1929). "India's iron-ores are so immense in volume and so rich in iron contents, that they might be said to be wasted if not utilized at present, for her production might be the same as the average production of other countries such as the United States, Great Britain, Germany, Sweden, Spain and Russia, in which the average production was 16.2 million tons as compared with 1.8 million in India. In other words, the production in India was only a little over 11% of what it should have been and 89% might be regarded as wastage." (R. K. Das, *The Industrial Efficiency of India*, 1930, p. 17.)

The Industrial Commission Report in 1918 stated:

"The nature and extent of the mineral resources of India have been systematically examined by the Geological Survey Department, although it has been impossible for it with the limited funds for establishment and prospecting equipment to carry its investigations, except in very special cases, to a point which would warrant commercial exploitation without further detailed enquiry.

"The mineral deposits of the country are sufficient to maintain most of the so-called 'key' industries, except those that require vanadium, nickel and possibly molybdenum. . . ." (Indian Industrial Commission Report, p. 36.)

It will be noted that "limited funds for establishment and prospecting equipment" are allowed to prevent the Geological Survey Department from carrying its investigations sufficiently far to make possible the exploitation of these vast potential resources for Indian wealth, which are thus merely recorded on paper as an astronomer might map the stars.

Even more significant are the potentialities of water-power for the electrification of India and the neglect of these potentialities. The following table shows the water-power resources of leading

countries of the world and the proportion of their use (*World Almanac*, 1932), compared with India:

WATER-POWER RESOURCES

Country	In million horse-power		Percentage Developed
	Potential	Developed	
United States	35.0	11.7	33
Canada	18.2	4.5	25
France	5.4	2.1	37
Japan	4.5	1.7	37
Italy	3.8	1.8	47
Switzerland	2.5	1.8	72
Germany	2.0	1.1	55
India	27.0	0.8	3

India stands second only to the United States in water-power resources, yet uses only 3 per cent, compared to 72 per cent in Switzerland, 55 per cent in Germany, 47 per cent in Italy, 37 per cent in France and Japan and 33 per cent in the United States.

A recent American observer, Professor Buchanan, after a monumental survey of economic and industrial development in India up to 1934, reaches the melancholy conclusion:

"Here was a country with all the crude-elements upon which manufacturing depends, yet during more than a century it has imported factory-made goods in large quantities and has developed only a few of the simplest industries for which machinery and organization had been highly perfected in other countries. With abundant supplies of raw cotton, raw jute, easily mined coal, easily mined and exceptionally high-grade iron ore; with a redundant population often starving because of lack of profitable employment; with a hoard of gold and silver second perhaps to that of no other country in the world; . . . with an excellent market within her own borders and near at hand in which others were selling great quantities of manufactures; with all these advantages, India, after a century, was supporting only about two per cent of her population by factory industry." (D. H. Buchanan, *The*

Development of Capitalist Enterprise in India, 1934, p. 450.)

On every side of Indian economy the same picture is revealed of limitless potential wealth and actual neglect and failure of development under the existing regime. The menace of this situation is felt by the imperialists themselves, even though they have no solution to offer. In the warning words of Sir Alfred Watson, the Editor of the leading English journal in India, the *Calcutta Statesman*, and Calcutta correspondent of *The Times*, at a meeting of the Royal Empire Society in 1933:

"Sir Alfred Watson said that industrially India was a land of missed opportunities, and that the main blame for this rested heavily on the British. . . . Though India possessed in abundance all the conditions for a great industrial country, she was today one of the backward nations of the world economically, and was very backward in industry. . . . We had never tackled seriously the problem of developing India's undoubted capacity for industry. . . .

"Unless India could provide in the coming years a wholly unprecedented industrial development based on growth of demand by her vast population, the level of subsistence of the country, which was now appallingly low, would fall below the starvation point." (*The Times*, January 4, 1933.)

The stress of war has revealed still more sharply the consequences of this failure to develop Indian industrial potentialities. In 1941 the semi-official journal *Great Britain and the East* reported:

"In spite of her vast resources of minerals and manpower, India had to restrict most of her war effort to supplies of raw materials. Unlike the last war, there has been very little industrial expansion." (*Great Britain and the East*, June 19, 1941.)

And in 1942 the American journal *Pacific Affairs* estimated the position:

"There is in fact considerable evidence that, though Great Britain was engaged in a life and death struggle in which additional industrial production in India was of vital importance, British policy during the first two years of the war continued to be dominated by commercial mo-

tives, and was therefore strongly opposed to any rapid or extensive growth of Indian-controlled heavy industries. . . . By the autumn of 1941 only the smallest beginning had been made in the development of the metallurgical, chemical and other heavy industries for which India possessed all the necessary raw materials." (K. Mitchell, "India's Economic Potential," *Pacific Affairs*, March, 1942.)

Since then the American Technical Mission to India in the spring and summer of 1942 has reported on the necessity of "a basic change in production technique," and has initiated certain measures. But the results are still extremely limited.

The glaring contrast between India's productive potentialities and the failure to utilize them remains unresolved under the existing regime. This policy of throttling Indian industrial development, already criminal in peacetime against the interests and needs of the Indian people, becomes doubly criminal today, when these resources are urgently needed for defense against fascism.

IV. The Poverty of India

"The poverty-stricken masses are today in the grip of an ever more abject poverty and destitution, and this growing disease urgently and insistently demands a radical remedy. Poverty and unemployment have long been the lot of our peasantry and industrial workers; today they cover and crush other classes also—the artisan, the trader, the small merchant, the middle-class intelligentsia. For the vast millions of our countrymen the problem of achieving national independence has become an urgent one, for only independence can give us the power to solve our economic and social problems and end the exploitation of our masses."
—Election Manifesto of the Indian National Congress, August, 1936.

I. FACTS

It is against this background of the real potential wealth of India and the failure to develop it that the terrible poverty of the Indian population stands out with ominous significance.

Indian statistics, though voluminous in quantity for all the purposes of the functioning of the administrative machine, are ex-