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Technical Assistance Board

India's Development and Her Need for External Aid,  
(Report of Resident Representative for India)

Restricted 15 July

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15 July 1953

TECHNICAL ASSISTANCE BOARD  
United Nations  
Geneva

Report of  
Resident Representative for India

INDIA'S DEVELOPMENT

AND

HER NEED FOR EXTERNAL AID

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NEW DELHI

June 1953

## I. INDIA'S FIRST FIVE YEAR PLAN

### 1. The Background

India's five-year plan of development aims at introducing the dynamic elements of growth into an economy which by and large has developed at a relatively very slow pace. The Indian economy in the past has perhaps been less static than most other economies in Asia. Some of the elements of its growth had been provided in the past by India's membership in the British Empire which first developed her raw materials like cotton, and later, under the stress of two world wars, her major industries like steel, jute, cotton, cement and coal. Historically, the dynamic impulse to development coincided first with the opening of transport facilities by steamship and rail and later with India's role as a base, economically and otherwise, essential to maintain and protect the "lifeline" of the Empire. To this was later added the powerful stimulus of the Swadeshi (Buy Indian) movement which helped the attainment of self-sufficiency in textiles, sugar, cement, steel, matches and other minor manufactures on the eve of the second world war.

Both industry and agriculture have been expanding though not at the rate needed to outstrip the growth of the population. There have also been serious setbacks, such as the agricultural depression of the thirties', inflation during the war, the dislocation caused by the separation of Burma in 1937 and the partition of the sub-continent in 1947. In manufacturing industry the limit for further development seemed to have been reached when for a number of products formerly imported Indian products had been substituted. Though industrial production in India was at an all-time peak in 1952, the levels of production in individual lines had been attained a decade before and the level of internal consumption did not seem to have improved greatly since, except that the area of consumption had been diminished by the partition, offsetting the population increase. In agriculture, production has been stagnant.

The long tradition of the British administration's interest in irrigation stimulated development and facilitated steady, if moderate, progress in this direction. But by 1947 much was left to be done to increase the levels of agricultural productivity which were among the lowest in the world, to rationalise or reform land tenures, or to alter materially the surroundings of the ancient village by a rapid development of roads and communications and by a widespread drive to reduce illiteracy and disease. The bulk of the Indian people, more than 80 per cent of them, have lived and are still living in the villages.

Given the opportunity the Indian had displayed ability to acquire and practise Western techniques in industrial production and in the commercial and administrative services. Agricultural methods alone had remained unchanging, almost primitive. Even if mechanisation had been prevented by the smallness of the holdings, the total lack of any understanding of the use of commercial fertilizers or improved implements, or grain storage facilities was a serious drawback which remained unremedied, showing the static character of this important sector of the economy. Except for the beginnings made in changing debt legislation by the autonomous popular Governments in the

States which first came to power in 1937, there had been little progress,

Very briefly and inadequately sketched, this is the background against which India's present plan has to be viewed. The main factors for growth had been present at earlier stages without carrying the process of development very far.

It was at this point in 1937 that the idea of planning social and economical development on a popular basis had originated. Under Mr. Jawaharlal Nehru's lead, the Indian National Congress took the initiative in establishing a planning wing to investigate fully every aspect of development with a view to enabling the Congress Party to undertake planned development immediately after accession to power. The war then intervened to arrest all progress of the Planning Sub-Committees and it was only in 1947 that the preliminary survey of its enquiry into various aspects of the economy was published. Not penetrating in their analysis or realistic in proposed solutions, the reports seemed to assume that a national Government had only to take power and issue orders to control the speed, the volume and the direction of development. But this did not impair the value of these inquiries as generators of enthusiasm within the party and among the intellectuals who shared in or approved of this approach to the problem of planning. Other developments had taken place during the war which stimulated enthusiasm for independence. The Bengal Famine and the subsequent enquiry threw light on the problem of food production; this led to the "Grow More Food" (G.M.F.) campaign and schemes. War-time industries to help the war effort were encouraged by assurances of post-war tariff protection. In 1944, the Government itself set up a Planning Department which constituted various panels to study aspects of post-war industrial development since industrial development was assumed to be the main line of activity. Post-war political advance was implicit in these steps.

While the political developments clouded the horizon, the initiative was taken in 1944 by a group of leading industrialists who prepared the Bombay Plan, which was the first attempt to outline in terms of the rate of economic progress the outlays needed and the means of financing a plan of development. It was not till two years later that it was realised that its assumptions were too ambitious and were not applicable under the immediate post-war economic conditions.

Further thinking on this subject was suspended by the political consequences of the partition, the integration of the States and the drafting of the new Constitution. It was highly significant, therefore, that Mr. Nehru's thoughts should have reverted to the idea of planning immediately after these tasks had been completed; his determination to have his way in spite of the disagreement of Dr. Matthai, Finance Minister at that time, showed the importance Mr. Nehru attached to planned economic development of the country.

The Government in 1950 was just taking up the threads from where the Congress Party had left them off earlier. The food deficit had meanwhile become a lingering predicament for the Central and State Governments and a drain on the country's exchange resources. The post-war inflation had continued without any prospect of reduction in the general price level, through a larger production in agriculture (by

better monsoons) or in industry (through steady supplies of cotton and jute to offset the loss through partition). Meanwhile, the first general election with adult suffrage under the new Republican Constitution had to be held. The Congress party was keenly aware of the necessity to enlist the support of the village vote for its plans of developing the resources of the country, by explaining to the village voter the link between economic planning and an era of general and growing prosperity. The sagacity of this course and the importance of the village as a political factor were confirmed by the result of the election which in certain areas- Bengal, Madras, Travancore-Cochin, Hyderabad - disclosed a difference of opinion between the electorate and the Congress Party.

There were also some external factors encouraging economic planning. The negotiations over India's sterling releases made it necessary to ensure that India's imports of capital goods along with much needed food, did not suffer. The experience was also made that the chances of securing external aid for development were better if the demand was based on a study of priorities in a general scheme of economic development. The Colombo Plan of economic development, framed under Commonwealth auspices, was the outcome of the realisation that the co-ordination of the requirements of the various countries would increase the prospects for receiving aid and technical assistance.

A few concluding remarks based on the foregoing and adding some considerations not otherwise developed will try to indicate an outline for a more searching study of the factors which have brought about and influenced the elaboration of the first Five-Year Plan.

The plan for the social and economic transformation of the country took over the lead of the nation at the point at which the plan aiming at the political independence was realised, namely with the inauguration of the Republican Constitution in January 1950. This was a confirmation of the longstanding conviction that economic development could be undertaken and accomplished only after the solution of the main political problem.

Popular support for economic advance has been built up in the past as a part of the political struggle (success of the Swadeshi movement); it could be redirected and enlisted now for the economic development of an independent country.

The great difficulties of directing an entire nation's effort to new, peaceful and less dramatic goals did not go unnoticed. With the change of its objectives was bound to come a change in the nature and intensity of the effort.

But just as the working of political institutions up to 1939 under British guidance had generated the confidence to undertake historically the largest experiment in democracy based on adult suffrage, so the development of industry, transport and communications till the end of the war had strengthened confidence in the ability of undertaking a planned overall economic development of the country.

The adult suffrage lifted the village to the level of political equality with the cities hitherto the centres of political influence. Political parties had to

offer some meaningful goals appealing to the rural population. The succession of droughts, food shortages, war-time inflation, and unrest among the landless workers in Telengana, Andhra and Malabar stimulated early search for adequate solutions. Food decontrol to free the cultivators from harassment, low prices, emphasis on Zamindari abolition were a partial response to the challenge. Increasing attention was paid to experiments in rural welfare and measures to promote education and health.

A further factor contributing to the interests in economic planning were the efforts of other countries to solve their social and economic difficulties in a planned way and the impression which these efforts did not fail to make on the public opinion of India.

Finally it was felt, and this view is now generally accepted, that the young Indian political democracy can succeed and survive only by building up a true social and economic democracy for all citizens of India.

## 2. The Priorities

The Plan, a draft of which was published in July 1951, was submitted to both Houses of Parliament on 8 December 1952; at that time some 21 months of the Planning period had elapsed. Compared with the Draft Plan the broad order of priorities has not been changed. Agriculture and irrigation, transport and communications, power, welfare services and industry have indicated the appropriate order of priority for the application of resources for development. It was in the nature of things that the first and most important place devolved upon agriculture. The decade of food scarcity which began with the Bengal famine of 1943, was aggravated, beginning with 1947, by the continuous drought in the South. The loss through partition of the Punjab canal irrigation system had to be made up. The trade deadlock with Pakistan which caused dislocation of cotton and jute supply from that area to Indian industry called attention to the necessity of raising agricultural productivity all round in the shortest period possible. Finally, there was the growing importance of the village, in which more than 80% of India is living, materially as undeveloped as before, but manifestly in a critical mood rooted in a decreasing sense of contentment.

There were also strong economic reasons for giving the highest priority to agriculture. Most schemes of development start with industrialization to draw off surplus labour from the villages and to reach self-sufficiency in manufactured goods. This emphasis on the importance of industry and consequent industrialization is often attained at the price of severe hardships and extreme sacrifice. The Indian preference to put first things first flows from the democratic nature of its planning. Yet another powerful reason was that the motive force for any substantial expansion of industry must come, in a predominantly agricultural country, from a rise in the income and spending habits of the agricultural population. When industry had utilised its full installed capacity and produced at the level of the pre-war or war-time peaks, there was an onset of the buyers' market and some sales resistance, which had cautioned against too much expansion. This actually came to pass in 1952; it confirmed and deepened the conviction of the necessity to provide the dynamic

element for all round economic expansion, which would also be self-propelling, in the villages. Meanwhile, there would be no failure, because of this emphasis on the village, to provide the common needs of both sectors by increasing power supply, communications, rehabilitation of the railways and by improving the most important and in fine decisive element of the situation: the human factor, the social capital, through education, spread of technical skill and improvement of health.

The Plan has been commonly assessed either according to the outlays proposed on various lines of development and the practicability of finding resources to an equal extent or according to the goals fixed and the adequacy of the rate of economic progress which it implies. But neither approach does justice to and expresses fully the meaning of the Five Year Plan which is undertaken only as the first step in a series of measures for planned economic development which should double the national income in 27 years, increase the rate of saving from about 5 per cent now to 20 per cent by 1968 and increase average consumption standards by about 70 per cent over the 1950/51 level by 1977. In strictly economic terms, all these dynamic factors remain to be created; what exists now is the general popular interest in the Plan whether it manifests itself in the wide support of its various aspects or in the relatively small volume of dissatisfaction with its inadequacy.

What is necessary now is the maintenance of the enthusiasm in the achievements that are expected. There are occasional setbacks which often damp enthusiasm though there is no reason to suppose that weaknesses of men or resources are more frequent than it is inevitable in implementing plans of such magnitude with the available means. The volume of achievement is already impressive. Two of the multi-purpose projects - Bhakra Nangal and Damodar - have made satisfactory progress. The huge fertilizer plan in Sindri has started production in time to assist the achievements of the Plan's food targets. The Chittaranjan factory and the Vizagapatam yard, both of which are now nationalized, have helped the production of capital goods of a higher order such as locomotives and ships. Progress is also being made in the assembly of aircraft (at Hindusthan Aircraft) manufacture of automobiles, cycles, diesel engines, rubber and electrical goods. All these are India's "showpieces" which have not failed to impress informed foreign visitors having considerable experience in matters economic and financial, whose favourable opinion and confidence in India's effort strengthen energies and optimisms.

This optimism is not always shared by the entire urban middle class and the fixed income groups which have all along borne the brunt of the inflation and shortages of the war and post-war period. Their scepticism is, however, still within bounds and does not influence decisively the countryside.

If successful, community development and rural extension will stimulate, release and guide the great dormant energies of India's countryside leading it away from apathy, scepticism and discontent towards new fields of activity and achievement. This would also help decisively to mitigate the difficulties of the urban population caused by high food prices. But above all it would provide the basis for the full success of the First Five Year Plan and the plans that will have to follow, and prevent thus the gap from growing between the village and the city, and between India and the other countries of the world.

### 3. The Means

The First Five Year Plan proposes for the period 1951-56 a total expenditure by the Central and State Governments of Rs.2,069 crores ( $\$4,392,780,798$ ) on the various projects included in it. This represents an increase over the total outlay of Rs.1,793 crores ( $\$3,806,793,606$ ) envisaged in the draft Plan in 1951 or of Rs.1,493 crores ( $\$3,169,851,006$ ), if foreign aid of Rs.300 crores ( $\$636,942,600$ ) was not forthcoming. There is now greater confidence in the availability of the required resources; the success of the Plan and even the total outlay on its financing are not being made dependent on external aid. That does not, however, mean that the mobilization of the entire sum will be an easy matter; the confidence comes from the conviction that a short-fall within certain limits will not affect seriously the Plan's objectives.

The sum of Rs.2,069 crores ( $\$4,392,780,798$ ) does not represent the total expenditure on development in the period 1951-56. It relates only to the public sector. The private sector in industry is expected to supply, internally and through foreign investment about Rs.633 crores ( $\$1,343,948,886$ ). It is also assumed that the railways will themselves finance their depreciation expenditure, estimated at Rs.150 crores ( $\$318,471,300$ ) (besides the outlay of Rs.250 crores ( $\$530,785,500$ ) on rehabilitation as part of the Plan). The available resources of about Rs.290 crores ( $\$615,711,180$ ) through sterling balance releases have been kept apart, as a standby to allow an inflow of goods and services without corresponding outgoings, neutralizing thus inflationary trends which may arise out of the deficit financing of the Plan.

But the gap in the estimated resources, as it is, is not negligible against the total planned outlay of Rs.2,069 crores ( $\$4,392,780,798$ ). The Central and State Governments are expected to contribute in five years Rs.1,258 crores ( $\$2,670,912,636$ ) from their normal budgetary resources, namely the Central Government Rs.726 crores ( $\$1,541,401,092$ ) and the State Governments Rs.532 crores ( $\$1,129,511,544$ ). The balance of Rs.811 crores ( $\$1,721,868,162$ ) has to be met partly by deficit financing and partly by external aid which, if not forthcoming in the amounts expected, will have to be matched alternatively by additional measures of internal taxation, additional borrowing or larger deficit financing. Deficit financing is envisaged to the extent of Rs.290 crores ( $\$615,711,180$ ) which, offset by sterling balances, is considered a safe limit for this type of financing. The remaining gap of Rs.521 crores ( $\$1,106,156,982$ ) in the resources for the five year period would have to be met by external assistance or other methods of financing referred to above. Out of this amount of Rs.521 crores ( $\$1,106,156,982$ ) during the first two years of the Plan the sum of Rs.189 crores ( $\$401,273,838$ ) has already been received in the form of foreign loans and grants extended to India by the International Bank for Reconstruction and Development; The United States of America (Food Loan); Canada, Australia and New Zealand under the Colombo Plan, and as Technical Assistance offered by the U.S.A., Norway, the United Nations and its Specialized Agencies and the Ford Foundation. Thus there would remain an actual gap of Rs.332 crores ( $\$704,883,144$ ) or about Rs.111 crores ( $\$235,668,762$ ) per year of the

remaining Plan period for which more external assistance will be needed if the dangers of further deficit financing or the hardships of deepening poverty through additional taxation, i.e. through cutting consumption, in a country with an average annual income of less than Rs.250 or about \$ 53 per head and a population growing by some 4,500,000 each year, have to be avoided. Part of the internal resources for development will be found by organising voluntary services for various social and welfare activities, but no safe estimate of their extent can now be made.

The total outlay of Rs.2,069 crores (\$ 4,392,780,798) in five years in the public sector was based on the courageous but realistically cautious assumption that together with about Rs.530 crores (\$ 1,125,265,260) in the private industrial sector the annual rate of saving would be about Rs.540 crores (\$ 1,146,496,680); this is not much in excess of the conservative estimate of savings available for net investment, namely five per cent of the national income which in 1950/51 was estimated at Rs.9,000 crores (\$ 19,108,278,000). It is also assumed that one-fifth of the additional income generated in each year of the Plan can be ploughed back.

The first two years of the Plan indicate so far a favourable trend; the year 1951-52 produced a large revenue surplus from export duties due to the Korean boom and 1952-53 saw a substantial increase in industrial production, which enabled the Government to resort to deficit financing with greater confidence.

The main difficulty is now to mobilise, during the remaining 3 years of the Plan, some Rs.415 crores (\$ 881,103,930) annually for investment in the public sector alone. The total tax revenue in 1950-51 accounted for a little over Rs.625 crores\* (\$ 1,326,923,750) or only about 7 per cent of the national income, so that the resources left for development after meeting the ordinary expenditure on security, defence and administrative services are inadequate to provide the entire sum needed for the public sector. The success of public borrowing on any large scale has not been very encouraging in recent years. If the Government is to maintain incentives by restraint in its taxation policy, without recourse to net additional borrowing, it is inevitably compelled to finance a high rate of development by deficits. Such financing has been practised all along in moderate doses. The Central Government has had a succession of revenue surpluses since 1947, with a frequent overall deficit because of development expenditure on capital account. The decision of the Government of India to leave a gap of Rs.140 crores (\$ 297,239,880) in the 1953-54 budget unclosed is, however, a deliberate and well prepared measure in carrying out the policy of deficit financing for the Plan.

The following table\*\* indicates the origin of the budgetary resources expected by the Central and State Governments to become available for the financing of the Plan and the extent to which these expectations were fulfilled till now:

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\* This includes the tax revenues of both the Central and State Governments.

\*\* See Government of India, Planning Commission, Five Year Plan, Progress Report for 1951-52 and 1952-53, May 1953. p.7

BUDGETARY RESOURCES FOR THE PLAN

(Rs. in crores - ₹ in thousands)

	1951-56 (Plan)	1951-52 (Accounts)	1952-53 (Revised)	1953-54 (Budget)
Savings of public authorities:				
(a) from current revenues	Rs.571.7 ₹ 1,213,800	189.9 403,185	61.3 130,149	92.5 196,391
(b) from railways	Rs.170.0 ₹ 360,934	37.7 80,042	20.7 43,949	20.4 43,312
Private savings absorbed through:				
(a) loans from the public	Rs.115.0 ₹ 224,161	-22.7 -48,195	13.9 29,512	-2.6 -5,520
(b) small savings*	Rs.270.0 ₹ 573,248	48.6 103,185	54.4 115,499	55.7 118,259
(c) deposits, funds etc.	Rs.130.8 ₹ 277,707	-48.8 -103,609	7.7 16,348	28.5 60,510
<b>Total:</b>	<b>Rs.1257.5 ₹ 2,669,850</b>	<b>204.7 434,608</b>	<b>158.0 335,457</b>	<b>194.5 412,952</b>

The Plan involved the doubling of the total annual development expenditure of public authorities from Rs.232 crores (₹ 492,568,944) in 1950-51 (base year) to nearly Rs.500 crores (₹ 1,061,571,000) by 1955-56. In the first two years of the Plan the development expenditure has reached a total of Rs.584 crores (₹ 1,239,914,928) having increased in comparison with 1950/51, by Rs.30 crores (₹ 63,694,260) in 1951-52 and by Rs.90 crores (₹ 191,082,780) in 1952-53; a substantial increase of about Rs.170 crores (₹ 360,934,140) over the 1950-51 level or of Rs.80 crores (₹ 169,851,360) over the 1952-53 level has been foreseen in the budget for 1953-54. The table above shows the mobilization of Rs.363 crores (₹770,700,546) from budgetary resources for the public sector in the first two years, against the total outlay in this sector during the same period of Rs.584 crores (₹1,239,914,928). The Central and State Governments have met this short-fall to the extent of Rs.115 crores (₹244,161,330) by sale of securities held in reserve and by depleting their cash balances; it is estimated that in this figure of Rs.115 crores (₹244,161,330) there is included an element of deficit financing of the order of Rs.75 crores (₹159,235,660) offset by import surpluses. The balance of Rs.106 crores (₹225,053,052) has been met from foreign loans and grants taken credit for in the period under review.

\* Including other unfunded debts but excluding floating debts.

The Government is fully conscious of the necessity to mobilize all available resources with a view to increasing the scope and accelerating the rhythm of investment in 1954-55 and 1955-56 and realising as fully as possible the goals set in the Plan. The progress made so far in stepping up the outlay on the Plan has been satisfactory, though on the whole it was only 30 per cent of the total in the first two years.

One of the main factors determining the gap in the budgetary resources for the Plan were the financial difficulties of some of the States. As mentioned before, of the total budgetary resources of Rs. 1258 crores (\$2,670,912,636) the States were expected to contribute Rs. 532 crores (\$1,129,511,544) in five years; in the first two years they have been able to spare only Rs. 101 crores (\$214,437,342), which is about half their share. This was mostly due to increased expenditure by some States on famine relief to alleviate distress caused by widespread drought (Madras, Bombay and Rajasthan), on food subsidies (Uttar Pradesh and Travancore-Cochin) and on additional payments in connection with the abolition of the Zamindari and other reform measures; but there was also in the first two years of the Plan some spending by the States on development schemes outside the Plan.

It was mentioned above that in the first two years of the Plan the total outlay amounted to Rs. 584 crores (\$1,239,914,928); the total for five years being Rs. 2,069 crores (\$4,392,780,798), the expenditure for the remaining three years should reach Rs. 1485 crores (\$3,152,865,870). Judging by the present rate of progress, assuming that for the remainder of the Plan period budgetary resources of the Central and State Governments will be at the annual rate estimated for 1953-54, i.e. about Rs. 200 crores (\$424,628,400) per annum or a total of Rs. 600 crores (\$1,273,885,200), allowing for deficit financing to the extent of Rs. 215 crores (\$456,475,530) (i.e. the safe limit of Rs. 290 crores (\$615,711,180) less Rs. 75 crores (\$159,235,660) already engaged under this head) and adding Rs. 75 crores (\$159,235,660) representing the unutilized portion of foreign grants and loans, a gap in resources of almost Rs. 600 crores (\$1,273,885,200) would have to be faced. Which method or methods of bridging the gap - additional taxation, borrowing, foreign assistance, deficit financing - will be followed, will depend on the conditions at the time when they will be applied. Deficit financing is under discussion and it is expected that the report of the mission despatched to India by the International Monetary Fund led by Dr. E. M. Bernstein will make an important contribution toward the clarification of this question. To the extent to which foreign aid will be made available the hardships which additional taxation and, in certain circumstances, deficit financing would not fail to impose, and its consequences, will be avoided. This result if achieved, may go unnoticed, but it would be nonetheless real.

#### 4. The Objectives - Attainment in Two Years\*

The foregoing survey leads to the conclusion that there should be no serious difficulty in securing nearly three-fourths of the proposed outlay on the Plan. There is scope for making further efforts to reduce the balance of the gap and to

\* For a full survey of progress made in the first two years see: Government of India, Planning Commission, Five Year Plan, Progress Report for 1951-52 and 1952-53, May 1953. 174 pages.

secure larger results from the expenditure actually incurred. The danger of inflation, which could have increased the cost of the programmes faster than the availability of additional resources, has been controlled. Internal production and world commodity prices have, so far, responded in a manner favourable to the programme of deficit financing which is an important part of the Plan. There is also hope that a settlement of Indo-Pakistan differences might release more funds for the Plan. The primary object of the Plan to enable the economy by 1955-56 to propel itself towards greater saving and investment in development, can be successfully achieved even if some projects would have to be abandoned and there would be delay in executing others.

Progress in Outlay. - Roughly one-third of the total expenditure of Rs. 2,069 crores (\$4,392,780,798) will be on agriculture (including irrigation and community development projects). Including the irrigation share (at 2/3) of the cost of multipurpose projects, the total amount to be spent on irrigation would reach Rs. 345 crores (\$732,483,990), of which about Rs. 185 crores (\$392,781,270) would have been spent in the first three years. The community development projects have been now in operation only six to eight months, and the major share of the outlay on these projects is foreseen for the last two years of the Plan. Of the total outlay on agriculture of Rs. 361 crores (\$766,454,262), about 40 per cent or so may be spent in the first three years. Power, transport and communications account for another third of the outlay of which 55 per cent will be spent in these three years.

Expenditure incurred in the first two years and budgeted for 1953-54\*

	(Rs. Crores - \$ in thousands)			
	Five Years 1951-56	1951-52	1952-53	1953-54
<u>1. Agriculture and Irrigation</u>				
Agriculture	Rs.361	28	37.8	69.4
	\$ 766,454	59,448	80,255	147,346
Irrigation (i)	Rs.345	49.7	65.33	69.5
	\$ 732	105,520	138,705	147,558
	Rs.706	77.7	103.13	138.9
	\$ 1,498,938	164,968	218,960	294,904
<u>2. Industry</u>				
	Rs.173.0	11.62	13.65	19.09
	\$ 367,304	24,671	28,981	40,531

\* Synoptical table computed from the data published in the statements I and II of the Government of India, Planning Commission, Five Year Plan, Progress Report for 1951-52 and 1952-53, May 1953, pp. 142-147.

Five Years  
1951-56                      1951-52                      1952-53                      1953-54

3. Power, Transport and Communications

Transport and Communications	Rs.497 \$ 1,055,202	67.2 142,675	85.8 182,166	107.5 228,238
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of which:

(a) Railway	Rs.250 \$ 530,786	40.8 86,624	46.7 99,151	49.6 105,308
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(b) Roads	Rs.109 \$ 231,422	14.5 30,786	23.2 49,257	27.5 58,386
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Power (ii)	Rs.216 \$ 458,599	33.3 70,701	40.8 86,624	47.0 99,788
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	Rs.713 \$ 1,513,801	100.5 213,376	126.6 268,790	154.5 328,026
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4. Social Services and Rehabilitation

Social Services	Rs.340.0 \$ 721,868	39.28 83,397	47.97 101,847	67.50 143,312
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Rehabilitation	Rs.85.0 \$ 180,467	28.66 60,849	26.35 55,945	22.70 48,195
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Other Schemes	Rs.51.95 \$ 110,297	3.76 7,983	4.85 10,297	9.14 19,406
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	Rs.476.95 \$ 1,012,632	71.70 152,229	79.17 168,089	99.34 210,913
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(i) 2/3 of the cost of the multi-purpose projects.

(ii) 1/3 of the cost of the multi-purpose projects.

Agriculture. - The results at which the Plan is aiming have been presented in its quantitative goals to be reached in agriculture, industry, power development, in increasing transport facilities and improving social services. Except by providing the power and transport facilities in a democracy a government has no special means and powers to ensure that the quantitative goals of increased production will be actually attained. What has been aimed at in agriculture, for example, is to increase the production potential, assuming that this will be utilized by farmers to increase production. There are, with the exception of the commercial crops, as yet no data available to assess whether higher goals have been reached in agricultural production, information is now available only regarding the goals set for the production potential.

Targets of Additional Production : 1955-56

Actually reached  
by 1952-53

<u>Commodity</u>	<u>Quantity (in millions)</u>	<u>(in millions)</u>
Food grains	7.6 tons*	I.N.A.**
Cotton	1.25 bales	0.39
Jute	2.09 bales	1.4
Sugar-cane	0.7 tons	0.3
Oilseeds	0.4 tons	I.N.A.

Production Potential  
(in million acres)

<u>Addition to area through:</u>	<u>Target</u>	<u>Achieved in 1951-52</u>
(1) Major irrigation	8.5	2.20
(2) Minor irrigation		
(a) Dams and Channels	4.4	1.21 (a)
(b) New Wells	1.1	} 0.36 (b and c)
(c) Repairs to wells	0.5	
(d) Tubewells	0.7	0.14 (d)
(e) Tanks	0.8	} 0.34 (e and f)
(f) Other schemes	3.7	
	<u>11.2</u>	
Total irrigation	<u>19.7</u>	<u>4.25</u>
(3) Reclamation: State	2.6	0.5
Private	4.8	I.N.A.
(4) Land Improvement	3.0	I.N.A.
(5) Mechanized Cultivation	3.4	I.N.A.

The above are roughly the results which can be gathered at present. They are on the whole satisfactory. As it cannot be otherwise in undertakings of this magnitude there developed sometimes a few bottlenecks. In 1951, the Sindri Fertilizer factory went into production and it did so well that by the middle of 1952 it had produced ammonium sulphate at the rate of about 300,000 tons p.a. In addition there were imports and private production of commercial fertilizers, so that at a given moment more fertilizers were available than it was possible to distribute. There was no time to demonstrate to farmers on a large scale the value of fertilizers and how to use them. Stocks of fertilizers accumulated in the godowns and it is expected now that the propagation of the Japanese methods of rice cultivation and the needs of community development projects will help to absorb the stocks.

\* Consisting of about 4 million tons of rice, 2 million tons of wheat, 1 million tons of gram and pulses and 0.5 million tons of millets.

\*\* I.N.A. = Information not available.

The major obstacles, however, are still caused by natural factors; nearly four-fifths of India's cultivated area is at the mercy of the monsoon. After the widespread failure of rainfall in the peninsula for the sixth year in succession, two normal seasons would make a great difference in the whole agricultural situation; they could provide employment, put in purchasing power among the rural people and help in a manner which cannot be equalled by the largest relief schemes. The irrigation and other works now undertaken, together with a normal season could increase the double-cropped area; the additional yield of foodgrains which can be obtained, combined with better storage facilities, should reduce food imports to manageable proportions and thus help to divert exchange resources to other purposes.

Industry.\* - In the industrial sector, the Plan had provided for an outlay of Rs. 173 crores (₹367,303,566) in the public sector; this included a lump sum provision of Rs. 50 crores (₹106,157,100) for the development of basic industries and ancillary transport. Of this total Rs. 44 crores (₹93,418,248) will have been spent in the first three years of the Plan. Little progress has been made as yet with the Rs. 30 crores (₹63,694,260) pig-iron project. Excluding the lump sum provision of Rs. 50 crores (₹106,157,100) and this project, the outlay appears satisfactory, according to the Plan. But this satisfactory outlay in the public sector has to be considered in conjunction with the outlay on the private sector.

Due to the difficulties of securing raw materials, cotton and jute, for the leading industries, the year preceding the Plan (1950-51) was in India one of the lean years for industrial production. In the following year, the situation improved with better production of the raw materials and larger imports, after the agreement on the exchange ratio with Pakistan. The year 1952-53 has been still more favourable, in spite of the apprehensions in some quarters that the recession in world prices, together with the emergence of a buyers' market at home may act as a check. In 1952-53 the general level of industrial production has been at an all time peak.

The Plan had laid down certain goals of production to be attained in the private sector by 1955-56. Investment in this sector on expansion of industries and on modernisation and replacement was estimated in the Plan at Rs. 383 crores (₹813,163,386). These goals were not too ambitious and except where new industrial capacity had to be created, they represented nothing more than the full utilisation of industrial capacity which was not hitherto possible. This has been largely accomplished in 1952-53. The importance of this improvement lies in the fact that the inflationary effects of the Plan were neutralised by the high level of production.

\* The programme of expansion proposed for the public and private sectors of industry is presented in the Plan in tabulated form in "Appendix I. - Industrial Projects in the Public Sector" pp. 444-445; "Appendix II. - Expansion Programme in the Private Sector," pp. 446-450; "Appendix III. - Progress in the Implementation of Development Plans of Certain Major Industries" p. 451.

The Plan had tabulated the various proposals for replacement and expansion in the private industrial sector and the means available thereof. There is no evidence of any part of the additional working capital to the extent of Rs. 150 crores (\$318,471,300) having been met by additional bank credit, the position in 1952-53 having shown a decline in the total volume of advances of Rs. 40 crores (\$84,925,680) from the previous year because of the lower price level.

Foreign investment in the private sector was estimated in the Plan at Rs. 100 crores (\$212,314,200); the International Bank's loan to the Indian Iron and Steel Company, the establishment of three oil refineries, foreign investment expected in the expansion of the Indian Aluminium Company and the Integral Coach Factory of the Railways should bring up the total private investment to some Rs. 70 crores (\$148,619,940) before the end of the Plan's period. But the bulk of the investment on expansion, replacement and modernization must come from corporate savings (Rs. 200 crores-\$424,628,400), new issues (Rs. 90 crores-\$191,082,780) and refunds of excess profit tax deposits (Rs. 60 crores-\$127,388,520). There is no estimate yet of the progress made in this respect but the level of Corporate Saving assumed may exceed the possibilities. There has been nothing unrealistic in these assumptions and the final year of the Plan may well see the achievement of the modest targets set for the private industrial sector. One of the main conditions for its prosperity would be the maintenance of the present level of industrial production; so long as the raw materials - cotton, jute, sugar-cane, pig-iron - are available there should be no serious difficulty. There is, however, a feeling that there will be increasing market resistance which would impair the incentive of high prices in production. But businessmen have to be cautious; Indian businessmen are not an exception and it may be that not until they see the potentialities of a developing economy will they be in a position to take up a bolder attitude.

The details of the Plan are given in the Report of the Planning Commission, 1953-54. The Report is the final version of the Plan and is the basis for the National Development Service, as well as for the National Extension Service, as one of the main approaches to the principal instruments for agricultural development may have been influenced by several reasons. Firstly, it may have been with the realization that agricultural development, depending mainly on irrigation works, did not provide a large enough or quick enough rate of expansion because it would take at least two decades to double the area under

## II. COMMUNITY DEVELOPMENT AND RURAL EXTENSION

"Community Development is the method and Rural Extension the agency through which the Five Year Plan seeks to initiate a process of transformation of the social and economic life of the villages." (Plan, p.223).

With impressive brevity a programme of action for social and economic development of rural India was defined and announced; when realised, it will change the face of the country - without coercion, without violence. The final goal: the "transformation of the social and economic life of the villages" of India, some 550,000 of them, which harbour four-fifth of the population and are the main source of national income.

Both Community Development and Rural Extension "have now\* been integrated into a single national programme". For its realisation a sum of Rs. 90 crores (₹ 191,082,780) has been foreseen in the Plan.

The great importance that the Five Year Plan attaches to Community Development with the aid of the National Extension Service (N.E.S.) emerged clearly in the final formulation of the Plan. The Draft Plan, published in July 1951, contains a reference to the establishment of Community Centres; no details were worked out. It was not as if the planners had overlooked the problem and had not given thought to its solution or as if community centres and rural extension were altogether a novel idea which occurred to the planners after the publication of the draft. The Pilot Community Projects at Etawah and Gorakhpur in Uttar Pradesh had been showing impressive results in the three preceding years and the Urban Community Centres at Nilokheri and Faridabad for displaced persons had demonstrated that with a small outlay very good results can be obtained provided there was leadership to encourage people to participate actively in development and help themselves. But great caution had to be observed in extending the experiment because the success - especially of the project in Etawah - depended essentially on the right leadership. Without this and sufficient training, the results might have not been easily reproducible.

The decision, taken a few months after the publication of the Draft Plan, to incorporate in the final version of the Plan a detailed Community Programme and to propose it, in combination with the National Extension Service, as one of the main approaches to and principal instruments for agricultural development may have been influenced by several reasons. Partly, it may have come with the realization that agricultural development, depending mainly on irrigation works, did not provide a large enough or quick enough rate of expansion because it would take at least two decades to double the area under

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\* May 1953. - See Government of India, Planning Commission, Five Year Plan, Progress Report for 1951-52 and 1952-53, p. 49

irrigation. Further, the Grow-More-Food Enquiry Committee (1952) had presented a searching analysis of the Grow-More-Food Policy of the post-war years showing why this policy did not produce the expected results and emphasizing the need for a new approach to the question, an approach which would induce the villager to change his attitude to his problems and practise self-help rather than be dependent on external aid such as wells or seeds. The farmer himself should be brought to realise his interest in sinking wells, getting good seeds, applying fertilisers and benefit by it, all this by a process of demonstration as much as by exhortation. One of the principal objectives of the new approach should be to create confidence among farmers in their own efforts and not to encourage the habit of depending on the Government for all development work; to build up the consciousness of the value of their work for their communities and beyond that for the nation, to help spreading the feeling of satisfaction which rewards creative effort even of the humblest order and is one of the mainsprings of its continuity. In the words of the Enquiry Committee, quoted in the Plan (p. 231):

"No plan can have any chance of success unless the millions of small farmers in the country accept its objective, share in its making, regard it as their own, and are prepared to make the sacrifices necessary for implementing it. The integrated production programme has failed to arouse enthusiasm for the reasons we have given. The food problem is a much wider one than mere elimination of food imports. It is the problem of bringing about such a large expansion of agricultural production as will assure to an increasing population progressively rising levels of nutrition. In other words, the campaign for food production should be conceived as part of a plan for the most efficient use of land resources by the application of modern scientific research and the evolution of a diversified economy. In its turn, agricultural improvement is an integral part of the much wider problem of raising the level of rural life. The economic aspects of village life cannot be detached from the broader social aspects; and agricultural improvement is inextricably linked up with a whole set of social problems. The lesson to be derived from the working of the G.M.F. Programmes thus confirms the experience of States and private agencies engaged in village development. It is that all aspects of rural life are inter-related and that no lasting results can be achieved if individual aspects of it are dealt with in isolation. This does not mean that particular problems should not be given prominence, but the plans for them should form part of, and be integrated with, those for achieving the wider aims. It is only by placing the ideal - of bringing about an appreciable improvement in the standards of rural life and making it fuller and richer - before the country and ensuring that the energies of the entire administrative machinery of the States and the best non-official leadership are directed to plans for its realisation that we can awaken mass enthusiasm and enlist the active interest and support of the millions of families living the countryside in the immense task of bettering their own condition."

Ideas similar to those enunciated by the Enquiry Committee have been guiding for some time past the efforts of those who had organised the Community Centre at Sewagram in Madhya Pradesh, the Firka (an administrative division) development scheme in Madras and the Sarvodaya centres in Bombay. The ground for further advance was prepared and the conditions were ripe for action on a large scale. Towards the end of 1951 the Ford Foundation, impressed by the results at Etawah offered assistance for the training of rural community workers. This was followed by the Indo-American Technical Co-operation Agreement which provided aid of \$50 million for extension services, including many supporting activities such as the supply of fertilizers, equipment, soil survey and ground water resources, malaria control and training of village workers.

On 2 October 1952 - birthday anniversary of Mahatma Gandhi - work began in the first group of rural community projects in different parts of the country, selected for intensive community development.\* Each community project was planned to extend over an area of approximately 500 sq. miles including up to 300 villages with a total population of about 300,000; it was divided, for administrative purposes, into three blocks of about 100 villages each. The community projects launched on 2 October 1952 and the 55 development blocks to be taken up in 1953-54 will cover an area of some 300 development blocks with about 100 villages each i.e. 30,000 villages.

It is proposed to enlarge the developed areas gradually so as to include during the period ending April 1956, 120,000 villages or approximately one-fourth of India's rural population. This means 900 new development blocks in addition to the 300 already mentioned.

There is however one significant modification in the scheme: all these new blocks will not be developed with equal intensity. The existing 55 community projects with an average expenditure of Rs. 65 lakhs (\$1,380,015) per project (or about Rs.22 lakhs (\$ 467,000) per block) selected for intensive development will continue in this line. From the new 900 blocks, 400 are to be developed in the plan period on the same model as the existing community projects, i.e. intensively but at a cost of Rs. 15 lakhs (\$318,465) per block. The remaining 500 blocks are designed to be of an extensive type, involving a cost of Rs. 7.5 lakhs (\$159,233) for each block.

The rate at which the additional 900 blocks will be brought into existence is indicated below:

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\* This first group is currently referred to as "55 community projects"; in fact intensive development work is in progress in 81 different centres located in 28 States (See "List of Areas selected in 1952-53 for Intensive Development under the Community Development Programme," Government of India, Planning Commission, Five Year Plan, Progress Report 1951-52, 1952-53, May 1953, pp 51-52).

<u>Year</u>	<u>No. of Blocks</u>	
1953-54	180	
1954-55	270	out of which 150 for intensive development
1955-56	450	" " " 250 " " "
	900	out of which 400 for intensive development

The progress at this pace will depend on leadership, response of the people and available resources.

Within each community project and development block, energies will be concentrated on increasing agricultural production in order first to keep pace with and then overtake the constant population increase which tends to lower the already low standard of living, to provide employment for the unemployed and underemployed, and to lay foundations for higher standards of living.

This can be achieved only by awaking the desire of the villagers to improve their condition, transforming it into constructive effort and encouraging their initiative in this direction so that, acting in their own interest, they should assume full responsibility for the development of their communities.

In this self-help effort the villagers in each community project and development block will be assisted by demonstration of and training in improved agricultural techniques and better land utilization, including provision of water through irrigation canals, tube wells or surface wells, tanks etc. so that at least half of the land under cultivation should benefit from irrigation; the use of improved agricultural implements, commercial fertilizers, natural and compost manures, and quality seeds; reclamation of available virgin and waste land; improvement of livestock; fruit and vegetable cultivation; organization of marketing and credit facilities through co-operative organization; road building to link up the villages and the project area with main roads. On the health side the main effort will be directed towards the improvement of sanitation, including drainage and disposal of sewage, protection of the water supply and control of malaria and other diseases. Free education will be provided at the elementary stage and provision will be made for adult education. Other fields of activity will include training in improved techniques and designs for rural housing, supplementary employment by encouraging cottage and small scale industries and crafts, and social welfare in general.

The State Governments have to play a very important role in making a success of this vital undertaking; the impetus will have to be provided by the Centre which will also share the material burden with the States by

contributing 75% of the non-recurring and 50% of the recurring expenditure.

The Government authorities on both levels - Centre and States - are going now ahead with translating into tangible results a development programme of unparalleled magnitude. In this, they cannot count on the aid and comfort of precedents or draw upon a wealth of experience; but they are conscious of the fact that the development of the country, in particular its industrialisation, the attainment of overall higher standards of living and finally political stability are linked with the success of this programme.

A new and still growing administration has been created and entrusted with responsibility for carrying out the programme.

The Government of India has set up a Central Committee, consisting of the Members of the Planning Commission; this Committee is a policy making and supervisory body under which an Administrator of Community Projects functions as the head of the Community Projects Administration (C.P.A.) The Central Committee has the benefit of the assistance of an Advisory Board comprising of Secretaries of the Central Ministries (Food and Agriculture, Finance, Health, Education, Natural Resources and Scientific Research). The C.P.A. is again assisted by a team of advisers (Community Projects Officers) drawn from and actually belonging to the various central ministries having an interest in the different aspects of the community development programme.

This organizational set up in the Centre is more or less duplicated in the States. There is first a State Development Committee, a policy making body, consisting of the Chief Minister and the Ministers in charge of Development Departments. Then there is a State Development Commissioner who acts also as Secretary to the State Development Committee. He is also heading a team or an Advisory Board consisting of the Heads of Departments or Secretaries to Government in the various Departments connected with the development programme. For the Districts are foreseen a District Development Committee or a District Planning Committee, chaired by the District Collector in his capacity as Extension Officer (also known as District Planning Officer or District Development Officer). Under the District Planning Officer or the District Development Officer are Project Officers. These Project Officers working at the project level, acting on the advice of a Project Advisory Committee, have under them some 125 village level workers and supervisors. In the new type of "extensive" development blocks the staff will consist of about 50 village level workers and supervisors in addition to a Block Development Officer. In these blocks one village level worker will be assigned to 10 villages (instead of one worker for 5 villages under the intensive development scheme).

The village level worker, or as he is also being referred to, the multi-purpose village level worker, embodies, in his day to day work in the villages, the integrated approach to the problems of the villager.

Henceforth the villager should not be exposed to and dealt with by a number of different governmental departments and services separately, each making independent decisions regarding isolated aspects of the development programme and methods of its operation. The village worker should be able to advise on all these questions in a language and manner readily understood by the villager; there is no danger that he will try to get things done by command and official direction; he will rather influence by example and persuasion. The village worker is rightly considered the key person in the Rural Extension Service. Great importance is being attached to his systematic and careful training in special training centres in which also his immediate supervisors are being prepared for their tasks.

Thirty-four training centres for training of village level workers and technical supervisors, established with the aid of the Ford Foundation, are at present functioning. Each of these centres is staffed and equipped to turn out on the average 160 trainees a year. If all 34 centres maintain this average rate a total of 5,440 multi-purpose village workers will be trained each year. According to the Report on the Progress of the Five Year Plan (p.47), 946 village level workers and 180 supervisors have completed their training by May 1953 and have been assigned to project areas; additional 1324 village level workers and 66 supervisors were at that time in training.

It is of interest to note that in addition to these training centres, five special training centres began to function on April 1, 1953 for the training of specialists in social education.\* The participants in this course will be trained in variety of subjects such as social service, rural economics, civics and co-operation, village extension service, social education and allied subjects.

It is planned to create three training centres to train the public health staff assigned to the community projects in village sanitation and health education.

Surveying the development of a programme of this magnitude and vital importance to the nation, assessing the value of the results obtained and spotting in time weaknesses and shortcomings is a major function in itself. The Planning Commission has, therefore, set up a unit independent from the C.P.A. and known as the Programme Evaluation Organization. Nineteen different centres were established so far by this organization for developing methods and techniques of systematic evaluation of the work done in development projects of the intensive type.

The present organizational and administrative structure of the C.P.A. and the N.E.S. as outlined above offers a picture of undue complexity. It would seem that dilution of responsibility could not be avoided with the consequent danger of slowing down unduly a national effort which, in order to succeed, would have to evolve with the celerity and the élan of a national movement.

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\* These centres are situated at Nilokhari, Hyderabad, Gandhigram, Shanti Niketan and Allahabad. They were established with the aid of the Ford Foundation.

But it should not be overlooked that India has a federal constitution; that a new and unaccustomed task had to be undertaken by an existing administration which at both levels - Centre and States - was anxious to provide the technical knowledge and experience at their disposal; that neither the Centre nor the States consider the present organizational and administrative structure of the C.P.A. and the N.E.S. as perfect and that thought is being constantly given to the changes which will have to be made in due course in order to adapt the instrument to the aim. Everybody agrees that India's great design of rural development calls for organization which would set free and encourage the energies of men on all levels of the new administration, so that from India's wealth in manpower those should be attracted, who with genuine patience combine a bent for well directed, purposeful action and the desire for responsibility, who are capable of decision and well fitted to represent and exercise a new kind of authority which does not stem exclusively from delegated power but rather from personal merit.

Of the factors mentioned before which make for progress of the programme under review, it is leadership and the response of the people, the human factor, which will be decisive. As Sir George Schuster put it so well recently: "Economic progress may be said to depend on four elements - men, machines, materials and money. Whatever may be the supply of the last three elements, the conduct of men - the human element - can make or mar the prospects of success".

### III. BHOODAN - LAND FOR THE LANDLESS

If it is true that the future of India is now being decided in the villages it is imperative to understand the forces which are at work there.

In the census of India of 1951 the total rural population of the country is given at 295 million out of which 249 million were engaged in agriculture. 18% of the latter or about 45 million are shown as agricultural workers and their dependents. This percentage indicates a national average; it varies widely from State to State, being 37% in Travancore-Cochin, 31% in Bhopal, 28% in Madras, 27% in Madhya Pradesh, 25% in Bihar and Hyderabad, 21% in West Bengal; for Bombay, Orissa, Punjab, Madhy Bharat and Pepsu the percentage varies between 12% and 15%; it is only 8% in Uttar Pradesh.

Analysing the problem of the agricultural worker who is defined as "rural worker employed on wages in agricultural occupation", the Plan concludes that "The existence of large numbers of agricultural workers who lack sustained employment and frequently suffer from social handicaps is to be regarded as a source of serious weakness and even of instability in the present agrarian system".

Schemes for solving the problem of the landless by land distribution or resettlement on cultivated land taken over from landlords and larger owners founder on the rocks of first claims of tenants already tilling these lands. Land newly reclaimed and cultivable waste land could be made available for settlements of landless agricultural workers; the Plan encourages such settlements on co-operative lines and makes special financial provision to promote it. But land of this kind is available in limited amounts only so that a relatively small number of agricultural workers could benefit from this scheme.

It is to the great mass of the landless for whom there is no hope of change in the near future, estimated with their families at some 50 million, that Acharya Vinoba Bhave brings the message of the land gift - the Bhoodan.

The movement started two years ago.

Its aim is to settle the landless on land freely donated for this purpose by landowners.

Its basic idea is the Gandhian concept that land cannot be owned but only held by the tiller to the extent of his needs; the rest is kept by him as a trust for those who are in need of it.

Its goal is 50 million acres to be donated before 1957 for free distribution to the landless. Each family of a landless worker - it is estimated that there are some 10 million of them - would receive on the average five acres.

\* Chapters XII, Land Policy and XIII, The Agricultural Worker, pp. 184-207.

Its means: Appeal to the landowners to donate as much as they think themselves to be able to spare, without restraining their freedom of decision and action by threats or use of violence; with this in view, to instill a new faith in the millions who feel disinherited; to inculcate a new code of conduct in the more fortunate and thus to eliminate tension and alter the mode of life in the villages.

Difficult of achievement as this programme is, it is preferable to a social reform by violent liquidation of the landlords which, accompanied by all the horrors of a jacquerie, was tried and failed in Telengana (Hyderabad) in 1948-49.

It is from Telengana that the Bhoodan movement started in April 1951. Acharya Vinoba Bhave chose this area for his first appeal as if to demonstrate that in a contest between two techniques of dealing with social ills, his approach will succeed where violence failed.

The Acharya, a devoted disciple of Mahatma Gandhi, follows in the footsteps of his master. His frail figure is animated by a profound and tenacious faith in his vocation which puts him beyond the reach of hesitation, by a peaceful disposition, by a readiness to accept and suffer physical pain, and by a determination to walk the length and breadth of India in fulfilment of his mission. He commands general respect and attracts and impresses deeply even those who oppose him directly in advocating social reform by extreme and violent measures. With and for a constantly growing community of active helpers and followers, he has evolved an unwritten, well-observed code of social service and personal disinterestedness. From one end of the country to the other, they are carrying the message of the Bhoodan.

From Telengana to Delhi - over 850 miles - the Acharya walked, collecting the gifts as they came along, till they amounted to 35,000 acres. Thereafter he toured on foot other parts of the country particularly Uttar Pradesh and Bihar. By now land gifts amount to just under a million acres. By March 1954, a goal of 2 1/2 million acres has to be reached. In Bihar where landlessness is a serious problem, voluntary workers for the Acharya have set for themselves a target of 3.2 million acres to be attained within a year.

Thus Acharya Vinoba Bhave has been propagating a silent, non-violent revolution in the villages. The response that has come proves that his appeal has fallen everywhere on fertile ground. All observers agree that the Indian villages are not as indifferent to what is going on in the world and as docile as they used to be. The Bhoodan movement has brought them a new orientation and opened unexpected possibilities. It has generated optimism which makes even the critical and the cautious think that, as Mahatma Gandhi confounded his critics and opponents by showing that a political revolution could attain its ends through non-violence, so can his disciple, in the authentic tradition of the master, accomplish a social and economic revolution, no less profound, without the use of violence.

Somebody who would undertake to assess the significance of the Bhoodan movement in economic terms exclusively - and such appreciations are not lacking - would arrive first at the conclusion, that if the bulk of 50 million acres for the landless is obtained from owners with more than five acres, then nearly one-fifth of the total cultivated area would consist of new small holdings of 5 acres and below, to which

should be added the existing small holdings of 5 acres and less which constitute about one fifth of the total cultivated area. The result: about 40% of the total area under cultivation would be fragmented into small, uneconomic holdings of 5 acres and below. The serious difficulties resulting from the fragmentation of land and constitution of small uneconomic holdings are well known; these difficulties would be aggravated because the former landless worker would in most cases lack the means and the credit necessary to invest money in cattle, seed, manure, irrigation etc. It may also be that a number of the landless agricultural workers would not be interested in farming as an occupation. It might be also pointed out that should the new recipients of land gifts spend their entire time and energy on intensive work to develop their holdings, the rest of the agricultural sector would be deprived of adequate supply of farm labour during the busy season. Finally the development of diversification of occupations so essential in a rural area would be considerably slowed down and might be prevented. The pressure on the land and the struggle to extract a subsistence from an exhausted soil would be only intensified.

Another difficulty is the existence of landless populations in large numbers in areas where the land available for redistribution is too exiguous and where existing holdings are uneconomic. Present plans for agrarian legislation already contemplate the confirmation of the tenants as owner-cultivators so that there will be a new class of small peasant proprietors. These land reform schemes foresee some form of compensation for the intermediary or other rights abolished by law. The balance of the large holdings which can be reduced by law or by Bhoodan for distribution to the landless will not be adequate unless all holdings in the country are limited to about 25 acres. There is also the serious consideration that landless workers could only practice bare subsistence farming, which may be consistent with the old idea of village self-sufficiency but is certainly not consistent with a plan for a high level of agricultural production through better techniques. Besides there is the lack of mobility or a very limited mobility of the agriculturist in general. He is rooted in the area to which he belongs - in its language, climate, customs, agricultural methods and so on - and has no desire to move from one area to another. Finally, as the Plan (p.187) points out, "if it were the sole object of policy to reduce the holdings of the larger owners with a view to providing for the landless or for increasing the farms of those who now have uneconomic fragments, the facts at present available suggest that these aims are not likely to be achieved in any substantial measure".

This detached analysis of the difficulties ahead does not seem to augur well for the Bhoodan movement in spite of its remarkable initial achievements. But in the last forty years of this century many developments took place which resulted in changes often of a permanent nature, which defied all prognostication and which, from a purely economic point of view, had no raison d'être.

Firstly, it could be observed that, as the Plan (pp.194/5) points out, "without a basic reconstruction of the village economy it is not possible to create conditions of equality of opportunity for the landless agricultural workers". The fragmentation of the land into small and uneconomic holdings as a result of the Bhoodan could be counteracted in new settlements by co-operative farming on the lines indicated in the Plan (pp.193/4): "The problem in India is to secure a large

increase in production over the entire area now under cultivation. This calls for the application on a wide scale of scientific knowledge and increased capital investment in various forms. These conditions are easier to secure where land is worked and managed in fairly large units than in the form of petty and fragmented holdings. In a farm of substantial size it is possible to eliminate several wasteful operations and to ensure better planning of the use of land, including selection of crops, rotation, soil conservation, development of irrigation and introduction of improved techniques. Economies which cannot be availed of by small farms are available to large ones. By its very nature a larger unit of operation and management can secure more credit and finance and can apply these to greater advantage, can diversify its economy and can make a relatively greater contribution to the solution of the country's food problem.

For these reasons it is important that small and middle farmers, in particular, should be encouraged and assisted to group themselves voluntarily into co-operative farming societies."

Secondly, it should not be overlooked that the Bhoodan movement absorbs and transforms into a positive force the feelings of helplessness and discontent wherever they exist in the villages. By focussing the attention of the country on the landless, Acharya Vinoba Bhave has lifted their problems to the level of great moral issues. He has made the nation conscious of the necessity to forestall, by urgent measures, developments in very different directions which could affect adversely the planned social and economic development of the country. He has succeeded in creating on a national scale an "emotional awareness" of the problem and has thus prepared the ground for the State to intervene, enact legislation and make the necessary administrative arrangements to ensure that his work endures.

Finally, as already mentioned, the Acharya is applying the Gandhian technique of dealing with social ills which rejects the solution of difficulties by acts of violence. He demonstrates that it is possible to direct conflicting motives and interests into channels of social unity.