

# APPOLO STUDY CENTRE

## MODERN INDIA

### India Since Independence

12 <sup>th</sup> std	Unit - 8	Reconstruction of Post-colonial India
	Unit - 9	Envisioning A New Socio-Economic Order Timeline

#### 12<sup>th</sup> History

### Unit - 8.Reconstruction of Post-colonial India

#### Introduction

Freedom from colonial rule came with a price. The partition of India involved dividing the provinces of Bengal and Punjab into two. Though not envisaged at the time of the division, it was followed by migration of Hindus from East Bengal to West Bengal and Muslims from Bihar and West Bengal to East Bengal. Similarly, Hindus and Sikhs in West Punjab had to migrate to eastern Punjab and Muslims in eastern Punjab to western Punjab. The boundaries between India and Pakistan were to be determined on the composition of the people in each village on their religion; and villages where the majority were Muslims were to constitute Pakistan and where the Hindus were the majority to form India. There were other factors too: rivers, roads and mountains acted as markers of boundaries. The proposal was that the religious minorities - whether Hindus or Muslims - in these villages were to stay on and live as Indians (in case of Muslims) and Pakistanis (in case of Hindus) wherever they were.

There was a separate scheme for those villages where the Muslims were a majority and yet the village not contiguous with the proposed territory of Pakistan and those villages where the Hindus were a majority and yet not contiguous with the proposed territory of India: they were to remain part of the nation with which the village was contiguous. A new complication had arisen by this time and that was the recognition of Sikhs as a religious identity in Punjab, in addition to the Hindus, and the Muslims; the Akali Dal had declared its preference to stay on with India irrespective of its people living in villages that would otherwise become part of Pakistan.

This complex situation was the consequence of the fast pace of developments in Britain on the issue of independence to India. The declaration on February 20, 1947 by Prime Minister Atlee, setting June 30, 1948 for the British to withdraw from India and Mountbatten's arrival as viceroy replacing Wavell on March 22, 1947 had set the stage for the transfer of power to Indians. This was when the Muslim League leadership had gathered the support of a vast majority of the Muslim community behind it and disputing the claims of the Congress to represent all Indians. On June 3, 1947, Mountbatten advanced the date of British withdrawal to August 15, 1947. As for the communal question and the issue of two nations, the proposal was to hand over power to two successor dominion governments of India and Pakistan. The division of Bengal and the Punjab, as proposed, meant partition - a reality to which Congress finally reconciled. The Mountbatten plan for independence along with partition of India was accepted at the AICC meeting at Meerut on June 14, 1947.

Gandhi, who had opposed the idea of division with vehemence in the past, now conceded its inevitability. Gandhi explained the change. He held that the unabated communal violence and the participation in it of the people across the Punjab and in Bengal had left himself and the Congress with no any strength to resist partition. Sadly, the canker of communalism and the partition system that the colonial collaborators produced took its toll on the infant Indian nation. It began with the assassination of the Mahatma on January 30, 1948. How did the infant nation take up the challenge, resolving some and grappling with some others in the years to come?

Jawaharlal Nehru put this aptly in his address to the members of the

Constituent Assembly in the intervening night on August 14/15, 1947, in which he laid out the roadmap, its ideals and the inevitability of taking such a path. “Long years ago we made a tryst with destiny, and now the time comes when we shall redeem our pledge, not wholly or in full measure, but very substantially....” Teachers may put on screen the full speech by Jawaharlal Nehru and share the experience of listening to it with the class: Speech may be accessed from <https://www.youtube.com/watch?v=Uj4TfcELODM>

## Consequences of Partition

The challenges before free India included grappling with the consequences of partition, planning the economy and reforming the education system (which will be dealt with in the following lesson), making a Constitution that reflected the aspirations kindled by the freedom struggle, merger of the Princely states (more than 500 in number and of different sizes), and resolving the diversity on the basis of languages spoken by the people with the needs of a nation-state. Further, a foreign policy that was in tune with the ideals of democracy, sovereignty and fraternity had to be formulated.

The partition of India on Hindu–Muslim lines was put forth as a demand by the Muslim League in vague terms ever since its Lahore session (March 1940). But its architecture and execution began only with Lord Mountbatten’s announcement of his plan on June 3, 1947 and advancing the date of transfer of power to August 15, 1947. The time left between the two dates was a mere 72 days.

Sir Cyril Radcliffe, a lawyer by training with no exposure to India and its reality, was sent from London to re-draw the map of India. Its execution was left to the dominion governments of India and Pakistan after August 15, 1947.

Radcliffe arrived in India on July 8, 1947. He was given charge of presiding over two Boundary Commissions: one for the Punjab and the other for Bengal. Two judges from the Muslim community and two from the Hindu community were included. The commissions were left with five weeks to identify villages as Hindu or Muslim majority on the basis of the 1941 census. It is widely accepted that the census of 1941, conducted in the midst of the World War II led to faulty results everywhere.

The commissions were also constrained by factors such as contiguity of villages and by demands of the Sikh community that villages in West

Punjab where their shrines were located be taken into India irrespective of the population of Sikhs in those villages. The two commissions submitted the report on August 9, 1947. Mountbatten's dispensation, meanwhile, decided to postpone the execution of the boundaries to a date after power was transferred to the two dominions. The contours of the two dominions – India and Pakistan – were drawn in the scheme on August 14/15, 1947 insofar as the administration was concerned; the people, however, were not informed about the new map when they celebrated independence day on August 14/15, 1947.

Radcliffe's award contained all kinds of anomalies. The provincial assembly in Punjab had resolved that West Punjab would go to Pakistan. The other provinces, which were geographically contiguous with Pakistan such as Sind, Baluchistan and the North-West Frontier Provinces followed this. Similarly, the Bengal Assembly, resolved that the eastern parts of the province were to constitute Pakistan on this side.

The award Radcliffe presented, on August 9, 1947, marked 62,000 square miles of land that was hitherto part of the Punjab to Pakistan. The total population (based on the 1941 census) of this region was 15,800,000 people of whom 11,850,000 were Muslims. Almost a quarter of the population in this territory – West Punjab – were non-Muslims; and the Mountbatten Plan as executed by Sir Radcliffe meant they continued to live as minorities in Pakistan. Similarly, East Punjab that was to be part of India was demarcated to consist of 37,000 square miles of territory with a population of 12,600,000. Of this, 4,375,000 were Muslims. In other words, more than a third of the population in east Punjab would be Muslims.

The demographic composition of the Indian and Pakistani parts of Bengal was no less complicated. West Bengal that remained part of India accounted for an area of 28,000 square miles with a population of 21,200,000 out of which 5,300,000 were Muslims; in other words, Muslims constituted a quarter of the population of the Indian part of the former Bengal province. Sir Radcliffe's commission marked 49,400 square miles of territory from former Bengal with 39,100,000 people for Pakistan. The Muslim population there, according to the 1941 census, was 27,700,000. In other words, 29 per cent of the population were Hindus. East Pakistan (which became Bangladesh in December 1971) was constituted by putting together the eastern part of divided Bengal, Sylhet district of Assam, the district of Khulna in the region and also the Chittagong Hill tracts. Such districts of

Bengal as Murshidabad, Malda and Nadia which had a substantially large Muslim population were left to remain in India. The exercise was one without a method.

The re-drawn map of India was left with the two independent governments by the colonial rulers. It was left to the independent governments of India and Pakistan to fix the exact boundaries. However, the understanding was that the religious minorities in both the nations – the Hindus in West and East Pakistan and the Muslims in India, in East Punjab and West Bengal as well as in United Provinces and elsewhere – would continue to live as minorities but as citizens in their nations.

After the partition, there were as many as 42 million Muslims in India and 20 million non-Muslims (Hindus, Sindhis and Sikhs) in Pakistan. The vivisection of India, taking place as it did in the middle of heightened Hindu-Muslim violence, had rendered a smooth transition impossible. Despite the conspicuous exhibition of Hindu-Muslim unity during the RIN mutiny and the INA trials (see previous lesson), the polity now resembled a volcano. Communal riots had become normal in many parts of India, and were most pronounced in the Punjab and Bengal.

Minorities on both sides of the divide lived in fear and insecurity even as the two nations were born. That Gandhi, who led the struggle for freedom from the front and whom the colonial rulers found impossible to ignore, stayed far away from New Delhi and observed a fast on August 15, 1947, was symbolic. The partition brought about a system in place where the minorities on either side were beginning to think of relocating to the other side due to fear and insecurity.

As violence spread, police remained mute spectators. This triggered more migration of the minorities from both nations. In the four months between August and November 1947, as many as four-and-a-half million people left West Pakistan to India, reaching towns in East Punjab or Delhi. Meanwhile, five-and-a-half million Muslims left their homes in India (East Punjab, United Provinces and Delhi) to live in Pakistan. A large number of those who left their homes on either side of the newly marked border thought they would return after things normalised; but that was not to be. Similar migration happened between either sides of the new border in Bengal too.

**Partition:** A poem by W.H. Auden  
 Unbiased at least he was when he arrived on his mission,  
 Having never set eyes on the land he was called to partition  
 Between two peoples fanatically at odds,  
 With their different diets and incompatible gods.  
 'Time,' they had briefed him in London, 'is short. It's too late  
 For mutual reconciliation or rational debate:  
 The only solution now lies in separation.  
 The Viceroy thinks, as you will see from his letter,  
 That the less you are seen in his company the better,  
 So we've arranged to provide you with other accommodation.  
 We can give you four judges, two Moslem and two Hindu,  
 To consult with, but the final decision must rest with you.'  
 Shut up in a lonely mansion, with police night and day  
 Patrolling the gardens to keep the assassins away,  
 He got down to work, to the task of settling the fate Of millions.  
 The maps at his disposal were out of date  
 And the Census Returns almost certainly incorrect,  
 But there was no time to check them, no time to inspect  
 Contested areas.  
 The weather was frightfully hot,  
 And a bout of dysentery kept him constantly on the trot,  
 But in seven weeks it was done, the frontiers decided,  
 A continent for better or worse divided.  
 The next day he sailed for England, where he could quickly  
 forget  
 The case, as a good lawyer must. Return he would not,  
 Afraid, as he told his Club, that he might get shot.

Historian Gyanendra Pandey records 500,000 non-Muslim (Hindus and Sikhs) refugees flowing into the Punjab and Delhi in 1947-48. Pandey also records that several thousand Muslims were forced out of their homes in Delhi and nearby places by violent mobs to seek asylum in camps set up around the Red Fort and the Purana Quila. Refugee camps were set up but they had hardly any sanitation and water supply.

In both countries property left behind by the fleeing families were up for grabs. The long line of refugees walking crossing the borders was called 'kafila'. The refugees on the march were targets for gangs belonging to the 'other' community to wreak vengeance. Trains from either side of the new

border in the Punjab were targeted by killer mobs and many of those reached their destination with piles of dead bodies. The violence was of such a scale that those killed the numbers of remains mere estimates. The number ranges between 200,000 to 500,000 people dead and 15 million people displaced.

Even as late as in April 1950, the political leadership of the two nations wished and hoped to restore normality and the return of those who left their homes on either side. On April 8, 1950, Nehru and Liaquat Ali Khan signed the Delhi pact, with a view to restoring confidence among the minorities on both sides. This, however, failed to change the ground reality. Even while the pact was signed the Government of India was also working on measures to rehabilitate those who had left West Punjab to the East and to Delhi and render them vocational skills and training. The wounds caused by the partition violence hardly healed even after decades. Scores of literary works stand testimony to the trauma of partition.

The partition posed a bigger challenge before Nehru and the Constituent Assembly, now engaged with drafting the founding and the fundamental law of the nation: to draft a constitution that is secular, democratic and republican as against Pakistan's decision to become an Islamic Republic.

### **Making of the Constitution**

It was a demand from the Indian National Congress, voiced formally in 1934, that the Indian people shall draft their constitution rather than the British Parliament. The Congress thus rejected the White Paper circulated by the colonial government. The founding principle that Indians shall make their own constitution was laid down by Gandhi as early as in 1922. Gandhi had held that rather than a gift of the British Parliament, swaraj must spring from 'the wishes of the people of India as expressed through their freely chosen representatives'.

Elections were held, based on the 1935 Act, to the Provincial Assemblies in August 1946. These elected assemblies in turn were to elect the Central Assembly, which would also become the Constituent Assembly. The voters in the July 1946 elections to the provinces were those who owned property - the principle of universal adult franchise was still a far cry. The results revealed the Muslim League's command in Muslim majority

constituencies while the Indian National Congress swept the elections elsewhere. The League decided to stay away from the Constitution making process and pressed hard for a separate nation. The Congress went for the Constituent assembly.

The elected members of the various Provincial assemblies voted nominees of the Congress to the Constituent Assembly. The Constituent Assembly (224 seats) that came into being, though dominated by the Congress, also included smaller outfits such as the communists, socialists and others. The Congress ensured the election of Dr B.R. Ambedkar from a seat in Bombay and subsequently elected him chairman of the drafting committee. Apart from electing its own stalwarts to the Assembly, the Congress leadership made it a point to send leading constitutional lawyers.

This was to make a constitution that contained the idealism that marked the freedom struggle and the meaning of swaraj, as specified in the Fundamental Rights Resolution passed by the Indian National Congress at its Karachi session (March 1931). This, indeed, laid the basis for the making of our constitution a document conveying an article of faith guaranteeing to the citizens a set of fundamental rights as much as a set of directive principles of state policy. The constitution also committed the nation to the principle of universal adult franchise, and an autonomous election commission. The constitution also underscored the independence of the judiciary as much as it laid down sovereign law-making powers with the representatives of the people.

The members of the constituent assembly were not averse to learn and pick up features from the constitutions from all over the world; and at the same time they were clear that the exercise was not about copying provisions from the various constitutions from across the world.

Jawaharlal Nehru set the ball rolling, on December 13, 1946, by placing the Objectives Resolution before the Constituent Assembly. The assembly was convened for the first time, on December 9, 1946. Rajendra Prasad was elected chairman of the House.

The Objectives Resolution is indeed the most concise introduction to the spirit and the contents of the Constitution of India. The importance of this resolution can be understood if we see the Preamble to the Constitution



and the Fundamental Rights and Directive Principles of State Policy enshrined in it and as adopted on November 26, 1949.

The Constitution of India, thus, marked a new beginning and yet established continuity with India's past. The Fundamental Rights drew everything from clause 5 of the Objectives Resolution as much as from the rights enlisted by the Indian National Congress at its Karachi session (discussed in Lesson 5). The spirit of the Constitution was drawn from the experience of the struggle for freedom and the legal language from the Objectives Resolution and most importantly from the Universal Declaration of Human Rights (UDHR), promulgated by the United Nations on December 10, 1948.

### **Merger of Princely States**

The adoption of the Constitution on November 26, 1949 was only the beginning of a bold new experiment by the infant nation. There were a host of other challenges that the nation and its leaders faced and they had to be addressed even while the Constituent Assembly met and started its job of drafting independent India's constitution. Among them was the integration of the Indian States or the Princely States.

The task of integrating the Princely States into the Indian Union was achieved with such speed that by August 15, 1947, except Kashmir, Junagadh and Hyderabad, all had agreed to sign an Instrument of Accession with India, acknowledging its central authority over Defence, External Affairs and Communications.

The task of integrating these states, with one or the other Provinces of the Indian Union was accomplished with ease. The resolution passed at the All India States People's Conference (December 1945 and April 1947) that states refusing to join the Constituent Assembly would be treated as hostile was enough to get the rulers to sign the Instrument of Accession in most cases. There was the offer of a generous privy purse to the princes. The rapid unification of India was ably handled and achieved by Sardar Vallabhai Patel, who as Home Minister in the Interim Cabinet was also entrusted with the States Ministry for this purpose. The People's Movements exerted pressure on the princes to accede to the Indian union.

The long, militant struggle that went on in the Travancore State for Responsible Government culminating in the Punnapra-Vayalar armed struggle against the Diwan, Sir C.P. Ramaswamy, the Praja Mandal as well as some tribal agitations that took place in the Orissa region - Nilagiri, Dhenkanal and Talcher - and the movement against the Maharaja of Mysore conducted by the Indian National Congress all played a major role in the integration of Princely States.

Instrument of Accession: A legal document, introduced in Government of India Act, 1935, which was later used in the context of Partition enabling Indian rulers to accede their state to either India or Pakistan.

Yet, there was the problem posed by the recalcitrant ruler of Hyderabad, with the Nizam declaring his kingdom as independent. The ruler of Junagadh wanted to join Pakistan, much against the wishes of the people. Similarly, the Hindu ruler of Kashmir, Maharaja Hari Singh, declared that Kashmir would remain independent while the people of the State under the leadership of the National Conference had waged a "Quit Kashmir" agitation against the Maharaja. It must be stressed here that the movement in Kashmir as well as the other Princely States were also against the decadent practice of feudal land and social relations that prevailed there.

"The police action" executed in Hyderabad within 48 hours after the Nizam declared his intentions demonstrated that India meant business. It was the popular anger against the Nizam and his militia, known as the Razakkars, that was manifest in the Telengana people's movement led by the communists there which provided the legitimacy to "the police action".

Though Patel had been negotiating with the Maharaja of Kashmir since 1946, Hari Singh was opposed to accession. However, in a few months after independence - in October 1947 - marauders from Pakistan raided Kashmir and there was no way that Maharaja Hari Singh could resist this attack on his own. Before India went to his rescue the Instrument of Accession was signed by him at the instance of Patel. Thus Kashmir too became an integral part of the Indian Union. This process and the commitment of the leaders of independent India to the concerns of the people of Kashmir led the Constituent Assembly to provide for autonomous status to the State of Jammu and Kashmir under Article 370 of the Constitution.

## Linguistic Reorganization of States

An important aspect of the making of independent India was the reorganisation of states on linguistic basis. The colonial rulers had rendered the sub-continent into administrative units, dividing the land by way of Presidencies or Provinces without taking into account the language and its impact on culture on a region. Independence and the idea of a constitutional democracy meant that the people were sovereign and that India was a multi-cultural nation where federal principles were to be adopted in a holistic sense and not just as an administrative strategy.

The linguistic reorganization of states was raised and argued out in Constituent Assembly between 1947 and 1949. The assembly however decided to hold it in abeyance for a while on the grounds that the task was huge and could create problems in the aftermath of the partition and the accompanying violence.

After the Constitution came into force it began to be implemented in stages, beginning with the formation of a composite Andhra Pradesh in 1956. It culminated in the trifurcation of Punjab to constitute a Punjabi-speaking state of Punjab and carving out Haryana and Himachal Pradesh from the existing state of Punjab in 1966.

The idea of linguistic reorganisation of states was integral to the national movement, at least since 1920. The Indian National Congress, at its Nagpur session (1920), recorded that the national identity will have to be necessarily achieved through linguistic identity and resolved to set up the Provincial Congress Committees on a linguistic basis.

It took concrete expression in the Nehru Committee Report of 1928. Section 86 of the Nehru Report read: "The redistribution of provinces should take place on a linguistic basis on the demand of the majority of the population of the area concerned, subject to financial and administrative considerations."

This idea was expressed, in categorical terms, in the manifesto of the Indian National Congress for the elections to the Central and Provincial Legislative Assemblies in 1945. The manifesto made a clear reference to the reorganisation of the provinces: "... it (the Congress) has also stood for the freedom of each group and territorial area within the nation to develop its

own life and culture within the larger framework, and it has stated that for this purpose such territorial areas or provinces should be constituted as far as possible, on a linguistic and cultural basis...”

On August 31, 1946, only a month after the elections to the Constituent Assembly, Pattabhi Sitaramayya raised the demand for an Andhra Province: “The whole problem” he wrote, “must be taken up as the first and foremost problem to be solved by the Constituent Assembly”. He also presided over a conference, on December 8, 1946, that passed a resolution demanding that the Constituent Assembly accept the principle for linguistic reorganisation of States. The Government of India in a communique stated that Andhra could be mentioned as a separate unit in the new Constitution as was done in case of the Sind and Orissa under the Government of India Act, 1935.

The Drafting Committee of the Constituent Assembly, however, found such a mention of Andhra was not possible until the geographical schedule of the province was outlined. Hence, on June 17, 1948, Chairman Rajendra Prasad set up a 3-member commission, called The Linguistic Provinces Commission with a specific brief to examine and report on the formation of new provinces of Andhra, Kerala, Karnataka and Maharashtra. Its report, submitted on December 10, 1948, listed out reasons against the idea of linguistic reorganisation in the given context. It dealt with each of the four proposed States - Andhra, Karnataka, Kerala and Maharashtra - and concluded against such an idea.

However, the demand for linguistic reorganisation of states did not stop. The issue gained centre-stage with Pattabhi Sitaramayya’s election as the Congress President at the Jaipur session. A resolution there led to the constitution of a committee with Sardar Vallabhai Patel, Pattabhi Sitaramayya and Jawaharlal Nehru (also called the JVP committee).

The JVP committee submitted its report on April 1, 1949. It too held that the demand for linguistic states, in the given context, as “narrow provincialism” and that it could become a “menace” to the development of the country. The JVP committee also held out that “while language is a binding force, it is also a separating one”. However, it stressed that it was possible that “when conditions are more static and the state of peoples’ minds calmer, the adjustment of these boundaries or the creation of new

provinces can be undertaken with relative ease and with advantage to all concerned.”

The committee said in conclusion that it was not the right time to embark upon the idea of linguistic reorganisation of States. In other words, the consensus was that the linguistic reorganisation of states be postponed. There was provision for re-working the boundaries between states and also for the formation of new states from parts of existing states.

The makers of the Constitution did not qualify the reorganisation of the States as only on linguistic basis but left it open as long as there was agreement on such reorganisation.

The idea of linguistic states revived soon after the first general elections were over. Potti Sriramulu’s fast demanding a separate state of Andhra, beginning October 19, 1952 and his death thereafter on December 15, 1952.

This led to the constitution of the States Reorganisation Commission, with Fazli Ali as Chairperson, and K.M. Panikkar and H.N. Husrau as members. The Commission submitted its report in October 1955. The Commission recommended the following States to constitute the Indian Union: Madras, Kerala, Karnataka, Hyderabad, Andhra, Bombay, Vidharbha, Madhya Pradesh, Rajasthan, Punjab, Uttar Pradesh, Bihar, West Bengal, Assam, Orissa and Jammu & Kashmir. In other words, the Commission’s recommendations were a compromise between administrative convenience and linguistic concerns.

The Nehru regime, however, was, by then, committed to the principle of linguistic reorganization of the States and thus went ahead implementing the States Reorganisation Act, 1956. Andhra Pradesh, including the Hyderabad State came into existence. Kerala, including the Travancore-Cochin State and the Malabar district of Madras, came into existence. Karnataka came into being including the Mysore State and also parts of Bombay and Madras States. In all these cases, the core principle was linguistic identity.

The Nehru regime, however, denied acceding to a similar demand in the case of the Gujarati-speaking people. However, this too was conceded in May 1960 with the creation of Maharashtra and Gujarat. Subsequently, the demand for a Punjabi subha continued to be described by the establishment

as separatist until 1966. The trifurcation of Punjab, brought to an end the process that was initiated by the Indian National Congress, in 1920, to put language as the basis for the reorganization of the provinces.

“In order to secure the stability and integration, India should have a strong centre and national language. Indian nationalism is deeply wedded to its regional languages. Indian patriotism is aggressively attached to its provincial frontiers. If India is to survive, Indian nationalism and patriotism will have to sacrifice some of its cherished sentiments in the larger interests of the country...

“The only good that we can see in a linguistic province is the possible advantage it has in working the Legislature in the regional language. But this is more than counter-balanced by the obstruction the linguistic provinces will inevitably cause to the spread of national language or national feeling in this country...”

(Excerpts from the Report of The Linguistic Provinces Commission, as submitted to the Constituent Assembly)

**Article 3, reads as follows:**

Parliament may by law- (a) form a new State by separation of territory from any State or by uniting two or more States or parts of States by uniting any territory to a part of any State; (b) increase the area of any State; (c) diminish the area of any State; (d) alter the boundaries of any State;

### India's Foreign Policy

The founding principles of independent India's foreign policy were, in fact, formulated at least three decades before independence. It evolved in the course of the freedom struggle and was rooted in its conviction against any form of colonialism. Jawaharlal Nehru was its prime architect.

India's foreign policy was based on certain basic principles. They are: anti-colonialism, anti-imperialism, anti-apartheid or anti-racism, non-alignment with the super powers, Afro-Asian Unity, non-aggression, non-interference in other's internal affairs, mutual respect for each other's sovereignty and territorial integrity, and the promotion of world peace and security. The commitment to peace between nations was not placed in a vacuum; it was placed with an equally emphatic commitment to justice.

The context in which India's foreign policy was formulated was further complicated by the two contesting power blocs that dominated the world in the post-war scenario: the US and the USSR. Independent India responded to this with non-alignment as its foreign policy doctrine.

Before we go into the details of non-alignment, it will be useful to look at India's relationship with China since independence. China was liberated by its people from Japanese colonial expansionism in 1949, just two years after India's Independence. Nehru laid a lot of importance on friendship with China, with whom India shared a long border

India was the first to recognize the new People's Republic of China on January 1, 1950. The shared experience of suffering at the hands of colonial powers and its consequences - poverty and underdevelopment - in Nehru's perception was force enough to get the two nations to join hands to give Asia its due place in the world. Nehru pressed for representation for Communist China in the UN Security Council. However, when China occupied Tibet, in 1950, India was unhappy that it had not been taken into confidence. In 1954, India and China signed a treaty in which India recognized China's rights over Tibet and the two countries placed their relationship within a set of principles, widely known since then as the principles of Panch Sheel.

Meanwhile, Nehru took special efforts to project China and Chou En-lai at the Bandung Conference, held in April 1955. In 1959, the Dalai Lama, fled Tibet along with thousands of refugees after a revolt by the Buddhists was crushed by the Chinese government. The Dalai Lama was given asylum in India and it made the Chinese unhappy. Soon after, in October 1959, the Chinese opened fire on an Indian patrol near the Kongka pass in Ladakh, killing five Indian policemen and capturing a dozen others. Though talks were held at various levels including with Chou En-lai, not much headway was made.

Then came the 1962 war with China. On 8 September 1962, Chinese forces attacked the Thagla ridge and dislodged Indian troops. All the goodwill and attempts to forge an Asian bloc in the world came to a stop. India took a long time to recover from the blow to its self-respect, and perhaps it was only the victory over Pakistan in the Bangladesh war, in which China and the US were also supporting Pakistan, that restored the sense of self-worth.



India's contribution to the world, however, was not restricted to its relationship with China and the Panch Sheel. It was most pronounced and lasting in the form of non-alignment and its concretisation at the Bandung Conference.

In March 1947, Nehru organised the Asian Relations Conference, attended by more than twenty countries. The theme of the conference was Asian independence and assertion on the world stage. Another such conference was held in December 1948 in specific response to the Dutch attempt to re-colonize Indonesia. The de-colonization initiative was carried forward further at the Asian leaders' conference in Colombo in 1954, culminating in the Afro-Asian Conference in Bandung, Indonesia, in 1955. The Bandung Conference set the stage for the meeting of nations at Belgrade and the birth of the Non-Aligned Movement.

The architect of independent India's foreign policy, indeed, was Jawaharlal Nehru and the high point of it was reached in 1961 when he



stood with Nasser of Egypt and Tito of Yugoslavia to call for nuclear disarmament and peace. The importance of non-alignment and its essence in such a world is best explained from what Nehru had to say about it.

“So far as all these evil forces of fascism, colonialism and racialism or the nuclear bomb and aggression and suppression are concerned, we stand most emphatically and unequivocally committed against them . . . We are unaligned only in relation to the cold war with its military pacts. We object to all this business of forcing the new nations of Asia and Africa into their cold war machine. Otherwise, we are free to condemn any development which we consider wrong or harmful to the world or ourselves and we use that freedom every time the occasion arises.”

### **Bandung Declaration**

A 10-point "declaration on promotion of world peace and cooperation," incorporating the principles of the United Nations Charter was adopted unanimously:

1. Respect for fundamental human rights and for the purposes and principles of the charter of the United Nations
2. Respect for the sovereignty and territorial integrity of all nations
3. Recognition of the equality of all races and of the equality of all nations large and small
4. Abstention from intervention or interference in the internal affairs of another country
5. Respect for the right of each nation to defend itself, singly or collectively, in conformity with the charter of the United Nations
6. (a) Abstention from the use of arrangements of collective defence to serve any particular interests of the big powers (b) Abstention by any country from exerting pressures on other countries
7. Refraining from acts or threats of aggression or the use of force against the territorial integrity or political independence of any country
8. Settlement of all international disputes by peaceful means, such as negotiation, conciliation, arbitration or judicial settlement as well as other peaceful means of the parties own choice, in conformity with the charter of the United Nations
9. Promotion of mutual interests and cooperation
10. Respect for justice and international obligations.

## 12<sup>th</sup> History

### Unit - 9. Envisioning A New Socio-Economic Order Timeline

#### Introduction

When India became independent in 1947, the economy of the country was very fragile and facing many problems. The level of poverty was very high. Nearly 80 percent of the population was living in rural areas, depending on agriculture for their livelihood. As the craft-based occupations had suffered during British rule, many skilled artisans had lost their livelihood. As a result, agriculture was overcrowded, and the per capita income from agriculture was very low. Agriculture was also characterized by semi-feudal relations between landowners and cultivators or peasants, who were often exploited by the land-owning classes.

The industrial sector had grown in the decades before Independence, but it was still quite small. The best known heavy industry was Tata Iron and Steel. Besides this, the main manufactures were cotton spinning and weaving, paper, chemicals, sugar, jute and cement. Engineering units produced machinery for these units. However, the sector was relatively small and did not offer a significant potential for employing the surplus labour from the agricultural sector. In fact, the industry sector only accounted for 13% of the total Gross Domestic Product (GDP) in 1950. Most manufactured consumer goods were imported. The Indian offices of major foreign companies were involved only in marketing and sales, and not in manufacturing.

Thus, the new government of India was faced with the mammoth task of developing the economy, improving conditions in agriculture, widening the manufacturing sector, increasing employment and reducing poverty.

#### Socialistic Pattern of Society

Economic development can be achieved in many ways. One option would be to follow the free enterprise, capitalist path; the other was to follow the socialist path. India chose the latter. In fact, the Preamble to the Indian Constitution, cited in the previous lesson, stated unambiguously that

India would be “a sovereign, socialist, secular democratic republic”. The objectives of this socialist pattern of development were: the reduction of inequalities, elimination of exploitation, and prevention of concentration of wealth. Social justice meant that all citizens would have an equal opportunity to education and employment. This essentially entailed the active participation of the state in the process of development.

In agriculture, social and economic justice was to be achieved through a process of land reforms which would empower the cultivator. In industry, the state would play an active role by setting up major industries under the public sector. These were to be achieved through a comprehensive process of planning under Five Year Plans. These strategies had been borrowed from the Soviet experience of rapid economic development. Nehru was a great admirer of the success of the Soviet Union in achieving rapid development, and thus the ideology on which this strategy is based is often referred to as “Nehruvian socialism”.

### **Agricultural Policy**

At the time of Independence, agriculture in India was beset with many problems. In general, productivity was low. The total production of food grains was not enough to feed the country, so that a large quantity of food grains had to be imported. Nearly 80 percent of the population depended on agriculture for their livelihood. This automatically reduced the income of each person to very low levels. This is a situation described as ‘disguised unemployment’. That is, even if many people shifted to other occupations, total production levels would remain the same, because this surplus population was not really required to sustain the activity, and was, in effect, unemployed. Given the high level of poverty level among the rural population, most of them were heavily indebted to money lenders.

The backwardness of agriculture could be attributed to two factors: institutional and technological. Institutional factors refer to the social and economic relations that prevailed, particularly between the land-owning classes and the cultivating classes. Technological factors relate to use of better seeds, improved methods of cultivation, use of chemical fertilizers, use of machinery like tractors and harvester combines, and provision of irrigation. The government decided to tackle the institutional drawbacks first and began a programme of land reforms to improve the conditions in agriculture. The basic assumption was that such measures would improve

the efficiency of land use or productivity, apart from empowering the peasants by creating a socially just system.

## Land Reforms and Rural Reconstruction

Under the Constitution of India, agriculture was a 'state subject', that is, each state had to pass laws relating to land reforms individually.

Thus, while the basic form of land reforms was common among all the states, there was no uniformity in the specific terms of land reform legislation among the states.

### (a) Zamindari Abolition

Abolition of Zamindari was part of the manifesto of the Indian National Congress Party even before Independence. What was Zamindari and who were the zamindars? Zamindar referred to the class of landowners who had been designated during British rule as the intermediaries who paid the land revenue to the government under a Permanent Settlement. They collected rent from peasants cultivating their land and were obliged to pay a fixed amount to the government as land taxes. There was no legal limit to these demands, and zamindars generally extorted high rents from the cultivators leaving them impoverished. In public opinion, these zamindars were considered to be a decadent, extravagant and unproductive class who were living on unearned income. Abolishing their privileges and restoring land to the cultivators was therefore a prime objective of the government.

Three systems of revenue collection had been introduced by the British. In Bengal and most of north India, the Permanent Settlement placed the responsibility of paying land revenue on the rentier class of zamindars. In south India, the cultivators paid the land revenue demand directly to the government under the system known as 'ryotwari' ('ryot' means cultivator). The third system, found in very small pockets of the country, was 'mahalwari' where the village was collectively responsible for paying the land revenue.

Most provinces in India had enacted laws abolishing the zamindari system even before the Constitution was framed. By 1949, Uttar Pradesh, Madhya Pradesh, Bihar, Madras, Assam and Bombay had introduced such legislation. West Bengal, where the Permanent Settlement was first introduced, the act was passed only in 1955. Land was taken away from the

zamindars were distributed among the tenants. The provincial legislatures also recommended the amount of compensation to be paid to the zamindars.

Zamindars in various parts of the country challenged the constitutionality of the zamindari abolition laws in court. The government then passed two amendments to the Constitution, the First Amendment in 1951 and the Fourth Amendment in 1955, which removed the 'right to property' from the fundamental rights guaranteed under the Constitution and pre-empted the right of zamindars to question the expropriation of their land or the value of the compensation.

Finally, zamindari abolition was completed by 1956, and was possibly the most successful of the land reforms. About 30 lakh tenants and sharecroppers gained ownership of 62 lakh hectares of land. The total compensation actually paid to the zamindars amounted to Rs. 16,420 lakhs (which amounted to only about one-fourth of the total compensation amount due).

In sum, however, the reform only achieved a very small part of the original objective. Many zamindars were able to evict their tenants and take over their land claiming that this land was under their 'personal cultivation'. Thus, while the institution of zamindari was dismantled, many landowners continued in possession of vast tracts of land.

### **(b) Tenancy Reform**

Nearly half of the total cultivated land in India was under tenancy. Tenancy refers to an arrangement under which land was taken on lease from landowners by cultivators under specific terms. Not all tenants were landless peasants. Many small landowners who wanted to cultivate additional land leased out land from other landowners. Some richer landowners also took additional land for cultivation on lease. In general, the rent was paid in kind, as a share of the produce from the land.

Most large landowners in India tended to belong to the upper castes – Brahmin and non-Brahmin. It was common for them to lease out the land to tenants. Usually these tenancy arrangements continued for long periods of time. The rents received by the landowners generally amounted to about 50% or more of the produce from the land, which was very high. Tenancy

was a customary practice and agreements were rarely recorded. Thus, tenants of long-standing were almost never deprived of tenancy rights. However, tenants could also be evicted at short notice, and tenants therefore always lived under some uncertainty.

Tenancy reform was undertaken with two objectives. One was to empower the cultivators by protecting them against the landowners. The other was to improve the efficiency of land use, based on the assumption that tenancy was inefficient. Landowners rarely had any incentive to invest in improving the land, and were interested only in deriving an income from their land. Tenants, who had no ownership rights and were liable to pay high rents, had neither the incentive nor surplus money to invest in land.

Tenancy reform legislation was aimed at achieving three ends:

- (i) to regulate the rent;
- (ii) to secure the rights of the tenant;
- (iii) to confer ownership rights on the tenants by expropriating the land of the land owners.

Legislation was passed in the states regulating the rent at one-fourth to one-third of the produce. But this could never be implemented successfully. The agricultural sector had a surplus of labour whereas land was a resource in short supply. Price controls did not work in a situation when the demand exceeded the supply. All that happened was that rent rates were pushed under the table without any official record.

Laws to secure the rights of the tenant and to make tenancy heritable were equally unsuccessful. Tenancy agreements were made orally, and were unrecorded. The tenant thus always had to live with the uncertainty that their land could be resumed by the landlord any time. When tenancy reform laws were announced many landowners claimed to have taken back their land for 'personal cultivation' and that tenants were only being employed as labour to work the land. Tenancy reform was bound to be ineffectual in the absence of a comprehensive and enforceable land ceiling programme.

The two Communist states, Kerala and West Bengal, were able to push through land reforms with greater success. Reform measures in Kerala were remarkably successful, though some political compromises had to be made in a programme which started out to be completely radical. The abolition of landlordism was remarkably successful. But the programme to

confer ownership on the tenants in four stages was not always successful, nor did it benefit the small tenants, since much of the tenanted land was held by richer farmers.

In West Bengal, the programme to confer tenancy rights was called Operation Barga. This was quite successful, but the Communist government was criticized severely for giving official sanction to tenancy (as opposed to giving tenant farmers ownership rights to the land).

### **(c) Land Ceiling**

Land ceiling refers to the maximum amount of land that could be legally owned by individuals. Laws were passed after the 1950s to enforce it. In Tamilnadu it was implemented first in 1961. Until 1972, there was a ceiling on the extent of land that a 'landholder' could own. After 1972, the unit was changed to a 'family'. This meant that the landowners could claim that each member of the family owned a part of the land which would be much less than the prescribed limit under the ceiling.

Deciding the extent of land under land ceiling was a complex exercise, since land was not of uniform quality. Distinctions had to be made between irrigated and unirrigated dry land, single crop and double crop producing land. As all these issues were being debated in the policy forums, the landowners had plenty of time to manipulate the land records and create fictitious and fraudulent partition of the land among relatives or trusts. Further, many categories of land were not subject to ceilings. These included orchards, horticultural land, grazing land, land belonging to religious and charitable trusts, and sugarcane plantations. These exemptions were also used to evade the land ceiling acts.

Ultimately, only about 65 lakh hectares of land was taken over as surplus land. This was distributed to about 55 lakh tenants—an average of a little over 1 hectare per tenant. Clearly, with their political power the dominant castes who were the big landowners managed to dilute and vitiate the entire legislation.

Efforts like Bhoodan started by Vinoba Bhave to persuade large landowners to surrender their surplus land voluntarily attracted much public attention. But the end results were disappointing, since the land thus surrendered was usually unproductive land.

## **(d) Overall Appraisal**

Land reform legislation has overall not been a great success. In economic terms, the dream of an agricultural sector prospering under peasant cultivators with secure, ownership rights has remained just that – a dream – and there was no visible improvement in efficiency. In more recent years, when agriculture has grown due to technological progress, a more efficient land market is seen to be operating which is more conducive for long term growth.

In terms of social justice, the abolition of the semi-feudal system of zamindari has been effective. The land reform measures have also made the peasants more politically aware of their rights and empowered them.

## **Development of Agriculture**

### **(a) Green Revolution**

By the middle of the 1960s the scenario with regard to food production was very grim. The country was incurring enormous expenditure on importing food. Land reforms had made no impact on agricultural production. The government therefore turned to technological alternatives to develop agriculture. High Yielding Variety (HYV) of seeds of wheat and rice was adopted in 1965 in select areas well endowed with irrigation.

Unlike traditional agriculture, cultivation of HYV seeds required a lot of water and use of tractors, chemical fertilizers and pesticides. The success of the initial experimental projects led to the large-scale adoption of HYV seeds across the country. This is generally referred to as the Green Revolution. This also created an enormous demand for chemical fertilizers and pesticides, and these industries grew as well.

Finally, within twenty years, India achieved self-sufficiency in food production. Total rice production increased from 35 million tonnes in 1960–61 to 104 million tonnes in 2011–12. The increase in wheat production was even more impressive, from 11 million tonnes to 94 million tonnes during the same period. Productivity also increased. A large reserve stock of food grain was built up by the government through buying the surplus food grain from the farmers and storing this in warehouses of the Food



Corporation of India (FCI). The stored food grains were made available under the Public Distribution System (PDS) and to ensure food security for the people.

Another positive feature was been the sustained increase in the production of milk and eggs. Due to this, the food basket of all income groups became more diversified.

While the Green Revolution has been very successful in terms of increasing food production in India, it has also had some negative outcomes. First of all, it increased the disparities between the well-endowed and the less well-endowed regions. Over the decades, there has been a tendency among farmers to use chemical fertilizers and pesticides in excessive quantities resulting in environmental problems. There is now a move to go back to organic farming in many parts of the country. The lesson to be learnt is that development comes at a certain cost.

### **(b) Rural Development Programmes**

By the 1970s, the levels of poverty had not declined in spite of overall development of industry and agriculture. The assumption that development would solve the problem of poverty was not realized, and nearly half the population was found to be living below the poverty line. (The poverty line was defined as the level of expenditure required to purchase food grains to supply the recommended calorie level to sustain a person.) Though the percentage of the persons below the poverty line did not increase, as the population grew, the number of persons living below the poverty line kept increasing.

Poverty prevailed both in rural and urban areas. But since nearly three-fourths of the population lived in rural areas, rural poverty was a much more critical problem requiring immediate attention. Poverty levels were alsomuch higher among specific social groups (Scheduled Castes and Scheduled Tribes), classes (small and marginal farmers, landless labourers) and in resource poor regions without irrigation and with poor soil, etc.

A whole range of rural development programmes were introduced by the government to tackle rural poverty. These included Community Development Programmes, reviving local institutions like Panchayati Raj, and targeted programmes aimed at specific groups such as small and

marginal farmers. The thrust was on proving additional sources of income to the rural households to augment their earnings from agriculture. Two major programmes are explained in greater detail below.

### **(c) Integrated Rural Development Programme (IRDP), 1980-1999**

In 1980 a consolidated rural development programme called Integrated Rural Development Programme was introduced. The purpose was to provide rural households with assets which would improve their economic position, so that they would be able to come out of poverty. These could be improvements to the land, supply of cows or goats for dairying or help to set up small shops or other trade-related businesses. Introduced in all the 5011 blocks in the country, the target was to provide assistance to 600 families in each block over five years (1980-1985), which would reach a total of 15 million families.

The capital cost of the assets provided was covered by subsidies (divided equally between the Centre and the states) and loans. The subsidy varied according to the economic situation of the family receiving assistance. For small farmers, the subsidy component was 25%, 33.3% for marginal farmers and agricultural labourers, and 50% for tribal households. Banks were to give loans to the selected households to cover the balance of the cost of the asset. About 53.5 million households were covered under the programme till 1999.

Dairy animals accounted for 50% of the assets, non-farm activities for 25% and minor irrigation works for about 15%. The functioning and the effects of IRDP were assessed by many economists as well as government bodies. These studies raised many questions about the end result.

One obvious drawback was that many non-poor households were also selected as beneficiaries in the programme. Secondly, the average investment per household was not sufficient to generate additional income of about Rs.2000 per month for each household. Third, there was a question as to how many households retained the assets that had been provided, especially dairy animals. Last, and most importantly, how many households were able to move above the poverty line permanently?

In general, about 18per cent of the beneficiaries were able to cross the poverty line. There were considerable variations across different regions on

all these issues. The ultimate conclusion was that the programme did not really deliver on the benefits that were intended. The programme was restructured in 1999 as a programme to promote self-employment of the rural poor.

### **(Mahatma Gandhi) National Rural Employment Guarantee Act, 2005 (MGNREGA)**

Over the years, due to concerted efforts, the percentage of households below the poverty line has come down substantially in India. It is now widely recognized that eradicating rural poverty can be achieved only by expanding the scope for non-agricultural employment. Many programmes to generate additional employment had been introduced over the years. Many were merged with the employment guarantee scheme, which is now the biggest programme on this front in the country.

The National Rural Employment Guarantee Act (subsequently renamed MGNREGA) was passed in 2005, with the aim of providing livelihood security to poor rural households. This was to be achieved by giving at least 100 days of wage employment each year to adult members of every household willing to do unskilled manual work. This would provide a cushion to poor rural households which could not get any work in the lean agricultural season which lasted for about three months each year. In this exercise, the work undertaken would create durable assets in rural areas like roads, canals, minor irrigation works and restoration of traditional water bodies.

The earlier targeted programmes of rural development were based on the identification of below poverty line families, which had led to several complaints that ineligible families had been selected. MGNREGA, however, is applicable to all rural households. The reasoning is that it is a self-targeting scheme, because persons with education or from more affluent backgrounds would not come forward to do manual work at minimum wages.

The earlier employment generation programmes did not give the rural poor any right to demand and get work. The significant feature of this Act is that they have the legal right to demand work. The programme is implemented by Gram Panchayats. The applicants have to apply for this work and are provided with job cards. Work is to be provided by the local

authorities within 15 days. If not, the applicant is entitled to an unemployment allowance. The work site should be located within 5 kilometres of the house of the applicant.

No contractors are to be involved. This is to avoid the profits which will be taken by the middlemen thus cutting into the wages. The ratio of wages to capital investment should be 60:40. One-third of the workers would be women. Men and women would be paid the same wage.

As with all government programmes, many studies have brought out the weaknesses in the implementation of MGNREGA. The programme is not free of corruption, and employing contractors is also common. On the positive side, agricultural wages have gone up due to the improved bargaining power of labour. This has also reduced the migration of agricultural workers to urban areas during the lean period or during droughts. One of the most important benefits is that women are participating in the works in large numbers and have been empowered by the programme.

Some of the corruption and leakages have been plugged now that the wages of the workers are paid directly into bank accounts or post office accounts. The involvement of civil society organizations, non-governmental organizations and political representatives, and a more responsive attitude of the civil servants have improved the functioning of MGNREGA in states like Andhra Pradesh and Rajasthan. Efficiency has increased up to 97%.

Between 2006 and 2012, around Rs.1,10, 000 crores had been distributed directly as wage payment under the programme, generating 1200 crore person-days of employment. In spite of many shortcomings, the functioning of the programme has improved due to higher levels of consciousness among the rural poor and concerned civil society organizations. Though many critics feel that the high expenditure involved in the programme increases the fiscal deficit, the programme remains popular and nearly one-fourth of all rural households participate in the programme each year.

### **Development of Industry**

India was committed to the idea of promoting rapid industrial growth for economic development. Development can be achieved through several

pathways. In a country like India with a large population where many raw materials were grown or were available, processing industries which were more labour-intensive would have also led to industrial growth. Alternatively, the Gandhian model stressed a model of growth with village and cottage industries as the ideal way to produce consumer goods, which would eliminate rural poverty and unemployment. But the government adopted the Nehruvian model of focusing on large scale, heavy industry to promote wide-ranging industrial development. In keeping with the basic principle of a “socialistic society”, the state would play a major role in developing the industrial sector through setting up units wholly owned by the state. The emphasis on heavy industry was to promote the production of steel and intermediate products like machines, chemicals and fertilizers for the developing industries. The social purpose that would be achieved by this model of development was to restrict private capital which was considered to be exploitative and excessively profit-oriented, which benefited a small class of capitalists.

### **(a) Industrial Policy**

A series of Industrial Policy statements were adopted to promote these objectives. The first policy statement was made in 1948. It classified industries into four categories:

1. Strategic industries which would be state monopolies (atomic energy, railways, arms and ammunition);
2. 18 industries of national importance under government control (heavy machinery, fertilizer, heavy chemicals, defence equipment, etc.);
3. Industries in both the public and private sectors;
4. Industries in the private sector.

The most definitive policy statement was the Industrial Policy Resolution of 1956 which classified industries into three categories: Schedule A industries were under the monopoly of the state; Schedule B industries, the state could start new units but the private sector could also set up or expand their units; Schedule C were the remaining industries.

The Industrial Development and Regulation Act of 1951 was an important instrument for controlling the private sector. This Act stipulated that no new industrial units could be set up, nor the capacity of existing

units expanded without a licence or permit from the Government. There were severe criticisms of the way the policy of industrial licensing functioned. Large business houses were able to use their economic and political influence to corner licences without using them, depriving smaller businesses defeating the purpose of licensing. All these led to the “licence-permit raj” which was riddled with inefficiency and corruption.

The Policy Statement of 1973 encouraged large industrial houses to start operations in rural and backward areas to reduce regional imbalances in development. The Policy Statement of 1977 was framed by the short-lived Janata government which was aimed at promoting rural, village and small scale industries.

The Policy Statement of 1980 was announced by the Congress government which also aimed at promoting balanced growth. Otherwise all these statements continued the ideology of a strong public sector owned by the state and control over the private sector and especially the large business houses.

There were also other interventions which intruded into the market economy. For instance, inputs produced in the private sector like cement were rationed, and permits had to be obtained even for private construction of houses. The manufacture of consumer goods was severely restricted under the licensing policy. This was partly an expression of the ideology of reducing inequalities in consumption between the affluent and weaker sections of society. But it was also a way to ensure that scarce resources like steel, cement etc. would be used in strategic industries for the long-term development of the economy.

Many important industries and services were nationalized. These included coal mines, petroleum companies, banking and insurance services. Private entrants have been allowed into some of these activities only in recent years.

## **(b) Public Sector**

There were only 5 public sector enterprises in India in 1951. By 2012, this number had increased to 225. The capital investment increased from Rs.29 crores in 1951 to 7.3 lakh crores in 2012. The setting up of public sector enterprises in heavy industry was again dictated by two considerations. First, at the ideological level, the government was committed to a socialistic

pattern of development which involved a high degree of state control over the economy. But at a more practical level, the government had to take over the responsibility for the establishment of heavy industrial units which required a very high level of investment. These were known as “long gestation” projects, that is, it would take many years before such units would be able to start production.

In the 1950s, the private sector did not have the resources or the willingness to enter into such investment. Steel plants in Bhilai, Rourkela, Durgapur and Bokaro, engineering plants like Bharat Heavy Electricals and Hindustan Machine Tools were all set up in the 1950s in collaboration with Britain, Germany and Russia which provided the technical support. Units which did not have to be located near raw material sources were set up in backward areas to reduce regional disparities in industrial and economic development. BHEL was first set up in Bhopal, and later in Tiruchirappalli, Hyderabad and Hardwar. Steel plants were set up in the relatively backward belt of Orissa, Bihar and West Bengal. Public sector enterprises also contributed to the national exchequer because their profits accrued in part to the central government. Thus the growth of the public sector served many economic and social purposes, in addition to creating industrial capacity in the country.

### **(c) Crisis in Public Sector Industrial Units**

By 1991 it was clear that public sector enterprises were facing severe problems. While on the whole they were showing a profit, nearly half the profit was contributed by the petroleum units. Many were making continuous losses. Part of the problem lay in the expansion of the public sector into non-strategic areas like tourism, hotels, consumer goods (for instance, in the 1970s, television sets were produced only by public sector companies) and so on. Services which depended on interactions with consumers were doing badly because of the attitude of the staff who behaved like administrative bureaucrats.

There were many factors which contributed to the poor performance of public sector enterprises. Decisions on location were made for political rather than efficiency considerations. Delays in construction resulted in cost overrun, so that the units were overcapitalized. Administrative prices were not always economical and did not make sense when the intermediate goods produced in the public sector were used as inputs in the private

sector. Public sector units were also overstaffed, though the technology of heavy industries did not require so many workers. This increased the operating cost of the units. Bureaucrats were entrusted with the management of public enterprises, leading to inefficiency in management. Recognising all these problems, the government began a programme of disinvestment of the loss-making and non-strategic units in 1991.

In spite of all the shortcomings, the strategy of industrialization by concentrating on building up long-term industrial capacity through the establishment of heavy industries has been successful in making India into a modern, industrial economy

#### **(d) Liberalisation: Industrial Policy Statement 1991**

The Indian government under Prime Minister P.V. Narasimha Rao finally announced a shift in its industrial policy to remove controls and licences, moving to a liberalized economy permitting a much larger role to the private sector. The share of the public sector was to be reduced through a policy of disinvestment and closure of sick units. This created a sea change in the economic outlook in the country, particularly from the point of view of the consumers. It is not merely that the aspirations of the growing middle class for a better standard of living in terms of availability of goods and services have been met. Even the lower income families could now buy such goods.

On the positive side, liberalization has certainly made India a more attractive destination for foreign investment. State governments are keen to advertise that they are relaxing restrictions to improve the ease of doing business in their state. All this has created a general air of prosperity which is reflected in the growth statistics of the economy as a whole.

On the negative side, liberalization and globalization have resulted in a significant increase in income disparities between the top income groups and the lower income groups. The removal of ceilings on corporate salaries has widened the disparities between the salaried class of corporate executives and wage earners. The formal sector has very limited potential for additional employment and most of the new employment is generated in the informal sector, and disparities have also increased across these two sectors.



However, neither the advocates of a free economy nor leftist economists are happy with the level of liberalization. The former want more free play of market forces to eradicate imbalances and checks to progress which are still in place. The leftists are unhappy that the state has abdicated its responsibility for ensuring and promoting social justice and welfare by allowing free play to private capitalists to exploit the economy.

## Five Year Plans

India followed the example of the USSR in planning for development through five year plans. The Planning Commission was set up in 1950 to formulate plans for developing the economy. Each Plan assesses the performance of the economy and the resources available for future development. Targets are set in accordance with the priorities of the government. Resources are allocated to various sectors, like agriculture, industry, power, social sectors and technology, and a growth target is also set for the economy as a whole. One of the primary objectives of planning was to build a self-sufficient economy.

The First Five Year Plan covered the period 1951-56. Till now there have been twelve Five Year Plans in addition to three one year plans between 1966 and 1969.

The proposed outlays for a Plan take both private and public sector outlays into account. The total outlay proposed for the First Plan was Rs. 3870 crores. By the Eleventh Plan, it had crossed Rs. 36.44 lakh crores, which is an indication of the extent to which the Indian economy had grown in less than sixty years. Between the Second and Sixth Plans, public sector accounted for 60 to 70% of the total plan outlay. But since then, the share of the public sector gradually came down, and private sector began to dominate in total plan outlay,

Twelve five year plans have been made between 1951 and 2017. Twelfth Five Year Plan (2012-2017) was the last plan. In 2015, the Planning Commission was wound up and replaced by the Niti Ayog.

The First Plan (1951-56) focused on developing agriculture, especially increasing agricultural production. The allocation for Agriculture and Irrigation accounted for 31% of the total outlay. After this, the emphasis shifted to industry, and the share of agriculture in total outlay hovered

between 20 and 24%. By the Eleventh Plan it had come down to less than 20%. The Second Plan (1956–61), commonly referred to as the Mahalanobis Plan, stressed the development of heavy industry for achieving economic growth. The share of industry in Plan outlay was only 6% in the First Plan, and increased to about 24% after the Second Plan. But the share has been declining since the Sixth Plan, perhaps because the major investments in the public sector had been completed. The allocation for power development was very low in the first four plans and this created a huge shortage of power in the country.

The first two Plans had set fairly modest targets of growth at about 4%, which economists described as the “Hindu rate of growth”. These growth rates were achieved so that the first two Plans were considered to have been successful.

The targets in subsequent plans were not achieved due to a variety of factors. From the Fourth Plan (1969–74) the emphasis was on poverty alleviation, so that social objectives were introduced into the planning exercise. The targeted growth rates were reached from the Sixth Plan onwards.

The economy was liberalized during the Eighth Five Year Plan (1992–97). Since then, the growth rates have been in excess of 7% (except for a slowdown in the Ninth Plan). There has been considerable emphasis on growth with justice, and inclusive and sustainable growth.

There are positive and negative assessments of the performance of planning in India.

### **Positive achievements**

1. The expansion of the economy
2. The significant growth in national and per capita income
3. Increase in industrial production
4. Increased use of modern inputs in agriculture and increase in agricultural production
5. A more diversified economy.

## Failures of planning

1. Failure to eliminate poverty. Poverty levels have fallen, but still an unacceptably high number of persons are below the poverty line
2. Failure to provide full employment
3. Failure to reduce inequalities and prevent concentration of economic power
4. Failure to check the growth of black money.

## Education, Science and Technology

### (a) Education

Education and health constitute the social sectors, and the status of education and health indicators are yardsticks for assessing the level of social development in a country. Sadly, India is far behind many less developed countries, especially on health indicators like maternal mortality and infant mortality, and education indicators with respect to school education.

These poor outcomes are a reflection of the low share of plan outlay set aside for the social sectors. This hovered between 16 and 18% between 1956 and 1990 (Second to the Seventh Plans). The outlay has increased only from the Eighth Plan onwards due to a greater emphasis on social justice and inclusive growth. But it was still less than 30% of the total outlay. It crossed the one-third mark only in the Twelfth Plan. Expenditure on education as a percentage of total GDP has been less than 5% in India, and compares unfavourably with China and other Asian countries.

Literacy levels have increased in India from 18.3% in 1951 to 74% in 2011. Female literacy still lags behind the male literacy rate at 65% as compared to 82% among men. There has been a great increase in the number of schools from the primary to senior high school level and in the growth of institutions of higher learning. In 2014-15 there were 12.72 lakh primary and upper primary schools, 2.45 lakh secondary and higher secondary schools, 38,498 colleges and 43 Central Universities, 316 State Universities, 122 Deemed Universities and 181 State Private Universities in the country.

Enrolment in primary schools stood at 96%, and 40% in the secondary and higher secondary schools. However, the drop-out rate is 51% in primary schools, and as high as 62% in secondary and high schools. Children dropping out of school mostly belonged to the poorer families in rural and urban areas and socially backward castes (SCs and STs). The drop-out rate is particularly high among girl children. This is because they are often withdrawn from school either because the family is not able to afford to keep all the children in school and more often because they have to assist in household chores and looking after younger children in the family. There are great inter-regional variations in the drop-out and enrolment rates, so that backward states and regions have the poorest record on school education.

A further problem is that government schools at all levels are perceived to be functioning very badly. Teachers are often absent and seem to show little interest in providing good education to the students. This has resulted in most parents, including low income parents, opting to take their children out of government schools (which are free) and putting them in private schools, paying high fees, because these are supposed to give better education. Since private schools are rarely set up in backward regions with high levels of poverty, the regional disparities in school education have become more accentuated.

### **(b) Science and Technology**

India has made great strides in developing institutions of scientific research and technology. The only science research institute in India before Independence was the Indian Institute of Science (IISc) established in 1909 in Bangalore with funding from J.R.D. Tata and the Maharaja of Mysore.

The Tata Institute of Fundamental Research (TIFR) was set up in 1945 on the initiative of Homi J. Bhabha, with some funding from the Tatas. It was intended to promote research in mathematics and pure sciences. The National Chemical Laboratory, Pune and the National Physics Laboratory, New Delhi were the first institutes set up in India around the time of Independence. Since then there has been a steady increase in the number of institutes doing research in pure sciences, ranging from astrophysics, geology/geo-physics, cellular and molecular biology, mathematical sciences and so on.

The Council of Scientific and Industrial Research (CSIR) is the umbrella organization under which most of the scientific research institutions function. The CSIR also advances research in applied fields like machinery, drugs, planes etc.

The Atomic Energy Commission is the nodal agency for the development of nuclear science which is strategically important, focusing both on nuclear power generation and nuclear weapons. The Atomic Energy Commission also funds several institutes of pure science research.

Agriculture is another area where there has been a significant expansion of research and development. The Indian Council of Agricultural Research (ICAR) is the coordinating agency for the research done not only in basic agriculture, but also associated activities like fishery, forests, dairy, plant genetics, bio-technology, varieties of crops like rice, potato, tubers, fruits and pest control, to name only a few of the activities covered by the Institute. Agricultural universities are also actively engaged in teaching and research on agricultural practices. There are 67 Agricultural Universities in India, and 3 in Tamil Nadu.

Indian Institutes of Technology (IITs) were set up as centres of excellence in different fields of engineering. The first IIT was located in Kharagpur, followed by Delhi, Bombay, Kanpur and Madras (Chennai). There are now 21 IITs in the country, in addition to 30 NITs (National Institutes of Technology) and about 10 IIITs (Indian Institutes of Information Technology). There are about 3500 engineering colleges in the country, but government engineering colleges only number around 100. There has been an explosion of private engineering colleges, particularly in Andhra Pradesh, Tamil Nadu and Maharashtra. Unfortunately, the colleges vary significantly in the quality of education that they provide, and there are many graduates with engineering degrees who are not able to get jobs because they do not meet the standards and skill sets required by corporate employers.

In spite of advances, the general perception is that science research in India still has a long way to go to catch up with the more developed countries and China. The research output in theoretical fields is rather disappointing and scanty in spite of the number of research institutions in the country.