

THE FUTURE PATTERN OF OUR INDUSTRIAL DEVELOPMENT

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THE RE are wide differences of opinion on the future pattern of our industrial development among those who have given careful thought to it. One school of thought emphasises the need for big units of production as the basis of the industrial structure of the future, while the other favours small-scale enterprise and the development of cottage industries as the general feature of the industrial pattern in our country. The former believes big units and private enterprise to be indispensable at present in order to enhance the level of production. The latter, appalled by the economic and social consequences of western industrial system and of the high degree of urbanization that goes with it, finds no solution for the heavy pressure of our rural population scattered in small villages except in the establishment of a self-sufficient village economy. These are diametrically opposite conceptions and seem to be based on altogether different ideas of planning and development. The former school is attracted by western technology which is compatible with large-scale organisation. The latter considers that organisation unsuitable for our social and economic surroundings. There is not only a difference in methodology but in ideology as well.

Before visualising the shape of final things, let us start with examining some of the basic features without a due consideration of which the future plan may turn out to be wrongly conceived.

Firstly, the principles governing the range and character of planning should be national security

and social well-being. The first implies the utilization of national resources according to needs and, so far as possible, the permanent preservation of their productive capacity. The second, if expressed objectively, means at least a minimum satisfactory standard of living and full employment. The latter consideration weighs more heavily in our country at present, especially because we are facing the problem of under-production. But the former also cannot be lost sight of. These two have to be reconciled. The economic structure should be so framed as to provide opportunities for a fuller life to a larger number of people. And success should be judged by an over-all development rather than by the criterion of profit earned by a few people.

Secondly, economics cannot be divorced from politics. In view of the mechanical character of modern warfare, victory seems to go to the side which possesses the greater economic strength.

And in view of the destructive character of war, centralisation of production seems to be dangerous. Besides, the international situation and the likely resistance against the march of communism from the east, etc., demand attention as much to the establishment of a strategic-economic structure as to that of a welfare-economic structure. Thus the economic structure should, be framed in such a way that it may be made ready at any time to withstand the shock of war.

Thirdly, 'here is a belief that village self-sufficiency is a very early stage of economic development. It shows a primitive type of economic organisation. Its social structure is an arrested stage in economic evolution. And any fresh attempt for a movement towards it will mean a backward step. This is not true. The modern economic institutions of the west, which have overwhelmed us by their technology and economic efficiency, have come into existence through a process of removing the obstacles that stood in their way. On the other hand, the structures of eastern civilizations are not sustained and arrested stages of development of the western organizations. The former system is, of course, one of the lines of social and economic development. The latter is, no doubt, a movement in the same direction but with a different structure. The confusion arises from the failure to appreciate the distinctive character of these structures which should better be taken as separate methods of trying to achieve the same ideal.

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But the emphasis on the fundamental variability of social and economic institutions should by no means be interpreted to mean a faith in the adequacy of economy possibilities of the latter for our future needs. With the idea of variability of these institutions, the idea of their inherent instability is not to be lost sight of. Human action in a growing civilisation must render the maintenance of any state of affairs precarious. This is true of both lower structures displaying lower level of rationalization of human behaviour, as well as of higher structures, exhibiting a higher level of human behaviour. Traditionalism is, therefore, a backward institution. But economic orientation is both a matter of tradition as well as of expediency. Thus for the sake of progress we have to reconcile the technological efficiency of the western system with the institutions of our country.

Fourthly, rational economic action is governed by non-economic events and motives to a considerable extent. Thus while considering the future industrial plans, the economic as well as the social structure of the country, which are the bed-rocks of future organization, cannot be over-looked. Besides, economic life is just like an organism and it evolves. The basic features of our society can be changed only slowly. Our standards of human values, the social structure, the idea and ideals and the occupational distribution cannot be changed fast or drastically but only very gradually. Hence industrialization, whatever be its form, must remain limited in scope for some time at least. Under such circumstances it is better to choose a system which may accelerate the process and may provide a greater momentum to production.

Lastly, the triumph of urbanisa-

tion in western countries is said to be systematic frustration of social and corporate endeavours. 'Metropolitan civilisation' is a negative energy and suicidal vitality¹. Its highest achievements are the symptoms of its spiritual failure. Unfortunately in our country urbanisation has brought about a regular depletion of wealth, power, and culture from villages rendering the rural surroundings uncongenial for modern life, much less to say for the development of fuller life. This has created a relationship in which one group thrives at the cost of another, plenty and scarcity exist side by side, and production is arrested. For the sake of growth the difference between rural and urban areas has to be minimised and ultimately the distinction is to be abolished. This implies a move towards 'de-urbanisation', involving a considerable decentralisation of the units of industrial production.

The policy of India's future industrial structure should reconcile these divergent claims. In short it involves two things: the problem of location, and the determination of the size of unit of production. Regarding the former, the current thought is mostly unanimous on the point that industries have to be decentralized, rather regionalized. Besides it must be noted that Regionalism is, no doubt, an advanced stage of planning, it is by no means the last step. It is a necessary stage leading to 'local planning.' And thus a movement in that direction has to be continued. The other important question is that of the size of the unit of production. There has been a lot of useless controversy in India regarding the classification of 'cottage'¹ and 'small-scale' industries. The use of power, use of machinery, number of persons and the amount of capital employed,

etc., are not correct criteria for classification clue to the diversity of the circumstances in different industries. The nomenclature is not important— what is needed is to determine the appropriate size of the unit of production.

In a densely populated country, small-scale enterprise which provide greater scope for employment will be more appropriate. In order to master nature, we have to obey nature. And thus it has to make the maximum use of our labour force. For the improvement of agriculture, the excessive pressure on land has to be relieved. Migration of rural population to distant urban industrial centres will, create a sort of social disintegration and dislocation, and will further involve other problems of re-settlement. Besides, migration is not a natural economic process. Hence the labour force has to be employed locally and the industry has to be brought to its doors.

Secondly, for the establishment of a stable economic structure, it is necessary to have powers of control and disposal over utilities. This can better be secured under small-scale enterprise.

Thirdly, on the point of economy, modern technology is not only compatible with large-scale organization but also with small-groups. Doubts about producing goods cheaply and in adequate quantity and thus reducing the cost of production, and at the same time satisfying the peoples needs, have often been exaggerated. The example of Japan should be quite enough to dispel such fears. In the small-scale and diffused industrial system, industries will be housed in more congenial surroundings and will have a stable labour supply. The labour will remain in its own surroundings and will have a lower cost of living.

Fourthly, under such an indus-

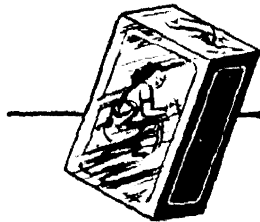
trial system the centres of production and consumption will not be very distant, the magnitude of depressions and booms will be

minimised and the system will minimise the causes of trade cycles. Besides, an outstanding pro-

blem in the country at present is that of low production. In view of the present labour and capital relationship, the general lack of capital and limited transport facilities, private enterprise on a large-scale has not been forthcoming. However, the existing pattern has to be endured for some time and further extension should be in some form of co-operative or even individual enterprise on a small-scale, to be diffused over rural areas. And there is no question that both power and machinery have to be used. Western technology cannot be done without.

This cannot, of course, apply to every industry or of every locality. By their very nature and for reasons of economy, some industries have to be on a large-scale and will be located at particular places only. Hence what is discussed here is about the large number of industries which can be carried on a small-scale. Further it is very difficult to draw a line of demarcation between big and small factories, but the distinction between a small-scale and large-scale industrial pattern of a country is not difficult to make. This is not proposed as a make-shift arrangement, more suitable for the transitional period. It is, on the other hand, intended to be a lasting solution ensuring a stable economy and social well-being. It will mould society nearer to human hopes and desires. It will satisfy more easily the future political needs and safeguard against the dangers of war. But it may be noted that the impact of internal and external economic forces and modern technology cannot permit villages to remain isolated, self-sufficient economic units. Village self-sufficiency and economic growth can not go together.

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