

## Chapter II

### ECONOMY AND SOCIAL RELATIONSHIPS

THE ruling classes and their economic experts would have us believe that there is something inherent in the geographic or other natural conditions of our country which makes it inevitable that our economy should remain backward. They tell us that the great advances in industry and agriculture which were made possible in such capitalist countries as Britain, Germany, France, America and Japan, not to speak of what happened in the Soviet Union, will not be possible in India because of certain peculiar natural conditions of our country.

This defence of the present Plan of reconstruction takes its most outspoken and crudest form in relation to that part of the Plan which deals with food and agriculture. For, here its defenders resort to what is commonly known as the 'Law of Diminishing Returns'. For example, it is said in the 1951 Census Report: "If we draw a moral correctly from the many unmistakable signs which go to show that the Law of Diminishing Returns is in effective operation, we should make up our mind to face the fact that *our effort to keep pace with the unchecked growth of population is bound to fail at some point*. If the analysis of the subject contained in this chapter is even approximately valid, we should be able to go one step further and *fix this point by saying that it is the time at which our total number reaches and passes 45 crores.*" (Census of India, 1951, Vol. I, p. 207.)

This is the discredited theory which has been employed again and again by reactionaries the world over, among whom are, of course, to be included our British rulers in the pre-Independence days. We remember well how Mr. Leopold Amery, the Secretary of State for India in the shameful period of the Bengal famine, had roused universal indignation in our country by his notorious statement that the Bengal Famine was not the result of any bungling on the part of imperialism but the natural consequences of the unchecked growth of population in India. Now that the bosses of the Congress have also adopted this reactionary theory as their own and incorporated the practice of family limitation as a corollary to their acceptance of this theory, it is necessary for us to examine whether and how far this theory is correct.

In this connection, we will do well to quote Lenin, who in his polemics against Bulgakov, devoted a whole chapter of his book, *The Agrarian Question and the "Critics of Marx"*, to this "Law of Diminishing Returns":

"The more emphatically Mr. Bulgakov expresses himself, the clearer it becomes that he is *retreating* towards bourgeois political economy, which obscures social relationships by imaginary 'eternal laws'. Indeed, what does the 'obviousness' of the notorious 'law of diminishing returns' amount to? It amounts to this, that if each additional investment of labour and capital in land produced not a diminishing but an equal quantity of products, there would be no sense in extending the area of land under cultivation; additional quantities of grain would be produced on the same plot of land, however small, and it would be possible to carry on the agriculture of the whole globe upon one *desyatina* of land'. [About two and a half acres—*E.M.S.N.*] This is the customary (*and the only*) argument advanced in favour

of this 'universal law'. A very little reflection, however, will prove to anyone that this argument is an empty abstraction, which loses sight of the most important thing—the level of technical development, the state of productive forces. Indeed, the very term 'additional (or successive) investments of labour and capital' *presupposes* changes in the method of production, reforms in technique. In order to increase the quantity of capital invested in land to any considerable degree, the *invention* of new machinery, new systems of land cultivation, new methods of livestock farming, of transporting products, etc., etc., are required. It is true that in relatively small dimensions 'additional investments of labour and capital' may take place (and do take place) even when the technique of production has remained unchanged. In such cases, the 'law of diminishing returns' is applicable to a *certain degree*, i.e., it is applicable within the comparatively very narrow limits which the unchanged technique of production imposes upon the investment of additional labour and capital. Consequently, instead of a 'universal law', we have an extremely relative 'law'—so relative, indeed, that it can hardly be called a 'law', or even a cardinal specific feature of agriculture. Let us take for granted: the three field system, the cultivation of traditional grain crops, the maintenance of cattle for the purpose of obtaining manure, lack of improved meadows and of improved implements. Obviously, assuming that these conditions remain unchanged, the possibilities of investing additional labour and capital in the land are extremely limited. But even within the narrow limits in which the investment of additional labour and capital is still possible, a diminution of the productivity of each such additional investment *will not always and not necessarily be observed*. Take industry. Let us take for example a flour mill, or a blacksmith's forge, in the period preceding world trade and the invention of the steam

engine. At that level of technical development the limits to which additional labour and capital could be invested in a blacksmith's forge, or a wind or water mill, were very restricted; the inevitable thing that happened was that small blacksmiths' shops and flour mills continued to multiply and increase in number until the radical changes in the methods of production created a basis for new forms of industry.

"Thus, the 'law of diminishing returns' does not apply at all to cases in which technique is progressing and methods of production are changing; it has only an extremely relative and restricted application to cases in which technique remains unchanged. That is why neither Marx nor the Marxists refer to this 'law', and why so much noise about it is made only by representatives of bourgeois science like Brentano, who are quite unable to rid themselves of the prejudices of the old political economy, with its abstract eternal and natural laws."

It is, however, not merely a question of quoting Lenin or rebutting the 'Law of Diminishing Returns' from a theoretical standpoint. It is a question of going into the facts which the spokesmen of the Government are advancing in order to 'prove' their argument. When we do this, we find that what can be proved is nothing more than that the technical level of production remaining as it is today, the 'Law of Diminishing Returns' is an indisputable reality; that the technical level will continue to remain as it is so long as the relations of production continue to remain as they are; that, therefore, unless basic transformations are made in the relations of production and the technical level is raised, the gloomy forebodings made by the author of the *Census of India, 1951*, will unfortunately prove to be correct. The facts advanced by them do not by any means prove that the situation will remain as it is even after the above-men-

tioned transformations in the relations of production and the subsequent developments in the technique of production are brought about.

That productivity can be raised to a far higher level than is admitted by the spokesmen of the Government is clear from the report made some time ago by Dr. Burns on the technological possibilities of Indian agriculture. According to Dr. Burns, it is possible to increase the yield of rice by 30 per cent (5 per cent by the use of improved varieties of seeds, 20 per cent by increasing manure and 5 per cent by protection against pests and diseases). To which he adds, "There should even be no difficulty in increasing the present average outturn by 50 per cent, i.e., 10 per cent by variety and 40 per cent by manuring." Dr. Burns calculates similar potential increases in the yields of wheat and millet to the extent of 30 per cent and in cow and buffalo milk to 75 and 60 per cent respectively. This conclusion of Dr. Burns has been taken as the basis of the calculation made by the Special Food and Agricultural Organisation Committee in its *World Food Survey*. But the author of the *Census of India, 1951*, calculates only 120 lakhs of tons more (17.2 per cent) as the utmost possible increase in production through such methods of intensive cultivation.

Secondly, the spokesmen of the Government underestimate, if not totally ignore, the possibility of transforming nature. For example, discussing the topography, soil and rainfall of the country which are factors limiting the possibilities of extending cultivation or increasing productivity per acre of the land, the *Census of India, 1951* mentions that out of the total area of land in the country, mountain tracts, hilly tracts, sandy wastes, land which gets a low scale of rainfall, etc., should be deducted as they are of very low fertility. This, however, misses the point that such factors as mountains, hills, regions of low rainfall and even deserts are not insuperable

obstacles to the development of agriculture. The great Stalin Plan of Transforming Nature in the Soviet Union is an inspiring example to show how even the deserts and steppes, which have for centuries been considered areas of low productivity, can be changed into fertile fields, growing food and other crops.

Conversely, we also know that, in our own country, regions which have for generations remained fertile fields have been transformed and are still being transformed into low-yielding land, if not deserts. The very desert of Rajasthan on which the *Census of India, 1951*, lays its emphasis (an area which measures about 2 crore 54 lakh acres) has not always been a desert. (It is a saying in Rajasthan that it is only in recent centuries that Rajasthan has become *Registhan*—desert). Furthermore, this desert of Rajasthan does not any longer confine itself to Rajasthan but is today extending itself to the neighbouring areas. The “March of the Desert” even as far as Delhi has become a phenomenon which is looked upon with anxiety and concern by the agricultural experts of our country.

If the Soviet Union can undertake such gigantic schemes as the Volga-Don Canal and the creation of a vast forest belt in order to transform the marshy lands into green and fertile fields, why should it be impossible for our country alone, or still better, our country and Pakistan together, to organise a concerted drive against Nature by rational use of such magnificent sources of water as the Ganges, the Jumna, the Indus, the Brahmaputra, the Godavari, the Krishna, the Cauvery, etc.? Why should it not be possible for India and Pakistan together to organise a plan of transforming the present stretch of desert of Rajasthan, Cutch and Sind, and transform the whole region into as fertile an area as the now fertile areas like the Gangetic, Cauvery, Godavary and the other river valleys of India and Pakistan? If we

look at the problem from this angle, it will be seen that the fault lies not with Nature but with Man—Man who is not prepared to, or is rather afraid of, carrying on a consistent struggle against the vicissitudes of Nature.

Thirdly, our planners and their spokesmen refuse to see the relation between agricultural development (improvement in the technique of cultivation plus the bringing into cultivation of the now uncultivated lands) and measures of changing the relations of production. Here is, for example, what the Report of the *Census of India*, says on this subject:

“There are those who are quite convinced of the complete absence of any necessity for any effort to restrain the growth of population: the population may grow to any extent—it is always possible to organise their activities in such a way as to produce the food and all other goods and services needed for an ever-rising standard of living for all of them. To them, it is unnecessary that there should be enough land; the secret of managing with less and less land per capita is simple—collectivise it! But how can we get the same amount of food from less and less land even if the land were to be collectivised? We are told that we may safely leave this to science. It is, it seems, an observed fact that those people who make full use of science develop technology at a faster rate than the growth of population. Collectivisation of land plus technology means adequate food for all the people—no matter what the quantitative relation may be between the land and the people. That is the belief. It is not so much a belief in science as scientolatry. This new religion comes in handy for a school of thought, which is on principle opposed to admitting that the shortage of land would be an operative cause of poverty at any time. For, if it can be operative in future, it might be operative already. If this belief gains ground,



it would weaken a political and economic doctrine which attributes the hardships of the poor exclusively to the wickedness of the less poor. And no opinion which has such an effect can be true."

It is, however, not a question of "collectivisation", or "belief in science or scientolatriy". It is a question of concretely examining the technological possibilities that are inherent in the present-day Indian agricultural economy, as well as the conditions for transforming these technological possibilities into realities. It is instructive to note in this connection that the Famine Inquiry Commission appointed by the Government of India in 1944 has the following to say with regard to these possibilities:

"It is difficult to assess the general trend of yields in the country as a whole at the present time. In the case of certain crops, notably sugarcane, there has been a remarkable increase in average yields, but the position as regards cereals is less clear. *Probably progress has been achieved in certain parts of the country, and large cultivators in general, with resources at their disposal, have improved the productivity of their lands. But it is very questionable whether the bulk of small cultivators in many areas have as yet been able to achieve anything in this direction,* and statistics from various Provinces indeed suggest that average cereal yields have been decreasing." (Emphasis added.)

The report goes on to quote the figures of possible increases in yields calculated by Dr. Burns, and then adds: "These are *technological possibilities*, illustrating what might be achieved by the application of thoroughly efficient agricultural methods. *They are not immediate practical possibilities for the small producers without capital or education, who form the bulk of Indian agri-*

*culturists*. But the fact that, by the reorganisation of agriculture and agricultural methods, yields can be very substantially increased, influences the whole future outlook." (Emphasis added.)

The same may be said of other methods of agricultural development like irrigation, the transformation of deserts or low-yielding lands into fertile and high-yielding lands, etc. It is obvious that these methods of agricultural development cannot be applied by the mass of poor, rack-rented and debt-ridden peasantry who, far from being able to secure adequate capital for such undertakings, are unable even to find resources for their livelihood plus such minimum necessities as seed in time for cultivation. Suppose, for example, that the large number of State-operated major and minor irrigation works that have been included in the present Plan or may be further included in the subsequent plans, are supplemented by a large number of small-scale sources of irrigation like wells, small canals, etc., which can be undertaken by individual peasants and small groups of peasants organised locally; suppose again, that, as a result of rent reduction, debt reduction, etc., every peasant is able to himself undertake, or participate in the collective undertaking of the peasantry, in such minor irrigation works. It is clear that a large number of such small undertakings by the large mass of peasants will add far more irrigation than the Congress plans contemplate. There is no question of any 'law of diminishing returns' operating in such cases.

It is, however, not only the development of agriculture and the solution of the problem of food shortage that are closely connected with the problem of social relations. Industrial development, development of domestic and foreign trade, advancement of the cultural level of the people—all these are as closely related to the social problem, the problem of relations between those

who own the means of production and those who work on them, as agricultural development. Particularly is this true of the problem of land relations. That is why the Communist Party in its *Programme* says:

“The agriculture and the peasant problem are of primary importance to the life of our country.

“We cannot develop agriculture to any considerable extent and provide the country with food and raw materials because the impoverished peasantry deprived of land is unable to purchase the most elementary agricultural implements and thus to improve its farming.

“We cannot develop our national industries and industrialise our country to any considerable extent because the impoverished peasantry constituting 80 per cent of the population is unable to buy even a minimum quantity of manufactured goods.

“We cannot make our state stable to any extent because the peasantry living in conditions of semi-starvation receives no support from the Government, hates it and refuses to support it.

“We cannot improve the conditions of the working class to any considerable extent because hundreds of thousands of hungry people forced by poverty to leave the countryside for towns swarm the ‘labour market’, lower ‘prices of labour’, increase the army of unemployed and thus make the improvement of the living standards of the working people impossible.

“We cannot work our way out of cultural backwardness because the peasantry, living in conditions of semi-starvation, constituting the overwhelming majority of the population, is deprived of any material means to give education to its children.”

The truth of these generalisations made by the Communist Party may be seen in the following extracts from

a study of the impact of land relations on the problems of economic and cultural development of the people made by the present writer in 1939-40 and incorporated in his *Minute of Dissent to the Malabar Tenancy Committee*:

“According to the statistics collected by the Committee, *janmis* had under their direct cultivation, 171,662 acres of land out of a total of 1,506,992 acres of cultivated land in Malabar in *fasli* 1347. This means that they have leased out 1,335,327 acres to tenants under them. It is difficult to find out how much they receive out of this as rent. Assuming, however, (as the Majority Report shows), that the average yield of paddy lands is 150 *paras* per acre, and that the average yield per acre of coconut garden is Rs. 30 worth of nuts, assuming again that the *janmi* gets rents at rates prescribed under the present Act, the *janmis* in Malabar would be getting roughly Rs. 20 lakhs from coconut garden lands (352,132 acres in *fasli* 1347 at Rs. 6 per acre), Rs. 225 lakhs from wet land (561,550 acres in *fasli* 1347 at Rs. 40 per acre), another Rs. 63 lakhs on dry land (at three times the assessment on dry land which is in *fasli* 1347, Rs. 21 lakhs). Deducting out of this Rs. 45.5 lakhs for revenue (which is the amount for *fasli* 1347), the *janmis* get a net rent of Rs. 252.5 lakhs or about Rs. 2½ crores. I am conscious of the inaccuracies in these calculations, but since they are based on the existing provisions in the Act, and since rents actually collected are higher than at this rate, they can be taken as roughly correct. Assuming, however, that this is not correct and the actual rent collected is only Rs. 2 crores, it does not affect my argument.

“If the payment of this amount goes hand in hand with some social service, rendered by the landlords as a class, it would be quite justified. That was the expla-

nation for payments made in mediaeval days. That is also the justification for Rs. 45 lakhs paid by the cultivators into the Government coffers as land revenue. In mediaeval days landlordism was a social, political and cultural institution, as well as economic. But shorn of all these functions, the Malabar *janmis* of today are only dead corpses of their own forefathers; and it is this dead corpse that has given added importance to it. But does it justify its economic importance by performing any useful function in that sphere as does the *entrepreneur* in modern capitalist industry? Does it provide capital, either short-term or long-term, to the cultivator who needs it? Does it construct and improve irrigation sources and prevent the preventible drought? Does it carry on any research work to make agriculture up-to-date and scientific? Does it do anything towards organising the marketing of agricultural produce and thereby see to it that the cultivator gets a fair value for his produce? Does it organise or encourage cottage industries so as to provide some subsidiary occupation to the cultivator? In short, if, by an act of legislature, the *janmis* of Malabar are today deprived of this Rs. 2½ crores, which they get as rent, does the industry of cultivation stand to suffer in any manner as does the modern or capitalist industry if the *entrepreneur* is, by an act of legislature, suddenly removed and not replaced by a rational alternative system? The answer to the questions raised above would show sufficiently well that landlordism does not justify itself economically; that it gets its rent for no service rendered to society, that therefore it is parasitic in nature, and that any scheme of economic planning should include its abolition.

“The appropriation by the *janmis* of Malabar as a class of Rs. 2½ crores out of the annual agricultural production of the country without any return to the cultivator for this tribute which he pays to this decadent class

is the core of rural economy in Malabar. How does its abolition help our economy to improve itself and develop on up-to-date lines? In other words, how would the tiller of the soil stand if he is allowed, instead of the *janmi*, to appropriate this Rs. 2½ crores?

“Lack of finance is notoriously the basic factor which keeps our agriculture so backward. When the cultivator does not get sufficient to maintain himself and his family at a reasonable minimum standard of living, he cannot be expected to invest money on improved methods of cultivation. Nor is he in a position to put something by for use in lean years. He is, therefore, not only obliged to keep his cultivation at a very backward stage but to rely on the rural moneylender for credit. Several experts have gone into the question of agricultural improvement and the solution of the problem of rural indebtedness. Excellent schemes have been put forward, but unfortunately all of them lack the essential pre-requisite to carry it through. What is the use of carrying on research into the possibilities of agriculture and giving wide publicity to new attractive schemes, unless the majority of cultivators who should apply them have the wherewithal to do so? And what is the use of scaling down agrarian debts unless the debtor peasant is in a position to pay it off even after its being scaled down? And, finally, what is the use of Co-operative Societies and Land Mortgage Banks unless the cultivator who is supposed to benefit by them is allowed to have sufficient resources to offer as security? All the grandiose schemes of agricultural improvement and co-operation come to nothing not because he is illiterate and dull-witted, but because he is financially unable to make use of them.

“By abolishing landlordism, the Rs. 2½ crores which he now pays will be available to him. By a judicious

use of this, his position can be very much improved. Let us make a rough calculation.

“Applying the tests used by the Provincial Banking Committee Report (Debt per head of population, Debt per acre of land and Debt per rupee of assessment), the total indebtedness of the Malabar peasant would roughly come to Rs. 15 crores. Allowing Rs. 4 crores for the indebtedness of the non-cultivating agricultural classes, and Rs. 4 crores for amounts which could be scaled down under moderate provisions, the peasantry would still have to pay Rs. 7 crores as its debt. If the Government came forward with the bonds to the creditor, to which the land will stand as security, the whole of this debt would be wiped out in 30 years if the peasant is asked to pay at most 9 per cent, including interest and the annual instalment towards principal. This would work out at Rs. 63 lakhs. Let us set it apart out of the Rs. 2½ crores. Let us set apart, out of the balance, Rs. 50 lakhs for the peasant’s contribution to various forms of co-operation (short-term credit, agricultural improvement, dairy and poultry farming, housing, education, etc.); the co-operative movement would then be taken out of the depths to which it has fallen, a new spirit would pervade the whole countryside, and agriculture will begin to become a business proposition. And, finally, let us lay aside the balance of Rs. 137 lakhs for the actual consumption of the peasant. With more food for himself, his family and his cattle, he will become a sturdy and independent peasant. All the annual baby-weeks and shows have not been able to make our rural children really healthy, but this step will, because it will make nutritious food available to them. Children will flock to the schools and sick ones will be properly attended to.

“The abolition of the appropriation by the *janmis* of this 2½ crores, therefore, is the key to the whole problem and therefore the pre-condition for any economic plan-

ning. But it is not the peasant alone who stands to gain by it. Industries, large and small, will also get their share with the improvement of the countryside. The higher standard of life of the peasant would make industrial labour itself much more efficient than it is today, because the major part of its inefficiency consists in poor physique and a great majority of the workers in India, according to Whitley Commission (a much higher percentage in Malabar than elsewhere) ‘are at heart villagers, they have had in most cases a village up-bringing, they have village traditions and they retain some contact with the villages.’ Any improvement, therefore, in the condition of the villagers will have its influence (in most cases perhaps indirect but in many cases direct) on the efficiency of labour. Much greater than this is the benefit accorded to the industry by the wider market. The Rs. 137 lakhs laid aside for the peasantry’s consumption would provide for its products. Special mention should be made of the textile and tile industries, because the first thing that the peasant would, perhaps, do is to house himself and clothe himself better. Above all, this will furnish industry with additional capital. When one is not allowed to take rent out of land which he does not cultivate, capital will not flow towards land as it does today. The man who has grown rich either by profession or business does today invest his earnings in land because although the capital thus invested is not productive from the view point of that industry, it is as productive of profit for him as it would be if he had invested it in industry. How much money is thus invested every year, it is difficult to find. But, the statistics of registration show that, in 1938, 22,601 sale deeds have been registered in Malabar at an aggregate value of Rs. 89,62,288 and 42,077 mortgage deeds at an aggregate value of Rs. 75,85,359 in North and South Malabar together. This being a by no means abnormal year, let us



take that approximately Rs. 160 lakhs is being invested every year in land by new owners. Let us out of this deduct 25 per cent (I personally feel that this is rather high but still for lack of reliable data, I take a high percentage for being on the safe side) or Rs. 40 lakhs for genuine purchases by those who want to cultivate it themselves. Rupees 120 lakhs would still be available for productive investment in industry, trade, banking, etc. Let us take that 50 per cent of this or Rs. 60 lakhs alone will be available for industry as such. Still it will be a great thing and the proverbial shyness of Indian capital will at one stroke be removed. The 'potential capital' of which the External Capital Committee observes as sufficient to 'meet the larger part of India's industrial requirements', will become not potential, but actual and Sir Basil Blackett's observation that 'India could not only supply the whole of her capital requirements, but might also become the leader of capital for the development of other countries' will be justified, provided only that the present flow of capital to unproductive channels is checked by the abolition of landlordism.

"The improvement in the standard of life of the villager is in short the core of the economic development of our country. Without it, no amount of planning will bear its fruit. It is not, by itself, a Socialistic experiment; but a part, an essential part, of the development of capitalism. That is why the French Revolution and other bourgeois revolutions carried out this essential task. India has also to carry it out if she has to develop economically on essentially bourgeois lines."

It is thus clear that the question of transforming land relations, together, of course, with such other questions as the emancipation of our economy from the clutches of imperialism to which it has been subjected for over a century, is of immense importance in the deve-

lopment of our economy. It is the failure of the Congress Government to realise this and to take steps in this direction that lies at the root of the failure of the Five-Year Plan noted in the last Chapter.