

RANAJIT ROY

**THE AGONY
OF
WEST BENGAL**

A Study in Union-State Relations

Third Edition (With New Appendices)



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to
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CONTENTS

	Page
Introductory Notes	
First Edition	1
Second Enlarged Edition	1
Third Edition (With New Appendices) ...	5

PART ONE

THE ROAD TO RUIN

I. Prosperity through the Ages	9
II. Plunder by the British	14
III. Bengal for Britain—and for Bombay and Madras	19
IV. Decline in the Years of Independence ...	27
V. New Fiscal Shocks	33
VI. Continued Wealth Drain	39
VII. Krishnamachari's Industrial Revolution ...	45
VIII. Licensing, Collaboration, and Financial Institutions	51
IX. "British Sahib's Principal Heir"	57
X. Refugees : the Privileged and the Deprived ...	63
XI. Allocation of Plan Funds	70
XII. The Nightmare	74
XIII. The Crown of Thorns	78
XIV. A Debate in Parliament	82
XV. Not Just Law and Order	86
XVI. A Difficult Job	90
XVII. Problem State Number One	93

PART TWO

THE POLITICAL CHESSBOARD

XVIII.	The Centre and P. C. Sen's Troubles	...	101
XIX.	The First United Front Takes Over	...	104
XX.	Cold War	...	108
XXI.	A Bengali Pattom Thanu Pillai?	...	112
XXII.	The Centre's Dilemma	...	116
XXIII.	The Idea Ajoy Mukherjee Borrowed	...	119
XXIV.	Grave Issues at Stake	...	122
XXV.	The United Front's Massive Victory	...	125
XXVI.	Old Conflicts in New Form	...	128
XXVII.	A Mini-Front within the U.F.	...	132
XXVIII.	The Police and Extraordinary Powers	...	136
XXIX.	All Powerful Governors	...	139
XXX.	The Constitution and the Forgotten Promises	...	144
	A SUMMING-UP	...	153

APPENDICES

I.	Two Races : Two Policies : Two Results	...	165
II.	The Case of Philips India Limited	...	177
	A. West Bengal Government's Report	...	177
	B. West Bengal Government's Letter to Government of India	...	186
	Index	...	189

INTRODUCTORY NOTES

FIRST EDITION

"Economic laws are the same in Asia as in Europe. If India is poor today, it is through the operation of economic causes. If India were prosperous under these circumstances, it would be an economic miracle. Science knows no miracles. Economic laws are constant and unvarying in their operation."

This conclusion has been drawn by India's foremost economic historian, Romesh Dutt, in his book *The Economic History of India in the Victorian Age*. Published in 1903, the book is a study of the causes of the impoverishment of India under the British.

The present publication is a collection of ten of my articles. Nine of these were published in *Hindusthan Standard*, the paper for which I work in Delhi, between February 14 and 25 this year in the series *The Agony of West Bengal*. The tenth article is on the refugee problem. It was published in my usual weekly Political Notebook in the paper on November 11, 1970.

In these articles an attempt has been made to analyse how the economic, fiscal and rehabilitation policies framed and implemented by the Government of India since 1947 have inevitably brought about a rapid economic decline of West Bengal. Economic causes have been set in motion which could not have led to anything else. Indeed, if, despite these policies, West Bengal had prospered, it would have been an economic miracle. Without a basic change in the Government's policies, a revival of the economic life of West Bengal is an impossibility. Miracles do not happen.

New Delhi,
July 12, 1971.

SECOND ENLARGED EDITION

I am grateful to the authorities of *Ananda Bazar Patrika* and *Hindusthan Standard* for doing me honour by publishing ten of my articles on West Bengal as a book in November last year. This is an enlarged edition of it.

My object in writing the articles was to raise a discussion on a subject about which much misconception prevailed. A section of the Indian community was being subjected to uninformed criticism. I wanted to focus public attention on the uneven development of the States since independence. I centred the articles on West Bengal because I was able to collect some materials relating to the State. I hope someone better equipped and qualified will undertake a more comprehensive

study. Similar studies should be undertaken of all the States, especially the States in the Eastern region which, despite their natural resources, are falling more and more behind the other States.

The Central Government's policies in the fields of public finance, pricing and refugee rehabilitation have suffered serious distortions. West Bengal is the principal victim of these distortions. Other Eastern States have also been very badly harmed. At their cost, some States in other regions have prospered. These distortions must be corrected if tensions between the Centre and the States, and between the States are to subside.

The response the first edition received from discriminating readers encourages me to think that my effort has not been in vain. A discussion has begun; it should continue. Reviews of the book have by and large been most gratifying to me. Only CPI and pro-CPI papers have condemned it as of no value. In a three-column review, the CPI's official organ, *New Age* (May 14, '72), has seen in the book no merit but only "misconceived, if not wasted, effort." The journal takes me to task for pointing out that the Centre has discriminated against West Bengal. But, I know, many important leaders of the party agree with my conclusion. For example, Ranen Sen, CPI M.P. and former Secretary of the CPI's West Bengal Committee, in an article on the Centre's treatment of West Bengal in *Weekly Round Table* (Delhi) of April 23, 1972, has said: "West Bengal's wealth was utilised not for the growth of the weaker States but for the further enrichment of States like Maharashtra, Gujarat and Madras. . . . It is high time the Centre realised how its policy has affected West Bengal adversely and rectified its omissions and commissions."

No one has disputed my facts and figures. In a letter to Basanti Devi, widow of Chittaranjan Das, the Prime Minister has said of the first edition that it "is a partial presentation of the facts. Ours is such a complex country that evidence can be found for any statement." This is as much as admitting that my facts cannot be challenged. The book has figured in Parliamentary proceedings more than once. Chandra Shekhar, Congress M.P. and Working Committee member, has told the Rajya Sabha that in the book "a case has been made out that consistently through fiscal and other measures the Eastern region, that is, the old Bengal Presidency, has been exploited. Is it not the responsibility of the Government to see that the observations made in the book are looked into?"

I came to Delhi as a reporter in October 1961. Having lived my life in Bengal I had some knowledge of how grave West Bengal's economic and social problems were. It did not take me long to realise that the State's problems caused no concern to the Centre. Those days it was a fashion to malign

the Bengali refugees who, it was propagated, preferred living in camps on Government dole to rehabilitation. Refugees from West Pakistan received all the plaudits. I investigated what had really happened and discovered that there was harsh discrimination against the Bengali refugees. Serious difficulties were thereby created for West Bengal already beset with grave problems. I recorded my findings in an article in *The Statesman*, Delhi, of January 29, 1962. Mehr Chand Khanna, himself a refugee from West Pakistan, was then the Union Rehabilitation Minister. His reaction was revealing. He only wondered how I had come across my facts, and left the problem there.

It is not that I drew attention to the discrimination in diverse fields against West Bengal for the first time in the articles in the series *The Agony of West Bengal* in February 1971. The present edition includes two articles, one on West Bengal's economy and the other on law and order, written in 1966 when the Congress was in power in the State. After analysing some aspects of the Centre's policies in one of these articles (Article XI in the present collection), I posed the question if there was any difference between Islamabad's economic policies towards East Bengal and Delhi's policies towards the Eastern region.

The Centre's lack of concern over West Bengal turned into panic when the United Front ousted the Congress from power in the State in 1967. This panic did not lead the Centre to review its policies which had brought the State to the brink of a precipice. It only prompted the Centre increasingly to depend on its various armed units to keep the turbulent State under control. The Central Reserve Police and the Army, deployed for civil purposes, appear to have become a normal feature of life in the State.

If even a fraction of the allegations about rigging of the 1972 election is true, there is reason to be gravely perturbed. Some West Bengal AICC members, according to a report in *The Times of India*, Delhi, of May 2, 1972, have submitted a "note" to the Congress High Command, saying : "It would be impossible to prove the rigging of the elections in a court of law. Still it can be said without hesitation that the politically conscious people of West Bengal are hanging their heads in shame for being deprived of the right of franchise by terroristic and other methods."

In my Political Notebook in *Hindusthan Standard* and *Ananda Bazar Patrika* of April 13, 1972, I said : "For some years talk is going on of the need for a 'committed' civil service. A charge has been made that the elections were rigged in West Bengal and some other States. It may be that the charge is widely exaggerated. What there should be no doubt about is that, in these elections, the administration, at the

Centre and in the critical States where President's rule prevailed, acted as a totally 'committed' force and that this 'commitment' was by no means to the cause of the non-Congress parties. From this point of view, a wholly new dimension has been added to the institution of elections in the country."

A subservient Government in Calcutta, which will underwrite whatever Delhi dictates, is what the Centre will always endeavour to have; the means employed need not be of the kind preached by our national leaders in pre-independence days.

The present edition of the book has twenty additional articles selected out of about a hundred I have written since 1965 on West Bengal's problems and Centre-State relations affecting West Bengal in particular. All these, except for four, were published in *Hindusthan Standard* and, in a Bengali translation, in *Ananda Bazar Patrika*. Of these four, one (Article XVII) appeared in *Weekly Round Table*, and another (Article XXX) in *Young Indian* (Delhi). The third (Article XXVIII), unpublished before, has been taken from my file. Article XIX was broadcast by A.I.R. in its Spotlight programme. The dates on which the additional articles appeared have been indicated in footnotes.

The articles have been retouched for reproduction in this edition. To avoid repetition of facts, which could not be helped in articles written over a number of years, some deletions have been made, but no fact has been modified or conclusion altered. Efforts have been made to remove literary shortcomings of the original articles.

Many friends, including several M.P.s, have suggested that to add to the value of the book I should specify the sources of my facts. This I have done. I have also added explanatory or illustrative passages, many of them quotations, as footnotes. Articles IV to X have received special attention in this regard. The Postscript to Article III has been made a little more elaborate. A Postscript has been added to Article X.

Part Two of the book consists mainly of articles on the Centre's political policies and moves in relation to West Bengal as seen from the vantage point of Delhi. The main sources of my information for these articles were those available to me as a reporter—background talks with Ministers, officials, and politicians, and official documents some of which were not for general circulation, on events as they had developed or were developing. It is hoped that these articles would help readers refurbish their knowledge of the forces that were at play and understand the significance of the major happenings in West Bengal and the Government of India's policies in regard to them during a crucial period.

In collecting materials and analysing and interpreting them I have received ready cooperation from my numerous

journalist friends in Delhi. With them I have had discussions on almost every point I have mentioned in the book. I have also had, over a long period, discussions on West Bengal's political and social problems and the Centre's policies towards the State with many Ministers and officials. It is my duty to acknowledge the help I have received from the West Bengal Government, particularly its Statistical Bureau and Public Relations Department, and some officials of the Government of India in collecting statistics.

I am thankful to Pranab Mukherjee, Congress M.P., for pointing out that, in 1949, Sarat Chandra Bose was a candidate in the South Calcutta by-election to the West Bengal Assembly, not the Central Assembly. The correction has been made.

R. R.

New Delhi,
June 2, 1972.

THIRD EDITION (With New Appendices)

The Minister of Planning, D. P. Dhar, told the Lok Sabha on August 25, 1972, that West Bengal's industry had "a colonial base, a colonial orientation". He held out a promise that the Government of India would diversify the State's industrial structure and said that "from this promise the Central Government is not going to backslide". The admission that West Bengal's industry is colonially oriented even in the twenty-sixth year of independence has thus come officially from the Government of India. The whole truth is, however, much harsher than what the Planning Minister's statement indicates. For every aspect of the economy of all the Eastern States, not merely West Bengal's industry, continues to be colonially afflicted.

West Bengal's industry "was better balanced than [bilingual] Bombay's in 1948". (See Bengal Chamber of Commerce, *West Bengal An Analytical Study*, pp. 10-12.) What has happened in independent India is that the Centre's policies and practices have thwarted diversification and modernisation of industry in West Bengal, stifled its growth in the other Eastern States, and impoverished the entire region by causing a heavy wealth drain, indistinguishable from a colonial drain, from there to the few privileged States which together control the levers of power at the Centre at economic, political, administrative and military levels.

The results stare the country in the face. The Centre can no longer hide the ugly truth. D. P. Dhar's understudy in the Planning Ministry, Mohan Dharia, announced in the Rajya Sabha on May 12, 1972, that "the whole of West Bengal except for Calcutta, Howrah and 24 Parganas districts is now being treated as a backward area". This is the fate in independent India of the State which was the most advanced in industry, agriculture, commerce and cultural activities and had the highest *per capita* production and income in 1947.

The only historical parallel of the ruination of West Bengal during the past quarter-century of independence is the ruination of the old Bengal Presidency by the East India Company. The Company was not mealy-mouthed. It proclaimed its objective to be to destroy industries in, and drain wealth from, the Presidency. Times are different now. A gulf separates the Centre's practices from what it proclaims to be its objectives. British colonial policies have been adapted to suit the interests of the powerful States and applied against the Eastern region.

This book is a plea for a change in the basic policies of the Centre which has many sins to atone for. Mohan Dharia informed the Lok Sabha on December 13, 1972, that in preparing West Bengal's fifth Plan "due consideration will be paid to various suggestions in the book *The Agony of West Bengal*". But there is no sign whatever that the Centre is reviewing its policies which have done so much mischief to West Bengal and the other Eastern States. The wealth drain from Eastern India goes on unabated. If mere recognition of a State or an area as backward was all that was needed, Assam, Bihar, Orissa and Eastern U.P. would have made faster progress than Maharashtra, Gujarat, Tamil Nadu, Punjab and Haryana.

India must not ignore lessons of history. A colonial economy fosters a characteristic political mood in its victims. If the Centre's policies towards the Eastern States are not changed from above, a revolt will well up from below. The post-1966 happenings in West Bengal should serve as a warning. It is also, unfortunately, a lesson of history that those races and classes that benefit from a system are rarely able to see the writing on the wall. The privileged States and the exploiting classes will fight tooth and nail any move to change the colonial orientation of Eastern India's economy. They hold the Centre to ransom. That is where danger lies.

In this edition I have added two Appendices: (1) an article dealing with the refugee problem more elaborately than in Articles IX and X, and (2) two West Bengal Government documents, both prepared in 1972, which are illustrative of the Centre's hostile policy and practice towards West Bengal in the field of industry.

New Delhi,
February 1, 1973.

R. R.

PART ONE
THE ROAD TO RUIN

I

PROSPERITY THROUGH THE AGES

Two years after independence, in 1949, Sarat Chandra Bose gave a stern warning about the future of West Bengal in his manifesto for the South Calcutta by-election to the West Bengal Assembly. He said : "The very existence of West Bengal is at stake ; her economy is in a perilous condition." No one—at any rate, no one in Delhi—heeded the warning. In the twenty-two years since then not only has the State's economy gone to pieces ; her entire social and cultural fabric has started disintegrating. What happens in similar circumstances everywhere is happening in West Bengal. A spirit of violence and iconoclasm has seized the State. Life has become cheap, and murder has almost become the chief sport.

The Bengali race as a whole has become an object of pity and derision—and of fear—to its compatriots in other States. There is supposed to be nothing good in the Bengali character ; the Bengalis are perpetual malcontents, parochial, anti-national, lazy, unenterprising and totally incapable of sustained effort. This castigation of the Bengalis is, of course, nothing new. Since my arrival in Delhi ten years ago I have repeatedly heard this said in diverse circles. But it was never as sweeping and strident as it is today. After the sedulously spread myth of large-scale molestation of women at Calcutta's Rabindra Sarobar in 1969, the Bengalis have acquired an additional notoriety of being a morally depraved people.

In history this is the lot of every race that is brought down from its glory by circumstances which it cannot control. The British, in their time, did that to India as a whole. When the British first came to India British industries could not compete with Indian industries. After seizing power they systematically, as a matter of State policy, ruined India's flourishing industries and reduced the country into the agricultural hinterland of Britain. Having done that, they proclaimed that "there is naught good in the Indian character, that there is no capacity for administration or aptitude for general ability in the individual Indian." William Digby, whose book *'Prosperous' British India* was almost a Bible to the nascent nationalist movement, lamented that the British "take no steps, while in India, to test the accuracy or otherwise of their opinion."

Today, twenty-three years after independence, the Bengalis are being similarly characterised. That many things have gone

dangerously wrong does not need telling. The ghastly happenings in West Bengal are irrefutable proof of that. In industry and commerce, the Bengalis are nowhere near some other racial groups in the country. They have very little control over the economy of, even their own State. In every sphere of life, education and social services not excepting, West Bengal is falling more and more behind the other major States. As a Calcutta newspaper wrote two decades ago, the Bengalis "once swayed the destinies of India ; now they cannot even determine their own."

What, indeed, is out of gear in West Bengal ? What is the truth or otherwise of the manifold charges that are being levelled against the State and the Bengalis ? What circumstances have brought the State to her sorry pass ? It appears no one in the Government of India has time to find an answer. For well over a year, since before the imposition of the second spell of President's rule, I have been asking the Government of India if a study has been made of the basic causes of the decline of West Bengal. My mission has taken me many times to many Ministers, to the Planning Commission, to various Union Ministries, and to the Prime Minister's Secretariat. Everywhere I have got the same answer : There is no such study nor is there an intention to undertake one.

Some time ago I wrote to the Planning Commission asking for a State by State break-down of the country's economy since independence, a break-down that would have enabled one to assess the causes and the extent of the decline of one State and of the progress of another. I was told that the Commission did not have "centralised statistics you have mentioned State by State" and was advised to "collect these statistics from various annual reports and sources." If statistics of this nature are not prepared, how does the Commission plan at all ? When anybody in the Union Government has anything positive to say, he puts the blame on the United Front Governments in 1967 and 1969. This is begging the question, for the Leftist parties rose precisely because of failures of the Congress Governments in the State and at the Centre. Despite B. C. Roy, the decline of the State began long before his death in 1962.

Notwithstanding the disinclination of the Union Government to study the impact of its and the State Government's economic and financial policies on West Bengal, some important facts are known. In a few articles it is proposed to analyse these facts and the decline of the State against the background of these policies. Before doing that it may be worthwhile recapitulating briefly what Bengal was like when the British appeared on the scene and what happened to the province during 190 years of British domination.

All historians, Indian and foreign, agree that, when the

British arrived in India, Bengal was the wealthiest province in the sub-continent. Foreign travellers in ancient and mediaeval ages have left impressions of the province's flourishing agriculture, industry and trade even in those remote days. One of them wrote in the seventeenth century that "Bengal is of all the kingdoms of the Moghul best known in France. The prodigious riches transported thence into Europe are proofs of its great fertility." The province, he said, "even exceeds that kingdom [Egypt] in its products of silks, cotton, sugar and indigo. All things are in great plenty here, fruits, pulse, grains, muslins, cloths of gold and silk."

Coming nearer our times, when Clive marched triumphant into Murshidabad, then capital of Bengal, after the battle of Plassey in 1757, he was struck by the affluence of the city. This city is as extensive, populous and rich as the City of London with this difference that there are individuals in the East possessing infinitely greater property than in the last city," he wrote. Immediately after Plassey, Clive, one of the "birds of prey and passage," as Burke put it, started the British plunder of Bengal which, through changing forms, continued till 1947. In 1901, Digby wrote: "Time was, not more distant than a century and a half ago, when Bengal was much more wealthy than was Britain." Sixteen years thereafter, the nationalist leader, Lajpat Rai, spoke of Bengal as "the brightest jewel" stuck on the British Crown in the eighteenth century.

The British did not come to Bengal first. They had earlier established trading posts in Bombay and Madras. The British were attracted to Bengal by the wealth and industries of the province and her strategic position in international trade. It was from here and with resources wrung out of the province that they launched on wars on the independent or semi-independent principalities in India and on several countries abroad. To quote Digby again, apart from material resources of Bengal, "it was only by the undaunted courage of Madrassi and Bengali soldiers that we [the British] attained our supremacy on the Indian continent."

What was the source of Bengal's prosperity through the ages? Her wealth was the result as much of the bounties of Nature as of the industriousness and adventurous spirit of her people. The fertile soil and the kindly monsoon made agriculture thrive. Floods occasionally were destructive of standing crops, but these also left heavy deposits of silt which made the soil richer. Cottage industries of a varied kind were run on an extensive scale. A perfect balance between agriculture and industries was in existence for centuries. There was a very flourishing export trade which added to the prosperity of the people. Cotton textiles and silk fabrics were the province's most famous industries, and these had markets not only in other parts of India—the Moghul court was one of the con-

noisseurs of the products—but in many countries. "The fame of the fine muslins of Bengal, her rich silks and brocades, her harmonious cotton prints had spread far and wide in Asia as well as Europe," wrote a British historian in the nineteenth century. These articles were exported to Rome and Egypt even in the far-off classical days.

From the point of view of commerce both within the sub-continent and with the outside world, Bengal was most fortunately situated. In the olden days roads were of a rudimentary kind and, in any case, road transport was highly expensive. Waterways were the main and the cheapest highways of commerce. In foreigners' minds North India was the repository of the country's fabulous wealth. The Ganga was (and is) the life-blood of the vast Gangetic Valley. Through it much of North India's trade flowed up and down. Much of the region's foreign trade had to pass through Bengal. The Brahmaputra and a few other rivers were the chief means of communication and transport of merchandise between Bengal and Assam. A number of roads radiated from Bengal to different parts of the country.

Bengal took full advantage of her geographical position to become an entrepôt for a large part of India. Tamralipta and Saptagram were busy Bengal ports for centuries. These were also ship-building centres. Her sons built ships for both coastal and sea-going trade and embarked on long voyages to take the province's produce to distant countries. The province, which was largely Buddhist before the Muslim conquest nearly eight centuries ago, contributed considerably to the spread of Buddhism to South-East Asia. An urge for hard work matched by a spirit of adventure and deep involvement in trade characterised the people of Bengal until not very many centuries ago. Against what is being said about them today, these facts of history read like a fairy tale.

The cotton spinning and weaving industry was evenly spread throughout the province. The silk industry, though not so widely dispersed, was carried on in some half a dozen districts. Bengal not only grew her raw silk requirements but also the bulk of the needs of raw cotton. To satisfy export demands for cotton textiles she imported some cotton from Surat in exchange of fabrics sent to Gujarat, now the main centre of the cotton textile industry of India. Dacca muslin was rightly famous all over the world for quality not matched anywhere at any time. For this muslin a special variety of cotton grown only in a part of the Dacca district was suitable. The dyes Bengal needed were made from indigenous plants and herbs, including indigo which was the cause of so much misery to the province under the British.

Among Bengal's other major industries, whose products were extensively exported, were sugar, salt and saltpetre. The

sugar and salt industries were completely smothered during the British period as was the ship-building industry. The province manufactured all her requirements of agricultural and household implements and utensils. Through the centuries she enjoyed an export surplus which was paid for by the importing countries in bullion, specie and jewels. Famines, which became frequent after the British established their supremacy, were unknown. The efficiency of Bengal's industries and the skill of her craftsmen were acknowledged in every country she had trade connections with. No further evidence of this is necessary than that, unable to compete on equal terms with Bengal silk fabrics even on British soil, the British prohibited outright their import in 1701, fiftysix years before Plassey.

II

PLUNDER BY THE BRITISH

Salisbury was the British Government's Secretary of State for India in the 1870s. The noble lord made himself famous in England by proclaiming in 1875 that "India must be bled." This had indeed been the policy of the British since the battle of Plassey. By 1875, the British had been in control of Bengal for 118 years and had emaciated the province beyond recognition through a merciless and ceaseless "bleeding" operation. Other parts of India had also experienced a great deal of it and were to suffer more but nothing compared to what had been done and was still to be done to Bengal, which in those days included Bihar. Bengal was the first victim of the British predators who came in the guise of supplicating traders. Many empires have risen and fallen in the world; many nations have been oppressed and exploited by foreigners. No other people have suffered spoliation as thoroughly as the Bengalis have under the British.

There had been ups and downs in the fortunes of Bengal in ages gone by. Political power had passed from one hand to another from time to time. The province had been subjected to tyranny and exploitation by local rulers as well as by those who came from outside and, having subjugated her, stayed on and made the land their home. Foreign trade, on which Bengal's prosperity depended to a considerable extent, did not have a smooth and increasing flow all the time. With the rise of the Arabs as a world power centuries ago, Bengali and foreign traders found it hazardous to negotiate the high sea and, for a time, trade declined. It revived later. Portuguese and Arakanese pirates came on the scene for some decades. For a decade Maratha incursions harmed trade with the rest of India.

But at no time in Bengal's history before the arrival of the British was the province's economy as a whole ruined. Wars between contenders for power did not dislocate the normal agricultural and industrial activities of the people except during the Maratha depredations. These were, on the contrary, encouraged and promoted. The province's peace was never disturbed for long periods. The technical level of her industries was, at every stage of history, high by world standards.

The Indian Industrial Commission, appointed by the British Government, reported in 1918 after a detailed survey of India's industries: "At a time when the West of Europe,

the birthplace of the modern industrial system, was inhabited by uncivilised tribes, India was famous for the wealth of her rulers and for the high artistic skill of her craftsmen. And even at a much later period, when merchant adventurers from the West made their first appearance in India, the industrial development of the country was at any rate not inferior to that of the more advanced European nations." What was said about India as a whole applied with great validity to Bengal.

It was left to the British to destroy, first, Bengal's industries, and then proceed to do the same in other parts of India. "England," Karl Marx wrote a few years before the Sepoy Mutiny, "has broken down the whole framework of Indian society, without any symptoms of reconstitution yet appearing." The destruction of Bengal's economic framework was carried out through different means, all equally savage. The results were apparent in a few years. Thirteen years after Plassey and five years after the grant of the Dewani of Bengal to the East India Company, the famine of 1770 occurred, killing off a third of the population, according to Warren Hastings.

Bengal was squeezed to supply the bulk of the money for Britain to carry out her industrial revolution in the latter half of the eighteenth century. Jawaharlal Nehru in his *The Discovery of India* quotes a foreign authority, Brooks Adams, to show how this happened. The quotation (in part) is this: "Very soon after Plassey, the Bengal plunder began to arrive in London, and the effect appears to have been instantaneous, for all authorities agree that the 'industrial revolution' began with the year 1770." A series of machines—the flying shuttle, the spinning jenny, the mule, and the steam engine—were contrived in quick succession between 1760 and 1785. Coal replaced wood in iron smelting to revive the British steel industry which was then languishing. The Bengal plunder created the financial basis for these inventions and also the basis for their application. Much of the primary capital for British industries was drained out of Bengal. The bones of weavers bleached the plains of the province.

On the outcome of Britain's work in Bengal (and India) Nehru wrote in 1944: "A significant fact which stands out is that those parts of India which have been longest under British rule are the poorest today. . . . Bengal certainly was a very rich and prosperous province before the British came. . . . It is difficult to get over the fact that Bengal, once so rich and flourishing, after 187 years of British rule, accompanied, as we are told, by strenuous attempts on the part of the British to improve its condition and to teach its people the art of self-government, is today a miserable mass of poverty-stricken, starving and dying people."

The East India Company set up its first trading post in Bengal at Hugli in 1650. A quarrel with the Moghuls made

it quit that place. It moved down to Calcutta and made the then swampy place its base in 1690. The Company's luck smiled when, in 1717, it obtained from the disintegrating Moghul Court in Delhi a *firman* exempting its incoming and outgoing merchandise from customs in consideration of a lump sum payment of Rs. 3,000 a year. A *dastak* or pass from the Company was all that was necessary to take the goods across tolls without inspection. The Company's English servants, miserably paid and encouraged by the Company itself, began misusing the privilege for their private trade, thus depriving the Bengal Nawab's exchequer of substantial revenues. This was a constant source of trouble between the Nawab and the Company.

After Plassey, this misuse of the *dastak* was all but formally enforced by the Company. Bengali and other traders, who did not enjoy this privilege, were at a disadvantage. They had to pay all the taxes. Gradually they yielded ground to the British. Mir Jafar, Bengal's Quisling of the eighteenth century, was made Nawab after Siraj-ud-Daula had been defeated and assassinated. The new Nawab let the British do whatever they liked. But he was too weak and not considered efficient enough. The British deposed him and installed Mir Qasim in his place. Mir Qasim turned hostile and made a determined bid to stop the malpractice. Failing, he abolished all duties and put all traders—Indian, British and others—on par. Soon he was deposed, and the pliable Mir Jafar reinstalled.

On the day after Plassey, Bengal had a taste of what British domination was going to be. Open plunder began, Clive setting the example. Mir Jafar propitiated the Company's officers with money. Clive, who took Rs. 23 lakhs for himself, besides a *jagir* yielding Rs. 3 lakhs a year, estimated that "altogether the Company and private persons netted three million sterling [Rs. 3 crores]." When the loot arrived in Calcutta, "ladies all got footsore with dancing." A "gold-lust" seized the English mind. "Bengal in particular," says one historian, "was not to know peace again until it had been bled white."

The Dewani of Bengal was granted to the British in 1765 and with it, in all but name, real State power. What followed has been told by Romesh Dutt, famous for his writings on the Indian economy under the British, in these words: "The people of Bengal had been used to tyranny, but had never lived under an oppression so far-reaching in its effects, extending to every village market and every manufacturer's loom. They had been used to arbitrary acts from men in power, but had never suffered from a system which touched their trades, their occupations, their lives so closely. The springs of their industry were stopped, the sources of their wealth dried up." Graft permeated the Company's and a century

later the Queen-Empress' administration. Every trader, every craftsman, every farmer felt it to the marrow of his bones. The legacy persists in independent India, though in a subtler form.

Immediately after Plassey, the Company embarked on a determined policy to monopolise manufacture, particularly of silk and cotton fabrics, by forcing craftsmen to work in its factories, which sprouted like mushrooms all over the province, or to work at home committing to buy raw material from it and to sell the finished articles to it. The Company's servants, on their private account, also followed the same practice. Mir Qasim wrote to the Company in 1762: "They [the Company's servants] forcibly take away the goods and commodities of the Ryots, merchants, etc., for a fourth part of their value; and by ways of violence and oppression they oblige the Ryots, etc., to give five rupees for goods which are worth but one rupee." An English merchant, having first-hand knowledge, recorded in 1772 how the weavers were made to sign contracts, and tied in their girdles and flogged, and how they were cheated of their due. "The roguery practised in this department is beyond imagination; but all terminates in the defrauding of the poor weaver."

Even this was not enough to kill the industries. As the industrial revolution in England got going, that country began looking for markets for her products. Bengal was clearly the most lucrative one, for the Americans were on the war-path and soon won their War of Independence. While machine-made British goods were imported duty free or nearly so into Bengal, heavy and often prohibitive duties were imposed on imports of finished products from Bengal. In course of five decades from Plassey all industries in Bengal declined—cotton and silk spinning and weaving, sugar, salt, iron-smelting, tool-making, dyes, and ship-building. Even during the last two decades of the eighteenth century 56 ships and 93 snows, with a total tonnage of 39,080, were built in Bengal. Soon this industry was also stamped out.

Weavers' thumbs were not probably literally cut, but worse than that happened to them and to Bengal. Countless numbers of craftsmen, who had acquired their skill in different trades over many generations, were left with no choice. They overcrowded agriculture, often as labourers. The "unity of agriculture and industry," which Marx spoke of, was sundered. British policy laid down by the Company's Directors in London in 1769 fully succeeded. Sitting in judgment in 1783, the House of Commons Select Committee said that the Company had laid down "a perfect plan of policy, both of compulsion and encouragement, which must in a very considerable degree operate destructively to the manufactures of Bengal. Its effects must be (so far as it could operate without being eluded) to change the whole face of that industrial country, in order to

render it a field of the produce of crude materials subservient to the manufactures of Great Britain."

Bengal was ruralised. Dacca, which once had a population of over 200,000 living on its famous textiles industry and trade, lost all importance. By 1820 the city's population dwindled to 40,000. This should give an idea of the extent to which craftsmen throughout the province were rendered unemployed and had to take recourse to agriculture as the sole livelihood. The process continued unabated for a century more. Bengal became a producer of raw materials for British industries and a market for finished goods made out of these materials by British industries.

III

BENGAL FOR BRITAIN—AND FOR BOMBAY AND MADRAS

The ruralisation of Bengal (including Bihar) was matched by the industrialisation of Britain, one being largely the result of the other. In 1779 the British began to change the face of Bengal's agriculture too. Indigo plantation was started that year. Farmers were forced, with the help of the whip and the gun, to give up cultivation of food crops and undertake that of indigo for British "planters." The demand for dyes in Britain and Europe was increasing fast. For full eighty years the rapacious planter had freedom of the countryside to terrify, maim, kill and cheat and rob the farmer. The ferocity of the planters abated somewhat after the indigo revolt of 1859 which, in 1860, provided the theme for Dinabandhu Mitra's famous drama, *Nil Darpan*. By the turn of the century, indigo cultivation declined. Soon the chemical dye gave the death-blow to natural indigo.

In the nineteenth century, the British found two alternative and even more fruitful fields—jute and tea. For jute Bengal was the sole victim, and for tea, first Assam, and then also Bengal. Jute became one of the principal resources of Bengal, but neither the farmer nor the province was the gainer. Because of manipulations of the market and of direct cheating, the farmer hardly ever got a price to meet his cost of cultivation. The sole beneficiaries were the traders and, at a later period, also the jute mill owners. In the tea plantations, the British followed the practices of the American slave-drivers. Labour was indentured and sweated. The profits were all sent to Britain.

As, first, indigo plantation, and, then, jute and tea cultivation came into being, cotton growing fell into disuse. The British had found areas elsewhere in India for cotton. Moreover, American cotton supplies had become normal after the disruption caused by the War of Independence against the British colonialists. Within four decades of Plassey the pattern of cultivation in Bengal was changed to suit British interests. In this, the British found a steadfast ally in the class of landlords whom Cornwallis's Permanent Settlement created in 1793 and many of whom, like the British, made hay while the sun shone, accelerating the process of impoverishment of the peasantry.

After the acquisition of the Dewani by the East India

Company in 1765, the British introduced budgetary methods which had (and has) no parallel in all the world's history. Taxation now became an additional and very substantial source of profit to the Company. Henceforth, Britain did not have to pay for her imports from Bengal. These were paid for with revenue savings in Bengal, which the Company counted as its legitimate "profits." Utilisation of the savings to buy merchandise in Bengal for despatch to Britain was euphemistically called "investment." The money earned by selling this merchandise in Britain was credited to the Company's account in London, and Bengal lost it for ever. To quote Romesh Dutt: "Taxation raised by a king, says the Indian poet, is like the moisture of the earth sucked up by the sun, to be returned to earth as fertilising rain; but the moisture raised from the Indian soil now descends as fertilising rain on other lands, not on India." Bengal was always the worst victim of this policy which, in new forms, continues to this day for the benefit of some other States.

Land revenue was increased steadily till the Permanent Settlement was introduced. How mercilessly collections were made the following extract from a letter from the Governor of Bengal, Warren Hastings, to the Company in London in 1772 bears witness: "Notwithstanding the loss of at least one-third of the population of the province [in the 1770 famine in Bengal and Bihar], and the consequent decrease of cultivation, the nett collections of the year 1771 exceeded even those of 1768. . . It was naturally to be expected that the diminution of the revenue should have kept an equal pace with the other consequences of so great a calamity. That it did not was owing to its being violently kept up to its former standard". Yes, "violently" was the word for it.

How were the taxes utilised? Except for policing to facilitate terrorisation and exploitation, the Company did hardly anything. Public works, such as irrigation and road-building, were neglected. During the first six years of the Dewani (1765 to 1771) the total net revenue amounted to Rs. 13 crores and expenditure to Rs. 9 crores, which left a "profit" of Rs. 4 crores to the Company. On the expenditure side is included Rs. 68 lakhs a year which was paid as tribute to the Moghul Emperor and as allowance to the Bengal Nawab. After "a minute survey in 1807-14 of the conditions of some provinces of Bengal and Bihar," an Englishman, Montgomery Martin, recorded: "The annual drain of Rs. 3 crores on British India has amounted in thirty years, at 12 per cent (the usual Indian rate) compound interest to the enormous sum of 723,900,000 sterling." (The amount was equivalent to Rs. 724 crores at the then rate of exchange, two shillings to a rupee. If it is counted in terms of the depreciated value of today's rupee, it was equal to Rs. 14,500 crores.)

At all times in the past, Bengal was a net exporter of commodities. She got bullion, specie and jewels for the surplus. With management of revenues in the Company's hands, the import of bullion etc. stopped. While Britain bought Bengal's goods with the Company's revenue surplus, Bengal had to buy British goods at prices dictated by British manufacturers and traders. Huge amounts were also remitted on private account. These represented salary savings of, and profits earned through private trade by, the Company's factors or servants and by the Company itself through its own trade. Part of this money, including revenue savings, came back to India in later years, at high rates of interest, for investment in railways or public works. The public debt of India piled up. The pile was made bigger by the British practice of debiting India for expenses incurred by them in many wars.

By the turn of the eighteenth century Britain's political power was extending fast in Madras and Bombay. The establishments, or Presidencies as they were designated, in Madras and Bombay were always short of funds because trade there was never very brisk and their earnings were low. They had to incur heavy expenditure to run their administrations and carry on operations to extend their sphere of political power.

Bengal, the real "pagoda¹ tree," was fleeced to help them out. Bengal sent them merchandise of a varied kind—both agricultural and industrial—which was always worth more than the worth of Bengal's imports from them. The surplus in favour of Bengal should have, according to the norms of trade, been credited to Bengal. This was not done. The surplus was credited to Bombay and Madras to enable them to meet their "needs." Bengal existed for Britain—and for Bombay and Madras. Bengal thus began suffering from the centralised management of public finance in India. She continues to suffer on this account.

On top of this, Bengal's salt industry, which as late as the 1780s was big enough to meet the needs of the province and neighbouring areas, including Nepal, was ruined in the interest of British ship-owners and Madras. Madras salt, made by the solar evaporation process, was cheaper than Bengal salt, made by the boiling process. Importing Madras salt would encourage the industry there and, what was more, enable British ship-owners to earn greater profits. While ships from Calcutta used to go to Madras fully laden, on the return journey these had to come empty or partly laden. The British ship-owners made a representation to the Company. In 1793 Cornwallis, the Governor-General, accepted their representation after receiving

¹ Madras coin of the time was called "pagoda".

a strong note from the Madras establishment. The Madras note said : "The trade [export of salt to Calcutta] being of material assistance to the [British] ship-owners the [Madras] Board of Revenue on the latter account only regret its [the Bengal salt industry's] extinction." In course of time, Bengal forgot she ever made salt. The Bengal sugar industry was smothered by Java sugar which the British allowed to be imported, British ship-owners' interest playing a part in the game.

Until 1871 British India's public finance up to the lowest level was centralised. The provinces were not entitled to spend a pie without the prior approval of the Centre. They were allotted funds according to "needs." As a result, there used to be a "scramble" among them for more funds and "the most violent among them had the most advantage." As it happened, the Centre helped some provinces, mainly Bombay and Madras, whose "needs" were always larger than their own resources, by regularly granting them more funds than were given to Bengal, although Bengal had a larger population and collected much more revenue than the others. This discrimination was initially introduced to help Bombay and Madras, which came under British domination later than Bengal; but it got stereotyped. On a number of occasions, during the British period, the basis of public finance was changed and the shares of the provinces revised. Each of these revisions, as an authority on Indian public finance says, "accentuated the disparities." Bengal has always been the most suffering of the provinces. The inequity was enshrined in the Government of India Act, 1935, and, fifteen years thereafter, in the Constitution of 1950—in a worse form.

To cite an instance. Fighting since 1921, when the Montford Reforms were introduced, Bengal succeeded in getting for the jute-growing provinces "at least" half the revenue from exports of jute and jute goods, a provision to which effect was embodied in the 1935 Act. The Constitution of independent India very loyally follows the pattern of public finance set out in the 1935 Act. The major departure made from the 1935 Act in this respect has harmed the jute-growing States, West Bengal most of all because she still happens to be the biggest jute-growing and jute-manufacturing State. Thanks to the British Indian Government's generosity towards Bombay and Madras, each of these two provinces always had a much larger budget than Bengal's. During the years of independence, the disparities have not diminished but have increased. Throughout the British period, public works and services were, as a consequence, on a much more restricted scale in Bengal than in Bombay or Madras. Since 1947, the position has worsened for West Bengal.

Britain's first big achievement in Bengal was the great famine of 1770, the starting point of Bankim Chandra's

Anandamath. Britain's parting gift to the province was the great famine of 1943. In this famine 15 lakhs of people perished, according to the official Woodhead Commission, and 34 lakhs, according to Calcutta University's Anthropological Department. The second world war was on, and, along with it, profiteering which put to shame the "gold-lust" of the East India Company's servants after Plassey. For every death in the famine, an estimate made for the Famine Commission said, the profiteers had made an illegal profit of Rs. 1,000. That gave them a neat illegal profit of Rs. 150 crores, assuming that the death toll was 15 lakhs. (At today's value of the rupee, the amount was equal to Rs. 1,500 crores). The legal profit made by traders and industrialists during the war was also fantastic. The jute mills earned nine times more in 1943 than in 1939 and the tea planters nearly four times more. The others did not lag far behind. Commodities were taken out of the province as from other parts of the country without giving anything in return. Sterling balances accumulated in London to be repatriated to India when Britain would be in a position to pay after the war. Bengal suffered most for this. Speaking in London in May, 1945, J. R. D. Tata said: "As a result of the war and India's contribution towards it, we have millions dead in Bengal owing to famine."

Bengal's economy was shattered and her social and cultural fabric shaken to its foundation. Some engineering industries overworked. These had to fulfil war orders and had plenty of raw materials. But lakhs of men, village artisans, making a myriad articles of daily use for the people, were rendered idle. They had no raw material for their work. K. C. Ghosh, in his *Famine in Bengal*, writes: "Small enterprises scattered among villages and partly dependent on large factories from which they received their raw materials were forced to close down, as they could not be sure of a steady supply of these materials." Those who perished in the famine mostly belonged to the landless labour class. The poor peasantry sold its petty holdings to become landless. The lower middle class used up its reserves in the form of gold ornaments and savings bank deposits. The upper middle class was brought one or two steps down the social ladder.

And then came the partition, a gift of the British as much as of our Muslim League and Congress leaders. Throughout the British period many man-made calamities struck Bengal's economic and social order. Every time she showed resilience, and recovered, thanks to the bounties of Nature and the abilities of her people. But every time she was reduced to a lower standard of living. She rallied soon from the aftermath of the war and the famine. Once again, partition violently disrupted the economy of the province. The unending flow of refugees from East Bengal began.

Our national leaders praised the Bengalis for the sacrifice they had made for the country's independence, sympathised with them in their dire plight and solemnly assured them that the whole nation would stand by them and help heal their grievous wounds. With faith in her future in independent India, West Bengal, in the midst of great adversity, hopefully embarked on a new journey on the midnight of August 14-15 1947.

POSTSCRIPT

For reasons of space it was not possible in the article for *Hindusthan Standard* to do more than briefly mention the fact that, under the British, Bengal was fleeced to help Bombay and Madras out of their financial difficulties. One of the authorities on this subject is Holden Furber, an American Professor of History. After extensive research, he wrote the book *John Company at Work* in the Harvard Historical Studies Series in 1948. Pointing out that "in Bombay and Madras the Company's income was insignificant in comparison to its regular day-to-day expenditure either in war or peace," Furber writes: "In order to understand the situation in which the Madras Government was placed, we must think of it as a business firm hovering on the brink of bankruptcy and ill-served by a group of employees who were engaged in cheating it at every possible opportunity. Since the two sides of the Company's Madras ledger could never come within measurable distance of each other without the aid of a huge subsidy from Bengal, the Madras Government's chief concern was the arrangement of the transfer of this subsidy, a task which could be accomplished only with the facilities provided by the great agency houses. During the trading season of 1786-87, for example, approximately one crore of the Bengal Government's current rupees were transferred to Madras, forty-four lakhs in Bengal Government bonds, fifty lakhs in bills of exchange, and the balance of six lakhs in rice."

Furber goes on to say that "in spite of the regularity with which transfers of funds were received from Bengal, the Madras Government was constantly in difficulties. . . . A paltry 317,000 pagodas' worth of piece goods were all the Court of Directors [in London] had received from Madras in return for an expenditure of 5,000,000 pagodas in the year 1790-91. Of that 5,000,000 pagodas, 167,900 came from London in silver, 244,781 from London in military stores, 1,511,175 from Calcutta in gold and silver, 1,930,832 from Calcutta in rice and bills of exchange, and 1,150,000 were borrowed in Madras. When the war [with Tipu Sultan] ended, in Madras bond debt alone stood at 23 lakhs of pagodas. Sir Charles Oakeley, the Governor, took great credit to himself for reducing it to 6 lakhs at 6 per cent

within a few years but not one pagoda of it was really paid off. The Europeans who had poured money into the Madras Treasury in order to defeat Tipu merely agreed to exchange their Madras bonds for bonds payable in London or Calcutta." [A pagoda was Madras coin of the time worth eight English shillings. Of the expenditure of 5,000,000 pagodas or £2,000,000 sterling or 20 crores of Bengal rupees of the time in 1790-91, as much as 3,442,007 pagodas or nearly three-fourths were met by Bengal.]

As for the Company's Bombay establishment, Furber writes: "As a debtor Government, Bombay like Madras had to draw on Bengal to make up its deficit. . . . The Bombay Government's finances necessitated huge transfers from Bengal. . . . No one expected the Bombay Government to retire a single one of its nine per cent bonds which had originally been issued up to 212 lakhs of rupees. Some of their debt was repudiated. . . . In 1788, a balance of 129 lakhs of it was cleared from the Bombay books by being transferred into Bengal bonds."

Furber controverts the contention of Romesh Dutt and other authorities that the British systematically looted India, but he does say that European enterprise "promoted 'drains' from Bengal to other parts of the country".

Furber's study covers the decade 1783-93. The norms of public finance established by the East India Company in those days persisted throughout the British period. Pramathanath Banerjea, an acknowledged authority on public finance under the British, has, in his books *Indian Finance in the Days of the Company* and *Provincial Finance in India*, given details of how year after year Bengal, which yielded the largest revenue, was starved of finance for the benefit of the Central Government and the Presidencies of Bombay and Madras. Banerjea quotes a letter written in 1861 by Lt-Governor Grant who said that it was "a practice handed down from the beginning of the British Empire in India to make Bengal pay much more than its share of the Imperial revenue, and to give it back in return not a quarter of its share of the imperial funds granted for such objects as military protection, police, roads, and other public works". (See *Provincial Finance in India*, pp. 23-4.) Over a long period, Banerjea says in his *Indian Finance*, "the entire expenditure of the Central Government was charged to this province [Bengal]", but, "so far as the provincial accounts were concerned, an annual surplus was established by Bengal". (P. 107.) In 1857-58, Bengal's revenue amounted to £10,064,276 and expenditure to only £2,016,225, that is, no more than 20 per cent of the revenue. The same year Bombay's revenue was £4,277,282 and expenditure £4,826,660; that is, 13 per cent more than the revenue. In Madras the expenditure (£5,388,458) was 12 per cent more than the revenue (£4,580,978). (See *ibid.*,

p. 110 footnote.) The Select Committee of the British Parliament in 1809 made the following remark on the mounting debts raised in Bengal: "Besides, as the charges of the other Presidencies considerably exceeded their revenues, it is to be presumed that a part of the loans of Bengal must have been raised in aid of the wants of Bombay and Madras." (Ibid pp. 114-5.)

DECLINE IN THE YEARS OF INDEPENDENCE

From the battle of Plassey (June 23, 1757), the British "bled" West Bengal for full one hundred ninety years one month and twenty-two days. The State surely had amazingly large resources and vitality to be able to emerge from that long dark period still buoyant, still full of optimism about her future. The people had been oppressed, exploited and impoverished. Yet, on the dawn of independence, she was producing, per head of the population, much more than any other State in the country. Considering her territory and population, she was still the wealthiest State.

How that wealth was used and who enjoyed it and in what proportion is another question. One of the things I have tried to find out from the Government of India, chambers of commerce, economists and politicians is the pattern of utilisation of the wealth produced by each of the States separately—how much of it is consumed and reinvested in the State which produces it and how much is drained out and in what manner. No, no one has so much as thought of such a study as an essential pre-requisite to understanding why some States have developed and are developing fast and why some other States are falling behind. If a State, such as West Bengal, is losing the race among the States for progress, the easy conclusion that is drawn—and propagated—is that the fault lies squarely with the State herself.

On August 15, 1947, West Bengal was the second smallest State in area (Kerala was the smallest) and the fifth among the major States in population, taking into account the reorganisation of States up to 1961. Her density of population was the highest after Kerala and much higher than the all-India average. The increase in population during the decade 1951-61 was slightly lower than in Assam but much higher than in the other States and the all-India average. The steep increase in West Bengal is explained by the influx of refugees from East Bengal and movement of people from other States for livelihood, and in Assam by illegal immigration and refugee influx, both from East Bengal. The population growth in some of the major States in the decade 1951-61 was as shown in this table:

STATES	Area in thousand sq. km.	Po-ulation			Density per sq. km. in 1961
		1951	1961	% Increase	
		(in lakhs)			
West Bengal	88.6	263	349	32.80	399
Assam	122.4	88	122	34.45	97
Maharashtra	306.3	320	395	23.60	129
Tamil Nadu	129.9	301	337	11.85	258
Andhra	274.7	311	360	15.65	131
Bihar	173.4	388	465	19.77	267
U.P.	294.9	632	737	16.66	251
Gujarat	184.0	163	206	26.88	110
Punjab and Haryana	122.5	—	203	—	166
INDIA	—	—	4,392	—	144

In 1947, West Bengal had the highest per capita income. In literacy she yielded place only to Kerala. In installed electric power capacity and per capita consumption she had a long march over the other States, not excepting Maharashtra and Tamil Nadu. Social services in general had been starved of funds before independence and, because of this, their standard was lower than in Maharashtra and Tamil Nadu, but it was higher than in many States. She had easy access to industrial raw materials and had business connections and an infrastructure to make progress faster than any other State. Calcutta was the busiest city, and the port there handled much more cargo than even Bombay.

A comparative study¹ in 1967 by the National Council of Applied Economic Research, New Delhi, of the progress of the States under the first two Plans (1950 to 1960) shows that, in the total production of all the sectors in 1950, West Bengal was behind only U.P., but, then, U.P. was more than three times as big in area and almost two and a half times as big in population as West Bengal. Leaving U.P. aside, West Bengal's net domestic product in 1950 was higher than that of every other State, even Maharashtra. The wealth that West Bengal produced per head of population was considerably more than elsewhere. In industrial production West Bengal was slightly behind Maharashtra but more than made this up in the field of trade and commerce in which West Bengal had a pre-eminent position. West Bengal's net output in agriculture and allied sectors was 25 per cent higher than Maharashtra's

¹ *Estimates of State Income (1950-51, 1955-56 and 1960-61 at 1960-61 Prices)*. This is the only study of its kind so far. No such study has been undertaken of the period 1960-70.

(Rs. 525.83 crores against Rs. 415.31 crores). In fact, no State, other than U.P., exceeded West Bengal's output in this sphere.

The economic picture of some of the States in 1950 will be clear from this table:

STATES	Net Domestic Product in 1950-51 (Rs. lakhs) at 1960-61 prices	% distribution
West Bengal	12,39,82	11.6
Maharashtra	11,94,83	11.2
Tamil Nadu	7,37,13	6.9
Gujarat	6,19,64	5.8
Bihar	7,00,41	6.6
Punjab-Haryana	6,52,54	6.1
U.P.	17,10,22	16.1
INDIA	1,06,57,64	100.0

If we look at the sector-wise distribution of State incomes, we see the following picture (States necessary for purposes of comparison are mentioned):

Net output (in Rs. lakhs) by sectors in 1950-51 at 1960-61 prices

STATES	Agriculture & Allied	Mining, Manufacturing & Construction	Trade & Commerce	Transport etc.	Other services including house property
West Bengal	5,25,83	2,24,09	2,28,41	61,11	2,00,38
Maharashtra	4,15,81	2,31,83	2,08,24	63,87	2,75,08
Tamil Nadu	3,57,69	1,21,11	1,04,54	27,41	1,26,38
Gujarat	2,89,34	1,01,99	62,04	19,46	1,46,81
Punjab-Haryana	3,76,52	72,88	53,97	26,91	1,22,76
Bihar	4,29,48	1,18,32	59,49	20,15	7,00,41

According to the Government of India's Census of Manufacturing Industries, 1951, that year West Bengal had the highest number of registered factories—1,493. She was followed by the composite State of Madras (roughly Tamil Nadu and Andhra—separate figures are not available) with 1,473 factories, and the bilingual Bombay State (roughly Maharashtra and Gujarat) with 1,426 factories. The number of persons employed in factories was 475,084 in West Bengal, 37,967 in bilingual Bombay, and 180,629 in composite Madras. Bombay factories had a total fixed capital of about Rs. 79 crores, the figures for West Bengal and Madras being Rs. 73

crores and Rs. 31 crores. Bombay made use of working capital to a much larger extent than West Bengal—Rs. 158 crores against Rs. 90 crores.

It is obvious that, if Maharashtra as she is constituted today is considered, Bengal had an edge over that State in industry and trade and commerce in 1947. But in West Bengal where the legacy of the British methods of treating the question of the welfare of colonial labour persisted, the wage level was much lower than in Bombay in 1947. In Bombay, the average yearly earnings of an employee (counting in this generalisation factory hands, office workers and managerial personnel) were Rs. 1,408 compared with only Rs. 1,013 in West Bengal. (These figures have been worked out from the total wage and salary bill of factories as given in the Government of India's *Statistical Abstract—1951-52*.)²

Having started from an advantageous economic position what has been West Bengal's fate during the Plans? The most telling example of what has happened to the State is to be found in the sizes of her four Plans. According to the four Plan documents, West Bengal's First Plan (actuals) was of the size of Rs. 154 crores and that of Maharashtra and Gujarat together (bilingual Bombay State) was of Rs. 224 crores. Compared to these two and many other States, West Bengal fell considerably behind during the Second Plan (estimated) for which she had Rs. 145 crores (Rs. 9 crores less than in the First) and Maharashtra and Gujarat together had Rs. 350 crores (one and a half times more than the First). In the Third Plan the position was still more dismal for West Bengal which, after great taxation efforts made by B. C. Roy, had a sanctioned Plan of Rs. 250 crores (the actual expenditure was about Rs. 300 crores), while Maharashtra alone had a Plan of Rs. 390 crores and Gujarat of Rs. 235 crores, the two together having Rs. 625 crores. The position has further deteriorated in the Fourth Plan for which West Bengal has a sanctioned outlay of Rs. 322 crores, and Maharashtra (Rs. 898 crores) and Gujarat (Rs. 455 crores) together have Rs. 1,353 crores, that is four times as much as West Bengal has.

No other State has such a melancholy record to show. The per capita expenditure on Plans is the lowest in West Bengal.

² The average annual per capita earnings of labour in manufacturing industries within the income range of Rs. 200 per month in 1964 were Rs. 1684 in Maharashtra and Rs. 1270 in West Bengal. Workers in West Bengal thus earned no more than 75.4 per cent of what their counterparts in Maharashtra did. In order of labour earnings per head West Bengal stood fifth among the States. But the working class cost of living in Calcutta being the second highest in India (after Jamshedpur where labour earnings were higher), the "estimated need based minimum wage in Calcutta should have been the second highest. (See, *Report of the National Commission on Labour, 1969*, Tables on pp. 191 and 246.) Workers in West Bengal are the most ill-nourished.

oday.³ The first three Plans were prepared by Roy, and the fourth Plan, prepared while P. C. Sen was in charge of the State, was finalised, with inconsequential modifications, during the second United Front Government. Long before the Leftists came to power, the State's malady had gone deep and affected every aspect of her life—economic, social, cultural and political.

The relative position of some of the States at the end of the Second Plan, 1960-61, according to the survey of the National Council of Applied Economic Research, was:

STATES	Net Domestic Product (in Rs. lakhs) at 1960-61 prices	% increase in 1960-61 over 1950-51
West Bengal	... 16,13.08	30.3
Maharashtra	... 18,96.12	58.7
Tamil Nadu	... 11,58.12	57.1
Punjab-Haryana	... 8,96.16	37.3
Bihar	... 10,31.37	47.3
Gujarat	... 8,31.08	34.1
INDIA	... 147,43.78	38.3

In 1961 West Bengal went down in literacy from the second to the fifth place (29.3 per cent), after Kerala (46.8 per cent), Tamil Nadu (31.4 per cent), Gujarat (30.5 per cent), and Maharashtra (29.8 per cent). The rate of growth of literacy was about the lowest in West Bengal.

In per capita income, West Bengal maintained her first position till 1955 but by 1961 came down to the second place, the first place going to Maharashtra. Every State, other than West Bengal and Assam, recorded an increase between 1950 and 1960, Tamil Nadu by 40.5 per cent, Maharashtra by 28.4 per cent, Bihar by 22.9 per cent, Punjab by 9.1 per cent, and Gujarat by 5.7 per cent, the all-India average being 13.7 per cent. In West Bengal it declined by 2 per cent and in Assam by 1.8 per cent. Every year thereafter West Bengal came down place or two to stand seventh in 1965-66, after Punjab, Maharashtra, Haryana, Tamil Nadu, Gujarat and Assam.⁴

³ From the second Plan onwards West Bengal's per capita Plan expenditure has been consistently lower than not only that in the major States but also the national average—Rs. 48 against the national average

Rs. 51 under the second Plan, Rs. 80 against Rs. 91 under the third Plan, and Rs. 69 against Rs. 119 under the fourth Plan. (See *Plan Outlay—Statement II*, mimeographed note prepared by the Planning Commission, Programme Administration Division, in December 1970.)

⁴ In per capita income West Bengal, which went down to the eighth position among the States in 1966-67 under the Congress, moved up to the sixth position under the first United Front Government in 1967-68. (See statistics of per capita income prepared by the Government of India, Central Statistical Organisation.)

Maharashtra, which together with Gujarat, occupied the second place in the number of registered factories in 1951, scored over West Bengal in 1961—1,724 factories against 1,373 while Gujarat had 771. The growth of Maharashtra was even faster in the 1961-65 period, the number of factories there in 1965 being 2,834 against 2,036 in West Bengal. The relative decline of West Bengal and the growth of industries in these and some other States are reflected in their respective industrial production and contributions to the revenues from corporation-tax, income-tax, Customs, excise and other Central taxes.

The Calcutta Port, which is directly administered by the Government of India, has been allowed to deteriorate. Other ports have been built up or expanded and modernised and are able to handle (and are handling) part of the cargo which passed through Calcutta previously. In 1951, Calcutta was the biggest port handling 94 lakh tonnes a year against 75 lakh tonnes handled by Bombay, the second biggest port then. In 1964-65, before the two droughts and the war with Pakistan disrupted the economy, Bombay handled 189 lakh tonnes against Calcutta's 109 lakh tonnes. By 1968-69, Calcutta (with 79 lakh tonnes) went down to the fourth position, after Bombay (190 lakh tonnes), Mormugao (88 lakh tonnes) and Visakhapatnam (80 lakh tonnes).

In West Bengal, the failure to make progress between 1950 and 1960 (and thereafter) was most appalling in agriculture, a sphere in which she was at such a vantage position in 1950. During the decade the State's output in this sector increased by a mere 12.2 per cent, by far the lowest in the whole country. During the same period, Maharashtra advanced by 66.5 per cent, Madhya Pradesh by 61.2 per cent, Tamil Nadu by 50.2 per cent, and Punjab-Haryana by 35.8 per cent. These States made rapid strides also in the following years while West Bengal dragged her feet. In irrigation, especially medium and small-scale, electrification of wells, fertiliser utilisation, diversification of crops, yield of crops per hectare road-building, and co-operation she was far outstripped by many States.

Thanks to the Union Government's discriminatory policy and the State Government's uncertain stand the refugees have become West Bengal's most explosive social and political problem. To this has been added over all the Plan periods: steadily increasing urban and rural unemployment which, by the time the first United Front Government was in office, had reached much vaster proportions than anywhere else in India. No wonder, West Bengal has fallen into what appears to be a perpetual and killing crisis.

NEW FISCAL SHOCKS

On the midnight of August 14-15, 1947, Jawaharlal Nehru spoke in the Constituent Assembly of India's "tryst with destiny" in one of his famous speeches. "A moment comes, which comes but rarely in history," the late Prime Minister said, "when we step out from the old to the new, when an age ends and when the soul of a nation, long suppressed, finds utterance. It is fitting that at this solemn moment we take the pledge to the service of India and her people and to the still larger causes of humanity."

Bengal and Punjab were then bleeding. The two great provinces had been "vivisected," to quote a word our national leaders had used in the years before 1947 to impress upon the people the horrors that would befall India if the sub-continent was divided into two sovereign countries. The sole comfort of those parts of these two provinces that became part of India was that the national leaders had given an undertaking to stand by them in their distress.

On the very first day of independence the West Bengal Government discovered, however, that the Centre had, on the stroke of 12 o'clock the previous night, slashed the State's share of the jute export duty. East Punjab was unaffected by it because that State did not grow any jute and was never entitled to a share of the duty. New Delhi did not have the courtesy of consulting West Bengal before taking the step and further disturbing the already precarious finances of the State Government.¹ The Centre had no time to wait to see what the effects of the partition of Bengal would be on West Bengal. The Centre appropriated the money it saved by depriving West Bengal. This was surely not a very encouraging way for West Bengal to "step out from the old to the new."

A second blow was struck at West Bengal the same night. Her share of the divisible pool of the income tax was reduced from 20 per cent to 12 per cent while Bombay's share was pushed up from 20 per cent to 21 per cent and the composite Madras State's from 15 per cent to 18 per cent. The money saved at the cost of West Bengal enabled almost all the other States to get more. The partition of Bengal was, in

¹ See West Bengal Government, *Memorandum to the [First] Finance Commission*, 1951, p. 27.

respect of the jute duty and income-tax, turned into a windfall for other States and the Centre.²

What P. C. Ghosh, West Bengal's Chief Minister for the first five months of independence, did is not known, but B. C. Roy did take the issues up repeatedly with the Central Government. I am told, he raised them with Nehru personally. Nothing availed. Nehru's hands were too full. He had bigger matters to minister to. The jute duty and the income tax were too small things to claim his attention. To arbitrate on the allocation for each of the States of the divided taxes (i.e. taxes which are to be shared between the Centre and the States). C. D. Deshmukh, Maharashtrian patriot of I.C.S. vintage, in 1950, and five Finance Commissions since then, have come and gone. The West Bengal Government pleaded its case with all the earnestness in the world. As far back as 1951, it told the first Finance Commission and, through it, the Government of India of the communist threat the State was facing, and also of the difficulties created by the long zig-zag border with East Pakistan. "Taking advantage of the long suffering people in West Bengal and also because of its geographical position, the communists established a stronghold in this province," it said.³ But West Bengal could make no impression on the Centre.

² Niemeyer, who came in 1936 to fix, under the Government of India Act, 1935, for individual provinces shares of the income tax, gave Bengal and Bombay 20 per cent each, Madras and United Provinces (U.P.) 15 per cent each, Punjab 8 per cent, and so on. The shares were revised by the Congress rulers and their bureaucrat advisers on the midnight of August 14-15, 1947.

On the award of Niemeyer and the decision of the new rulers, the following comment by one of the foremost authorities on India's public finance, Pramathanath Banerjee, may be noted: "Niemeyer could not have taken population as the basis so far as income tax distribution was concerned. Bengal and Bombay yielded about equal amounts on this account. But Bengal's population was three times that of Bombay. On the basis of population Bengal's share should have been three times that of Bombay. Obviously, the sharing was decided upon on the basis of collection. After partition even on this basis West Bengal's share could not have been much different from Bombay's. *The Government of India now took the plea of a reduction in West Bengal's area.*" (*A Study of Indian Economics*, sixth edition, 1951, p. 270. Emphasis added.) Banerjee has pointed out that as a result of East Bengal going out of India West Bengal's contribution to the income tax fell by only 1/80th. Since the collection was then Rs. 50 crores, West Bengal's share should have been cut by no more than a quarter of one per cent. The actual cut was of 40 per cent.

In its *Memorandum to the [First] Finance Commission*, 1951, the West Bengal Government, commenting on this deprivation of the State by the Centre, said: "West Bengal was done out of about Rs. 5 crores of revenue per year though at the same time she was faced with the terrible effects of partition." (P. 25.)

³ West Bengal Government, *Memorandum to the [First] Finance Commission*, p. 24.

How far the State Government's anger went can be judged from its assertion before the third Finance Commission in 1961 that what the Commission should do was not to assess the needs of the States but those of the Centre and give to the Centre no more than what it needed. The West Bengal Government's memorandum, prepared under B. C. Roy as Chief Minister, said: "In our view one of the major tasks of the Finance Commission would be to assess the needs of the Centre according to the functions it is required to discharge under the Constitution and to allow it to retain so much, and *no much only*, of the funds that are actually required for the discharge of those specifically Central functions in an efficient manner."⁴

Ten years before this, the State Government had explained to the first Finance Commission how the Centre's fiscal policy was weakening West Bengal and then bitterly commented: "An attempt to build a strong Centre on the foundation of weak States is like an attempt to build a strong building on the foundation of sands. Strength means in this context ability to perform adequately and properly the duties assigned to each."⁵ It approvingly quoted the recommendations of the Constituent Assembly's Expert Committee on the financial provisions of the Constitution. The committee had said: "The basic functions of a Federal Government are defence, foreign affairs and the bulk of the national debt."⁶

The Expert Committee had also pointed out that "the needs of the provinces are in contrast [to the needs of the Centre] almost unlimited, particularly in relation to welfare services and general development." The committee recommended that not only the income-tax but also the corporation tax (tax on companies) should be shared between the States and the Centre and that the States' share should be 60 per cent and the Centre's 40 per cent.⁷ A substantial weightage was given to collection in determining a State's share. If this was accepted, West Bengal would have benefited, for the bulk of these two taxes were (and are) collected in this State and Maharashtra. The committee's recommendations were rejected and, in almost all essentials, the old British practice was maintained. If Bengal suffered for this in the past, West Bengal has to suffer after independence too.

West Bengal produces great wealth and the State Government is required to provide services and the infra-structure so

⁴ West Bengal Government, *Memorandum to the [Third] Finance Commission*, 1961, p. 6. (Original emphasis.)

⁵ West Bengal Government, *Memorandum to the [First] Finance Commission*, p. 83.

⁶ Quoted in *ibid.*, p. 10.

⁷ See *ibid.*, p. 10.

that this wealth may be produced, but it cannot tax this wealth. "This great disparity between wealth and taxability is the biggest tragedy in the State," the State Government told the second Finance Commission in 1956,⁸ and added: "This is at the root of most of the malady from which the body politic of this State suffers. This is the problem peculiar to West Bengal and it cannot be solved without giving to the State Government a commensurate share in the tax on industrial wealth and industrial income."⁹

How the fiscal policy of the British Indian Government deprived Bengal of finances is borne out by the fact that, in 1918-19, the Government of Bengal, the wealthiest province, had a revenue of only Rs. 7.54 crores against Rs. 10.01 crores of Bombay, and Rs. 18.31 crores of Madras. These "imbalances" have not been eliminated but accentuated in the years of independence. Meston came from England in 1920 to revise the Central and provincial shares of Centrally-collected taxes and allocate the States' share among the States. He made Bengal a more bitter province. Niemeyer came in 1936 to do the same job in preparation for provincial autonomy under the Government of India Act, 1935, which came into force in 1937. He did at least one thing. He gave the jute-growing provinces—Bengal, Assam, Bihar and Orissa, Bengal being the biggest among them—62½ per cent of the jute export duty. The remaining 37½ per cent was reserved for the Centre. Because Bengal produced about 90 per cent of the jute grown in the country, she benefited from this decision. Bengal insisted on a 100 per cent allocation to the States.

On August 15, 1947 the Centre reduced the States' share of the jute duty from 62½ per cent to 20 per cent and increased the Centre's from 37½ per cent to 80 per cent. In a few years even this share of the States was abolished altogether. For ten more years West Bengal was given a stipulated amount in lieu of the duty.

If West Bengal's share of the jute duty was cut on the ground of loss of the jute-growing areas to East Bengal, her share of the income-tax was reduced on the ground of the loss of population and area as a result of partition. Population was the principal criterion on which the shares of the income-tax for the States are now decided. The position, as it obtained in 1961, was that for every Rs. 100 collected in the State, West Bengal got back the lowest amount, Rs. 16.2, while Bombay got Rs. 19.4, Madras Rs. 48.6, Punjab Rs. 103.9 and Bihar

⁸ West Bengal Government, *Memorandum to the [Second] Finance Commission*, 1956, p. 9.

⁹ *Ibid.*, p. 9.

182.8.¹⁰ The income-tax and other Centrally-collected but divided taxes have been utilised as an instrument to pump money out of one or two States for the benefit of the other States in pursuance of the fictitious policy of equalisation of development of the country. West Bengal has been the worst sufferer.

Did not West Bengal have special problems, some of the most acute ones created by the congestion of industry and commerce in the Greater Calcutta area, by the overcrowding of agriculture and by the heavy refugee influx? Yes, she had, the first Finance Commission gracefully admitted. The Commission then deigned to recommend a grant-in-aid of no more than Rs. 80 lakhs. Having lost several crores of rupees on the income-tax and the jute duty, this was all that was thought necessary for West Bengal to tackle her special problems !

At the time of partition, the acreage under jute in West Bengal was 2,66,000. In a few years, the acreage was pushed up to 11,44,000. The Centre urged West Bengal, and West Bengal, in turn, urged farmers to divert paddy land to jute. The shortage in the supply of raw jute as a result of the loss of East Bengal to Pakistan must be made good with domestic cultivation. If the farmer is not to lose by growing jute instead of paddy, for every maund of jute he should get at least three maunds of paddy.¹¹ How much the farmer has lost can be judged from the fact that, according to the Central Jute Committee's report, for every maund of jute in 1948-49, he got 2.97 maunds of paddy; in 1952-53 he got a mere 1.81 maunds; and in 1956-57, the latest year for which figures are quoted in the report, 2.24 maunds. In subsequent years the disparity between jute and paddy prices has increased sharply to the detriment of the jute grower, thanks to the incentive prices for foodgrains. West Bengal has to buy large quantities of foodgrains from other States.

According to statistics maintained by the West Bengal Government, the price of a bale of 181 kgs. of jute in 1951 was Rs. 320 when the price of a quintal of medium-coarse rice was Rs. 43, the respective prices in 1961 being Rs. 294 and Rs. 56. The price of jute had fallen absolutely and also in relation to rice whose price had gone up. The Government of India's statistics also bear this out. According to the Gov-

¹⁰ West Bengal Government, *Memorandum to the [Third] Finance Commission*, 1961, p. 7, and Statement I, p. 55.

¹¹ The West Bengal Land Revenue (Floud) Commission reported in 1959 : "If the price of jute were to remain at Rs. 7 or 8 per maund and the price of paddy at about Rs. 2-8-0 per maund, we believe that there would be little complaint from the agricultural community in regard to prices." (Quoted in *Indian Central Jute Committee, Calcutta, Jute in India—A Monograph*, 1959, p. 311.) Three maunds of paddy is equivalent to two maunds four seers or 2.1 maunds of rice, the parity price thus being—jute 1 maund = rice 2.1 maunds.

ernment of India's figures, the price of a quintal of jute in West Bengal in 1955-56 was Rs. 69.34 and that of a quintal of rice Rs. 42.20. In 1969-70, the price of a quintal of rice was more than that of jute (Rs. 125.51 against Rs. 103.49).¹² The loss of the jute farmer is the loss of West Bengal and other jute-growing States in eastern India, but the gain of the country as a whole. The jute grower and these States are suffering so that the country may earn more foreign exchange.

On the share of the jute export duty, Bengal, which claimed the entire proceeds for the States and which had been disappointed by the Niemeyer Award, wrote a thundering letter to the Central Government in 1936, raising a very fundamental issue in relation to India's fiscal and protection policy. The Bengal Government told the Government of India that it "can never rest content under a fiscal system which aims at protecting, largely at her expense as a consumer, the products of other Provinces, while taxing her staple product for the benefit of the Centre, in other words for the benefit of other Provinces."¹³

The reference was obviously to the cotton textiles industry of Bombay (Maharashtra and Gujarat) which not only was being protected by heavy import duties on cloth but for which raw cotton had to be imported with foreign exchange earned through jute and tea exports for which Bombay had no contribution to make. The cotton textiles industry is a net drain on the country's foreign exchange earnings. More exchange has to be spent to keep it going than it earns through export. Moreover, in a sheltered market, it can sell its products at high prices. Jute and tea have never had the benefit of such concern on the part of the Centre. The net foreign exchange-earning States—West Bengal, Assam, Orissa and Kerala—are, therefore the losers from every point of view. On the exchange they earn, they have no control. A very large portion of the earnings are utilised to finance industrial expansion in States which do not earn these.

¹² Central Statistical Organisation's figures. In 1969-70, West Bengal farmers produced 611,800 tonnes of jute. If parity price prevailed, the price of jute would have been Rs. 2655.71 per tonne, but the actual price was Rs. 1034.9. The jute farmers thus lost Rs. 1600.81 per tonne or a total of Rs. 97.88 crores. After 1947 there was only one year (1960-61) when they got a slightly advantageous price. Every other year brought disaster for them. The worst year was 1967-68 when the price per tonne of rice was Rs. 1840.9 and of jute no more than Rs. 987.9. The State's farmers lost Rs. 2878 per tonne or a total of Rs. 199.64 crores on 693,700 tonnes of jute they grew. The losses suffered by the jute farmers are the losses of the State as a whole, for the State has to buy food from other States to meet her shortage caused by the diversion of paddy land to jute. The pricing policy has been devised to bleed West Bengal even more mercilessly than before 1947. Assam, Bihar and Orissa are also being made to suffer badly on the same account.

¹³ Quoted in B. R. Misra, *Indian Federal Finance*, 1960, p. 121.

VI

CONTINUED WEALTH DRAIN

The jute and tea industries developed in India under British auspices as export-oriented industries. Wages were kept at the lowest possible level under the worst type of colonial economy imaginable to enable British jute mill owners and tea planters to earn fabulous profits and send these profits to Britain. These two industries set the pattern of wages in all industries in West Bengal. If the level of wages in West Bengal has always been, under the British, about a third lower than that in Maharashtra, the reason is to be found in the circumstances in which and the purposes for which industries grew in these two States before independence.

Workers in the jute and tea industries have always been driven hard by their employers. If these were the biggest foreign exchange-earning industries before independence, these are so today. Their role in independent India's economy is of vital importance. In jute, West Bengal's contribution is overwhelming. Despite her heavy deficit in foodgrains, she diverted about a million acres of paddy land to jute in the interest of the country but at a considerable cost to herself. In tea, she accounts for about a third of the foreign exchange earnings from the commodity, coming second only to Assam which State accounts for well over a half of the total earnings. Jute and tea are net foreign exchange earners, for very little or nothing has to be imported to keep them going.

If the gross earnings of foreign exchange, commoditywise, are taken into account, the cotton textiles industry comes third, after jute and tea. But more has to be imported to keep the cotton textiles industry, which is concentrated in Maharashtra and Gujarat, running than it can sell abroad. As a consequence, this industry is a net liability so far as foreign exchange is concerned. The engineering industries, in which West Bengal, despite her decline, still has great importance, are steadily gaining in importance in the scheme of India's foreign trade. But these, too, have to depend on a large volume of imports of raw material, machinery, know-how and all that.

Moreover, in one form or another, the cotton textiles and the engineering industries have to be subsidised to enable them to export. Often these subsidies take the hidden form of higher prices for the domestic market than for the foreign market. The people of the country are, thus, made to pay to

enable these industries to export part of their products. The best example of this is, however, sugar. The internal price of sugar is much higher than the international price. Some sugar is being sold abroad. The export price is being subsidised to enable the industry to export at the international price. The loss is not that of the sugar industrialists but of the domestic consumers. The subsidy per tonne in 1970 was Rs. 270.44.

These subsidies, whatever-form they may take, are called incentives. Jute and tea had never had the privilege of getting any incentive. In 1966 the Government of India took the step of drastically devaluing the rupee. This, it was said, would bring down the prices of Indian exports in foreign markets and thus stimulate exports. Manubhai Shah, who was then Minister of Commerce, bitterly opposed devaluation. His argument was that the bulk of India's exports was of "traditional" commodities, jute and tea being the principal among them. As a matter of fact, export duties on these two commodities were pushed up almost to the extent by which the rupee had been devalued. Obviously, devaluation was not necessary for these two and many other "traditional" commodities. The Government's scheme was to help the cotton textiles and engineering industries. On the exports of the products of these industries there is no duty. Export duties are still in force on most of the traditional items, including, of course, jute and tea.

In 1901, Dadabhai Naoroji wrote in his book *Poverty And Un-British Rule in India* that "the foreign trade of a country adds to its annual income or production. But unfortunately, the case with India is quite otherwise. The present system of British administration not only sweeps away to England the whole profits of foreign trade, but also drains away a portion of the annual production itself of the country."

How are the foreign exchange earnings of West Bengal utilised? How much, indeed, does this State or, for that matter, any other State earn by way of foreign exchange and how much of these earnings are utilised in the State concerned? If the Government of India maintains statistics of this kind, these must be a top-most secret. Foreign exchange is of crucial importance for the development of industries in a country like ours. An idea of how West Bengal's foreign exchange earnings have been utilised by the Government of India can be formed from the relative industrial decline of the State and the growth of some other States, such as Maharashtra and Tamil Nadu, whose net contributions to the country's foreign exchange earnings bear no comparison to West Bengal's. West Bengal's wealth, except for a relatively small portion, does not now-a-days go all the way to England. It finds its way to some other States,

The Central Government's revenue policy makes a very substantial contribution to the drain of wealth from West Bengal. This is an issue over which B. C. Roy had a prolonged fight with the Centre, but he could not mend matters. Although the burden of social services of all varieties is borne by the States, these have been assigned inelastic revenues except for sales tax. Independence and high-powered propaganda from Ministerial quarters about socialism being built have raised the hopes and aspirations of the people. It is the task of the State governments to meet their demands. The hands of the States are tied in respect of finance. The Centre has appropriated to itself the elastic sources of revenue, such as corporation tax, excise duty other than that on alcoholic drinks, and Customs. Under the Constitution, the income-tax has to be shared between the States and the Centre. In 1959 the tax on company incomes was separated from personal income-tax and made the preserve of the Centre. Surcharges on income-tax have become a permanent feature. These too are earmarked for the Centre.

The Constitution has two Articles providing for devolution of funds from the Centre to the States. Article 270, relating to the income-tax, lays down that a stipulated part of the proceeds of the income-tax is to be earmarked for the States and will not form part of the Consolidated Fund of India, but will be assigned to the States within which the tax is leviable. The rational interpretation of this Article should be that a State is entitled to retain for herself whatever remains of the collections within the State after giving to the Centre the latter's share. C. D. Deshmukh did not give his verdict on this point, but the subsequent Finance Commissions have made recommendations. According to the recommendations of these Commissions, readily accepted and implemented by the Centre, this income-tax sharing has been turned into an instrument to divert funds from some States to some others. West Bengal and Maharashtra are the main victims of this decision which has been taken despite another Article in the Constitution which provides for grants-in-aid by the Centre to "needy" States. This type of sharing of the income-tax, based mainly on the size of population of a State, has been decided upon in the name of bringing up the backward States. In material respects, proceeds of excise duties have also been treated in the same manner. How far backward States have developed one can see for oneself. The policy has landed West Bengal in neck-deep water.

The surplus of funds at the disposal of the Centre, which arises not only because of the elastic sources of revenue it has but also because of its monopoly of the security press to print money, has enabled New Delhi to interfere in spheres specifically earmarked for the States, such as education, medical and public health, road-building, house-building, agriculture, and so

on.¹ The States are dependent on Central "aid" in the form of grants and loans. The States have to meet the stipulations laid down by the Centre if they want either grants or loans. The Mayurakshi Dam and machinery for the hydro-electric project there came to West Bengal as gifts from foreign countries. But the money had to be credited to the Centre which advanced it as loan, bearing interest, to the State Government!²

The servicing of debts has become a nightmare to the State Governments. These have piled up fast since the Constitution came into force. On March 31, 1952, West Bengal's debt burden was Rs. 43.18 crores. Within thirteen years, on March 31, 1965, the debts jumped up to Rs. 471.97 crores.³ In the olden days, the East India Company saved revenue as profits, transferred them to London and later brought them back as loans advanced to the Government of India. Now-a-days, the Centre raises taxes in the territory of the States, takes them to New Delhi, and sends a portion of them back as loans advanced to the States!

This surfeit of money in the hands of the Central Government enables it to play politics with it in relation to the States. One or two instances affecting West Bengal may be cited. During the first two Plans the State Government totally neglect-

¹ Illegitimate Central interference in purely State affairs was increasing even during B. C. Roy's time when the Congress had monopoly of power at the Centre and in all the States. The late Chief Minister angrily put this on record in 1956: "... whether in giving a direct grant or in giving a grant through the State Government, the Central Government have been increasing their intervention and control on purely State subjects. The sharp increase in Union expenditure on State subjects shows how Central control over State subjects is increasing in extent and intensity, and how the State Governments are being correspondingly deprived of the money to perform their Constitutional responsibility. . . . Such control over State schemes is now exercised in such great detail that the execution of schemes is greatly hampered. . . . This is introducing diarchy, pure and simple, in the administration of State subjects. In fact, it is worse than diarchy; because, the Central Government does not assume any responsibility in the matter which remains under the Constitution and also in fact squarely on the State Government. The Central Government only controls without taking any responsibility and for almost all diarchical deadlocks which are bound to develop under such circumstances from time to time, the entire responsibility is thrown on the State Government." (West Bengal Government, *Memorandum to the [Second] Finance Commission*, 1956, p. 15. Emphasis added.)

² *Ibid.*, p. 25.

³ West Bengal Government, *Memorandum to the [Fourth] Finance Commission*, 1965, p. 20. The State's *Memorandum to the Fifth Finance Commission*, 1969, says: "The Planning Commission have indicated a Central assistance of Rs. 220 crores for the Fourth Plan for West Bengal. During the same period we will have to make repayment to the Central Government to the tune of Rs. 234 crores in respect of principal and interest charges of Central loans." (P. 24.)

ed development of Calcutta, and the Corporation was just not good enough to do anything. B. C. Roy wanted to make a beginning in the third Plan to improve the city. A World Bank Mission and a World Health Organisation Mission went there and made reports speaking of the imperative need to undertake an all-embracing development programme for Calcutta. Roy knocked his head in vain at the doors of the Central Government for several years. After many efforts he persuaded the Planning Commission to earmark some funds for the purpose. P. C. Sen, after him, tried as much as he could to increase the allotment. Then came the two United Front Governments with Dharma Vira in between. They tried, too. But the Government of India was adamant.

The second spell of President's rule came in March last year. Indira Gandhi was determined to make an impression on the people of West Bengal by undertaking a massive development programme for Calcutta. By the third week of May the same year the Union Cabinet met and decided to earmark Rs. 140 crores for the city. This was in course of time increased to Rs. 164 crores. When the allotment was pushed up last—by an outright grant of Rs. 8 crores for slum improvement—a very senior official told me that this was "conscience" money the Centre was paying for the neglect of the past years.

Octroi is, of course, an obnoxious impost. But Bombay and Delhi have been having it for a very long time. Octroi has served as a tariff wall in these two cities against products of other regions, especially West Bengal from where Bombay and Delhi import a wide range of manufactured and semi-manufactured goods. The vast Calcutta market had, on the other hand, to be kept wide open for their manufactures. Many other cities and towns realise octroi. Calcutta was dying for want of funds and, from B. C. Roy's days, was trying to get the Centre's permission to impose it. One should not forget that Bombay Corporation's income from octroi alone exceeds the total revenue of Calcutta Corporation. No one in Delhi would listen. In 1967 Calcutta Corporation once again represented its case for octroi to the Centre. Permission was refused. In August that year I asked Morarji Desai, who was then Deputy Prime Minister and Finance Minister, why Calcutta was not being allowed to have octroi. "Octroi in Calcutta? That will destroy the country's economy," he said. "But despite octroi, Bombay is flourishing industrially and does not seem to have harmed the country's economy," I said. I also asked Desai why the American Government's offer of PL-480 funds for development of Calcutta was not being accepted. Desai's reply was that "every pie in this fund has been taken credit of in the Union Budget. If any part of it is given to Calcutta, we will have to make it good through additional taxation or inflation. That we cannot and will not do." The

Centre did not have any difficulty in setting apart in 1969 Rs. 105 crores from the PL-480 funds offered by the Americans for rural electrification in India. What part of it, if anything at all, will be available for West Bengal is not known. Desai and the Government of India had also no difficulty in accepting the American offer of Rs. 100 crores from PL-480 funds for an Indo-U.S. Education Foundation. The political storm that the move created obliged the Government to back out of its commitment. As for octroi, exigencies of the political situation compelled the Centre to impose it in Calcutta in 1970.

Before concluding the article, I would mention another instance of how West Bengal has been treated by the Centre. It is a small thing in respect of money, but interesting from the point of view of the attitude it reveals. In the four metropolitan cities in the fifties, the Government revised the rentals and charges for telephone calls. The revised rentals and call charges, which were in force for about a decade, were: in Calcutta, rental—Rs. 14 per month and call charge—eight to a rupee; in Bombay, rental—Rs. 12, call charge—ten to a rupee; and in Delhi and Madras, rental—Rs. 10, call charge—twelve to a rupee.⁴ West Bengal has been the best area to fleece—before and after independence.

⁴ The telephone rates were revised and calculated in decimal coinage in 1960. The rental in Calcutta and Bombay now became Rs. 54 per quarter and in Delhi and Madras Rs. 50 per quarter. A uniform rental rate was applied to all these cities in 1966 (Rs. 75 per quarter). But throughout the 1960s Calcutta paid at the rate of 15 paise a call while the three other cities paid at the rate of 12 paise. During these two decades the Government of India drained an estimated extra amount of Rs. 40 crores on this account if the Calcutta rates are compared to the Bombay rates. At the present depreciated value of the rupee this is equivalent to something like Rs. 75 crores. The drain will be considerably bigger if the Calcutta rates are related to those that prevailed in Delhi and Madras. Call charges were equalised in 1970. (The rates have been obtained from Government of India, Ministry of Communications.)

VII

KRISHNAMACHARI'S INDUSTRIAL REVOLUTION

During the Budget discussion in the Lok Sabha in 1957, S. A. Dange, leader of the then undivided Communist Party, accused T. T. Krishnamachari, then Minister of Finance, of "not taking your work seriously." The accusation was totally undeserved. He took his work with dead seriousness and fully enjoyed the confidence of Jawaharlal Nehru. Since 1952 he held, in succession, charge of the economic Ministries of key importance—Commerce and Industry, Iron and Steel, and Finance. Most of the time he was simultaneously in charge of more than one of these. He had to leave the Government in 1958 when the scandal of the Life Insurance Corporation's Mundhra deal came to light. Nehru had unbounded faith in him. After the 1962 election, he brought Krishnamachari back into the Cabinet as Minister without Portfolio.

An astute son of Tamil Nadu and former peddler of Sunlight soap,¹ Krishnamachari had deep personal knowledge of India's industry and commerce. He knew what locational advantage meant for development of an industry in a particular area. Speaking of the cement industry in the Lok Sabha in April, 1956, he pointed out that "one of the factors deciding the location of a [cement] plant is the availability of limestone." Calcutta developed as an industrial city not merely because the British were there or because it had a great port but mainly because of easy accessibility of basic industrial raw materials, such as iron, coal and a variety of other minerals.

As Minister of Commerce and Industry and Iron and Steel (he had simultaneous charge of both portfolios), Krishnamachari took a decision in 1956 to revolutionise the geographical pattern of industrial development of the country. He equalised the prices of iron and steel and coal² all over the

¹ "T.T.K. decided to go into business. . . He had to begin the humble way, as a salesman, peddling things in a suitcase, from house to house. . . Soon T.T.K. became Sunlight's sole distributor in South India. . . I subsequently told me with pride that he owed a great deal to his time selling soap." (Taya Zinkin, *Reporting India*, 1962, p. 135.)

² It should be pointed out that coal prices were not equalised in the sense that iron and steel prices were. What was done was worse. When I wrote the article I based myself on wrong information which was (and is, however, widely prevalent. Even B. B. Ghosh, when he was Principal Adviser to the Governor under President's rule, stated that

country and at one stroke negated the advantage West Bengal and other Eastern States had for industrial development. And this was done at the cost of these States.

Neither the Government of India nor the steel producer and coal mine owners suffered for this. The Eastern State were made to pay for this. The prices of these materials were raised for them steeply and those for the distant places, such as Madras, Bombay and Delhi, brought down correspondingly. This was done through the mechanism of freight rates and in other ways, consumers at shorter distances from the producing centres being required to pay very much more and those at longer distances very much less than they used to before. Krishnamachari's policy was enforced. Naturally, the policy earned Krishnamachari high praise from industrialists all over India—except the Eastern States.

No other step has made the industrial prospects of West Bengal more bleak than the equalisation of iron and steel prices. Hitherto industries were sought to be diverted from West Bengal through informal pressure on industrialists and through manipulation of industrial licensing. Now the economic basis was created for the development of some favoured States. It took some time for the results of this policy to become apparent.

In 1956, Krishnamachari equalised the price of cement also. Limestone and dolomite, the two materials on which the cement industry is based, are cheaper in South India than in the North. With coal and steel prices equalised, the cement industry became more profitable in the South. Capital and enterprise began moving away from the North. I have been told by one of the biggest North Indian cement producers that leaving Madhya Pradesh aside, the South has accounted for about 85 per cent and the North about 15 per cent of the increased production of cement since 1960.

The policy has had the side effect of totally blocking development of the cement industry in West Bengal. Previously the State used to get cement from Bihar. The distance not being very long, transport charges were not very high. Today the State has to pay very high transport charges mainly because of the pool freight rate. When Purulia came to West Bengal

coal prices had been equalised. Addressing the annual general meeting of the Bengal Chamber of Commerce and Industry on February 11, 1971, he said: "Bengal used to have some natural advantages, namely availability of steel and coal at lower prices owing to proximity of the sources of supply. This was the base on which the industrial complex was built here. A few years ago, this advantage was taken away by equalisation of prices of coal and steel throughout the country." (*The Economic Times*, Bombay, February 13, 1971.)

The correct position has been stated in the article captioned "Problem State Number One" (Article XVII). See p. 96 below.

In 1956, B. C. Roy persuaded a group of industrialists³ to investigate the feasibility of a cement plant in the district. The group made a survey and prepared a project report. The quality of Purulia limestone is somewhat inferior. To bring it up to standard, an additional expenditure of Rs. 5 per ton of finished cement would have to be incurred. The Government of India was approached to give a concession of Rs. 5 per ton on the freight charge so that the plant might be operated at normal profit. The West Bengal Government backed the proposal strongly. Negotiations were on for a long time. Three or four years ago the proposal was turned down by the Government of India. West Bengal does not yet have a single cement factory.

The country is, of course, one when the resources of the Eastern States are concerned. The foreign exchange they earn is the whole country's. There can be no incentive price for jute and tea because that will affect our foreign exchange earnings. The basic industrial raw materials they produce are, in gain, for the whole country, and, indeed, they must pay a higher price so that the other regions may get them cheaper.

But, it appears, the country is not one for raw materials which the other regions produce, cotton and oilseeds⁴ for instance. West Bengal has a sizable cotton textiles industry and a host of industries based on oilseeds. Those who control the destinies of India have never thought of equalising the prices of these materials or, for that matter, the price of any material the other regions produce and sell. The cotton textiles industry in West Bengal may be dying; the oilseed-based industries here may be doomed. That is West Bengal's and nobody else's concern.

During these twenty-four years of independence, the Government of India has not taken a single step that may even remotely be interpreted as one designed to be of advantage to West Bengal or other States of the Eastern Region. The region's principal advantages have been taken away without giving it anything in return. The policies of the Government of India have made the industrial decline of West Bengal inevitable.

In March, 1970, I asked T. Swaminathan, then Secretary of the Ministry of Industrial Development, why West Bengal is declining industrially. "Because of the political unrest and disturbed conditions there," was his stock reply. "But you are not Bihar and Orissa, so rich in natural resources, are you?" I asked. His reply was: "Local enterprise is

³ Sahu-Jain.

⁴ Some details of how the freight structure for industrial raw materials has been devised to the disadvantage of the Eastern region have been mentioned in the article captioned "Problem State Number One".

lacking there." I persisted: "What, then, has happened to the Industrial Policy Resolution which lays down that disparities in levels of development between different regions should be progressively reduced?" There was no reply. Three years earlier an official of the Industrial Development Ministry had told Parliament's Estimate Committee that "we have no compulsive means of attracting people to particular areas."³ The result is that those States, which have the greatest pull with the Government of India, have gained most.

Since long before 1956, the Government of India, through its control over distribution, had been starving West Bengal's industries not only of steel but also of all kinds of non-ferrous metals, and it had become difficult for prospective enterprises in the State to get industrial licences and foreign exchange allocation. Immediately after independence, everybody in Delhi started talking about West Bengal being an industrialised State and about the need to foster industries in other States. For instance, in the name of refugee rehabilitation, Punjab used to be liberally supplied with everything necessary, as if West Bengal did not have an infinitely more difficult refugee problem to tackle.

No amount of pleading by B. C. Roy was of help. His argument in 1956 that West Bengal would have to "depend for its very existence on industrial development"⁴ did no melt any heart in New Delhi. Industries, small and medium ones in particular, were forced to work for a fraction of their capacity. This, too, many of them did by buying at black-market prices permits for quotas issued in favour of industries in some other States. But no industry can run on this basis for any length of time.

The Bengal National Chamber of Commerce and Industry organised a seminar in 1965 on West Bengal's economic problem. A paper prepared by the Chamber for the seminar pointed out that "the quota [of raw materials for small-scale industries] given to this State in either imported or scarce materials is neither adequate nor fixed on any rational basis."⁵ Take, for instance, copper. During 1956-61, Gujarat got 70 per cent of her requirements and Maharashtra 28 per cent, but for West Bengal it was not possible for the Government of India to give more than 10 per cent. West Bengal was discriminated against also in respect of steel supplies, and most blatantly in

³ Estimates Committee (1967-68), *Ninth Report*, p. 36.

⁴ West Bengal Government, *Memorandum to the [Second] Finance Commission*, p. 28.

⁵ Bengal National Chamber of Commerce and Industry, *Calcutta, Economic Problems of West Bengal—Proceedings of the Seminar Held in March 1965*, p. 113. The quoted statement was by Sukumar Roy, a former President of the BNCCI.

respect of zinc, lead, tin, nickel and aluminium.⁸ This policy hurt Bengali enterprises most, for the Bengalis specialised in small and medium engineering industries.

As for Swaminathan's point about "lack of local enterprise," it is known that, thanks to Prafulla Chandra Ray, the Bengalis pioneered the chemicals and pharmaceuticals and drugs industry in the country. By 1947, the bilingual Bombay State too had developed a chemical industry, and she and West Bengal were running almost neck and neck in this field. In pharmaceuticals and drugs, West Bengal was way ahead of that State. This industry in the State had stood stiff competition from Britain and had the zeal of a pioneer. Its resources were limited, but it carried on research to the extent its resources permitted. During the First Plan, a Calcutta pharmaceutical firm was engaged in research to evolve a process to manufacture penicillin from a locally available material. By the time the Second Plan was formulated, the firm had made so much progress that a mention of it was made in the Planning Commission's publication *Programmes of Industrial Development, 1956-61*.

But the craze for foreign collaboration and import of know-how had by then, under Krishnamachari's careful guidance, seized West and South India's industrialists. West Indian industrialists, in particular, were allowed to enter into collaboration arrangements⁹ one after another, and the post-independence drugs industry soon became totally dependent on foreign collaboration and import of know-how and semi-processed materials. To the best of my knowledge, the Calcutta firm's research was held up for want of funds, and ultimately the firm

⁸ Ibid., pp. 125 and 152.

On the question of supply of steel for industries in West Bengal, the West Bengal Governor's Principal Adviser told the Bengal Chamber of Commerce and Industry's annual meeting on February 12, 1971: "When any complaint was made about steel shortage it was pointed out that the users could import steel, but the difficulty was that the price of imported steel was higher. . . The engineering industry, particularly wagon-builders and structural fabricators, had been hard hit by steel shortage. With the available steel they could use only a small fraction of their capacity with the result that their costs were high and they had become uncompetitive with similar industries which had grown up in other States under the shelter of price equalisation of steel." (Reported in *The Economic Times*, Bombay, February 13, 1971.)

S. N. Srivastava (of the BNCCI), speaking at the BNCCI's Seminar, charged the Government with practising "discrimination on State-wise basis". (BNCCI, *Proceedings of the Seminar*, p. 113.)

⁹ Replying to Unstarred Question No. 2863 in the Lok Sabha on April 14, 1972, on "foreign capital invested in pharmaceutical companies in the country", H. R. Gokhale, Minister of Petroleum and Chemicals, named 47 companies in which there was foreign capital participation. Four of these companies had manufacturing units in more than one State. Altogether the number of units was 51. Of these, Maharashtra alone had 31, Gujarat 7, and West Bengal 5.

itself became a subsidiary of a Western Indian drug manufacturing company which was (and is) in collaboration with a foreign drug manufacturer.

Basic research in drugs in India was for all practical purposes killed a long time ago, no matter what claims some of the manufacturers are making about their work in this field.¹⁰ The geographical distribution of the drugs and pharmaceuticals industry has so radically changed during these twenty-four years of independence that the modern drugs industry is now almost wholly concentrated in the Western region. India, the poorest country in the world, pays the highest price for the modern drugs she uses. The industry yields the highest rate of profit in India.¹¹

¹⁰ On the claim made by the Chairman of the Glaxo Laboratories (India) of "increasing involvement of the pharmaceutical industry in local research and development", *Economic and Political Weekly*, Bombay (November 6, 1971, p. 2262), points out that the company invested Rs. 36 lakhs in a research set-up after almost half a century of operation in this country but paid "Rs. 57 lakhs as technical service fee to Glaxo (UK) in a single year" and then criticises "the foreign-dominated drug companies' attempts to mislead everyone on such subjects as their profitability or their attachment to research and development in this country."

¹¹ An American Congressional Committee reported in 1961: "India, which does grant patents on drugs, provides an interesting case example. The prices in India for broad spectrum anti-biotics, aureomycin and achromycin, are among the highest in the world. As a matter of fact, in drugs generally, India ranks among the highest priced nations of the world—a case of inverse relationship between per capita income and the level of drug prices." (Quoted in a mimeographed brief for the Minister of Health, Government of India, prepared by the Secretariat of the Ministry in 1965.) Foreign drug monopolists, in collusion with the politically more resourceful of their Indian collaborators, frustrated for 22 years the Government's decision to amend the patent law. The law, amended in 1970, remains to be enforced.

Two examples of how profitable the foreign dominated drug companies are may be cited. Ciba began operations in India in 1947 with a paid-up capital of Rs. 200, which increased to Rs. 398.7 lakhs in 1969-70 in which year its profits before tax amounted to Rs. 412.77 lakhs and, after deduction of tax, to Rs. 186.42 lakhs. Parke Davis started operations in 1958 with a paid-up capital of Rs. 870,000 which increased to Rs. 105 lakhs in 1969-70 in which year its profits before tax was Rs. 301.51 lakhs and after tax Rs. 105.82. (Statement by the Minister of Company Affairs in the Lok Sabha in reply to Unstarred Question No. 6388 on July 30, 1971.)

VIII

LICENSING, COLLABORATION, AND FINANCIAL INSTITUTIONS

Speaking at the New Delhi Press Club in June, 1970, B. M. Birla held the Government of India mainly responsible for the lack of growth of industries in West Bengal. The Government, he said, would not give licences for West Bengal on the plea that the State was already industrially developed. His statement has gone unchallenged. The Centre has never applied the same yardstick to Maharashtra in the matter of industrial licences. At the time of independence the two States were running a close race in industrial production. The partition had created problems for West Bengal, which called for a faster growth of industries in the State. Maharashtra had no comparable problem to tackle.

In 1969 the Industrial Licensing Policy Committee made a report which shows that during the period 1956-67 Maharashtra was given a total of 2,741 licences and West Bengal no more than 1,649.¹ Maharashtra also had a larger share of investments. During the years 1959 and 1960, for which I have been able to collect figures, industrial investments in Maharashtra amounted to Rs. 236 crores compared to Rs. 184 crores in West Bengal. In 1951, West Bengal had a larger number of registered factories than Maharashtra and Gujarat combined (bilingual Bombay State).² By 1965, the position underwent a sea-change. That year Maharashtra alone had 2,834 factories and Gujarat 1,196 against 2,036 in West Bengal.³

Under C. D. Deshmukh's and T. T. Krishnamachari's stewardship of the economic Ministries, the Government of India squandered the sterling balances (which had accumulated during the war and at the time of independence amounted to Rs. 1,560 crores) and the current earnings of foreign exchange. Until a severe foreign exchange crisis overtook us half-way through the Second Plan, liberal licences were granted for foreign collaboration in a host of luxury fields, cosmetics

¹ Government of India, Ministry of Industrial Development, *Report of the Industrial Licensing Policy Inquiry Committee (Main Report)*, p. 110.

² Government of India, *Statistical Abstract India—1952-53*, p. 599.

³ *Statistical Abstract India—1968*, p. 124.

among them, for which a poor country like India was not in dire need and which, in any case, put at a serious disadvantage existing genuinely Indian producers of similar articles. Patent brand names were allowed to be imported indiscriminately into the consumer industries field, which involved an outgo of foreign exchange. In the sphere of drugs, collaboration became the craze. The States that benefited industrially most from this were Maharashtra and Gujarat.

Later, there was a change in the Government's attitude. The emphasis now began to be placed on more necessary lines of production. It is not known, nor has an attempt been made to know, how much of the country's foreign exchange resources have been invested in each of the States. If British investments are still mainly concentrated in West Bengal and the other States of the Eastern Region, it is a hang-over of the pre-independence era. Since then the two countries which have come in a fairly big way for industrial collaboration are the U.S.A. and West Germany. Both these countries have so far shown very little interest in industrial investments in the private sector in West Bengal. This is not unrelated to the Government of India's policy.

The Germans have built the Rourkela Steel Plant, which is in the public sector. They are aware of the advantages of the Eastern Region. Their main interests are machine-building, electronics and chemicals. In January, 1970, a very high-powered West German industrial delegation came to India. The delegation visited several States. When it found that West Bengal had been excluded from its itinerary, it expressed a desire to its Indian hosts to visit that State. This was not arranged. Some of the members then went to West Bengal on their own. Whether as a result of this or not is not known, but, after the visit of the delegation, the West Germans did start showing interest in West Bengal. Between July and September 1970 the Germans entered into three collaboration agreements for manufacture of various kinds of machinery. All these three agreements are for setting up industries in West Bengal. Hitherto, private West German investments have, except for TELCO in Jamshedpur, been concentrated in Maharashtra, Gujarat, Mysore and Delhi, Maharashtra getting by far the largest share.

West German investments in India totalled Rs. 62 crores in 1967. At that time, American investments stood at Rs. 310 crores. No break-down of these investments, State-wise or industry-wise, is available. But, if the loans advanced by the American Government for private investment in India from the fund named after Harold D. Cooley are any indication, we get a revealing picture. Of the 67 loans given to private industrial enterprises between 1951 and 1970, 29 with a total

of Rs. 11.52 crores were for Maharashtra compared with a total of Rs. 4.73 crores for West Bengal.⁴

What miracle the industrial licensing policy can perform is borne out by the case of Philips India Limited. The company's first radio manufacturing plant was in Calcutta. It opened a factory with a licensed capacity of 12,000 sets a year in Poona (Maharashtra) during the Second Plan. The Poona factory's licensed capacity has been increased, step by step, to 700,000 sets a year without any conditions being attached by the Government of India. When the company applied for a licensed capacity of 300,000 sets for its Calcutta plant, a condition was insisted upon by the Government that of the sets produced in excess of the existing licensed capacity (60,000 sets), at least 75 per cent must be exported. Since the company does not think achievement of such a high export target possible and is not able to accept it, the licence applied for is being held up.⁵

So far as West Bengal is concerned, the public sector financial institutions have moved in a parallel line with the Government of India's licensing policy. Except for the Industrial Finance Corporation, all these institutions have their headquarters in Bombay—the Reserve Bank, the State Bank, the

⁴ USIS, *Fact Sheet : United States Economic Assistance to India, June 1951-July 1970*, pp. 32-5. One of the loans, for Rs. 2.16 crores, shown for Union Carbide, Calcutta, was used for a plant in Bombay and, therefore, has not been included in the figure for West Bengal.

⁵ Philips set up a factory in Calcutta to manufacture telecommunication equipment for the Defence Ministry after the Sino-Indian war. The Government of India has asked the company to close down the factory. In a letter to the Government of West Bengal on August 26, 1970 (President's rule was then in force in the State), the company said: "If the Government cannot see its way to regularise our present level of production in the Calcutta factory, we will have to close down our radio factory altogether." This, the company added, along with the "gloomy outlook for our telecommunication factory" would "virtually mean an end to our manufacturing operations in Calcutta, forced upon us by the present attitude of officials in Delhi."

A "report on unauthorised shifting of licensed capacity from Calcutta by Philips", prepared on February 12, 1972, by the Director of Industries, West Bengal, gives details of how the company, encouraged by the Government of India, has shifted its production of a series of articles and components from Calcutta to Maharashtra and how the Government of India has declined to give the company licences for factories in Calcutta for articles which have been readily given when applied for for factories in Maharashtra. (See Appendix II for the full report.)

There are supporters of this policy of discrimination against West Bengal in West Bengal herself. Writing on the refusal by the Government to give Philips a licence for increased radio production in Calcutta, the pro-CPI Bengali weekly *Saptaha* said in its issue of March 10, 1972: "We think that by refusing to allow Philips to expand its activities in West Bengal the Central Government has done the right thing." (Election Supplement, p.C.)

Life Insurance Corporation, the Industrial Development Bank, the Industrial Credit and Investment Corporation, and the Unit Trust. B. C. Roy moved heaven and earth to have the head office of at least one of these, particularly the L.I.C., in Calcutta. He failed.

Life insurance companies were nationalised and the Corporation was constituted in 1956. It may be taken for granted that in 1957 the State-wise pattern of the Corporation's investments remained more or less the same as that of the companies before nationalisation. In 1957, the Corporation's investments in West Bengal amounted to Rs. 37.74 crores and those in Maharashtra and Gujarat combined to Rs. 45.03 crores. Within ten years, in 1967 to be precise, Maharashtra accounted for Rs. 128.51 crores and Gujarat for Rs. 45.82 crores or together Rs. 174.33 crores, which was more than double the Corporation's investments in West Bengal (Rs. 82.58 crores). Investments in various forms made by the Industrial Development Bank between 1964 and 1970 amounted to Rs. 118.80 crores in Maharashtra, Rs. 43 crores in Gujarat, Rs. 41.78 crores in Tamil Nadu and no more than Rs. 41.21 crores in West Bengal.⁶ The picture is not different in respect of the other financial institutions. Compared to her industrial capacity, West Bengal has been starved of finance by these institutions.

Productivity of workers in West Bengal is in general lower than in Maharashtra, but so is the wage level. In the "general and electrical engineering industries," however, the productivity at least until a decade ago was higher in West Bengal. In 1961, according to the Indian Chamber of Commerce, the value added by manufacture per worker in these industries was Rs. 3,700 a year in West Bengal against Rs. 3,300 in Maharashtra.⁷ The annual earning of a worker drawing less than Rs. 200 a month was Rs. 942 in West Bengal, Rs. 1,270 in Bombay (Maharashtra-Gujarat) and Rs. 664 in Madras in 1951. The earnings in 1964 were: West Bengal—Rs. 1,419; Maharashtra—Rs. 1,762; Gujarat—Rs. 1,756; and Madras—Rs. 1,379.⁸ The cost of living is higher in Calcutta than in Madras and Bombay, and if the estimate of the "need-based" minimum wages made by the National Labour Commission in 1969 is taken into account the workers in Calcutta are the most undernourished.⁹

⁶ All figures in this paragraph are those compiled by Government of India, Ministry of Finance.

⁷ Indian Chamber of Commerce, Calcutta, *West Bengal A Panorama*, 1964, Table on p. 31. Value added by manufacture per employee has been worked out by the author from other figures given in the table.

⁸ See *Report of the National Commission on Labour*, 1969, Tables on pp. 202 and 203.

⁹ See *ibid.*, Table on p. 246.

Moreover, in assessing the productivity of workers, how-modern or old the industrial machinery with which they work is a question of basic importance. In modernising their plants, industrialists in Calcutta are generally behind their counterparts in Bombay and Madras. I have been told by a senior official of the Government of India that the owners of many big industries in Calcutta would rather utilise their profits and even, occasionally, part of their depreciation fund to start industries elsewhere than keep the machinery in their existing factories up-to-date and properly cared for.¹⁰ Until 1952, bilingual Bombay had much more labour trouble than West Bengal, as the mandays lost would show. Later, West Bengal started lagging in industrial development and labour trouble started becoming more widespread. Since 1953, West Bengal has been losing mandays on an increasing scale. Maharashtra also has been losing more and more mandays but in this respect, has failed to keep pace with West Bengal.

Much talk has in recent years been going on about flight of capital from West Bengal. A flight of capital has been taking place from the State for a long time. A member of the Bengal National Chamber of Commerce told the 1965 seminar organised by the Chamber that "there has been a continuous fall in the number of industrial licences issued for enterprises in West Bengal since 1960. While the situation thus looks disconcerting there is the further ominous indication that there has been going on all the time considerable exodus of capital from West Bengal."¹¹ B. M. Birla, at his Press Club meeting, admitted as much when he said that, although factories had not been dismantled and taken away, there was a tendency

¹⁰ V. V. Giri in his *Labour Problems in Indian Industry*, 1959, quotes the International Labour Organisation team, which visited India at the invitation of the Government to study the causes of low labour productivity, to say that the team "demonstrated that substantial increases in productivity of the order of 15 to 50 per cent, and occasionally even more, were possible with the same labour and machines, but with attention to machinery and methods." The causes of low productivity, according to the team, were: "1. A penny-wise, pound foolish policy; 2. A lack of scientific knowledge of the industry; 3. A lack of consideration for the workers and other employees; 4. A lack of pride in products or, in other words, indifference to the quality of products; 5. A 'grasshopper' sales policy; 6. An out-of-date autocratic policy in dealing with staff and workers." (pp. 168-9).

¹¹ J. N. Sen Gupta (of the BNCCI) in *Proceedings of the Seminar*, p. 167.

Oblivious of the deep industrial crisis that had already overtaken West Bengal and about which industrialist after industrialist had expressed concern, A. Chowdhury, Assistant Director of Industries, West Bengal Government, aggressively told the Seminar that "entrepreneurs will always flock to Calcutta". (P. 156) He went further: "If statistics give a contrary picture then I should think that statistics should be re-compiled according to the present information available with us." (P. 155.)

among industrialists to invest profits in new industries in other States.

The industrial situation in West Bengal is altogether dismal and has been made more so by the political turmoil of the last four years. The crisis in agriculture is no less deep. The burden of unemployment, which has been steadily increasing during the past decade and a half, in both rural and urban areas is much more back-breaking in West Bengal than anywhere else. To cap it all, the State Government's finances are in worse shape than ever before.

If a start has to be made to mend things, it will have to be made by the public sector. And, most of all, the State Government's finances will have to be improved. Bhabatosh Datta, the well-known economist, in an article in a recent special number of *Capital*, has pleaded for a "re-examination of Centre-State financial relations." As far back as 1965, he submitted a minute to the fourth Finance Commission, of which he was a member, saying: "It is now time to re-examine the provisions of the Constitution with a view to ensuring a more flexible devolution [of finances to the States from the Centre] scheme than is possible now." What is clearly no less necessary is to ensure that the wealth that a State produces is utilised for her own benefit by the State concerned.

IX

"BRITISH SAHIB'S PRINCIPAL HEIR"

In this series of articles the problem of rehabilitation of East Pakistan refugees is not being discussed in detail because that has been done on several occasions in the past in *Hindusthan Standard*. A few salient points may however, be reiterated. If economically, culturally, socially and politically West Bengal is collapsing, the unresolved refugee problem is one of the most potent causes of this. When what the Government of India has done for the West Pakistan refugees is taken into account, the discrimination against the East Pakistan refugees exceeds anything any Government anywhere has done against a group of its own people.

The West Pakistan refugees have been given free the properties—and these were vast—left in India by the Muslims who migrated to Pakistan. Moreover, the Government of India has built properties for them at a huge expenditure to itself. All these properties have been given to the West Pakistan refugees as compensation for properties abandoned by them in Pakistan. Numerous industrial townships have been built for them, again at the Government of India's expense, and they have been liberally given indigenous raw materials and foreign exchange for imported machinery and raw materials. They have, besides, been paid the money they had in banks, life insurance policies, provident fund and company shares in Pakistan, and also pension and money in lieu of the leave employees of the Government and local bodies were entitled to but could not take before partition.

Immediately after independence, the armed forces had to be strengthened. The recruitment was confined almost wholly to Punjab-Haryana and western Uttar Pradesh. The expenditure on defence has, during the years of independence, multiplied several times, and has now reached Rs. 1,100 crores a year. In the 1950s, Jawans in the armed forces sent to Punjab-Haryana more than Rs. 50 crores representing savings of their pay and allowances every year. Today, I am told on good authority, the annual savings of the Jawans from Punjab-Haryana exceed Rs. 200 crores a year. This money does not lie idle, but is invested in agriculture and industry in Punjab and Haryana.¹ The Central Government has employed in its

¹ The following from the diary of Casey, Governor of Bengal, 1944-46, will throw some light on this question: "July 15th 1944. One of the

various offices more people from this region than from any other State.

The East Pakistan refugees had to come to India leaving all their properties behind. They have not been given any compensation for these properties. For the first six or seven years the Government of India did not know what to do with them and, in the absence of a policy, those of them who sought Government help were kept in relief camps. A majority of the Bengali refugees were forced to fend for themselves. A vast number belonging to the richer classes had not only lost their incomes in East Pakistan but were now obliged to be a burden on their relations working in West Bengal. As it was, the sources of accumulation of Bengali capital were limited. Now these slender sources shrank drastically.

Hundreds of thousands of the East Pakistan refugees, deprived of Government help and having no one to depend upon in West Bengal, squatted on other people's land, built shacks unfit for civilised living, and created unmanageable civic problems in Calcutta and almost every district and sub-divisional town. A relatively small number of the refugees sought shelter in Government camps and in Government-sponsored colonies. Whatever rehabilitation assistance has been given to the East Pakistan refugees has been given in the form of loans bearing interest.

As during the British days, the recruitment of the Bengalis for the army is utterly insignificant. For all practical purposes the Bengalis are still branded a "non-marital" race. West Bengal, which accounts for a very substantial portion of the Central taxes, has to contribute more than her might to the expenditure on defence. While in the name of rehabilitation of West Pakistan refugees raw materials and foreign exchange have been given liberally to Punjab-Haryana, even existing industries in West Bengal—in Howrah, for instance—have been starved systematically.

The Union Rehabilitation Ministry's clever propaganda has always slurred over the basic difference in the treatment of the two categories of refugees and succeeded in creating an impression that the West Pakistan refugees have rehabilitated themselves satisfactorily through their own efforts while those from East Pakistan, allegedly "lacking in initiative and self-help," have become a burden on the Government of India and

many differences between Bengal and a province such as the Punjab came to light today, when I was told that the equivalent of £20,000,000 comes into the Punjab each year by way of pay and pension for serving and retired members of the fighting services, which must have an appreciable effect on the prosperity of the Punjab. Practically nothing comes into Bengal from this source, as practically no Bengalis serve in the fighting services." (*Personal Experience*, 1962, p. 227.)

the country. It should be noted that except for a brief period in 1947, when K. C. Neogy was Union Minister of Relief, no one from West Bengal has been Union Minister of Relief and Rehabilitation or Secretary to the Ministry.

West Bengal is reputed to be a highly politically conscious State. What were her political parties doing? What was the Government of the State doing? No one can say that B. C. Neogy was not a man of great personality or that he did not have control over the State Government or that as long as he lived, the State Government was not stable. As, apart from everything else, the memoranda his Government submitted to C. D. Deshmukh in 1950 and to the first three Finance Commissions could show, Roy argued West Bengal's case about her manifold problems and needs in every detail. The Government of India could not have been unaware of these. But his memoranda and those submitted to the subsequent Finance Commissions, by P. C. Sen in 1965 and the United Front Government in 1969, made little or no impression in New Delhi.

How could it happen that West Bengal's case has been so blatantly neglected all these years, and indeed, as the refugee problem would show, the State has been discriminated against shamelessly? The fact may be painful to a Bengali, but it is nevertheless true that in the power structure of independent India, he has no place except as a hewer of wood and drawer of water. Nirmal Chandra Bhattacharya, the eminent Calcutta professor of Political Science, said in 1956 that "interest groups" might be formed in New Delhi "to dominate the country." In fact, "interest groups" had come into being even before independence. West Bengal has been and is outside the pale of the interest groups that dominate the Government of India and the country's economy and politics.

Until M. K. Gandhi came on the political scene during the First World War, Bengal provided leadership to the country's nationalist movement. British official records are clear that Bengal was partitioned in 1905 to weaken the anti-British struggle in the province and thereby weaken that movement in India. After Gandhi's emergence there were conflicts between him and Chittaranjan Das and later between him and Subhas Chandra Bose. Chittaranjan died in 1925. Subhas Chandra Bose was driven out of the Congress in 1939, and as a British historian has said, "Bose never recovered his position in the Congress, and with him Bengal."²

In his *The Discovery of India*, Jawaharlal Nehru explained why leadership of the nation passed out of the hands of the Bengalis. The Bengalis, who, he said, had made their mark in the liberal professions, "did not fit into the growing

² Percival Spear, *India: A Modern History*, p. 392.

industry" of the country. "The result has been that the industry began to play an important part in the country's life and to influence politics, Bengal lost its pre-eminence in politics," Nehru further said that the Gujaratis, the Parsis, the Kathiawaris, the Cutchhis, the Sindhis and "to some extent the Punjabis, besides the Marwaris and the Chettys, had traditions of business. To the rising and dominant groups—industrialists and financiers, Nehru said, "Bombay became the centre and headquarters of Indian-owned industry, commerce, banking, insurance, etc. The Parsis, the Gujaratis, and the Marwaris, were the leaders in these activities." Calcutta, on the other hand, "had been and continues to be the chief centre of British capital and industry."³ Arnold Toynbee, the famous historian, has put the matter more precisely. After a visit to India in 1957, he wrote that "Bengal, with her wings broken by partition, may resign herself to being eclipsed", and that "the Gujarati industrialist is, in fact, the British Sahib's principal heir." He explained: "The liquidation of the British in India, like the previous liquidation of the Mughal raj, has been followed by a scramble for power. . . . The twentieth-century winner is the Gujarati with his business sense."⁴

It is not surprising, therefore, that, although, following the Moghul and British imperial tradition, Delhi continues to be the headquarters of the Government of independent India, everything has been and is being done to make Bombay, which is the headquarters of Gujarati and Parsi financial and industrial capital, the industrial and financial capital of the country. This explains why Bombay has been chosen as the headquarters of all but one of the many financial institutions in the public sector⁵ and why Maharashtra and Gujarat, followed by Ta-

³ See *The Discovery of India*, Indian edition, 1961, pp. 352-3.

⁴ Toynbee says: "The liquidation of the British raj in India, like the previous liquidation of the Mughal raj, has been followed by a scramble for power, but the winning quality today is neither the Marathi valour nor the Bengali's penmanship, which made the fortunes of the two peoples in the eighteenth century. The twentieth-century winner is the Gujarati with his business sense. The Gujarati industrialist is, in fact, the British sahib's principal heir; and Bengal, with her wings broken by partition, may resign herself to being eclipsed. But what about the Maharashtrian, with his masterful character and his unforgotten political greatness? Shades of Shivaji, Gokhale and Tilak! Are the kinsmen to resign themselves to becoming Gujarat's helots? Today, the Maharashtrian is carrying a chip on his shoulder." (*East to West: A Journey Round the World*, p. 100.)

⁵ Replying to Unstarred Question No. 121 by Niren Ghosh in the Rajya Sabha on November 16, 1971, why all these financial institutions had been headquartered in Bombay, Y. B. Chavan, the Maharashtra Finance Minister of India, said that this had been done because "Bombay is the principal commercial and financial centre in the country".

Compare: "Calcutta is the largest and most important commercial city in India." (Government of India, *Project to Save Calcutta*, 1966, p.

Nadu and Punjab-Delhi, have gained most from these institutions. This should also go a long way in explaining the geographical pattern of the development of the country's industry and commerce in the post-independence years. The rate of West Bengal's industrial growth has been much slower than that of Maharashtra, Gujarat, Tamil Nadu and Punjab-Delhi. The Hindi-speaking States have not developed as fast as their seeming political hold over the country would have justified. While domination of the country's economy and hence, of the Government's economic policies remains with Gujarat and Maharashtra, the South cannot be antagonised nor can Punjab-Haryana be made hostile. Punjab and Haryana are very near the national capital and have a preponderant share of the armed forces personnel. The Hindi States have been so far and will for some time more be happy if Hindi is popularised as the national language of India. This is the present power structure in New Delhi. Assam and Orissa have never had a say in the affairs of the Government of India. Partition has taken away even the advantage of a large population Bengal had before.

Since the departure of Sarat Chandra Bose from the Interim Government in 1946 and of Syama Prasad Mookerjee from the Central Cabinet in 1950, West Bengal has gone without a voice to be taken notice of in the Government of India on any basic policy issue. The Centre has always taken full advantage of and encouraged schisms in the West Bengal Congress and of antagonism between the WBPCC and the State Government, and ensured that West Bengal's voice was weakened at the Centre. Since 1967, it has made the best use of the bitter inter-party fights in West Bengal. At no time has West Bengal been able to unite to confront the Centre.

Almost every State has a lobby in New Delhi; not West Bengal. The lobby operates at different levels—in the Cabinet, the Secretariat and the Directorates, and in Parliament. Information, especially in respect of industrial projects in the private and public sectors, are passed on to the States by interested officials as soon as proposals are initiated. The MPs of the States concerned are also forewarned. In regular course, consultations are started in the States, and the MPs from those States raise cries unitedly, forgetting their party differences in the interest of their respective States. On all issues affecting a State as such, the MPs concerned meet and decide their strategy together, irrespective of party affiliation. They get briefs not only from their State Governments but, often, also from Ministers and officials at the Centre.

When interests converge, even MPs of more than one State join hands to put pressure on the Government of India. The Maharashtrians and the Mysoreans are fighting a bitter boundary war for fifteen years. But this did not prevent the MPs from these

two States from combining to put pressure on the Centre in 1970 to increase the price of sugar they produced. In fact, they pretaced their representation to Jagjivan Ram, then Food Minister, with the remark that "although we are fighting over the boundary, we are one in our demand that the price of sugar produced in the Maharashtra-Mysore zone be increased."

The West Bengal Government is unique in that, whether under the Congress or under the United Front, it never thought it necessary in all the twenty years of the Constitution to brief the State's MPs as a whole on any of the State's problems and needs. The West Bengal MPs of all parties have not met together even once to see if they can press the State's case unitedly in Parliament. Irrespective of party affiliation, their role has been most inglorious in Parliament. With a few honourable exceptions, they have found vile inter-party fights and shameful mutual attacks more engrossing than rising above petty partisan interests and joining hands to press the State case.

Before 1967, the fights used to be between the Congress on one side and the Leftists on the other. After the first United Front Government came into being, every party warred against every other party. The MPs from other States enjoyed these attacks and counter-attacks with unconcealed glee. The West Bengal MPs probably imagined they were furthering the cause of their own parties. What they in effect did was to smear the name of the State and of the Bengalis as a race. The State's case has always gone by default.

The revolting record of the two United Front Governments and their constituent parties and the shameful happenings in the State during the past few years have completed the picture—brought total humiliation to the State and the Bengalis.

X

REFUGEES: THE PRIVILEGED AND THE DEPRIVED

Indira Gandhi is too hard-worked a person. As Prime Minister, she has to take care of her Government, which is probably the world's most onerous job today. As the undisputed leader of the Congress (R), she has, in addition, to look after her party organisation which is by no means in good shape. She cannot be expected to be aware of the detailed functioning of every Ministry. But, surely when she, in the name of President's rule, took direct charge of West Bengal's administration, it was expected that she would study the State's problems in depth and find remedies for them.

Anybody who has the most fleeting acquaintance with West Bengal knows what havoc the failure of the Government to tackle the refugee problem has wrought to the State. It is strange that after so many months of President's rule, one wing of Gandhi's Government—a vital wing for West Bengal—should continue to put into practice Hitler's propaganda technique "Never tell a little lie; tell a lie so big that people cannot imply believe that you are lying!" and the Prime Minister should not pull it up.

The Union Rehabilitation Ministry, in a public statement, has not merely challenged the fact that the Government has done "considerably less" for the East Pakistan refugees than for the West Pakistan refugees. It has gone further to suggest, by tendentiously citing certain figures of expenditure, that more has been done for the East Pakistan refugees than for the West Pakistan refugees.¹

Lies of this kind are not of recent fabrication. These have most been the stock-in-trade of the Rehabilitation Ministry since Mehr Chand Khanna, a refugee from the North-West Frontier Province, assumed charge of the Ministry in December 1954. No one had even thought till then that the East Bengal refugees, like the West Pakistan refugees, needed rehabilitation. The problem claimed attention only in 1955. This was about the time when, according to Parliament's Estimates Committee, the Government woke up and realised that the East

¹ See *The Statesman*, Calcutta, September 2, 1970, Letter to the Editor from Information Officer, Press Information Bureau, Government of India.

Pakistan refugees could not for ever be kept on dole.² As a matter of fact, a fraction of them had gone to camps and asked for dole. Others depended on themselves or their relatives.

The question arose as to the basis on which the East Pakistan refugees were to be rehabilitated and whether they too should be compensated for properties left by them in East Bengal. It should be noted that the Hindus were by far the richer community in East Pakistan. It is admitted by everybody, official or non-official, who has studied the problem of the West Pakistan refugees that compensation was the key to its solution.

In respect of the East Bengal refugees, the Government took an unshakable stand that they were not entitled to compensation. The argument, even now repeated by the Rehabilitation Ministry, was that, under the Nehru-Liaquat Pact of 1950 they retained their right over their properties in East Bengal. Has Pakistan honoured the pact? New Delhi's answer is, "No Pakistan has been deliberately flouting the provisions of the pact."³ The only utility of the pact, so far as the Government of India is concerned, is to deny the East Bengal refugees the privileges that have been extended to the West Pakistan refugees.

The Rehabilitation Ministry's big lie has succeeded in misleading the people about the discriminatory policy of the Government against the East Bengal refugees. Almost the entire country, including many Bengalis, have come to believe that the fault lies with the East Bengal refugees themselves. Propaganda was (and is) being carried on that if only the East Bengal refugees had agreed to go to other States they would have found all arrangements ready for their rehabilitation.

² The Estimates Committee (1959-60), in its *Ninety-sixth Report*, page 8, says: "It was only some time in 1955 and thereafter that the Government of India really settled down to tackle this problem of displaced persons from East Pakistan on a rational basis." (P.8.) In its annual report for 1958-59, the Rehabilitation Ministry pointed out that "a stage had been reached when it was possible to have a clearer vision of the physical size of the problem" (see Introduction to *Report*) and that there had been a "shift in emphasis from relief to rehabilitation" (P. 1 of the report). Almost immediately thereafter Khanna initiated a move to disband the Rehabilitation Ministry, which was done in 1961 on the plea that "the gigantic task of the permanent settlement of nearly 9 million displaced persons has been tackled and, by and large, completed." (Rehabilitation Ministry's annual report for 1961-62. Introduction).

Khanna surely wielded a magic wand. Within a year or two of his acquiring "a clearer vision" of the dimension of the problem of rehabilitation of the Bengali refugees, he "by and large completed" their "permanent settlement"! (See Appendix I for a fuller discussion.)

³ In a note prepared for official use in November, 1968, the External Affairs Ministry passed this verdict on the Nehru-Liaquat Agreement: "Pakistan has of course all along violated the Agreement."

It is sad that even a man of the standing of Arun Chandra Guha has lately written in a vein which suggests that most Bengali refugees have chosen to stay in West Bengal whereas more than half of the Punjabi refugees have sought and got rehabilitation in States other than Punjab-Haryana. Guha is Vice-Chairman of the Refugee Rehabilitation Review Committee for three years. As such, he may be supposed to have access to all relevant official documents. These documents show that his contention is just not correct.

The Rehabilitation Ministry's annual report for 1961-62 says that of a total of 47.40 lakh West Pakistan refugees, 27.37 lakhs have been rehabilitated in Punjab-Haryana, 5.01 lakhs in Delhi, 4.80 lakhs in Uttar Pradesh, 4.25 lakhs in Bombay-Gujarat, 3.73 lakhs in Rajasthan, and 2.09 lakhs in Madhya Pradesh. All of them have been rehabilitated on land and in houses of evacuee Muslims and shops and houses built by the Government of India at its expense and given as compensation to them. Evacuee Muslims left considerable land and houses also in Andhra, Kerala, Tamil Nadu, Mysore, Bihar, Orissa, and Himachal Pradesh, all of which have been distributed among the West Pakistan refugees.

It may be assumed (exact figures are not available) that some ten lakh people migrated from the West Pakistan provinces of Sind, Baluchistan and N.W.F.P. Of a total of 47.40 lakh West Pakistan refugees, about 37.40 lakhs were on this basis Punjabis. Of these, 27.37 lakhs flocked to Punjab-Haryana and another five lakhs to Delhi. The East Pakistan refugees had only West Bengal, Assam and Tripura to go to. Assam has her own problems and it is understandable why the Bengali refugees were not always welcome there. Moreover, in sharp contrast to the Central Government's efforts to build industries wherever the West Pakistan refugees have gone, virtually nothing has been done by it in this respect in Assam which is industrially the most neglected State. Dandakaranya⁴ proves how difficult it is to develop new terrain for cultivation. Where

⁴ If Dandakaranya has failed to provide for a much larger number of the Bengali refugees, the responsibility is the Union Rehabilitation Ministry's. Parliament's Estimates Committee (1964-65), in its *Seventy-second Report*, p. 28, says that the Phase I Project Report for Dandakaranya envisaged rehabilitation of 35,000 families. For this programme the Government of India provided Rs. 17.70 crores to be spent by March 1961. The Ministry reduced the target to 12,000 families. Moreover, the Estimates Committee discovered on examining the Ministry's officials that, although it had all along been the intention to prepare a Master plan for Dandakaranya, "it has not been possible to prepare a plan so far due to the lack of suitable personnel and inadequate data for the area". (Ibid., p. 28.) It was precisely during this period that the Ministry engineered propaganda that the Bengali refugees were refusing to go to Dandakaranya for rehabilitation.

could the Bengalis have gone? Despite a thousand odds, about ten lakhs of them have gone to other States. Of a total of 41.1 lakh East Bengal refugees (1960 figure), 31.21 lakhs have sought shelter in West Bengal which does not compare unfavourably with the Punjab-Haryana figure.

What was the amount of Muslim evacuee property which the West Pakistan refugees have got? In Punjab alone there were sixty lakh acres of farmland and nearly seven lakh village houses. Property in land was available in considerable quantities in some other States also. In urban areas 305,000 shops and houses were abandoned by them.⁵ In addition to all this the Government built for them 221,110 houses and shops and 19 townships⁶ some of which, thanks to the encouragement given by the Government by way of credit facilities and supply of foreign exchange, raw materials and technical aid on a priority basis, have developed into flourishing industrial centres. At the same time, a place like Howrah, known for decades for the excellence of its medium and small engineering industries, has been starved of foreign exchange and raw materials.

Numerous Indo-Pakistani conferences have been held over transfer of movable assets from one country to another. The West Pakistan refugees have been able to transfer their bank accounts, safe deposits and contents of bank lockers, pension provident fund leave salaries, security deposits of displaced Government and municipal employees, life insurance policies and values of company shares. The East Bengal refugees have had not only nothing for their immovable property, they have had to leave behind all their movable assets too.

The expenditure given in the Rehabilitation Ministry's annual report for 1969-70 shows that, apart from all the compensation paid and land and houses built and given to the Pakistan refugees, the Government spent Rs. 200 crores, of which only a small amount is in the form of loans. Even though no compensation in any form has been given to the East Bengal refugees the expenditure for them amounts to Rs. 303 crores much of it in the form of loans. Annual reports for different years would show that the Ministry has not refrained from manipulating budget figures to deflate the expenditure for the West Pakistan refugees.

Delhi, the national capital, is supposed to be a city in which every part of India has the same claim. Go round the city and you will find what a wonderful job the Government has done for refugee rehabilitation. Seventy-three residential

⁵ Ministry of Rehabilitation, Report 1970-71, p. 62.

⁶ Ministry of Rehabilitation, *Housing the Homeless*, 1961, Appendix.

⁷ U. Bhaskar Rao, *The Story of Rehabilitation*, (Government of India publication), p. 61.

colonies have been built and numerous large modern market centres have been set up. The expenditure incurred on refugee rehabilitation in Delhi alone is Rs. 60 crores. Has any Bengali refugee got a house or a shop or anything out of this expenditure? The plain answer is, "No." For more than a decade a colony for the Bengali refugees is being talked about. The colony is now being built by the refugees on the same terms and conditions as apply to any group of citizens forming a co-operative. Delhi city typifies better than anything else the attitude of the Centre towards the problem of the West Pakistan refugees on one side and of those from East Bengal on the other.⁶

The Government, if it is serious about the West Bengal crisis, will have to consider the East Bengal refugee problem *de novo*. When the country's leaders gave assurances of a varied type to possible migrants before independence, no distinction was made between one group of refugees and another. The inoperative Nehru-Liaquat Pact is no substitute for rehabilitation, nor are blatant falsehoods a cure for the State's major ailment. The cancer has festered for 23 years and has now manifested itself in what we are witnessing in West Bengal. Until this problem is resolved, West Bengal will continue to harass the Centre, no matter how active and large the police force becomes.

POSTSCRIPT

The total number of refugees from West Pakistan is 47.40 lakhs. Taking five persons to a family, the number of families is 948,000. Parliament's Estimates Committee (1959-60), in its *Eighty-ninth Report* on the rehabilitation of these refugees, gives a table on page 3 showing that a total of 13.08 lakh families have received "rehabilitation benefits". Of these, 5.68 lakhs, described as rural refugees, have been given farmland the amount of which has been mentioned in the article. Of the urban refugees, 4.35 lakhs have been given compensation in the form of houses, shops, industries and business establishments of the Muslims, who have gone to Pakistan, and those built by the Government of India at a cost of Rs. 91 crores. A total of 2.02 lakhs have been found employment through employment exchanges. Besides all this, 92,000 have been given vocational and technical training, and 11,000 were, at the time the Committee reported, "expected to be employed in industrial establishments under Government schemes." Regarding the Bengali refugees, the Rehabilitation Ministry's *Report 1964-65* says: "Up to January, 1965, the Employment Exchanges in various States have registered 10,571 migrants and secured 204 jobs."

⁶ See Ministry of Rehabilitation, *Displaced Persons in Delhi*.

Apart from the evacuee Muslim properties and properties built by the Government of India, the West Pakistan refugees' claims for compensation for every kind of assets have been met. The Estimates Committee (1959-60) lists the following items:

1. Claims of contractors of all types ;
2. Security deposits on account of ration shops, food grains syndicates, liquor shops, etc. ;
3. Securities deposited by treasury contractors ;
4. Claims in respect of court deposits, deposits of minors and others under the guardianship of courts and deposits lying with the courts of wards and the manager, encumbered estates in "non-mass migration" areas and also in "mass migration" areas where one or more parties interested in such deposits is/are non-evacuee/s ;
5. Deposits of claimants in court and decree claims in favour of claimants where the money is payable by or lying with Government or quasi-Government bodies ;
6. Dues of claimants payable by cooperative institutions including railway cooperative societies and also societies in undivided Bengal and Assam, if they were catering for Central Government employees ;
7. Pay, leave salary and provident fund, etc., of university employees and dues of examiners payable by universities ;
8. Refund of examination fees due to claimants from universities ;
9. Scholarships due to students ;
10. Revenue deposits payable to claimants ;
11. Provident fund dues and pension claims of ex-employees of the Reserve Bank ;
12. Compensation to shareholders of the Reserve Bank ;
13. Compensation for joint stock company property acquired by Government and quasi-Government bodies in Pakistan ; and
14. Refund of the value of defective and damaged India currency notes.⁹

Even the Estimates Committee could not get the full list. The Rehabilitation Ministry's publication, *The Story of Rehabilitation*, gives this additional list of assets for which the West Pakistan refugees have been compensated :

1. Government servants and employees of local bodies from West Pakistan who had been allowed to retire prior to their migration but whose pension had not been sanctioned ;
2. Government servants from Sind and the NWFP who had been injured during the civil disturbances or the families

⁹ Estimates Committee (1959-60). *Eighty-ninth Report*, Appendix II, p. 47.

of such Government servants who had been killed during the disturbances ;

3. Victims of the Quetta earthquake (1935) ;
4. Dependents of former employees of the Governments of Sind, the NWFP, Baluchistan, Bahawalpur and Khairpur, who were entitled to disability pensions ;
5. Refugees who had post office savings bank accounts, cash certificates and postal life insurance policies in Pakistan but whose accounts had not yet been transferred to India ;
6. Wards of courts ; and
7. Former employees of the Punjab Library, Lahore.¹⁰

In every detail all assets or what might be stretched to mean assets have been taken care of by a considerate Government.

For the Bengali refugees the only compensation the Government of India has arranged is the Nehru-Liaquat Agreement which, according to its own finding, has never worked!

¹⁰ *The Story of Rehabilitation*, pp. 134-5.

On page 66 there is an uncorroborated statement about the Union Rehabilitation Ministry's manipulation of budget figures to deflate the expenditure for the West Pakistan refugees. References, in support of the statement, which do not occur at the right place, are given here.

The Rehabilitation Ministry's annual reports carry tables giving the progressive totals of the Centre's expenditure, apart from compensation, on relief and rehabilitation of West Pakistan refugees and East Bengal refugees separately since 1947. These are supposed to be verified budget figures. In 1964-65 (*Report*, p. 5) the progressive total of expenditure for the West Pakistan refugees was shown as Rs 198.41 crores—Rs 4.39 crores less, not more, than the expenditure of Rs. 202.80 crores up to the previous year (*Report* 1963-64, p. 54). It is nowhere explained why the progressive total of expenditure decreased. Coming to separate heads, the expenditure for the West Pakistan refugees under "Establishment" was Rs 3.52 crores up to 1964-65 (*Report*, p. 5). This total, instead of increasing year by year, came down to Rs. 3.23 crores in 1966-67 (*Report*, p. 4) and has stayed put there since. The Ministry's work for these refugees has by no means ended. It is still entertaining compensation claims by them, and the number of claimants is increasing year by year. In its *Report* 1970-71, p. xii, the Ministry lists the following offices under it still working for these refugees : (1) Settlement Commissioner ; (2) Central Claims Organisation ; (3) Custodian of Deposits ; and (4) Chief Accounts and Pay Officer, Rehabilitation. No one can run these elaborate offices without incurring expenditure for "Establishment". Part of the Ministry's expenditure under "Establishment" is clearly being incurred for the West Pakistan refugees, but is not being shown as such.

XI

ALLOCATION OF PLAN FUNDS¹

In Delhi, where the fortunes of the country and the States are decided, propaganda, occasionally fed by people in authority, goes on incessantly against the Bengalis on the fabricated charge of parochialism and laziness. There is disinclination to recognise that West Bengal is faced with problems far deeper than those in any other State.

Part of the blame for this sorry state of affairs must be borne by West Bengal herself. She has allowed her case to go by default at the Centre. It is a myth that B. C. Roy wielded such influence that he could make the Centre give almost anything he asked for. There has always been a Bengali in the Central Cabinet; sometimes more than one. Unlike many of their Cabinet colleagues from other States, the Bengali Ministers have taken care not to create even the semblance of an impression that they have a soft corner in their hearts for the State they come from. Almost every State has a lobby, not West Bengal. These lobbies cut across party loyalties and pressurise the Centre in the interest of the States concerned.

It should not be surprising that West Bengal is falling steadily behind in the race among the States for development. It is more appropriate to say that not only West Bengal but also the other three Eastern States—Assam, Bihar, and Orissa—are falling behind. This is not because these States lack resources or talent. This, to put matters bluntly, is because of the economic and financial policies pursued by the Centre during the years of independence.

The Eastern States have the largest natural resources for industries and should have made faster economic progress than any other State or combination of States. This has not happened because of the Centre's professed policy of dispersal of economic activities; the "backward" or "less advanced" States, it is said, are to be developed to achieve a uniform level of progress all over the country.

A laudable objective, no doubt. The snag is that the policy has worked in a curious way. Asoka Mehta, Deputy Chairman of the Planning Commission, is not actuated by narrow regional considerations, whatever else may be said about him. He has been having trouble with the West Bengal

¹ Published in *Hindusthan Standard*, December 28, 1966.

Government on the size of the State's fourth Plan. Three rounds of meetings between him and the State's representatives have failed to resolve the differences. His last meeting with P. C. Sen, the State's Congress Chief Minister, in Calcutta was not exactly a pleasant one. Mehta will now probably seek the Prime Minister's authority to make Sen see "reason" and prune West Bengal's Plan in the manner the Planning Commission has suggested.

Mehta is a socialist, or once he was. Why he has taken exception to the increase in the dearness allowance of the State Government employees, recently announced by Sen, passes one's comprehension, especially so because only the other day the Centre was obliged to increase the dearness allowance of its own employees. The rising price level, belying the assurance given by Mehta, along with other devaluation enthusiasts, may be sending shivers down his spinal cord. But that is of no help to the State Government employees, who are less paid than their Central counterparts and who, too, have to balance their budgets. On his part, Sen may have had an eye on the impending 1967 election in timing his announcement about the allowance, but that does not make the addition to the pay packets of the employees less urgent.

Has Mehta ever compared the rate of development of industries in West Bengal and Maharashtra, which were the two economically comparable States at the time of independence? If he makes the exercise, he will find how, despite lack of natural resources, Maharashtra has made much faster industrial progress than West Bengal during the past fifteen years of planning and is poised, with continued benevolent attention by the Centre, for a speedier growth. How far backward States have developed industrially is for everybody to see. There is no dispute that Maharashtra has benefited most, Madras following her closely. In 1947 West Bengal accounted for about 27 per cent of the gross industrial output in the country. If Maharashtra had cotton textiles, West Bengal had jute textiles. Whatever pharmaceutical industries India then had were mostly concentrated in Greater Calcutta. West Bengal had the most extensive engineering industries and metal-working establishments in general. During the second world war the engineering industries of Howrah, fondly called by the Bengalis the Sheffield of India, demonstrated what they were capable of. Since planning began the Howrah engineering units have been passing through critical times while Maharashtra, Madras, and Punjab have been forging ahead.

How radically the industrial situation has changed in favour of Maharashtra may be judged from the survey for 1960-61, the last year of the second Plan, the National Council of Applied Economic Research has recently made. The output of industries in West Bengal as a percentage of the all India

total has come down to 17.20 whereas in Maharashtra it has moved up to 20.30.

"Maharashtra", the survey points out, "is not endowed with metallic and non-metallic mineral resources to the same extent as States like West Bengal, Bihar, Madhya Pradesh and Orissa." Yet, metal based and chemical industries are coming up faster there than elsewhere, and there has been a "rather sharp growth in recent years in engineering and chemical industries. Maharashtra has now a big lead over the other States in the machine-building industry : many of the units are either already in production or are under implementation. The existing and sanctioned capacities in Maharashtra for such industries form nearly 30 to 40 per cent of that for the whole country."

Delhi is the political capital of India. Since independence, Bombay has been, as a matter of Central policy, built up as the commercial capital. After all, Bombay's business magnates have been, since long before independence, the main financiers of the Congress. As they say, he who pays the piper calls the tune. The head offices of all major nationalised financial institutions have been located in Bombay. Politically as well as economically West Bengal is being relegated to the backwaters.

The two basic requirements of engineering industries are steel and coal. Steel prices were equalised all over India long ago while the transport of coal is subsidised to distant areas like Bombay and Madras. Since nothing can be done without getting licences from the Centre, much depends on lobbying in which West Bengal is left miles behind by States like Maharashtra, Madras, and Punjab. Not long ago this correspondent suggested to a journalist from Punjab that, if steel prices could be equalised and coal subsidised for the distant States, the prices of food, in which Punjab was surplus and West Bengal deficit, should also be equalised. He reacted as if nothing more absurd had ever been uttered. If Howrah has stagnated, Ludhiana, not to speak of Bombay, has prospered.

A week after his brush with Sen, Mehta went to Bombay where, presumably following a pleasant exchange of views, he sanctioned a Central aid of Rs. 261 crores to enable Maharashtra to have a plan of Rs. 951 crores or more than double the State's third Plan outlay of Rs. 418 crores.² Mehta's talks in Calcutta had failed principally because he was not in a position to promise West Bengal aid of more than Rs. 200 crores or to sanction a Plan of 520 crores. Maharashtra's population (40 million) is only 4.5 million more than West Bengal's. Punjab and Haryana together have a population of

² The fourth Plan outlay of Maharashtra underwent some modifications when the Plan was finalised in 1969.

20 million compared to 35 million in West Bengal, but those two States together have a Plan of Rs. 455 crores with an assured Central aid of Rs. 193 crores. If this is not discrimination, what is? Discrimination against West Bengal (as much as against the other Eastern States) is, however, most blatant in respect of the treatment of the Bengali refugees.

East Pakistan, according to evidence readily accepted and purveyed by Delhi, is being treated as a colony by West Pakistan which is being built up with resources sucked up from the former. Mehta might have a look nearer home and tell the country how is Delhi's treatment of the Eastern States different. A Bihar Chief Minister³ once exasperatingly cried out that, if the other States would not give Bihar rice, he would stop the supply of iron, coal and other industrial raw materials to them. Of course, he was powerless to carry out his threat, but it is New Delhi's responsibility to realise that it is dangerous to allow an impression to grow that with the resources of the Eastern States some other States are being built up.

³ Krishna Ballav Sahay.

XII

THE NIGHTMARE¹

Jawaharlal Nehru used to describe Calcutta as a city of processions, a nightmare. If this description was true in his time, it is more so now. His daughter, Indira Gandhi, received a great welcome during her recent visit to the city, but she also had an idea of its turbulence. Of the four metropolitan cities of India, Calcutta presents the most depressing picture today. There are some very affluent patches, of course, but it is here that the most primitive struggle for existence is to be found. Every section of the people is being consumed by discontent, most of all the Bengalis whose city it is supposed to be. The once-proud middle class, swelled by the large influx from East Bengal after the partition of the country and ground down by unemployment and poverty, is the angriest of all.

Calcutta, the nerve centre of the State, has always been attracted by extremist politics and has influenced opinion in the districts. The United Front was carried to power in the mid-term election in February 1969 by an unprecedented swing of the people towards the Left. The idiocy of the Union Government and a section of the Congress in 1967 was at least partly responsible for the debacle of the Congress and the victory of the Front.

The second United Front Government has been in power for only seven months. Considering the immensity of the State's problems, it would be too much to expect the Government to perform a miracle and remove the people's difficulties within this short period. People continue to be indulgent towards the Front, but the Leftist parties should not be unaware of the rumbling of discontent with the manner in which they are going about their work.

When so many parties constitute the Government, it is understandable that there would be some inter-party trouble. What is happening is truly atrocious. The main occupation of these parties seems to be to fight amongst themselves not only at meetings of the Front but also outside. Gruesome clashes have occurred between partners of the Front on numerous occasions, resulting in many deaths. In their party newspapers they are levelling the vilest charges against one another. Despite repeated confabulations, the situation goes on worsening. The two parties—the CPI (M) and the CPI—which were

¹ Published in *Hindusthan Standard*, September 24, 1969.

pected to give the lead to the Front are behaving as inveterate enemies and bedevilling the functioning of the Government itself. The CPI(M) has been made the main target of criticism by the other parties. One reason perhaps is that in the relentless race among these parties to spread their influence, the CPI(M) is succeeding more than the others.

Because of these conflicts, Ministers belonging to each party work almost in isolation and there is very little exchange of ideas between Ministers owing allegiance to different parties. What is worse, none seems to have been able to imbue the departmental staff with a sense of responsibility. By and large, the staff works aimlessly and discipline is at a discount. It is surprising that it should be so when the bulk of the employees are known to be supporters of the Left parties. No Government can function for long in such a situation or serve the interests of the people. One of the most startling remarks this correspondent has heard in Calcutta is that only military rule will be able to restore discipline. It should be added that those who have expressed this feeling are by no means ill-disposed towards the Left parties.

All this does not mean that the Government has no achievement to its credit. In the rural areas land reforms left unfinished by the Congress are being completed at breakneck speed. It is true that Harekrishna Konar is not always adopting conventional methods for the purpose. The use of force by the land-hungry peasants is being encouraged, which is having an adverse impact on what is generally understood to be law and order. The abolition of land revenue on holdings of three acres or less and the legislation conferring permanent hereditary rights on peasants in occupation of homestead plots of up to five cottahs are certainly measures of far-reaching importance for a large majority of agriculturists.

In the industrial field, jute and tea workers have made substantial gains in their wages. It is said that the increases agreed to by the employers after short-lived strikes are the biggest the workers have got at one stroke at any time before. The United Front claims credit for this. Government employees and certain other sections of the white-collared people have also had their emoluments increased in recent months.

While the Government has readily taken upon itself additional financial burdens, it has been shy of imposing fresh taxes to raise resources. The budgetary deficit is already huge. Unless more funds are available the Government is bound to become bankrupt. Unlike the Government of India it cannot print money to wipe out its deficit. If it is putting its faith in the munificence of the Central Government, it is heading for disappointment.

Whatever the future of the State exchequer, some of the

steps taken by the United Front Government have drawn large masses in the countryside and in the Greater Calcutta area closer to it politically. The Front parties may go on quarrelling among themselves, but no danger to the Government is yet in sight. There is at any rate little prospect of the Congress, split into hostile factions as it is, taking advantage of the inter-party bickerings in the Front to regain its old position in the near future.

With her high density of population and acute shortage of land, West Bengal can prosper only as an industrial State. In this field, the State Government can do something but not much, for industrial policy is laid down by the Government of India. At the time of independence, West Bengal was the premier State from the point of view of industry and commerce. About a decade ago, it yielded pride of place to Maharashtra. In a number of other States, the rate of growth of industries is much faster than in West Bengal. If the trend continues, this State will be one of the most backward in another decade or so. Much has been made of *gheraos*, but West Bengal began falling behind in the industrial race long before the first United Front Government took office in 1967.

The Government of India is supposed to be pursuing a policy of dispersal of industries. It has equalised iron and steel prices and is heavily subsidising coal transport to places like Bombay and Madras. This made States like West Bengal, Bihar and Orissa lose the advantages they had over the States in the other regions. Assam has been left totally in the industrial backwaters. West Bengal alone earns a third of the country's foreign exchange, the four Eastern States together contributing more than a half. Much of this foreign exchange is used to import capital equipment and raw materials for industries in other regions. Even under B. C. Roy, the West Bengal Government could do little about it.

When Morarji Desai was in Calcutta a few weeks ago, he was confronted with an inconvenient question about discrimination against West Bengal. He disputed this of course. While steel prices have been equalised all over India, West Bengal's demand for equalisation of prices of commodities like cotton and oilseeds, which would have benefited certain industries in this State, has not been accepted. Even though until a few years ago West Bengal was the premier industrial and commercial State, Bombay has been made the headquarters of all financial institutions of the Government of India. Now that most industrialists have to depend very substantially on finance advanced by these institutions, it is but natural that they should display a tendency to flock to Bombay. Calcutta Corporation is chronically suffering from a serious lack of funds. Bombay earns about Rs. 10 crores from octroi, but the Centre would not allow Calcutta to impose it.

Unemployment has assumed menacing proportions. Not only are industries not growing, employment opportunities for local people even in existing industries are shrinking. More and more people are being brought from distant States for employment in preference to people of the State. In many offices and industries, most of which are owned by people from other States, the percentage of local people employed has gone down since independence. All this together has brought about the explosive situation in the State.

Like her father, Indira Gandhi has spoken with sympathy about West Bengal. In the past pretty little was done by the Centre for either Calcutta or the State as such. Gandhi will not have an easy task persuading her Cabinet to look more seriously into the problems of the State. But neither she nor the West Bengal Government, whatever its composition, can probably do anything to reverse the industrial policy of the Government of India without which the problems of the State will continue to worsen.

XIII

THE CROWN OF THORNS¹

After dismissing the first United Front Government in West Bengal in November, 1967, Dharma Vira swore Prafulla Chandra Ghosh² as Chief Minister of the State with this remark: "I am placing a crown of thorns on your head." Within three months, Dharma Vira, as Governor under President's Rule, had to wear that "crown" himself. With what disastrous result for himself and the Congress he did this, the mid-term poll in 1969 showed.

Circumstances have once again conspired to bring about the fall of the second United Front Government and its replacement by President's Rule. But, politically, the problem of the Governor, Shanti Swarup Dhavan, has to face are radically different from those of Dharma Vira. In 1968 the United Front Government's hand in executing the plan to overthrow the United Front administration was there for all to see. The whole State revolted against the Centre and the Congress.

Having learnt its lesson, the Centre played its part with finesse this time. Soon after the mid-term poll, Chavan told Parliament that within two years the non-Marxist parties would feel the pressure of the CPI(M) so much that they would rush to him for protection. The Home Minister withstood systematic pressure in Parliament for intervention in West Bengal by saying that what was needed was a political solution. That solution has been found, at least for the time being. The CPI(M) is an isolated party today. All the major partners of the Front have become its enemies and quite a few of them are looking forward to forming a non-Marxist Government with Congress (R) support.

No one can take exception to what the Centre has done publicly since the mid-term election. Whatever encouragement the Centre gave the non-Marxist parties to break away from the CPI(M) was given behind the scene. The United Front's footsteps were dogged by internecine quarrels from the very beginning, but its real crisis began about the last week of September. It so happened that this was preceded by Indira Gandhi's visit to Calcutta and by meetings between her and Ajoy Mukherjee and between Mukherjee and some senior Congress

¹ Published in *Hindusthan Standard*, March 25, 1970.

² Sharp-tongued C. Rajagopalachari called P. C. Ghosh, who headed a minority Government with Congress backing from outside, "a sacrificial goat" of the Congress.

ders in Delhi. The CPI's role, in Kerala as well as in West Bengal, has pleased the Swatantra Party so much that M. R. Dasani is now prepared not to ask for a ban on it. The Swatantra insists on outlawing only the CPI(M) and the Khalites.

Surely, the CPI(M), however much it may have spread its tentacles in West Bengal during the past year, cannot be expected to do against the Centre or the Congress what all the anti-Congress parties combined did in 1968-69. Moreover, the propaganda against West Bengal has undoubtedly been highly effective. There are some people in parties having influence outside the State who, frightened by the growth of the CPI(M), have concluded that the Bengalis are not fit to govern themselves. Voices are often heard that, whatever the verdict of the people, no popular government should be allowed to function here if the CPI(M) finds a place in it. Condescending people say the Bengalis are not, of course, "barbarous and uncivilised" but they are puzzled when they hear day in and day out the truth that "in West Bengal even the honour of women is not safe." The ground has certainly been well prepared for strong central rule to "restore law and order".

From these points of view, Dhavan's task is easier than Arma Vira's. Nevertheless, the present Governor too has an arduous job. The wheels of history cannot be turned back. The United Front Government might not have been able to do much for the people, but that it has unleashed a wave of popular unrest in towns and villages is beyond question. This is what has caused the greatest concern to the Centre. It is realised that law and order can be maintained with the help of the Central Reserve Police and the Army, but only up to a point. Unless the State's manifold economic and social problems are satisfactorily tackled, it will be very difficult for the Guardians of law and order to contain the CPI(M). The CPI(M) itself is banking on the Centre's inability to meet the pressing needs of the people.

Dhavan himself pointed out at the National Development Council that it was no use blaming the people of the State when their life was difficult and their problems remained unsolved. Because of the existence of some industries in the greater Calcutta region, West Bengal is counted among the richest States in the country. But the vast bulk of the people live a miserable life and are among the poorest in India.

Since the first United Front Government took office in 1967, it has become a fashion to say that *gheraos*, strikes and general lawlessness are dissuading industrialists from investing in West Bengal and are, indeed, causing a flight of capital from the State. No less a person than Chavan went to Calcutta in 1967 to warn the State against the evil effects of *gheraos*. Chavan comes from Maharashtra whose Chief Minister he was

for many years. He should know that for a long period after independence labour troubles were more widespread in Maharashtra, where trade unions were under Leftist control, than in West Bengal where the pro-Congress INTUC was able to keep the extremists in check in the key industries and the plantations.

In independent India, West Bengal's decline started with "planning", and, along with it or as a result of it, the other States of the Eastern region suffered. The Centre's deliberate policy began bearing fruit from the first Plan. The Congress was in power in the State till 1967 and Bidhan Chandra Roy was Chief Minister for most of these years. No one can say that he encouraged *gheraos* or lawlessness. In fact, ideal conditions for a rapid growth of industries prevailed in the State. There were resources in abundance and trained men were available. But Roy was powerless to make the Centre change its policy of divesting the Eastern region of its economic importance, except as an earner of foreign exchange and supplier of cheap raw materials, in the high-sounding name of dispersal of industries and development of the backward States.

The chief beneficiaries of this policy are Maharashtra, Gujarat, Tamil Nadu and Punjab, whose pull with the Centre is greater than that of any other State. The financial and licensing policies of the Government of India have seen to it that Maharashtra overtake West Bengal by the end of the First Plan and that Gujarat begin catching up fast. The outlays of the three States in the four Plans bear testimony to the changes that have been brought about.

Calcutta's doom is now forecast by almost everybody. The city started going down the drain from the time of the 1st world war. Dhavan quoted Nehru at the National Development Council for assistance for the city. The Governor has noted that the refugee problem continues to be serious in West Bengal. If this small State did not have to bear the burden of over four million refugees, registered as such, besides several other hundreds of thousands of the East Bengal Hindus who were working in the State before independence and stay on, the plight of West Bengal might not have been as serious as it is today.

The middle class unemployment problem, as the Government surely knows, has reached dangerous proportions. Circumstances have compelled large numbers of these people to turn over to the extreme Left. Not merely is slackened growth in industry responsible for this. Even in West Bengal the Bengalis are finding it difficult to get employment because others are being brought from distant States to fill vacancies. Industries in West Bengal are mostly in the hands of non-Bengalis. After independence, many British firms passed into their hands. The Governor can with profit investigate how the proportion

the Bengalis to the non-Bengalis employed in these industries has changed during these twenty years or so.

If Dhavan is able to tackle these and other problems of this State, he will earn the gratitude of the people and succeed in making a dent in the hold of the CPI(M). Dharma Vira made an attempt without any result. If Dhavan, too, fails, the Centre will have to reap a bitter harvest again. The CPI(M) will, in that case, not be the loser.

XIV

A DEBATE IN PARLIAMENT¹

Parliament has now armed the President with law-making powers for West Bengal during the pendency of his rule in the State. No legislative forum of elected representatives of the State will have the right to question the decrees he may issue. But his powers are nominal, for he has to act on the advice of the Union Cabinet. The fortunes of the State will, therefore, be dispensed by the Central Government as long as President's Rule lasts. A parliamentary Consultative Committee will be formed soon. Its recommendations will not be binding on the Centre. What is Delhi going to do with all the powers it has assumed to itself in relation to West Bengal?

Six weeks are over since the introduction of President's Rule. Everybody now says that the problems of the State are urgent and that something must be quickly done so that the State does not go up in flames and cause incalculable harm to India as a whole. There is no lack of talk on these lines in the Central Government itself. But all that it seems to have been in a position firmly to decide so far is to equip itself with powers more extensive than the Preventive Detention Act which lapsed on January 1, 1970. It is law and order that worries the Government most. There will be no dearth of the Centre's para-military formation known as the Central Reserve Police for deployment in the State. The Border Security Force, another Central para-military organisation, has for years been stationed in the State in some strength. Whenever required, the Army will also be available to maintain order.

What is being done to resolve or at any rate lessen the gravity of the economic and social problems of the State? Well, discussions are going on. It is for the Governor's Advisers to set priorities and confront the Centre with their proposals. Of course, that requires time. Moreover, as a very senior official of the Government of India told this correspondent, the maladies of the State have accumulated over several decades and no one has the magic wand to remove them overnight.

The debate in the Lok Sabha on the bill to delegate legislative powers to the President was marked by many ardent speeches on West Bengal's ills and equally ardent pleas that the Centre must no longer neglect them. From Asoke Sen of the Congress (R) and Sharda Mukherjee of the Congress (O) to Samar

¹ Published in *Hindusthan Standard*, April 29, 1970.

Guha (PSP), Hiren Mukherjee (CPI), Jyotirmoy Bosu (CPM), Deben Sen (SSP) and Tridib Chaudhuri (RSP), the basic argument was the same: Help West Bengal! Guha and Chaudhuri sought to spur the Centre into action by giving a warning that Calcutta and West Bengal were ripe for an "explosion." "You are confronted in West Bengal," Chaudhuri said, "with nothing short of a revolution."

Did these warnings register with the Central Government? If the reply Vidya Charan Shukla, Minister of State for Home, gave is an indication of thinking at the Centre, all these fiery speeches were in vain. Y. B. Chavan, the Home Minister, did not take part in the debate at all. One thing was clear from the debate; West Bengal has now, according to some of the MPs from the State, been reduced to a position where only help from outside can save it. This, basically, is the disconcerting result of the "planned development" the State has been through since 1951.

No one focussed attention on the elementary question of the Centre's economic policy. Sharda Mukherjee bypassed the issue by merely saying that "if timely investment had been made in Bengal and if employment opportunities had been created we would not have made the foolish mistake we have." But, within the confines of the country's financial and industrial policies, was it possible for Delhi to do anything else? She did not ask herself this question, for, if she had, the demand for a reversal of these policies would have become irresistible. Deven Sen and Sushila Rohatgi (Congress-R) referred to the discriminatory treatment meted out to the refugees from East Pakistan vis-a-vis those from West Pakistan. But this is only one aspect of the Centre's policies from which West Bengal has suffered.

N. G. Ranga, the Swatantra leader, was the only one who did not think that injustice had been done to West Bengal by the Centre. "It is," he told the Lok Sabha, "no good saying that India has not discharged her responsibility for West Bengal. Did we not give West Bengal proportionately as much as we have given to Punjab?" This also is the attitude of the Central Government. There is no proposal before it to review the industrial and financial policies it has pursued since independence. It seems certain that only palliatives would be tried in West Bengal and no effort whatever would be made to discover the causes of the State's maladies and find remedies for them.

All real economic and financial powers vest in the Central Government. As Sharda Mukherjee pointed out, "Powers of the State Governments in relation to the Centre are more or less the same as those of the zila parishads in relation to a State Government." The Centre has utilised its powers to withdraw wealth from one State or region to be invested in

another State or region, all in the name of development of backward areas. In this process, which became pronounced after planning began, the States that produce most of the resources in industrial raw material and foreign exchange earnings and which should have developed fastest, have suffered most.

A look at not only West Bengal but also Bihar, Orissa and Assam is enough to bring this point home. These four States together account for much of the country's industrial raw materials and foreign exchange earnings. Thanks to the policies pursued by the Centre, these very States have gone down fastest in the scale of industrial and commercial development. As a matter of fact, the licensing and raw material permit systems have smothered some of the industries that once flourished in West Bengal.

Leave aside West Bengal where the political situation provides a handy explanation now for lack of growth of industries. Take Assam. If you ask the Industries Ministry why the State is remaining industrially backward, the prompt answer you get is the lack of communications there. Ask the Railways Ministry why the railway network in the State is not being extended, the ready answer is that, because of her industrial backwardness, requisite traffic will not be forthcoming and new lines will have to run at a loss. About the minerally rich Chota-Nagpur region, an official of the Industries Ministry told this correspondent that lack of local entrepreneurship was a handicap to rapid development of the region. The same argument is applied to Orissa.

Siddhartha Ray has raised the question of location of the headquarters of the public sector financial institutions. He has asked for at least one of them to be in Calcutta. Under the British, London used to control the financial strings of India which in combination with the import-export, fiscal and freight policies, were made to serve the interests of Britain. Today, India's financial strings are controlled from Bombay and industrial policy is framed in Delhi. On neither do the Eastern States have any influence.

Ray will have to fight a bitter battle with the Central leaders to bring about even a minor change in the Government of India's policies, assuming that they themselves can, if they like, change the direction of the policy that was adopted after independence. A much more powerful man, B. C. Roy, had in his time tried his best but failed. If Siddhartha Ray can only persuade the Centre to agree that the resources, generated in West Bengal and, for that matter, in the other Eastern States will not be withdrawn from there but locally invested, West Bengal will not have to appear in Delhi with a beggar's bowl in hand, and the development of Assam, Bihar and Orissa is bound

to get a fillip. These States still have resources to stand on their own and prosper.

Whatever it may or may not do for the economic regeneration of West Bengal, the Centre is full of concern for the State for political reasons. West Bengal occupies a very strategic position. Moreover, there is a feeling at the Centre that the disease that has afflicted West Bengal will spread to the neighbouring States in course of time if the virus is not checked. The same causes are bound to produce the same results.

NOT JUST LAW AND ORDER¹

Rudyard Kipling wrote of "the White Man's burden". The days of Imperial Britain in India are gone. The legacies are still here. The country is haunted by a host of intractable difficulties. In New Delhi's view no other State poses as grave a problem as does West Bengal. As Chief Minister of the ill-fated second United Front Government, Ajoy Mukherjee himself spoke of his administration as "barbarous and uncivilised". The Centre has taken upon itself the onerous task of bringing the light and comfort of civilisation to this benighted State.

Indira Gandhi's anxiety—like that of her father—to help West Bengal regain her equanimity should not be in doubt. But there are Ministers and administrators in her Government and business men and politicians outside who are urging New Delhi to take up, Kipling style, its burden to serve the State and "your new-caught, sullen peoples, half-devil and half-child". Four and a half months of this great mission are over. The much advertised plans to rebuild Calcutta and the economy of the State are still no more than paperwork of which there was a great deal also during the first spell of President's rule under Dharma Vira as Governor in 1968. Dharma Vira did not leave Calcutta proud of his achievements.

If where to begin, whether to attack the economic problems first or whether law and order should get the highest priority, had ever been a question before New Delhi, the answer was found well before the U.F. Government fell and the Centre took over the State under its protective wings in March 1970. Several battalions of the Central Reserve Police moved into the State without the least delay and several units of the Border Security Force at the border with East Pakistan were asked to stand by to help the forces of law and order. The industrial Security Force was strengthened. A variety of Central intelligence agencies heavily reinforced themselves in the State. Attention was immediately paid to recast the police administration and officer it with people who could be relied upon politically.

Simultaneously, an intensive search was made to find out and press into service measures which, when the British ruled to make the "sullen peoples" of India fit for the "democratic

¹ Published in *Hindusthan Standard*, August 5, 1970.

way of life", our leaders called "black acts". The Preventive Detention Act, which the Government looked forward to, could not be revived because of opposition by many parties, each for its own reasons. There is a proposal now to revive some of the provisions of the Defence of India Rules and the Security Act. Powers of this nature may be necessary for the Government, but with nothing noticeable done so far to tackle the State's economic and social problems, President's rule is assuming more and more the nature of a law and order administration to subdue the turbulent people.

The West Bengal administration is said to be so inefficient that, unless it is thoroughly reorganised, nothing much could be expected of it in the field of reconstruction of the State. It is not the present Governor who has made the administration useless nor were the two short-lived U.F. Governments responsible for it. It has been discovered that this inefficiency has come down as a legacy of B. C. Roy's Chief Ministership. Roy, it is explained, had such a towering personality that he succeeded in keeping the initiative in every field to himself and did all the thinking for the Government. Very little was left for the other Ministers and the officials to do, and they lapsed into a lethargic frame of mind. Under P. C. Sen, the administration suffered from a total lack of drive at the top, and matters took their own course. Under the U.F., indiscipline at most levels became a feature of the administration.

The Centre has, during these four months, made many experiments to tone up the administration. After much confusion at the top, the responsibilities of the Governor and his Advisers are said to have been fixed. A new experiment is due at the Secretariat level where some reshuffling is proposed to be done. Of all the States, only West Bengal did not have an inter-Ministerial committee as a result of which the activities of the Government suffered from lack of co-ordination. An inter-departmental committee is reported to have been set up. The Centre hopes that work would now proceed smoothly.

Of course the Centre knows what the State's major problems are—heavy concentration of refugees fruitlessly waiting for rehabilitation for two decades, colossal unemployment in urban and rural areas, decadent industries, stagnant agriculture, a vast body of angry landless peasants, congestion and utter lack of civic amenities in Calcutta and other towns and, as a result of all this, political turbulence. But are the Prime Minister's advisers aware why the people of this State have been brought down to abject poverty?

This reporter recently discussed with a senior official why West Bengal had fallen into this plight. The official occupies an important position in the Government of India's set up that, under President's rule, ensures that the State is kept on the right track. The refugee problem, he agreed,

was serious. He was full of praise for the initiative shown by the West Pakistan refugees in rehabilitating themselves and was sorry that the Bengali refugees depended too much on Government help. The same old refrain. He fell from heavens when it was pointed out that the Centre had compensated the West Pakistan refugees—but not the Bengali refugees—for properties left behind in Pakistan and that the Bengali refugees had never been considered to have the same rights and privileges as were given to the West Pakistan refugees.

Early this year a very high-powered West German industrial delegation, invited by the Indian Investment Centre, visited India to survey the scope of Indo-West German economic collaboration. Calcutta was excluded from its itinerary. Why Calcutta, which despite its stagnation continues to be a great industrial centre with all vital raw materials within easy reach, was excluded has not been explained. But the objective of the Centre's industrial policy is not a mystery. Except for the first few years of Independence, collaboration with foreign industrialists for industries in the private sector in the Eastern region has been directly and indirectly discouraged. This explains why most foreign investors, who have come to India after independence, have kept themselves away from this region. Moreover, all important public sector financial institutions have been headquartered in Bombay. No one would say that this has been done to promote economic activity in the Calcutta area.

The Prime Minister might ask why this has been so. She might also try to ascertain why steel prices have been equalised all over the country and the transport of coal from the Bengal-Bihar belt to distant industrial centres is heavily subsidised, and why the price equalisation policy has not been applied to raw materials produced in the other regions, such as cotton and oilseeds. She might also usefully investigate how the foreign exchange earned by the Eastern States and Kerala is utilised and which States derive the benefit.

The Government of India, in effect, pursues the British policy of recruitment to the Armed Forces. The Bengalis are for all practical purposes excluded as rigorously as under the British. The Army has increased in size four-fold during the past decade. It would be interesting to find out how much of this recruitment has taken place in West Bengal. The State is nowadays experiencing the presence of various Central paramilitary formations. What percentage of these forces has been recruited in West Bengal? If the Government had a different policy, the State would have been relieved of a part, however small, of her unemployment load. How the recruitment policy of most of the commercial firms in Calcutta has undergone a change may also be inquired into.

Today, after two decades of planning, no other State provides as cruel evidence of poverty and degradation as does West Bengal. The proud middle class, who built up the culture of Bengal now ridiculed by those who have prospered since independence, has been rendered bankrupt by the famine of 1943 and the partition of 1947. The Prime Minister may use the strong-arm policy. If the Centre's basic economic policies remain unchanged, such a policy will not be of much help.

XVI

A DIFFICULT JOB¹

Siddhartha Sankar Ray has taken upon himself a responsibility which, he knows, will test his political and administrative skill to the utmost.² There is scope for argument about the motivation of Indira Gandhi, Ray and Ajoy Mukherjee in opting for President's Rule in West Bengal once again. It can also be debated if the State would not have been better served had the Centre allowed time for the possibility of an alternative Government being explored. If the Centre has come to the conclusion that the Bengalis are not fit for democracy, that is another matter.

The two Left-dominated United Front Governments in 1967 and 1969 and the brief Congress-dominated Democratic Coalition administration have not covered themselves with glory. The record of President's Rule in 1968 and 1970 is hardly less dismal. But, it has to be remembered, all these administrations had to suffer from the legacy of many things left undone or done wrongly since Independence.

A feature of President's Rule this time is the appointment of a Union Minister without Portfolio with wide powers for West Bengal. After the resignation of Syama Prasad Mookerjee from the Union Cabinet in 1950, no other person from West Bengal has been given as important a charge as Ray has got. In this calculation Sachin Chaudhuri is not being included. For a brief period he held charge of what is perhaps the most important Ministry—Finance. But his tenure resulted in no good to West Bengal. It was, in fact, disastrous for the country as a whole. He allowed himself to be led up the garden path by Asoka Mehta and C. Subramaniam, his Cabinet colleagues, and a whole set of officials.

Many a one from West Bengal has adorned the Central Council of Ministers since 1950. The preoccupation of most of them was to keep themselves on the job by fawning on those who wielded real power in Delhi. They lacked political backing in their own State, which acted as a deterrent to them in their functioning as Ministers. Quite a few of them became playthings at the hands of their more determined colleagues and, worse, of their I.C.S. Secretaries. West Bengal went without

¹ Published in *Hindusthan Standard*, July 8, 1971.

² Ray was appointed Union Minister of Education after the Lok Sabha election in March 1971 and, in addition, made Minister without Portfolio for West Bengal on June 29, 1971.

voice in the Cabinet. The Centre formulated and implemented refugee rehabilitation, economic, financial and other policies which have brought the State where she is today.

In Education, which is a State subject, Ray could have done very little as a Central Minister. None of his predecessors in this Ministry, not even Abul Kalam Azad, is considered a success. As Minister without Portfolio he can do a real good job for West Bengal. He does not lack political backing in his own State where he has emerged as the leader of the rising generation of Congressmen in his own right. He enjoys the full backing of the Prime Minister, which means a great deal in the present political set-up in the country. Ray will have to decide pretty soon whether he proposes to function as the arm of the Centre in West Bengal or that of West Bengal at the Centre. If he chooses the latter course, there is no reason why he should not get the backing of all sections of people in the State. He has sought co-operation of all parties in combating senseless individual violence which is disgracing West Bengal more than anything else. This is an encouraging sign.

Why even before discussions with these parties began he employed troops for maintenance of law and order is, however, difficult to see. He has apparently resurrected the policy which the Governor's Advisers during the second spell of President's Rule had put into practice but which the Democratic Coalition Government had to withdraw under pressure of public opinion. For this, it appears, he depended solely upon advice tendered him by police and secretariat officials of West Bengal and the Centre.

Time is undoubtedly a very important factor. But, surely, Ray could have first asked these officials why was it that they had failed so miserably to tackle the situation in the past. By doing so, the Centre had given the West Bengal administration the very power it had asked for, including the Prevention of Seditious Activities Act. It had also been allowed to draw on State and Central Reserve Police support on an extensive scale. But at the end of nine months of President's Rule, the Calcutta Police Commissioner had to issue a strange order to his ranks. The order, published in the Calcutta Police Gazette of December 3, 1970, quoted extracts from a foreigner's book on "Communist Insurgency". An intriguing part of the quotation which was "commended" to the force was this: "A Government which does not act in accordance with the law forfeits the right to be called a Government and cannot then expect its people to obey the law. Functioning in accordance with the law is a very small price to pay in return for the advantage of being the Government." What was the provocation for this order? An inquiry by Ray into the circumstances in which this order was issued is called for. So is a detailed impartial inquiry into the forces, political and other, at work in sustaining an

atmosphere of violence for so long. To make a start in combating violence, one has to know what has happened in the past and why.

The day after he was appointed Minister without Portfolio Ray talked informally with reporters about his new responsibility. He said law and order must be restored, but this task he would not consider in isolation from the more onerous task to rebuild the State's shattered economy. In West Bengal he would not function as a Congress partisan but as an impartial Central Minister for the good of the State. In this task he would seek the co-operation of all. He was not one who believed that the Centre had in any way discriminated against West Bengal. He reiterated this view in Calcutta a few days later. It was expected that before pronouncing a judgement on the issue he would go deeply into the Central Government's policies since 1947 and find out how these had affected different States. The Centre is, of course, not prepared to accept that any of its policies has adversely affected the economy of West Bengal. It is not even prepared to undertake a study of the basic causes of the economic decline of the State. Ray seems to have accepted without a question the untenable brief of the Central Government.

Starting from the premise that the blame did not lie with Central policies but with the people of West Bengal, the Government of India tried under two spells of President's Rule to restore sanity to the State and revive its economy. In the process, it imagined, it would be able to erode the influence of the Marxists. What it has achieved is there for everybody to see. On the one hand, the police have been given more and more powers and deployment of troops and the C.R.P. for law and order has become a regular feature of the administration. On the other, the Marxists have gone on acquiring strength. In between, the economy has continued to languish.

It is very important for Calcutta to have a second bridge over the Hugli and for West Bengal to have a petro-chemical complex which will provide employment for a hundred thousand people, as Ray says. What is of basic importance is to find out whether the policies of the Central Government have led and are leading to steady impoverishment of the State through a regular withdrawal of wealth created there.

Despite the great wealth still being produced in the State West Bengal is being made to appear to be dependent on the charity of the Centre. Ray will help himself and the State, he can persuade the Centre to undertake a study why this should be so. Unless this is done, there is no possibility of the policies being changed, and there will be no salvation for West Bengal.

XVII

PROBLEM STATE NUMBER ONE¹

It does not need telling that West Bengal is India's Problem State Number One. In their time the British regarded undivided province of Bengal as such. Of all the provinces Bengal suffered the worst spoliation at the hands of the British.

Even so, when independence came 25 years ago, the small State of West Bengal was the wealthiest of all the States. B. C. Roy was in charge of West Bengal during the first two plans. There was political stability in the State. Roy was considered a capable administrator. Nevertheless, under him the State's economic decline was sharp. He could not withstand the disastrous impact of the Centre's policy to denude the State of her wealth.

In 1950, West Bengal's per capita income was the highest in India; Maharashtra came second. By 1961 Maharashtra replaced West Bengal in this respect. In 1966, the last year of

Congress's unbroken tenure since 1947, West Bengal was relegated to the eighth position. For the first time, her per capita income *fell below* the national average. Strange as it may sound, under the United Front Government, the State *crept up* to the sixth position in per capita income in 1967. The decline of West Bengal is reflected in the absolute fall in per capita income over the first two Plans by 2 per cent. The decline under the first Plan was as much as 4.7 per cent). During the same period India's average per capita income rose by 13.7 per cent, West Bengal's fell relatively by 15.7 per cent. A galloping rate of impoverishment.

The so-called "planned development" of the country has in West Bengal truly been planned decadence. The per capita plan expenditure under the fourth Plan in West Bengal (1969-70) is the lowest in India—lower by Rs. 50 than the all India average.

What could have been the causes of this disaster in a State which, in 1947, had the largest industrial base, the most extensive infra-structure, the highest reserve of engineering and technical skill, the biggest port, and all the basic industrial raw materials close by to make the fastest progress?

I am not one of those who subscribe to the theory that the Bengalis suddenly became a degenerate race after indepen-

¹ Published in *Weekly Round Table*, New Delhi (Editor-in-Chief: B. Singh, Congress M.P. and former Foreign Minister), April 23, 1972.

dence. The causes of the State's all-embracing crisis must lie elsewhere. What has struck me as most strange is the behaviour of the Government of India. It has refused to study in depth the problems of the State and has, instead, in the true British tradition, relied upon the armed guardians of law and order to bring what it calls sanity to the State.

In December 1970, when the mid-term Lok Sabha poll was in the offing, I told one of the Prime Minister's principal advisers that even if the Congress won all the seats, Indira Gandhi, despite her keen desire to do so, would not be able to change or modify any basic item in the Government's economic and fiscal policies which had ruined West Bengal. In fact, industrially Bihar, Orissa and Assam have been neglected even more and, if they had a comparable unresolved refugee problem, they would have exploded more violently than West Bengal has.

Despite the overwhelming majority the Congress got in the Lok Sabha election of 1971, it has not touched anything but one or two peripheral issues which had the prospect of producing the circus effect on the voters. The other day, April 13, the Government came face to face with reality over the Agricultural Prices Commission's recommendation to effect a small cut in wheat prices,—and caved in. This is the fourth year in succession that such a recommendation has been made—and rejected. For the fourth year in succession the Centre will pump out of its exchequer Rs. 130 crores to Rs. 140 crores and put the vast amount into the pockets of some of the million families in Punjab, Haryana and the Western districts of U.P. who alone are surplus wheat producers. Despite the Prime Minister, the Congress has not extricated itself from the clutches of kulaks, speculators and industrial sharks.

The cotton growers' lobby in the Congress and outside is active to keep the price of raw cotton at the level of the high scarcity prices of the past three years.² Sugarcane growers are

² The lobby, which has direct access to the Union Council of Ministers, has succeeded. The Centre has now adopted a purchase policy in relation to raw cotton analogous to that for wheat.

Before the announcement of the Centre's decision on raw cotton procurement, the following was written in my weekly Political Notebook *Hindusthan Standard* on April 20 :

"The cotton growers' lobby, too, has powerful backers in the Government of India. Indications are that it will be able to compel the Government of India to take steps to maintain raw cotton prices at the high scarcity level of the past three years. Already, the Congress Parliamentary Party's executive has made a strong representation to this effect. Cotton growing States are also furiously at work to pressurise Delhi.

"A question was raised in the Government that if only selected commodities grown in some areas are given preferential treatment in respect of prices and other commodities in other States were denied

gar magnates are making their pile. Oilseeds prices have not been allowed to go up steadily. The only major commodity which is the single largest earner of foreign exchange—jute—has never been allowed to have what are called incentive prices. Indeed, through the mechanism of export duties the price of jute has been kept down at the lowest level. Nor has anybody at the Centre thought of giving the growers of cash crops in Kerala incentive prices.

Jute is supposed to be West Bengal's major source of wealth. The Government of India's price policies have turned it into a vehicle for the most colossal drain of wealth from West Bengal, more colossal than under the British. The other growing States have also suffered, but because they do not grow as much jute as West Bengal does, their loss has been correspondingly less.

The West Bengal Land Revenue (Floud) Commission reported in 1939 after extensive investigation that, if just prices were to prevail one tonne of jute should, in price, be equal to 100 tonnes of rice. The relative prices of rice and jute have since, through the mechanism of the pricing policy of the Centre, changed so radically against jute that between 1955-56 and 1969-70 (15 years) a total of Rs. 572 crores was drained out of West Bengal on this account. At today's value of the rupee, the amount is equivalent to Rs. 900 crores. If the State's loss added up from 1947, it amounts to more than Rs. 1,500 crores. The money went out of West Bengal because the deficit in food she had on account of diversion of paddy land to jute had to be made up with food imports from other States. The other jute growing States have also suffered grievously.

After seizing power in Bengal in 1757, the British indulged in plain plunder for three decades. Later, the shrewder and not readily visible mechanism of economic and fiscal policies was adopted to continue to drain wealth from the Bengal Presidency and, in course of time, also from other parts of India. After 1947, these very policies have been applied with more

the effect will be to transfer wealth from one region to another. Chavan, the Finance Minister, would not even look at this analysis.

"There has developed at the Centre an unwritten understanding between the powerful States to stand by one another's demands so that they can all derive benefit from the Government of India's policies. If Maharashtra and Gujarat have opposed the Agricultural Prices Commission's recommendation on wheat, they will have the backing of Punjab, Andhra Pradesh and U.P., among other States, when the question of cotton comes up.

"A ganging up of a number of States takes place also in relation to the prices of pulses, oilseeds, sugarcane, etc. The Government readily yields to their pressure. Never in Independent India's history has there been a single ripple seen in Delhi over the disastrous prices the jute producers of the Eastern States have been getting year after year during the last quarter century."

disastrous results for the Eastern States. The beneficiaries are a few favoured States which, together, control the levers of power in independent India.

In 1956 the freight on iron and steel was equalised all over India. The railways' own internal rates, calculated per tonne-kilometre, are Rs. 30 for a tonne of steel from Jamshedpur to Howrah and Rs. 120 for a tonne from Jamshedpur to Bombay, that is, Rs. 150 for these two tonnes of steel. Under the Centre's policy, the Calcutta user is made to pay Rs. 75 and the Bombay user also Rs. 75. The net result is not only that the Calcutta industrialist has been made to lose his locational advantage of Rs. 90 a tonne over his Bombay competitor but he is also being made to subsidise the Bombay industrialist to the extent of Rs. 45 a tonne.

West Bengal and Bihar are the main coal producing States. To distant places, coal is transported at heavily subsidised rates. The loss thus incurred by the railways is recovered by overcharging transportation from collieries to nearby industrial centres and also by over-charging every industrial material that moves from the other regions to the Eastern States. The freight (1971 rate) for a tonne of coal from Raniganj to Ludhiana is Rs. 49.20. But when the same wagons carry cotton from Fazilka to Howrah the freight is Rs. 165.70 per tonne; for oilseeds over the same distance the freight is Rs. 90.90 per tonne.

What a prodigious amount of tears was shed over the poor man's salt in the 1930s. To our post-1947 economic policymakers what is more important is to carry coal from West Bengal and Bihar to industrialists in, say, Maharashtra at cheaper freight rates than carrying salt from Maharashtra for domestic and industrial use in the Eastern region. The freight on coal (per tonne) from Raniganj to Bombay is Rs. 57.30 and to Madras Rs. 55.20, but the freight on salt from Bombay to Calcutta is Rs. 73.90 and from Tuticorin to Calcutta Rs. 81.80. To subsidise further the transport of coal to these places, a cess of 80 paise per tonne is imposed at pit-heads. Bombay salt sells cheaper in Tokyo than in Calcutta!

About licensing policy, not much need be said. One of hundreds of examples should be enough. Philips, to the Government, is a foreign monopoly concern when it applies for industrial licences for Calcutta but not so when it applies for these licences for Bombay.

The Centre's public finance is another instrument to drain wealth from West Bengal, a continuation of the policy which was in force throughout the British period. Even though the British Government's public finance policy had reduced the Bengal Government to penury and even though the partition had disrupted the economy of West Bengal and caused a heavy refugee influx, the Government of independent India inflicted

no severe financial stabs on the State on the very night Independent India was ushered in. West Bengal's shares of the export duty and the income tax were drastically cut, although there had been no diminution in the Centre's earnings from the State on these two accounts. The money thus saved was distributed among the other States. West Bengal's flood was metamorphosed into a windfall for these States. In 1966-67, the Centre realised in West Bengal revenues amounting to Rs. 554 crores under four major heads, but gave back to the State no more than Rs. 39 crores.

No scope has been left unexplored to drain wealth from West Bengal. Take, for instance, telephones. For 20 years, Calcutta users were made to pay at the highest rates for their telephones—higher than in Bombay and still higher than Delhi and Madras. For the same quality and amount of service, Calcutta was made to pay an estimated Rs. 40 crores more than Bombay did during this period.³

The discrimination the Centre practised against the Bengali refugees is the most brutal and open manifestation of the Centre's attitude to the Bengalis.

Siddhartha Ray has been speaking off and on of how generous the Centre has become about finance for the reconstruction of West Bengal. He will soon have to come to grips with reality and understand that revival of the economy is not a function of charity on the part of the Centre but of economic, fiscal and rehabilitation policies. Otherwise, he will come to grief in no time. The problems of the State are today many times more grave than when B. C. Roy took charge as Chief Minister in January 1948.

If Ray looks up the statements of Stanley Jackson and John Anderson, British Governors of Bengal in the 1920s and 1930s, he will discover that they too spoke of their determination to revive the province's economy. Ray has promised a new Hugli bridge and a tube railway in Calcutta. The British Governors in those two critical decades not only promised but actually built two bridges over the Hugli—at Howrah and Bally. But they were incapable of changing their basic economic policies. These two bridges did not lead to political pacification. The Government of India today seems equally incapable of looking into its policies that have ruined West Bengal. Unless these policies are changed, it will be a day dream for Ray to think of regeneration of West Bengal. John Ander-

³ In the article captioned "Continued Wealth Drain" (VI) it has been stated that higher rates of telephone tariff obtained in Calcutta for a decade. When I wrote that article (February 1971) I was in possession of what later transpired to be incomplete data. Telephone tariff was equalised on May 15, 1970, which means that Calcutta users were made to pay higher charges during not one decade but two.

son's Black and Tan methods will not be of avail in the long run.

If Ray is serious—which he is—to improve the lot of West Bengal, he must first know what has brought the State to its present plight. Is he capable of understanding what the problems are and, if he is, does he have the guts to fight it out with the Centre which, in spite of the Prime Minister, some states are holding to ransom?

PART TWO
THE POLITICAL CHESSBOARD

XVIII

THE CENTRE AND P. C. SEN'S TROUBLES¹

West Bengal enjoys all over India the reputation of being the country's most explosive State. Not that the other States are innocent of violent movements, but it is undisputed that none of them has, since before independence, seen so many upheavals as West Bengal has. This aspect of West Bengal's life has attracted wide attention, but not the problems that ceaselessly harass the people of the State. The procession of tragic events since the unfortunate police firing in Bashirhat² a month ago has surprised and shocked the national capital. Not even West Bengal had seen anything like this before. First the Prime Minister and then the Home and Food Ministers rushed to Calcutta to try to restore peace and order. New Delhi has noted the Leftists' announced determination to continue the movement until all their demands are met, but it hopes that the last few days' improvement in the situation would be maintained and peace would not be disturbed again.

Whether the Leftists continue the movement and succeed in winning anything more than they already have time will tell. Their movement has had a few fortuitous results. P. C. Sen, the Chief Minister, who was held in high esteem by New Delhi, has suffered in prestige, and so has the West Bengal Government. It has caused an estrangement between the State and the Centre, and created confusion within the Congress itself.

Of all the Chief Ministers, only Sen has been pursuing a policy of monopoly procurement and large-scale rationing. This normally should have the backing of the Leftists. There is admiration at the Centre for the courage Sen has shown in

¹ Published in *Hindusthan Standard*, March 16, 1966.

² The Basirhat sub-division of 24 Parganas was suffering from an acute shortage of food and kerosene for about three months in 1965-66. On February 16, 1966, a demonstration demanding supplies of these essential commodities was organised in front of the S.D.O.'s office. The police first lathi-charged and then fired on the demonstrators. On February 17, students demonstrated in neighbouring Swarupnagar. The police fired on the students, killing a boy of 10, Nurul Islam. This sparked off an agitation which spread to large parts of the State and continued for several months. The Leftists plunged themselves into the agitation of which Calcutta became the storm centre. Assembly proceedings were disturbed, members on opposite sides coming to blows on February 21. A 24-hour Bangla Bandh was called by the Leftists on March 10. Violence broke out at many places.

adopting this policy which, curiously, has now come to be assailed by the Leftists.

It has been said that in starting the movement the Leftists were motivated by party interests. That may be so, but there is recognition in New Delhi that it would be difficult, if not impossible, for any political party, however influential it might be, to engineer a movement of this magnitude unless there was deep-seated discontent. In Government circles in the Indian capital a feeling exists that there was (and is) need for the West Bengal Government to take the Opposition parties into confidence and in co-operation with them remove the defects in the implementation of the food policy.

Law and order is a State subject. That being so the Centre avoided showing a direct and open interest in the West Bengal situation for full three weeks, but it was keeping a close watch on the developments. Central intelligence reports are said to have spoken of the possibility of a large-scale outbreak of violence in the wake of "Bengal Bundh" on March 10. The Centre's fears were reinforced by the State's alert to the Army.

The Prime Minister decided on March 5 to be in Calcutta the next day to exert her influence directly both on the State Government and the Opposition to bring them together so that the call for Bengal Bundh might be withdrawn and a peaceful settlement arrived at. Already, she had expressed to some M.P.s her exasperation over what she is reported to have characterised as Sen's "adamant attitude" in not agreeing to meet Opposition leaders.

Before leaving for Calcutta, the Prime Minister had a full discussion on the West Bengal situation with Kamaraj. She had also had talks with Hiren Mukherjee and Indrajit Gupta in order to find out what the minimum demands of the United Left Front were. She is reported to have taken from the Communist M.P.s a list of names of persons whom it might be helpful for her to meet in Calcutta. It has not given her pleasure that she could not meet any of the Opposition leaders while in Calcutta. She returned to New Delhi disappointed that the suggestions she had made in private for a solution of the deadlock did not find favour with the West Bengal Chief Minister. These suggestions she had formulated in New Delhi in consultation with Kamaraj. The main suggestions were that a judicial inquiry be instituted into the police firing in Basirhat³ and

³ On April 7, 1966, a month after the Prime Minister's visit, the West Bengal Government announced the appointment of a three-member commission, with the Chief Justice of Calcutta High Court, Surajit Lahiri, as Chairman, to inquire into the causes of the disturbances from February 16 to April 7.

some other areas and that the Chief Minister meet Opposition leaders after releasing them from detention.

After the overwhelming happenings on March 10 and subsequent days, the Prime Minister decided upon intervention with greater determination. Of course, in formal language, this was not so odious as intervention but only tendering of advice to the State Government. Nanda, New Delhi knows well, is not a particularly welcome person in Writers' Building, Calcutta. Despite this, the Prime Minister selected him to go to Calcutta and take whatever steps were necessary to break the deadlock.

Meanwhile, Congress M.P.s appeared to have been unnerved by the developments. They urged the Prime Minister to see that, as a starting point it was at least made possible for the Legislature to function properly. The realisation had come to many of them that possibly an inquiry could not be avoided. If one is to be held, they told Indira Gandhi, it should be a comprehensive one covering not only the police firings but also the part played by the Opposition parties in the disturbances. Some of these M.P.s were against any compromise with the Opposition, but they found themselves in a small minority.

When Nanda left for Calcutta he carried with him an impression that it would be possible to isolate the Left Communists from the other Leftists so far as the present movement was concerned. He had told Parliament that he had information that all but the Left Communists had decided to call off the agitation, but as later events proved, his information was not correct. It does not carry one far to argue that the Leftists have started this movement with an eye on the general election in 1967. Whether one likes it or not, political workers are bound to exploit people's difficulties and failures of the Government. A pious wish has long been expressed that food should be kept above politics. The wish has remained unfulfilled. Every party, not excepting the Congress, plays politics with food. Otherwise, West Bengal would have by now all-party food committees at all levels.⁴

⁴ P. C. Sen announced on March 25, 1966, the formation of a 32-member all-party Food Advisory Committee. The Leftists boycotted the committee because it had been made only an advisory body without any say in policy-making.

THE FIRST UNITED FRONT TAKES OVER¹

The first non-Congress Ministry in West Bengal took office in Calcutta on March 2, 1967. It happens to be the first Ministry to be sworn in anywhere after the general election.² The people have, through the ballot box, changed the political complexion of the country. The monopoly of power of the Congress has been broken. The Ajoy Mukherjee Ministry may be taken to symbolise the change.

This is West Bengal's seventh Ministry since independence. The first was headed by Prafulla Chandra Ghosh, Gandhian leader and member of the Congress Working Committee of those days. He finds a place in the new Ministry. He was thrown out of the first West Bengal Ministry because of factional quarrels in the Congress in January 1948. Bidhan Chandra Roy then stepped in to dominate the West Bengal scene till his death in 1962.

Roy was re-elected leader of the West Bengal Congress Legislature Party after each of the first three general elections. He died in harness. After his death in July 1962 Prafulla Chandra Sen took on his mantle and constituted his first and, as it has turned out, last Cabinet. He had served every Congress Ministry since independence as Food Minister. In his own Cabinet also he held this charge. He has now left the Ministerial arena because of the verdict of the electorate.

Only six members of the Cabinet, including the Chief Minister, have been sworn in. There will undoubtedly be additions to the list. It is not yet definite how large the Ministry will be. One can perhaps take it for granted that Mukherjee will avoid making his team unwieldy. He should be aware that it once used to be a joke in West Bengal that Roy must have every third member of his Legislature party in his Ministerial Council.

Roy had a towering personality; his position was never challenged. Yet he had to have a large Council of Ministers

¹ Script for Spotlight, AIR, Delhi, March 3, 1967.

² The party position in the West Bengal Assembly after the general election in February 1967 was : Congress—127; CPI (M)—44; Bangla Congress—34; CPI—16; Forward Bloc—13; SSP—7; PSP—7; RSP—6; ISS—5; SUC—4; Workers Party—2; Gorkha League—2; Forward Bloc Marxist, RCPI, Jana Sangh, and Swatantra—1 each; Independents—9; Total—280. Of the 9 Independents 8 joined the United Front. When the Congress found that it did not have a single-party majority, it announced that it would not try to form a Government.

not for purposes of the administration but for keeping peace within his party. From this point of view Mukherjee has a harder task. He has to satisfy at least thirteen parties. That is no easy job. Their programmes have many things in common. This has enabled them to draw up a common minimum programme. Yet, the differences that keep them apart as parties are sharp and in some cases fundamental. In a situation like this, the temptation for one to score over another becomes great. If they are able to work as a harmonious team, as they should in their own interest and in that of the State and the country, they will have achieved a remarkable feat.

They had failed to form an all-embracing anti-Congress alliance to fight the election. Two united fronts had come into being, and the two Communist parties had found themselves in two fronts. In many constituencies the two CPI's were on opposite sides of the barricade and fought bitter battles with each other. A miraculous change took place after the results were out. The people had refused to give the Congress a majority. This created an opportunity for the Opposition parties to come together and form a Government. Things have worked so far with precision. The two fronts joined hands. They chose a leader without a hitch. This contrasts sharply with the bickering that often marks elections of leaders of Congress legislature parties.

Scenes reminiscent in some ways of the jubilation when the first Congress Ministry was formed in West Bengal in 1947 were seen in Calcutta after it became obvious that the State was going to have a non-Congress Government with a pronounced Left trend. The ovation Mukherjee and other Left leaders are receiving is tremendous. Calcutta has always been a hot-bed of extremist politics. Since independence, the Communists and other Leftists have been dominating its very virile political life. According to one's choice, the city is looked upon as nightmarish or as excitingly active in every sphere of life.

If so many parties have come together to run a Government, thanks are perhaps due more to the people than to the parties themselves. The State, especially its capital, is like a powder magazine with frustration and economic degradation writ large on its face. It was tired of Congress rule which it had tried for two decades without a break. It wanted a change, a change which, people must now be hoping, would be for the better. Every party has to take note of this overwhelming mood, for if it does not, it will run the risk of being left by the wayside. Even as the Ministry was ushered in, a question was heard: "How long is it going to last?" The answer may well be: "For as long as the people want, and they may want it to run its entire course of five years." But no one can be sure.

The legacy the new Government is heir to should be frightening to it in almost every respect. Not that the previous Congress Governments have not done anything. They have indeed done a great deal, but problems have grown faster. Food is scarce and prices are sky-rocketing. Industrial activity is sluggish and growth slower than, for example, in Maharashtra and Gujarat. The unemployment problem in both urban and rural areas is colossal. Education is in a deep morass. The refugee rehabilitation problem is defying a solution. The already heavy burden of population is becoming worse every day because of a heavy influx of people from all over India. They go there in search of a livelihood. Greater Calcutta, as all official reports have drawn attention to, is on the bursting point. And, then, there is the question of giving West Bengal a clean administration.

The 18-point programme of the Government does not sound very radical. At any rate, it does not sound radical enough by Communist standards. The two Communist parties, between them, have 60 seats, the share of the Marxist Communists being 44. Mukherjee's Bangla Congress has 34 seats. The Left Communists have shown a spirit of accommodation by not claiming Chief Ministership. In the formulation of the programme also, this spirit of accommodation has been at play. In point of fact, this programme resembles the programme which the Congress has time and again placed before the country but which it has not pursued with vigour. If even a part of the programme is implemented now, the new Government will have earned the gratitude of the people.

The Left Communists have suffered most from extraordinary powers, such as the Preventive Detention Act and the Defence of India Rules. It will not be surprising if the new Government adheres to Jyoti Basu's undertaking that these laws would not be taken recourse to. Namboodiripad had made such a promise in Kerala in 1957. Even in 1959, when he was faced with what was described by its organisers as a "liberation struggle", he did not deviate from his stand. There is a touch of irony in that the Communists should be asking for repeal of extraordinary laws and not the Congress.

None of the six members of the Cabinet is below 50. The team as a whole should inspire confidence about its integrity. Two of the Ministers are Communists. They are Jyoti Basu and Somnath Lahiri. Basu belongs to the Marxist group. He became a Communist while studying law in England in the late thirties. Returning home, he never donned the barrister's gown but joined the labour movement. He came into the limelight and established himself as an able Parliamentarian after independence. Till the first general election he constituted virtually a one-man Opposition to the Congress in the

West Bengal Assembly. Somnath Lahiri has been in the thick of the Communist movement since its early days in India.

The other four have Congress blood running through their veins. Mukherjee, Ghosh, Hemanta Basu and, the youngest of them, Jehangir Kabir, have spent the best part of their political life in the Congress. Ghosh left it in the early fifties. After a spell in the Krishak Majdoor Praja Party, he retired from political life and devoted himself to constructive activity. This election marks his return to politics. Hemanta Basu has for many years been the leader of the Forward Bloc. Mukherjee, known as the Tamluk Gandhi for his austere habits, and Kabir left the Congress last year and set up the Bangla Congress.

These former Congress leaders, one can perhaps be sure, would keep the Ministry on an even keel in the event of the Communists trying to push it to the extreme Left. But how the State's relations with the Centre would shape is anybody's guess. Each of the State's major problems may, unless both sides exercise caution, bring it into conflict with the Centre. West Bengal suffers from a sense of neglect.

XX

COLD WAR

When the United Front Government took office in West Bengal three months ago, the Prime Minister made a gesture to it by telephoning Ajoy Mukherjee her assurances of full cooperation. The Chief Minister duly reciprocated the sentiments. The other day Prafulla Chandra Ghosh, West Bengal's Food Minister, vigorously discounted charges, made by some of his Cabinet colleagues, that the Centre was giving "step-motherly" treatment to the State. These are polite aspects of a problem-ridden country's bitter political life, but these do not negative the plain fact that relations between the State's first non-Congress Cabinet and the Centre are not ideal. A cold war is on between them from the inception of the Mukherjee Cabinet.

Many Congressmen in the Central Cabinet and the party are unhappy that, under Atulya Ghosh's leadership, the West Bengal Congress announced, even before the United Front had come into being, that it was not interested in forming a Government. Ghosh's critics think that, with a little effort as in Rajasthan,² the Congress could have got a majority, and that it is not too late yet to bring that about.

The facets of the cold war have changed from time to time. If at one stage West Bengal appeared to be on top, at another the Centre. At this moment the Centre unquestionably has the upper hand. Chavan is the strong man of the Centre. He does not talk much and, even in Parliament, it is difficult to make him say anything unless he wishes to. It is not for nothing that he came forward without much prodding to tell Madhu Limaye in the Lok Sabha that he had advised the West

¹ Published in *Hindusthan Standard*, May 31, 1967.

² The party position in the Rajasthan Assembly after the 1967 election was : Congress—89 ; Swatantra—49 ; Jana Sangh—22 ; SSP—8 ; CPI—1 ; Independents—15 ; Total—184. The Governor invited Mohanlal Sukhadia, the Congress leader, to form a Government. The Congress did not have a majority which was enjoyed by the Samyukta Vidhyak Dal formed by most non-Congress parties. Protest demonstrations against the Governor's refusal to invite the leader of the SVD to form a Government were held in Jaipur where there was an outbreak of violence. Sukhadia, who had earlier accepted the Governor's invitation to form a Government, now declined to do so. Thereupon, the Governor recommended to the Centre dissolution of the Assembly and imposition of President's rule. The Centre imposed President's rule but did not dissolve the Assembly. In course of time the Congress engineered defections from the SVD to gain a majority, and Sukhadia, again invited by the Governor, formed a Government. (Also see Article XXIX.)

Bengal Government, under Article 256 of the Constitution, on the legal provisions relating to offences like *gheraos*. This, it should be noted, is one of the rarest uses of the Article for purposes of law and order.

The State Government's life is vitiated also by conflicts between different constituents of the U. F. The Centre is keeping a keen eye on the developments within the Cabinet and, to speak the truth, has not been saddened by these. The hope is strong that the bickerings among these parties, which have ceased to be confined to the Cabinet room, would worsen when the food crisis reaches its depth in July and August.

Gherao has become as dreaded a word as perhaps strike was to employers in nineteenth-century England. *Gherao* surely is not as innocent and as ancient as "dharna," as Limaye has sought to make it out to be, and it is not being resorted to only in West Bengal. Last year in August, all Congress M.L.A.s, including two Ministers, from Bombay City resigned from V. P. Naik's Cabinet. The charge of these followers of S. K. Patil was that the Naik Government had failed to stop '*Ghera Dalos*.' Despite this heavy pressure, the Centre refrained from taking any step either against the Maharashtra Government or against the Bombay labour leaders. Nor was it thought necessary that the Home Ministry should invoke Article 256 of the Constitution to "advise" the Maharashtra Government.

But West Bengal is not Maharashtra, particularly West Bengal under a non-Congress Government which has a very strong, nearly dominating, element of Left and Right Communists. The economic and strategic importance of the State hardly needs emphasis. Her earnings of foreign exchange are so badly needed to set up industries in other States. The Centre has every reason to have grave anxieties over West Bengal. These were reinforced by panicky representations it had received from industry and commerce about the *gheraos*. Chavan lost no time in impressing upon the West Bengal Government the need for taking strong action to suppress the "cognisable offence" of *gherao*. The Prime Minister added her emphatic voice to Chavan's. The Standing Labour Committee passed a resolution in tune with these views, S. A. Dange, the Communist labour leader, walking out in protest. Curiously, the Labour Ministers of West Bengal and Kerala stayed on.

The Home Minister has reiterated the Centre's position about *gheraos* with utmost emphasis. He has also expressed "full sympathy" for employees harassed by retrenchments, layoffs, etc., and hoped that "practical solutions" would be found for their problems. Presumably because non-implementation of arbitration awards, legal provisions about bonus and such other things, about which Subodh Banerjee has been crying from the housetop, does not constitute a "cognisable offence", the Home Minister had little to advise the State Government to do. All

this seems rather odd in the "Socialist pattern of society" we have been building for the past twenty years.

Gherao is only one and by no means the most serious cause for the Centre's anxiety. Its basic concern stems from the predominantly Left composition of the Ministry. How serious the concern is can be judged from the transfer of Dharma Vira from Punjab and Haryana, both of which also the Congress has lost, to West Bengal. There is no doubt that three names had been mentioned to Ajoy Mukherjee by the Centre, but the incumbent was selected and the name announced with haste without the State's prior consent. Dharma Vira is a retired civilian of first rate calibre. He can be relied upon to be aware of the intentions of the Centre. The possibility of introduction of President's Rule is being talked about freely in New Delhi. If that comes about, Dharma Vira will be a very fit person to hold the Centre's fort in Calcutta. The importance of Punjab and Haryana bears no comparison to that of West Bengal which has a powerful Communist movement which the other two States do not have.

The constituent units of the West Bengal U. F. are falling out among themselves. The relations have become highly strained between the Left Communists on one side and Mukherjee's Bangla Congress, Ghosh, the PSP and some smaller parties on the other. The Naxalbari happenings are bound to aggravate the conflict within the Cabinet. The Centre has been trying to build a bridge of understanding with Mukherjee so that he may take strong steps to maintain law and order. The Chief Minister's recent statements have provided some relief to the Centre.

No one makes bold to say that the State Cabinet is disintegrating. If it came into being under popular pressure, it is popular pressure again which is preventing any party from deserting the Government or being forced out of it. That would mean fall of the Government which the voters are not prepared to countenance. Those who had thought that during the past three months the Front had lost in popularity because of the Government's failure to solve any problem and that the Front's loss had been the Congress's gain, have been shocked by the results of the Howrah Corporation election which have been carefully analysed in top political circles. Fear persists in high Government circles here that, despite Mukherjee's welcome tone on law and order, if the Ministry stays on for several more months much damage would be caused to the country's conventional system of law and order and administrative machinery. Discussions are taking place in Ministerial circles in Delhi about the steps that may have to be devised to meet the situation.

Opinion differs among senior ministers. Chavan leads the

hardliners who advocate "nipping the evil in the bud". If the present regime ends as a result of a fiat from the Centre, the Legislature may be kept in suspension to be summoned at the opportune moment. The predominant feeling in the West Bengal Congress is against such a step at this stage because that would only result in making martyrs of the Left parties, especially the Left Communists. No one yet sees prospects of a "liberation struggle" developing. The Prime Minister is against any precipitate step. She is aware of the unwholesome impression that would gain ground in the world if the non-Congress Government in West Bengal is ended by utilising the President's extraordinary powers. Much of the prestige as a democracy that the fourth general election and the formation of multi-party Governments in so many States have given to India would go up in smoke. Her own prestige is also bound to be affected. If the U. F. collapses because of internal conflicts, that of course is a different matter.

A BENGALI PATTOM THANU PILLAI ?¹

India is passing through a transitional phase in her political and administrative life. The people have shown a distinct preference for a multi-party system in which every party, from the extreme Right to the extreme Left, is to have a share in responsibility. About half the States have thus gone out of the control of the Congress. What other surprises there are in store for us only future elections will reveal, provided we do not in the meantime convince ourselves that we have had enough of expensive elections and that these can be dispensed with without detriment to the quality of our administration. After what the ballot box revealed in February, it would be rather unrealistic to think that the Congress will remain unsailable at the Centre for all time to come.

New Governments came into being three months ago, but a new equilibrium between the Centre under the Congress and the States under other parties remains to be reached. Already evidence is overwhelming that the transition will not be smooth and that the country will have to tread a thorny path before conventions grow to set the pattern of Centre-State relations in a truly multi-party system. Conflicts between the Centre and some of these States, particularly those having strong Left representation, are tending to be as sharp as those between the Congress and the extreme Left parties. Perhaps the only non-Congress States about which the Centre does not have much cause for concern are Orissa and Madras. Orissa is, in any case, wholly free from Left contamination. So far as relations with the Centre are concerned, Madras under the DMK, so the story goes, is behaving even better than the Congress States are doing.

At the moment the conflict that has assumed most serious proportions is that between the Centre and West Bengal. Nothing shows the nature of these relations more pointedly than the vitriolic attack Jyoti Basu made on some Central Ministers, particularly Chavan, the other day. This is perhaps without a parallel in the history of Centre-State relations in a federal set-up anywhere. What graver things can be said about a Union Home Minister than that he has incited disobedience

¹ Published in *Hindustan Standard*, June 14, 1967.

among the administrative and police personnel in a State. All this was as a reaction to Chavan's "advice" to West Bengal to suppress the *gherao* movement. The State, the Home Minister should have known, was nursing a grievance over the creation of a new post in the Union Home Ministry precisely to accommodate an official who had been ordered by the Chief Minister to be transferred from the Secretariat to fill a senior post outside Calcutta.

It is understandable that *gheraos* have become one of the Central Government's major headaches. What is not so easily understandable is the manner in which the Home Minister raised the issue at the last Eastern Zonal Council meeting. The Home Minister says that as chairman of the meeting he was within his right to raise any issue. Absolutely correct. But the normal procedure is to settle the agenda through correspondence between the participating Governments well in advance of the meeting. This was not done in respect of *gheraos*. Not that Chavan wanted to avoid a reference to the issue. In point of fact, he went to the meeting with the draft of his remarks on it in his file. No one whispered a word during all the hours that the meeting was on. Chavan himself remembered that he must have his say on *gherao* while winding up the discussion. The Press was duly told about it, and his speech on the issue became the news of the day. West Bengal's representatives had no chance to have their opinion recorded at the Zonal Council. If this is Chavan's style of work in matters that vitally concern Centre-State relations, there is a vast scope to improve it. Whether the United Front Government in West Bengal lasts or falls or is dismissed is immaterial : not so the future of Centre-State relations.

Gheraos had not ended completely but had begun to show signs of slackening when Naxalbari burst with all its fury. This has intensified the Centre's anxiety over West Bengal. By all evidence, land hunger among tribal people is at the root of the trouble. That this is so does not minimise but adds to the seriousness of the problem. Land hunger is not confined to that small, narrow but strategically important neck of West Bengal. It prevails in most districts of this overcrowded State where agrarian unrest is not something unheard of. The affected area is under the influence of the extreme Left even among the Left Communists. The irony is that selected people of the area were given guerilla training under a Central scheme to combat the Chinese !

Dharma Vira, the West Bengal Governor, is in New Delhi now. Officially, his visit is described as private. This is no more than a camouflage for his very important mission. The immediate provocation for his visit so soon after being sworn in in Calcutta is Naxalbari. He has been having talks with Ministers and officials, but his most important appoint-

ments have been with the Prime Minister, the Home Minister and the Home Secretary. The Governor is stated to have brought with him a very disconcerting picture of law and order in West Bengal and of the Naxalbari area in particular. The Centre's own assessment is in line with the Governor's. The predominant feeling in South Block (where the Prime Minister's and the Home Minister's offices are housed) is that the Naxalbari problem (or, for that matter, the *gherao* agitation) is not beyond control but that the State Government, split as it is among so many party loyalties, has lost the initiative and is unable to take action as required.

The visit of six West Bengal Ministers drawn from different parties to Naxalbari is being watched with interest in New Delhi. Even if a settlement is reached there—grave doubts are entertained on this score—the Centre is convinced that the conflicts that have developed between the constituents of the U. F. will not subside but will grow as time passes. The inevitable conclusion is that the Government's collapse is a matter of time. New Delhi scrutinises every issue that crops up between different parties and sometimes makes use of them. When the Minister of State for Labour, L. N. Mishra, told the Rajya Sabha that in Raniganj an SSP labour leader had been murdered by a group of people led by a Left Communist M.L.A., he achieved something beyond pure dissemination of information in his possession. Mishra might not have intended it, but his statement has aggravated the suspicions existing between the CPI (M) and the SSP. In official circles an impression has gained ground that the Left Communists and one or two small groups close to them are getting more and more isolated in the front. Nothing is more welcome to the Centre and the Congress than a widening of the gulf separating the Left Communists and several major parties. New Delhi is awed by its knowledge that the support of the people for the non-Congress Government has not ebbed. Ministerial advocates of President's rule for West Bengal have reconciled themselves to the view that it is more prudent for the Centre to allow the crisis in the U. F. to mature.

Talks are persistent in Congress and Government circles of the possibility—almost inevitability—of another non-Congress government replacing the present one in West Bengal. In such a Government, the Communists, at any rate the Left Communists, will have no berth. The Congress would not directly participate in it, but support it and want Ajoy Mukherjee, as leader of the Bangla Congress, to continue as Chief Minister. The plan is reminiscent of that under which a minority PSP Ministry, backed by the Congress, functioned for some time in Kerala in the fifties. Obviously there are scheming politicians who think that another Pattom Thanu

Pillai may be made of Mukherjee.² Such a non-Communist and non-Congress Government, it appears, would not be unwelcome to some partners of the existing Front. Their concern over the shape things are taking in West Bengal is no less pronounced than that of Congressmen. They are said to carry their anxieties to leaders of the Central Government from time to time.

² Discussion for such an arrangement began in May, 1967, a month before the article was written. After prolonged negotiations in Delhi and Calcutta an agreement was reached between Mukherjee and Central Congress leaders and P. C. Sen. Mukherjee was to resign as Chief Minister of the U.F. Government and be sworn in as Chief Minister of a non-Communist minority Government with Congress backing on October 2, M. K. Gandhi's birthday. (What a day to choose for the plan to be executed !) Mukherjee backed out at the last moment. The plan to oust the U.F. Government through "political" means having misfired, the Governor dismissed the Ministry on November 21. The Centre had in the meantime suitably interpreted the Constitution to enable him to do so. The same night P. C. Ghosh was sworn in as Chief Minister of a minority Progressive Democratic Front Government with Congress support. Later, the Congress formally joined the Cabinet. This Government went out of office on February 20, 1968, and the Centre took West Bengal over under President's rule.

THE CENTRE'S DILEMMA¹

The Centre's anxieties are not caused by Ajoy Mukherjee's Cabinet as such, but by the Communist, more specifically Left Communist, participation in it. The life of this Ministry is unlikely to be long. In point of fact, Delhi circles that count are not quite sure whether its end will come in August or September or early October. The situation in the State comes up for consideration at high levels almost every week. The Naxalbari revolt, it is felt, may be crushed, but there is possibility of an eruption of serious trouble in the industrial field in the coming months. So, at least, the State's Governor has told the Centre.

Opinion continues to differ in the Central Cabinet on how to deal with the West Bengal situation. There is an "extremist" school which argues that drastic steps to the extent of dismissing the Ministry should not be delayed because that would give the Left Communists time to extend their hold in key areas and in key sectors of industry and the administration. This school favours the imposition of President's Rule without delay if no alternative is available. It is recognised—Dharma Vira, the West Bengal Governor, has done his best to impress this point upon the Centre—that if the United Front Government is forced out of office violence will break out on a large scale and the police will be hard put to maintain law and order. There are some who think that martial law may have to be imposed. Ajoy Mukherjee has told the Centre that, despite dire economic distress and other difficulties, people of the State are holding their patience because they have faith in the U. F. Government and want to give it a chance. The "extremists" at the Centre maintain that a risk will have to be taken, and it should be taken sooner than later. If the Government is allowed to continue with the Left Communists playing a dominant role for another few months, it may be too late to retrieve the situation. Their contention is that the Naxalbari revolt and any such movement elsewhere in the State must be crushed in the same manner as the post-Independence Telangana revolt, also engineered by the Communists, was.

¹ Published in *Hindusthan Standard*, July 12, 1967.

The West Bengal Governor's advice has prevailed upon the Union Cabinet not to adopt such a course before trying other methods. The Centre has however kept on a stern public posture over West Bengal, as Chavan's statements in Parliament would show. The Union Home Minister has rubbed in the point that the Centre has a direct responsibility to ensure law and order in a State. The enforcement of the Central Arms Act in the Naxalbari area is something unusual and can be explained only in the context of Chavan's claim. It has been unofficially given out that he had consulted Ajoy Mukherjee on this matter.² This is bound to impair inter-party relations in the West Bengal Cabinet and the U. F., which are already bitter.

The attempt of the Congress and of the Central Government is to isolate the Left Communists. At the moment, the Left Communists are having trouble with several constituents of the U. F. The most vocal and active among these parties are the PSP and the SSP whose representatives, it must be acknowledged, have done more than even the Congress to condemn Left Communist activities in the Government and in the State. The CPI(M)'s relations with the Bangla Congress are not ideal either. None of the parties are, however, prepared to leave the Cabinet. They know that if they do this, the people will accuse them of betrayal.

Despite all this criticism and the charge of pro-Chinese proclivities the CPI(M) is being subjected to, its influence in West Bengal, according to all information reaching New Delhi, is steadily spreading. The results of the recent municipal elections in the State have been studied with grave anxiety in Ministerial quarters. An idea prevails that this process can be reversed only if there is a patriotic upsurge against the Communists as happened after the Chinese invasion in 1962. Apart from President's rule, various proposals have been discussed from time to time by Congressmen and Central Ministers as alternatives to the present West Bengal Ministry. One such proposal was that the Congress should win over the requisite number of U. F. M.L.As to get a majority. The public reaction to the crossing of floor by five U. F. legislators has resulted in the scheme being buried altogether. Popular support for the U. F. Government, it is recognised in official circles in Delhi, has shown no signs of waning. If anything, it has increased. Whatever move ultimately succeeds, if any succeeds at all, or if

² At a meeting in Delhi in June 1967 Mukherjee and Chavan decided to extend the Central Arms Act to the Naxalbari and neighbouring areas. Mukherjee kept the West Bengal Cabinet in the dark about this. What he had done in Delhi became known only when the announcement of the extension of the Act to the areas was officially made by the Centre.

President's Rule is imposed, the future of the Congress in the State is dark indeed. Dharma Vira has not left the Centre in doubt on this score. The Centre is on the horns of a dilemma, President's Rule will antagonise the people further against New Delhi and thus weaken the Congress and strengthen the extreme Left parties, principally the CPI(M). If it allows things to drift, the Left Communists are not going to be losers nor will industry and commerce cease urging the Centre to do something to save West Bengal from "Communist ruin".

XXIII

THE IDEA AJOY MUKHERJEE BORROWED¹

Returning to New Delhi in a triumphant mood from his mission to Calcutta a fortnight ago, Gulzarilal Nanda claimed that he had found the Congress house there "on fire" and had sought to extinguish the blaze by replacing the WBPCC with an *ad hoc* committee.² There is near unanimity in the Central Congress leadership today that what Nanda has in truth done is to set "fire" to the Congress in that State. The preoccupation of the Congress, President and other leaders now is to put the "fire" out.

Nanda has no love for the Communists, particularly of the Left variety. His hostility towards them became uncompromising during his tenure as Union Home Minister. He had then done his best to keep them in check. But the manner in which he proceeded about his work only served to strengthen the CPI(M). After the 1965 election in Kerala, Nanda was charged by his own party men with following a course that had strengthened the Left Communists. Nanda had two objectives before him when he volunteered at the Congress Working Committee's meeting on September 2 to go to West Bengal. First, he would have an opportunity to dislodge his old political adversary, Atulya Ghosh, and his supporters from the WBPCC under the slogan of reforming the party. And, secondly, he would bring the breach between the West Bengal Chief Minister, Ajoy Mukherjee, and the CPI(M) into the open. The United Front would then inevitably collapse, and Mukherjee would form a minority non-Communist government with Congress backing. If this plan went through, it would not take long for the Congress to draw into its fold the Bangla Congress and some other elements and form a Government of its own. The plan has failed even more dismally than the one Nanda tried out in Kerala in 1965.

It would be wrong to say that the plan was master-minded by Nanda. It was primarily the work of the Union Home Minister and the Prime Minister who themselves were under heavy pressure from powerful business interests in the Eastern region. The alarmist contention of these interests that, if the

¹ Published in *Hindusthan Standard*, October 11, 1967.

² After consultations with the Prime Minister, Nanda went to Calcutta September 1967. On the 24th of the month he announced dissolution of the WBPCC, which was dominated by Atulya Ghosh, and formation of an *ad hoc* committee in which anti-Ghosh forces predominated. Kamaraj, the Congress President, frustrated the Nanda plan to "purify" the WBPCC by refusing to give his approval to it.

Communists were allowed to be in the West Bengal Government for any length of time, everything would come to rack and ruin, fell on highly receptive ears. In retrospect it appears that Mukherjee, after some initial hesitation, was persuaded to believe that the CPI(M) could not be trusted and must be thrown out of the Government. The refrain that he was a prisoner in the hands of the Communists had the desired effect. More and more he accepted Central suggestions about how the State should be run and caused annoyance to the Communist partners of the U. F. The fact that the plan has come to naught should not lead anybody to imagine that the U. F. Government is out of danger for all time. It has got only a short reprieve. All contradictions among the constituent parties continue unabated and are bound to lead to a crisis again. When that will come is an open question. There are some who believe that the crisis may mature over the sharing of harvests between landowners and sharecroppers and over procurement.

In parliamentary democracy it is in the game that the party or parties in opposition should try to bring down the party or parties in power and replace the Government with one of their own. Changes in party loyalty or in alliances between parties may be undesirable but are accepted features of life in a democracy. There is absolutely nothing wrong in the West Bengal Congress trying to topple the United Front Government. What is disconcerting is the manner in which some Central leaders have utilised their positions in the Central Government and the machinery of that Government as well as of the State Government to overthrow the Mukherjee Ministry and have a new Government of their choice. It is true that the CPI(M) has played its cards badly and given offence to several other parties in the U. F. This has been sought to be taken advantage of by the Central Government. The failures of the Mukherjee Cabinet are many and the difficulties of the people have multiplied, but the Congress is still not in a position to give a call for a "liberation struggle."

For several months intelligence services have made hair-raising reports about conditions in West Bengal and the intentions and activities of the Left Communists. Contrary to the secrecy usually maintained about intelligence reports, many of those about West Bengal have systematically found their way into newspapers. The Governor, Dharma Vira, was not a disinterested spectator of the West Bengal scene. It may be that he did not understand the implications of his initiative in arranging a meeting between Mukherjee and P. C. Sen at Raj Bhawan, Calcutta.³ Mukherjee has now disclosed that what

³ The meeting took place on September 16, 1967, by which time Ajoy Mukherjee had entered into a secret deal with the Central Congress leadership to leave the U.F. Government and form a new Government with the backing of the Congress from outside.

they talked about was the future of the U. F. Government and possibilities of co-operation between the Bangla Congress and the Congress for the establishment of a new administration.

The worst aspect of the unseemly happenings of the past week in West Bengal was the manner in which the Army, the para-military Border Police and the Central Reserve Police were deployed. The hand that signed the requests for these forces was Mukherjee's but the idea was unmistakably New Delhi's. This was the first time in independent India that armed forces were sought to be used in a political crisis that had been carefully planned. Not long after the U. F. Government came into being, New Delhi had the benefit of advice from the Intelligence Department that if the Communists were to be thrown out of the Government, whatever the means employed, large-scale disturbances would break out and the help of the armed forces would be necessary to restore order not only in Calcutta but also in many districts. Approximate figures of how many might get killed in the process were also indicated.

GRAVE ISSUES AT STAKE¹

As President of the Congress in 1959 Indira Gandhi had given inspiration to the Kerala Pradesh Congress and some other parties and groups like the Nair Service Society to start a "liberation war" against the Communist Government of E. M. S. Namboodiripad. It was left to her father as Prime Minister to take note of the "intensity of mass feeling" and dismiss the Government even though there had been no defection from the Communist bloc and it had not lost its majority. The Communist Government of Kerala was dismissed on July 31, 1959. Two days thereafter, Mahavir Tyagi warned the Congress Parliamentary Party that the Congress was "digging its own grave." How prophetic he has proved to be in relation to Kerala! Feroze Gandhi accused the Central Government of having "blundered throughout" in Kerala and charged the Congress with aligning itself with the "forces of casteism and communalism backed by religion."

Over the years everybody in the Congress, from the highest to the lowest, came to the conclusion that the Congress had really blundered in Kerala and set up an unwholesome precedent in bringing down the Namboodiripad Government in the manner it did. There are many in both Parliamentary and organisational wings of the Congress and in the Union Council of Ministers who say in private that the course the Centre adopted in West Bengal was not the best available to it.² But warnings have gone unheeded.

The Prime Minister is said to have been pressurised by Chavan into agreeing to dismiss the United Front Government of West Bengal on the ground of its refusal to convene the Assembly on a date of the Governor's choosing. Reports are current that the issue was clinched by the Government when a communication came from Dharma Vira that he would have to resign if he was not allowed to dismiss the Mukherjee Ministry.

Not only has a Leftist government (West Bengal) been dismissed but also a Government which was very much to the

¹ Published in *Hindusthan Standard*, November 23, 1967.

² The United Front Government was dismissed by the Governor on November 21, 1967, and P. C. Ghosh, who had resigned from the Government on November 3, was immediately sworn in as Chief Minister of a minority Government.

Right of Centre (Haryana). In Haryana the Governor has taken action in the name of the President under Article 356 of the Constitution on the ground that defections had made it impossible for constitutional processes to be effective. In West Bengal, on the other hand, the Centre is keeping up a pretence that the Governor has been left free to deal with the situation as he deems fit and that the dismissal of the Mukherjee Government is entirely the responsibility of Dharma Vira who has sworn in a new Government composed of defectors.

Asked what distinguished the situation in Haryana from that in West Bengal to justify different procedures to tackle them, a Cabinet Minister spoke of the different "political complexions" of the two Governments. He said that in West Bengal an alternative Government was likely to be set up which was not the position in Haryana. The basic difference, which the Minister left unsaid, is that in Haryana the Congress thinks it has a fair chance to win a majority in a fresh election whereas any such step in West Bengal is likely to prove wholly disadvantageous to it and of great benefit to the Communists, especially of the Marxist variety. The public reaction in West Bengal may also be different from that in Haryana. The Army has now been kept ready in West Bengal which has also got other armed reinforcements. In the Home Ministry, the Prime Minister's office and in Parliament the one question that everybody is asking is : What's the latest from Bengal ?

In the bitter controversy that went on for several weeks between the Centre and the Governor on one hand and the Mukherjee Ministry on the other, what was of importance was not the fate of the U. F. Government. In any case, it did not have a record of which any Government could be proud. It is to be hoped that P. C. Ghosh would wear his "crown of thorns" for his allotted tenure with the help of the Congress which had thrown him out of Writers' Building two decades ago. Who occupies the *gaddi* is not very material. Far graver constitutional issues, which will determine the future of Centre-State relations—may be the future of the country as a whole—are at stake. Chavan is out to set a precedent. He wants State Governors to be not "constitutional heads" but wielders of powers superior to those of elected State Governments.

There was a time when Congressmen justifiably claimed that their party with its ramifications in every place was a guarantee of the country's unity. They themselves realise that the Congress has fallen on evil days and nowadays refrain from making that claim. But how is the country's integrity to be preserved in the changed situation ? Chavan believes that without a "strong" Central Government India will fall to pieces. History, he says, teaches us that India disintegrates or falls easy

prey to invaders whenever its Central Government becomes weak. During the freedom struggle, the Congress advocated a federal constitution in the real sense. What India has got as a result of the labours of the Constituent Assembly is a far cry from that. Harish Chandra Mathur, a senior Congress member of the Rajya Sabha, put the matter bluntly when, speaking on Governor's powers, he said that India had a unitary constitution with "some federal features." Every State Government, whether controlled by the Congress or other parties, nurses a grievance that too much power is concentrated in New Delhi.

Chavan is not satisfied even with all this. The more important powers the emergency and the Defence of India Rules have placed in the hands of the Government are being gradually incorporated in the statute book. The Unlawful Activities Bill is the latest in the process. The Union Home Minister has now given an interpretation to the Constitution which is apt to put all non-conformist State Governments at the mercy of their Governors who are themselves nothing more than creatures of the Centre. Only in this context is Chavan's insistence on his nominee being made Governor of Bihar understandable. According to Chavan, a Governor may dismiss a Government whenever he has doubts about its majority. He need not wait for a verdict in the Assembly. This is a novel interpretation of far-reaching import. The Centre is not prepared to have this interpretation tested in the Supreme Court, as suggested by the U. F. Government in West Bengal. Many times in the past the Constitution has been tailored by the Central Government to suit its purpose. It seems that interpretation of constitutional provisions is now intended to serve the purposes of amendments.

THE UNITED FRONT'S MASSIVE VICTORY¹

Even before launching its campaign in the mid-term poll² the Congress High Command (or whatever remains of it) knew that the party was fighting a losing battle in Punjab and Bihar. As for the vital States of West Bengal and Uttar Pradesh, some of the Central leaders expressed confidence in private discussion that the Congress would romp home with comfortable majorities. Obviously, they had been misled as much by their party organisations in these States as by Government intelligence reports on which they have learnt to depend so much for their understanding of political currents and formulation of policies at the party level.

The Congress has suffered a debacle in West Bengal the magnitude of which even the United Front leaders had not dreamt of. It is true the Congress went to the polls this time with several serious disadvantages. It was not in power and was not able to throw into the battle resources on the scale it had done in the past. Factional quarrels dogged its steps in several important areas. These have left a trail of bitterness behind. The repercussions are bound to be felt in the party organisation where fault-finding has begun.

These shortcomings cannot explain the colossal defeat of the party. Essentially, the massive support the U. F. parties have got is a massive vote of censure of the Congress, especially for its shady record since the fourth general election. Above all, it is a slap in the face of the Centre. The politically conscious electorate of West Bengal has given its verdict in the clearest terms against the Union Government for its machinations to bring down the U. F. Government of Ajoy Mukherjee from the day it was sworn in in Calcutta. The Union Government's advantage was that there were elements not only outside but also inside the U. F. to help it in its task to weaken and ultimately disrupt the State Government. The election should

¹ Published in *Hindusthan Standard*, February 13, 1969.

² The poll was held early in February 1969 in West Bengal, Bihar, P.P., and Punjab. After this election, the party position in the West Bengal Assembly stood as follows : Congress—55; United Front—218 (of which, CPI-M—80; Bangla Congress—33; CPI—30; Forward Bloc—21; PSP—12; SSP—9; SUC—7; PSP, Gurkha League and LSS—4 each; CPI and Workers Party—2 each; Forward Bloc Marxist—1; Independent U.F.—9); dissident PSP 4; Lok Dal—1; INDIF—1; Progressive Muslim League—3; and Independents—2; Total—280.

be taken as a warning also against these political elements and members of the permanent services.

Neither Indira Gandhi nor Chavan can wash her or his hands of responsibility for the manner in which the Governor, Dharma Vira, dismissed the U. F. Government and installed in office the puppet regime of a handful of defectors led by P. C. Ghosh. There were influential people in the West Bengal Congress who went on imploring the Centre to dismiss the U. F. Government. They wanted to be back in Writers' Building by any means without the least delay. The WBPCC was sharply divided. The man who repeatedly warned the Central Congress leadership against such a course and pointed out the dangers involved in making martyrs of the U. F. parties and Ministers was Atulya Ghosh. But powerful people in Delhi would not listen. In the long run, Ghosh himself yielded and blessed the P.D.F.-Congress Coalition Government. If it took the Centre as long as nine months to dismiss the U. F. Government, it was because time was taken to try a series of proposals and because the Prime Minister's aims did not exactly correspond to those of the Home Minister. Whatever their different objectives, between them they permitted the Central Government to give interpretations to the Constitution which nobody had thought of before and which contradicted some of the interpretations they themselves had given earlier.

The Prime Minister was more interested in eliminating Atulya Ghosh's hold on the WBPCC than on dismissing the U. F. Government. Chavan, on the other hand, had no animosity towards Ghosh, but thought that the presence of the Communists, mainly the Marxists, in a dominating position in the Government in a strategic and industrial State like West Bengal involved a risk for the country. Every opportunity was taken by Delhi to drill this idea into Ajoy Mukherjee.

At the final stage, Nanda, who till then enjoyed Gandhi's confidence and was as opposed to Ghosh as the Prime Minister was, arrived in Calcutta with the proposal to form an *ad hoc* Congress and bring about an understanding between it and the Bangla Congress to constitute a new Government in which the Communists would have no place. The plan failed. The Centre had no alternative to dismissing the U. F. Government. This Sunday's election in West Bengal has shown how the Left parties, especially the Communists, have reaped dividends from the Centre's attitude towards the first non-Congress Government in the State.

It is to be expected that the Centre would behave with more circumspection towards the U. F. Government that will now be formed. The overwhelming confidence the people have reposed in it should be a guarantee of this. But the Government itself can ill afford to behave as the first U. F. Government did. If the constituent parties spend more time in mutual

fault-finding and quarrels than in tackling the State's grave problems, as they did in 1967, they will deserve to be chased out of office.

In West Bengal the electorate has been absolutely ruthless towards the smaller and new parties, including the Praja Socialists, who kept themselves outside the U. F. Humayun Kabir's dream of compelling the Congress to form a coalition with his Lok Dal has been shattered. Today, he must be West Bengal's politically most frustrated man unless he shares that distinction with Ashu Ghosh, founder-leader of the INDF. The communal parties have been severely mauled also. Communists, both Right and Left, whom Kabir has made it his life's mission to fight, have every reason to be the most jubilant of all. This should go down as a contribution to the State's politics made by Gandhi and Chavan through their policy towards the U. F. in 1967. Only in West Bengal can it be said that a fundamental change has been brought about by the mid term poll. Those in the country who were asking for a stable alternative to the Congress will look forward to the United Front experiment in West Bengal with keen interest.

OLD CONFLICTS IN NEW FORM¹

The United Front parties in West Bengal are at their old game again. The spectacular victory of the U. F. has not persuaded the constituent parties to begin discharging their responsibility with grace and dignity. On the contrary, it has landed them into conflicts of which no solution is in sight. Differences have arisen over the choice of a leader and party-wise distribution of portfolios. Each party is trying to gain most from the current negotiations. The CPI (M) is, in addition, aiming at ensuring that no one is in a position to intrigue against it from within the Government. The U. F. is thus lending itself to public criticism which is intensifying with every day lost in fruitless negotiations. In private, most of the parties concerned say that agreement would ultimately be reached and that the trust reposed in the U. F. by the people on so grand a scale would not be belied. The Front, they point out, consists of twelve parties. Despite their common minimum programme, sharp, sometimes fundamental, differences exist between them. These differences are bound to come to surface from time to time. Choosing a leader and allocating portfolios are of basic importance in such a set-up. It is not ruled out, however, that the U. F. will be able to sort out its differences in less time than, for instance, the Congress took in electing Indira Gandhi as Lal Bahadur Shastri's successor or Gandhi to nominate her Cabinet.

Whenever a new U. F. Government is sworn in,² the question will immediately arise about the future of Dharma Vira. The issue must not be judged in isolation or as something concerning the Governor personally. It involves the very fundamental problem of relations between the Centre and the States. In the not distant past, the office of Governor was considered a sinecure mostly for Congressmen defeated in elections or too old to shoulder any real responsibility. This conception underwent a basic change during 1967 and 1968 when the existence of some non-Congress Ministries, especially with a dominant Communist element in them, became a headache for the Congress High Command and the Union Home Ministry. Of the various new devices put into practice by the Home Ministry to keep within control these Ministries

¹ Published in *Hindusthan Standard*, February 19, 1969.

² The second U.F. Ministry was sworn in by Dharma Vira on February 24, 1969. Ajoy Mukherjee was Chief Minister and Jyoti Basu was Deputy Chief Minister.

and, when nothing else availed, to dismiss them was to clothe Governors with powers which no one had imagined before these dignitaries enjoyed under the Constitution. The usual practice was for the Centre to consult the States before finalising gubernatorial appointments. But it was asserted for the first time in 1967, when the question of appointment of Dharma Vira as Governor of West Bengal came up, that the Centre was not obliged to be guided by the advice of the States. During her recent trip to Santiniketan, the Prime Minister reiterated this view. In truth, utilising Governors as a weapon of the Union Government directed at non-Congress State Governments is part of Chavan's contribution towards making the Centre strong.

After the fourth general election, Governors precisely of those States where the Congress had failed to get a majority were called to Delhi for consultations with the Prime Minister and the Home Minister. It is not difficult to imagine, in the light of later developments, why consultations with these Governors and not those from the Congress majority States were necessary. It is worth noting that after the mid-term election, Dharma Vira was not called to Delhi. What is more, he did not even go to Santiniketan to receive the Prime Minister, which protocol requires. The explanation given is that the Governor chose to stay on in Calcutta to invite the U. F. leader, as soon as one was elected, to form a Government. His going to Santiniketan might have caused unavoidable delay. This is an attitude different from that taken by people in high places two years ago. The massive victory of the U. F. may have something to do with this change of attitude.

Will Chavan agree to recall Dharma Vira? For him to accept any such demand from the U. F. would also be to accept the proposition that Governors must be appointed in agreement with the States concerned.³ This would demolish one of the pillars of the edifice of the "strong Centre" the Union Home Ministry has fashioned with its own interpretations of the Constitution since the fourth general election.

In the early days of the Republic, Congress Governments in the States were fighting with the Centre for increased powers in every direction. This task seems to have devolved on the Communists today. Chavan found out during the Central Government employees' strike how difficult it was to make E.M.S. Namboodiripad toe his line in Kerala. One of the slogans used by the Communists during the election campaign in West Bengal was: "Vote for the U. F. to strengthen the

³ Dharma Vira was transferred from West Bengal in September, 1969, and appointed Governor of Mysore, in October that year. S. S. Dhawan took over from him as Governor of West Bengal.

Kerala Government." There should be no doubt that those who raised it meant it seriously. Many partners of the U. F. are sharpening their knives for their battle to clip some of the Centre's ambitions.

The Centre itself must have got reports from its own intelligence agencies about the mood of the people and of the parties whom they have given such an overwhelming majority in the Assembly. If anybody in the U. F. thinks that the Centre will yield easily on any material point in the probable conflicts between Delhi and the States, he is in for many shocks. The Leftists, spearheaded by the Communists, have been engaged in a relentless political battle with the Congress. The Congress has not refrained from using the administrative machinery under its control for this battle. Nor have the Communists neglected to utilise Government machinery to serve its cause whenever and wherever they had control over it. Since the Congress has had unbroken control over the Central machinery and over most States the outcome in the short run has always gone in favour of the Congress. In the long run the Communists have scored, as Kerala and West Bengal have so pointedly brought out. The Leftists can now hope to make use of two Governments in their political fight with the Centre and the Congress.

Who holds the Home portfolio in West Bengal is immaterial. In the changed party position within the U. F. no Minister is likely to be rash to enter into understandings with the Centre without the knowledge of at least the senior members of the Cabinet. A repetition of the shady events of 1967 is unlikely in the new situation. On the basis of this assessment, clashes between the State Government and Chavan on a variety of issues seem inevitable. What, for instance, will happen to the Union Home Minister's claim that the Central Reserve Police may be despatched to a State without the consent or even knowledge of the State Government concerned or to the extension by the Union Government of particular sections of a Central Act in the Naxalbari area which was decided upon with the concurrence of Ajoy Mukherjee but which caused such a big row in the U. F. Cabinet in 1967?

It is not only on constitutional and administrative issues that the U. F. is likely to give fight to the Centre. On economic issues the emphasis will be no less, may be greater, for on these the entire Cabinet may be expected to function as a united body. West Bengal, like other States in the Eastern region, bears a serious grievance against the Centre that her economic development has been neglected and that, with the resources of these states in the form of raw materials and earnings of foreign exchange, some other states have been helped to grow fast. Potentially, this is a highly explosive issue which the Centre, under Indira Gandhi, should handle

with care. If the Leftists in West Bengal can combine the political issues with the problem of exploitation of the Eastern region for the benefit of some other areas, the consequences may be far-reaching.

The results of the mid-term poll in West Bengal and the States of Bihar, Uttar Pradesh, and Punjab would not have any immediate impact on the fortunes of the Congress at the Centre or Gandhi's Government. The election was for Assemblies and not for the Lok Sabha. But the Prime Minister must have noticed that were M.P.s from these States also to be elected, the Congress would probably have lost its present majority of 48 in the Lok Sabha. To reduce the Congress into a minority in a House like this, a shift of only 25 members to the other side is enough.

XXVII

A MINI-FRONT WITHIN THE U. F.¹

Ajoy Mukherjee's fast has again focussed the country's attention on West Bengal. The Chief Minister has done what no other head of Government has ever done before. He has described his own Government as "uncivilised" and offered satyagraha² against it for its failure to preserve law and order and even to save the "honour of women." The move is directed against the CPI(M) which has continued to be a source of anxiety to the Centre.

What has intrigued observers in Delhi is that, instead of relieving Jyoti Basu of the Home portfolio without further ado or himself resigning, Mukherjee should stick to his office. Even Chavan, who has no love whatever for the CPI(M), is amused that Mukherjee prefers to be Chief Minister of an "uncivilised Government." On this issue, Mukherjee was pressed to the wall by sceptical correspondents at his luncheon meeting at the Press Club in New Delhi. The Chief Minister's explanation was that, since portfolios had been distributed party-wise by virtue of an agreement between the United Front partners, he could not take Home away from Basu unless "an emergency arises." As for the suggestion that the situation warranted his resignation, Mukherjee indignantly retorted: "If for what is happening in West Bengal I am to quit office, the Governments of Gujarat and Andhra should have resigned long ago. Here in the heart of Delhi women were molested, but did any of you ask for the resignation of the Union Government?" He then reminded the gathering that "there is an atmosphere of violence all over the country."

The Bangla Congress's indefinite relay fast is being watched with interest in official and non-official circles in Delhi. Parliament has taken note of the deterioration in law and order in the State. The developments are in some ways reminiscent of what happened in West Bengal during the tenure of the first U. F. Government in 1967. Naxalbari, which provided the scope in those days is for all practical purposes a dead horse in the State now, at any rate not a big enough issue

¹ Published in *Hindusthan Standard*, December 4, 1969.

² The Bangla Congress organised a mass hunger-strike for four days from December 1, 1969. Ajoy Mukherjee himself fasted in Curzon Park, Calcutta. The Satyagraha was declared to have been organised "to focus public attention on the prevailing lawlessness and insecurity" in the State.

to attract Parliament's notice. Today, the satyagraha has created that opportunity. Both Houses have discussed the problem. There are important differences in the situation, of course. Unlike in 1967, the Centre has refrained from taking any overt step that may be interpreted as an attempt on its part to topple the U. F. Government or to create difficulties in its way. S. S. Dhawan is not being expected to play Dharma Vira's role. The correlation of forces is totally dissimilar, and there is no possibility of an alternative government being formed under direct or indirect control of the Congress which itself is split. The Centre is looking forward to a "political solution" the basic ingredient of which is elimination of the CPI (M) from the Government. The major moves for this are to be made in Calcutta and not Delhi.

The Prime Minister is, however, as eager as she was in 1967 for building a bridge of understanding with Mukherjee for the time being and for the Bangla Congress's eventual return to her party. This is necessary if she is to defeat the Syndicate Congress in the race for winning the loyalty of Congress-minded people in the State. During her visit to Calcutta in September a mid-night meeting was arranged between her and Mukherjee but it was abandoned because it was felt that the news would leak out. Mukherjee has had two private meetings with the Prime Minister in Delhi, once on September 26 and again on November 25. He has also met Surendra Mohan Ghosh, who played an important role in establishing contact between Mukherjee and Indira Gandhi in 1967, more than once since the formation of the second U. F. Government in February this year. For a Chief Minister to meet the Prime Minister is nothing extraordinary. What was extraordinary about Mukherjee's meetings with Gandhi was that these were sought to be kept secret on both sides.

When it became known that these meetings had taken place, Mukherjee told correspondents that he had not discussed politics with Gandhi but West Bengal's financial needs. Chavan has now laid all speculation to rest at least with respect to the meeting of November 25. According to Chavan, at this meeting Mukherjee apprised Gandhi of his resolve to go on a fast and the Prime Minister "shared the Chief Minister's concern" over the "deteriorating law and order situation in the State." It may be mere coincidence that the Bangla Congress's statement on the political situation in the State was issued and its decision to offer satyagraha announced within a few days of Mukherjee's first round of talks with Mrs. Gandhi in September.

How long can the present U. F. Government last? The CPI (M), it is obvious, has eminently succeeded in alienating most of the other senior partners of the front. The target of attack by these parties is the Home Department

over which Jyoti Basu presides and which the CPI (M) is alleged to have either immobilised or used to subserve its party interest. A fear has gripped these parties that the CPI (M) is out to crush all of them and prepare the ground to win a single-party majority in a future election. Unless the CPI (M) mends its ways and behaves as the other parties want it to, of which there is little possibility, the Front is bound to break up.

The impression in authoritative circles, who are by no means unhappy over the inter-party feuds in the U. F., is that basically it is the conflict between the two Communist parties that is at the root of much of the troubles in the West Bengal Government, as it is in Kerala, and that the Bangla Congress which is closest to the CPI, and the smaller parties are playing the second fiddle to one side or the other in a bizarre political game. Apart from Gandhi, CPI leaders were the only people with whom Mukherjee took counsel during his last visit to Delhi. Incidentally, S. A. Dange, the CPI leader, told the huge CPI rally on the Calcutta Brigade Parade Ground last month that *Hindusthan Standard* had "misquoted" him as saying at Palam that there was "no reason why Basu should always be the Home Minister." It is usual for politicians to go back on their statements whenever they are in difficulty. But what on earth could have been Dange's predicament in Calcutta when people went in procession to the CPI meeting demanding Basu's "immediate resignation"? Ranen Sen, Secretary of the West Bengal CPI, offered an explanation for whatever it was worth. He said that the CPI as a party had not raised the slogan but ordinary villagers, who were "angry about the CPI (M)'s gangsterism in rural areas," had done so on their own!

A mini-front seems to be taking shape within the U. F., the likely line-up being more or less similar to the division in Leftist ranks at the time of the 1967 general election. The parties have not yet parted company in the Government because, they all say, the people will not forgive those who may be held responsible for disrupting the Front. The clashing groups are engaged in virulent propaganda offensives one against the other, each to sway public opinion in its favour. The Bangla Congress's satyagraha is not calculated to add to the CPI (M)'s popularity or strengthen the latter's campaign that other parties are trying to break the Front. A mini-front Government in Kerala, from which the CPI (M) has been excluded, is in the saddle. The CPI Chief Minister, Achutha Menon, has secured the cooperation of the breakaway Kerala Congress and will undoubtedly have the backing of at least six of the nine Congress M.L.A.s. These six are expected to join Gandhi's group when the Congress formally splits there. With

them, Menon will be assured of a majority. The developments in Kerala have the blessing of the Centre.³

In the West Bengal Assembly the CPI (M) is proportionately in a weaker position than it is in Kerala. There appears to be no reason why a Government of the Kerala type should not come into being in this State. Even the Syndicate leaders admit that a large majority of the Congress's 55 M.L.As will go over to Gandhi's camp. These M.L.As are only too eager to offer support to a government which will not have the CPI (M) in it. Mukherjee and the CPI should not be unaware of this.

³ E. M. S. Namboodiripad, the CPI(M) leader, formed a United Front Government in Kerala after the 1967 election. Like the West Bengal Government, the Kerala Government was beset with inter-party quarrels from the beginning. These conflicts matured into a crisis in October 1969. On the 17th of that month Ministers belonging to the CPI, the Muslim League, the RSP, and the Independent Socialist Party resigned from the Cabinet. A no-confidence in the Namboodiripad Government was moved in the Assembly by a CPI member. The motion had the support of all the parties of the resigning Ministers as well as of the Congress and the Kerala Congress. The Namboodiripad Government was defeated on October 24. It resigned. A new coalition Government with Achutha Menon (CPI) as Chief Minister was sworn in on Nov. 1. The Congress, the Karnataka Samithi and the Kerala Karshaka party supported from outside the Menon Government in which, besides the CPI, the participants were the Muslim League, the ISP, and the Kerala Congress.

XXVIII

THE POLICE AND EXTRAORDINARY POWERS¹

From distant Delhi the picture one gets of West Bengal today is of a people gone insane and seized by a craze for murder. As during the British period but on a larger scale the youth is being sacrificed, literally and figuratively. When the Naxalites claim credit for having committed murders or for trying to bring education to a standstill ostensibly believing that they are thereby hastening a revolution, they invite condemnation and reprisal. But possibly no party in the State today can claim that its hands are clean; the bigger the party the greater appears to be the responsibility. The role of the police will remain a matter for investigation, if ever an impartial one is ordered.

Since 1967, when the first United Front Government came into being, West Bengal has never ceased to attract Parliament's attention. Affairs of this State have come in for discussion in one form or another in both Houses of Parliament on more occasions than any other subject has. During these three years the concern of most Parliamentarians, including some from West Bengal herself, was the breakdown of law and order and the role of the two United Front Governments. Whatever else may be said about the discussions in Parliament, these did not make the functioning of the Left-oriented Governments easier.

The U. F. Governments were certainly different from the Congress Governments that administered West Bengal for two decades. When the first United Front came to power, the big business community, whose pull with the Government at the Centre is considerable, became unnerved. Ajoy Mukherjee, along with his Council of Ministers, was straightaway dismissed and the minority Government of P. C. Ghosh was installed with Congress backing. The second U. F. Government went out of office through a different process. The CPI (M), Mukherjee said, had made his Government "uncivilised and barbarous" and had encouraged and perpetrated violence. Mukherjee resigned and recommended dissolution of the Assembly. The Governor accepted the recommendation. That the Centre heaved a sigh of relief when this U. F. Government, too, went

¹ Written on November 24, 1970. Hitherto unpublished.

out of office with Mukherjee's resignation on March 16, 1970, was as patent as anything.²

After eight months of President's rule, which began with an announced decision to restore law and order and rebuild Calcutta and the State's shattered economy, Parliament's attention has again been drawn to the State in a pointed manner. The find in Barasat and Amdanga of the bodies of eight or eleven (whatever the exact number) young men, murdered in a planned and brutal manner, has shocked the conscience of Parliament.

The Centre has announced, under pressure, its decision to institute a judicial inquiry into the ghastly affair. The Commission will take time to make its report. Meanwhile, the fact that suspicion is widespread that the police had a hand in it is itself a commentary on the situation in the State. Bhupesh Gupta, the CPI leader, is one of those most emotionally roused. For the first time in many months he spoke on West Bengal in the Rajya Sabha on Tuesday (November 24) without levelling charges of violence against the CPI (M). The CPI (M) members also refrained from levelling counter-charges against the CPI. Gupta, like other Left M.P.s, concentrated his fire on "police atrocities" and the "policy of police counter-terrorism".

If you visit the Calcutta Police Commissioner's room in Lalbazar you will, as you enter, see two rows of portraits of former Police Commissioners from perhaps the day of Victoria's Proclamation in 1858. The most famous name among all Police Commissioners is that of Charles Tegart. Tegart's mission was to rid Calcutta of "goondas" and "terrorists", now designated "anti-social elements" or Naxalites. For in his days too there was a great deal of violence in Calcutta and elsewhere in Bengal. The present Commissioner is a much harassed man, harassed at one end by the murders and other acts of violence and at the other by the criticism by New Delhi for his failure to restore law and order.

Tegart went about his job without making startling statements. He did not have occasion to announce, as the present incumbent has done, his decision to organise "a police guerilla force". The present Commissioner may rightly claim credit for having bettered his most dreaded predecessor.

One must appreciate the Commissioner's predicament. Despite the obnoxious depredations of the so-called Naxalites,

² President's rule was imposed on March 19. Jyoti Basu as Leader of the largest party claimed the right to form a new Government, but the Governor did not invite him to do so. The Assembly was dissolved on July 30, 1970.

whom the police are said to be busy controlling, the guardians of law and order, according to all reports from Calcutta, have not endeared themselves to the people by their activities.

Every conceivable power has been given by the Centre to the police. So that the police might not have to face even departmental criticism, the old order requiring every case of police firing to be automatically investigated has been suspended. One of the most important decisions is to employ large numbers of policemen in plainclothes but equipped with firearms. The more serious allegations of atrocities appear to be against the exploits of this category of the police; these policemen are specialising in visiting houses for suspects at night.

It is not that the Centre is unaware of what the police are doing. Some members of the force have been most unfortunately murdered, presumably by the extremists. Unless attacks on the police stop, says K. C. Pant, Union Minister of State for Home, there is possibility of the force itself being "brutalised".

A very senior official recently told this reporter that nowhere in the world did the police refrain from adopting drastic methods in difficult situations. "Look at what happened in Northern Ireland the other day. Even in the USA, the police have fired on and killed demonstrating students in a university campus". Life in West Bengal has indeed become cheap.³

³ The murders in West Bengal, such as those in Barasat-Basirhat, in prisons, and of political leaders formed the subject-matter of a few questions at the first formal Press conference, held in New Delhi on March 28, 1972, by Siddhartha Sankar Ray as Chief Minister of the State. The relevant questions and the Chief Minister's answers were as follows:

Q. Do you propose to order an investigation into the murders committed in the State during the last few years—for example, the Barasat-Basirhat murders, the murders in prisons, and the murders of many other people including some prominent political leaders—and find out who the culprits are?

A. No. There is no need for any fresh investigation. We know who the murderers are.

Q. Do you propose to publish the findings of the investigations so that the people may know who the culprits are? Are you going to punish the guilty?

A. No. What has happened has happened. We want no recrimination. We are determined to see that the West Bengal we build is a glorious one.

Q. People would like to know who the real culprits are and what punishment is meted out to them?

A. No, the people of West Bengal do not want that. They have not asked for it. Only the CPI (M) has asked for it.

XXIX

ALL POWERFUL GOVERNORS¹

If precedents are to be taken as the guide there is hardly anything that Governors of States cannot do under the Constitution that came into force on January 26, 1950. Those who thought that the extensive powers Governors enjoyed over their Ministerial councils under the Government of India Act, 1935, were things of the past and that this office had become a merely expensive decorative piece for the States had better revise their reading of the Constitution. Governors today have come to enjoy powers of life and death over their Ministries. The development has not taken place in a day. It is the result of a long process which began with the introduction of the Constitution itself. The long-held notion of the supremacy of the Legislature based on British parliamentary practice has suffered a setback. The office of Governor has become a focus of political controversy which, if unchecked, is bound to bring it down in public esteem and may shake the people's faith in the Constitution itself.

No party can possibly escape blame for such an unfortunate development. It is quite conceivable that under non-Congress dispensation the situation would not have been otherwise. The attitude the non-Congress parties took in July 1967 at the time of the crisis of the Congress Ministry in Madhya Pradesh may be taken as a pointer. These parties vied with one another in condemning the Central Government for not advising the Governor of the State to reject the Chief Minister's advice to prorogue the Assembly in the midst of the budget session. With equal vehemence the Union Home Minister advocated the view that Governors must act on "aid and advice" of their Chief Ministers. When the West Bengal crisis came the parties reversed their roles. If it was opportunism, the charge can be validly levelled against both sides. It so happened that the beneficiary of the Union Government's stand in both cases was the Congress.

The action of the Governor of West Bengal has attracted much wider and more sustained interest than those of the Governors of Rajasthan in March and of Haryana in November. The heavy concentration of Indian and foreign capital and key industries and the earnings of foreign exchange from jute and tea produced in the State give extraordinary importance to her

¹ Published in *Hindusthan Standard*. February 14, 1968.

in the Indian scheme of things. But the decisions of the Governors of Rajasthan and Haryana are of no less consequence than that of Dharma Vira from the constitutional point of view.

After the 1967 general election in Rajasthan Mohanlal Sukhadia, leader of the Congress which had failed to get a majority, was invited by the Governor to form a government. He declined the offer, but not before there had been bloodshed and violence in Rajasthan and the rival Samyukta Vidhayak Dal had presented a majority of M.L.A.s from that State to the President as its supporters. Naturally, the Dal claimed to be given the opportunity to form a Government. The Governor Sampurnanand, reported to the President recommending dissolution of the Assembly and introduction of President's Rule. He told the President that he could not "conscientiously" as the SVD leader, Lakshman Singh, to form a Government. He did not say that the SVD did not enjoy the support of a majority. He told the President that legislators are "expected to foster respect for the law" but the SVD leaders "have deliberately broke the law themselves". The Governor could not, therefore, "for a moment expect such persons to follow democratic method and procedures in administration". The Centre readily accepted the Governor's suggestion for President's Rule, presumably laying down for future guidance that a majority group need not be allowed to run the administration. The Centre conveniently ignored, however, the recommendation to dissolve the Assembly on the plea that otherwise Rajasthan would be deprived of the opportunity to vote in the election of the President. The Assembly was revived a few weeks later when it was clear that Sukhadia had managed to win over the requisite number of vacillating members from the SVD to get a majority.

In Haryana lofty principles of democracy were invoked to oust a Government which, even according to the Governor, enjoyed the confidence of the Assembly. The charge this time was that M.L.A.s had shown a lamentable lack of decency in public behaviour and had become commodities that were being bought and sold in the market. Honest parliamentary government had thus become impossible. Again, the Union Government jumped at the recommendation and dismissed the Government, Chavan making fun of the legislators as *Ayarams* and *Gayarams*. The Assembly was dissolved, because no alternative Congress Government was in sight. The Haryana Governor has proved that the command of a majority in the Assembly is no guarantee of the continuance in office of Government.

If the Haryana Governor has established that the subjective assessment of the standard of behaviour of legislators is good enough for a Governor to dismiss a Ministry, his counte

part in West Bengal has shown that a Governor can dislodge a Ministry without a vote in the Assembly if he is subjectively convinced that it has lost its majority. The West Bengal Governor at this very moment is, however, providing evidence in connection with P. C. Ghosh's minority INDF Government that, even if he knows that a Ministry no longer enjoys the support of a majority, he need not dismiss it without a reference to the Assembly.

What happens when a State Government, which is disliked by the Governor and the Union Government, cannot be dismissed either on the ground propounded by the Haryana Governor, or on that argued by the West Bengal Governor? Such a Government can legitimately be overthrown if a "liberation war" is organised against it, as happened in Kerala in 1959. The Communist Ministry of that State at that time had a slender majority, but there was no defection from it nor could anybody level a charge against the public morality of the M.L.A.s supporting the Government. There have been no dearth of widespread agitations against many Congress Ministries in the States, but at no time has the President found it necessary to take over the administration of a Congress State to restore normalcy."

On the powers of Governors, the Union Minister of Law, Govinda Menon, had a controversy with the Home Ministry in 1967. The precise point in dispute was whether a Governor is bound to dissolve the Assembly on the advice of his Chief Minister. Menon, whom his detractors have nicknamed "Kerala Jennings," takes great pride in the note he prepared then. In this, he argued that precedents borrowed from Britain or the dominions, even if they be usefully followed at the Centre, cannot be followed in the States. He was prepared to concede that a Prime Minister could get the Lok Sabha dissolved not only when the party running the Government had a majority but also when it lost it. The same right, according to him, could be exercised by a Chief Minister enjoying a majority but not by one who had lost it. This differed from the Home Ministry's contention that "the principle that when a Chief Minister asks for dissolution he should have it" should be accepted, irrespective of whether he has a majority or not. Menon concurred with this view which was formulated in July 1967.

For Govinda Menon the Kerala precedent of 1953 proved very inconvenient. In that year in the old Travancore-Cochin State the Congress Government, of which Menon was Finance Minister, was defeated in the Assembly on a confidence vote. The Opposition leader was not allowed to form a Government although he claimed the support of a majority. The defeated Chief Minister's advice, which was in reality Menon's advice, to dissolve the Assembly was accepted by the Rajpr-

mukh who asked the old Ministry to continue as a Caretaker Government till fresh elections. Menon, in his note, pleads that "this solitary example should not be taken to have laid down a precedent that a defeated Chief Minister should have the right to seek dissolution of the Assembly." The Kerala example must be sitting heavily on Menon's mind. More so because when, in February 1955, the Praja Socialist minority Government of Pattom Thanu Pillai fell on the withdrawal of Congress backing, the Rajpramukh refused to accept Pillai's advice to dissolve the Assembly but invited Menon, then leader of the Congress, to form a Ministry whom nemesis overtook a year later. What is amazing is that, in an interview, a report of which was published in *Hindusthan Standard* on December 11, 1967, Menon had this to say: "What happened in Travancore-Cochin in 1953 was supported by the convention evolved in the U.K. conceding the right of a defeated head of Government to get dissolution (of the House of Commons)." This was surely publicly supporting the stand that a defeated Chief Minister should have the right to seek dissolution which contradicted what he had put down in his private note for the Government. In the interview the Minister said he was "sick about uninformed fulminations I sometimes hear about matters constitutional." Asok Chanda² must have good reasons for saying that often things are done which "exposes the Union Government and the Congress Party alike to the charge of observing double standards."

POSTSCRIPT: Early in April 1968 Presiding officers of Parliament and State Legislatures met in Delhi to discuss powers of State Governors and Legislatures. They decided that "Governors must not have powers to dismiss State Cabinets". They also observed that "the executive authority is exercised in a manner that was not always in keeping with constitutional propriety so as to inspire confidence in the people. In this connection a relevant extract from my Political Notebook in Hindusthan Standard of April 11, 1968, is given below:

"Chavan, the Union Home Minister has no reason to be pleased with this aspect of the Presiding officers' conference. It has been put in a predicament. The decision runs counter to the interpretation of the Constitution that, at his instance, the Home Ministry gave on November 11, 1967, that the Governor could withdraw his "pleasure" from his Cabinet and dismiss it without testing its strength in the Assembly. This interpretation had paved the way for the dismissal of the

² Eminent writer on economic and constitutional affairs and former Comptroller and Auditor-General of India.

Mukherjee Cabinet in West Bengal by the Governor on the assumption that it had lost its majority because of defections and for the overthrow of the Rao Birendra Ministry in Madhya Pradesh on the charge that too many defections had made a honest parliamentary Government impossible in the State. The Home Ministry's interpretation of November 11 was itself a reversal of its own earlier study of the provisions of the Constitution which, Chavan had said at the time of Madhya Pradesh, had not made Governors 'badshahs'. This study had the Prime Minister's endorsement."

XXX

THE CONSTITUTION AND THE FORGOTTEN PROMISES¹

"The federation of India must be a willing Union of its various parts. In order to give the maximum of freedom to the constituent units there may be a minimum list of common and essential federal subjects which will apply to all units, and a further optional list of common subjects which may be accepted by such units as desire to do so."

There are few Congressmen today who know who laid this down as a policy. Most Congressmen, including some in leading positions in their party, whom I have asked about the passage have reacted sharply against it. They feel that it must be the work of one who does not want to see India a strong and united country. They cannot believe that the passage was the handiwork of their leaders less than two years before Independence. The passage forms part of the manifesto with which the Congress fought the election late in 1945.² It was on the basis of this election that in 1946 the Constituent Assembly came into being. It framed the Constitution under which the country is being governed since 1950.

Or, take the following passage : "The right of any well constituted area to secede from the Indian federation or union has often been put forward, and the argument of the USSR advanced in support of it.... Before any such right of secession is exercised there must be a properly constituted, functioning free India. It may be possible then, when external influences have been removed and real problems face the country, to consider such questions objectively and in a spirit of relative detachment, far removed from the emotionalism of today, which can only lead to unfortunate consequences which we may all have to regret later. Thus it may be desirable to fix a period, say ten years later after the establishment of the free Indian State, at the end of which the right to secede may be exercised through proper constitutional process and in accordance with the clearly expressed will of the inhabitants of the area concerned."

In 1942 the Communist Party of India, then undivided, adopted a policy approximating, in some material ways, to the

¹ Published in *Young Indian*, Delhi, (Editor, Chandra Shekha Congress M.P.) Annual Number 1971.

² Central Parliamentary Board, Indian National Congress, *Handbook for Congressmen*, New Delhi, (Undated) p. 98.

contents of the above quoted passage.³ The CPI is, however, not responsible for this particular passage. It has been penned by no less a person than Jawaharlal Nehru in his book *The Discovery of India*.⁴ The late leader authored it in the solitude of the Ahmednagar Fort Prison during the last world war. He had the benefit of consultations with all his colleagues in the Congress Working Committee who went through the script before it was sent to the publisher. Nehru said in the book itself: "The Congress in effect has agreed to it."

When, in 1946, transfer of power from the British was no longer in doubt and was only a question of time, how fast the Congress leaders changed their posture! Among Indian officials who had wormed their way into the confidence of Imperialist Britain was V. P. Menon, the Viceroy's Reforms Commissioner. In that capacity he served under Wavell and Mountbatten. Wavell made of himself *persona non grata* with the Congress. The shrewdest operator of British Imperialist policies in India, Mountbatten, not merely won over the entire Congress leadership to his side, but by the time partition came in August 1947, he was being lionised as if he was the greatest national hero of India. Even Gandhi was pushed into the background.

Long before Mountbatten arrived in India in March 1947, Menon, in concert with Vallabhbhai Patel, had produced a plan or division of India and acceptance of Dominion Status. This was precisely what the British were out for. In his *The Transfer of Power in India*, Menon writes that he had a discussion with Patel "in December 1946 or early in January 1947." "A united India under the Cabinet Mission Plan", he records, was, "I suggested, an illusion. The crucial problem was the basis on which power could be transferred. In a divided India his could best be to two Central Governments on the basis—a point on which I laid particular stress—of Dominion Status." Patel readily accepted the proposition. Menon then lost no time in informing his masters in London of this development. In the presence of Patel, he dictated a note on the talk which

³ The CPI Central Committee adopted a resolution on national unity on September 19, 1942. The resolution was confirmed by the first Congress of the CPI in May 1943. The following forms part of Clause 3(a) of the resolution:

"Every section of the Indian people which has a contiguous territory with its homeland, common historical tradition, common language, culture, psychological make-up and common economic life would be recognized as a distinct nationality with the right to exist as an autonomous state within the free Indian union or federation and will have the right to secede from it if it may so desire." (The full resolution is reproduced in Tariq Ali, *Pakistan: Military Rule or People's Power?* 1970, Appendix II, p. 253.)

⁴ *The Discovery of India*, Bombay edition, 1961, pp. 567-8.

he says, "I later sent by special messenger to London to be handed over the Secretary of State."⁵ Mountbatten's path in India had thus been made smooth even before he arrived in Delhi. There is nothing on record—at least, nothing published so far—to show that Patel consulted anyone before committing himself in such a vital matter. It is difficult to believe that he did not take Gandhi into confidence. He must have known that without the Mahatma's assistance such a scheme could not be pushed through the AICC. As it turned out, Gandhi's advocacy in the June 1947 session of the AICC was instrumental in getting the partition plan accepted by the Congress.⁶

Nehru was brought into the picture much later.⁷ Under Mountbatten's "dangerous charm",⁸ Nehru accepted the plan.

⁵ V. P. Menon records: "It was in December 1946 or early in January 1947 that I had a lengthy discussion with Vallabhbhai Patel. A united India under the Cabinet Mission Plan was, I suggested, an illusion. . . . The crucial problem was the basis on which power could be transferred. In a divided India this could best be to two Central Governments on the basis—a point on which I laid particular stress—of Dominion Status. . . . I pointed out that if the transfer of power took place on the basis of Dominion Status, it would enable the Congress to have at one and the same time a strong Central Government. . . . In his presence I dictated the outline of the plan, which I later sent by special messenger to London to be handed over to the Secretary of State. . . . I could not very well convey to the Secretary of State that Patel had agreed, as that might have compromised his position, but I did say that I had reason to believe that the Congress would accept Dominion Status. . . . no action was taken on my proposals—which, incidentally, Lord Mountbatten mentioned having seen in London before coming out to India." (*The Transfer of Power in India*, pp. 358-9.)

⁶ "At the A.I.C.C. meeting held on June 14 and 15, 1947, there was strong opposition to the resolution [supporting partition] headed by Purushottam Das Tandon but Gandhiji himself advised the members to accept the decision of the Working Committee though he personally thought no good would come out of it. He asked them to trust their leaders. *The resolution might not have been passed but for Gandhiji's advice.*" (Emphasis added.) J. B. Kripalani, *Gandhi: His Life and Thought*. (Government of India, 1970, p. 288.)

⁷ Campbell-Johnson in his *Mission with Mountbatten* writes under date March 31, 1947: "There has been a terrific story published [in a London newspaper] today of his [Nehru's] alleged deal with the British Government and his acceptance of Dominion Status for Hindustan, etc.... Nehru said [to Campbell-Johnson] the whole thing would be a two-days' wonder." (P. 50) The fact seems to be that the plan for partition and acceptance of Dominion Status, which V. P. Menon had prepared with the approval of Vallabhbhai Patel and sent to the Secretary of State in London three months earlier, was leaked to a London paper in a garbled version: instead of Patel, Nehru was associated with the plan for acceptance of Dominion Status. Nehru's reaction is clear evidence that he was unaware of the V. P. Menon-Patel plan even on March 31, 1947.

⁸ Mountbatten arrived in New Delhi as Viceroy on March 22, 1947. His first meeting with Nehru took place on March 25. At the end of the meeting, Nehru, according to Campbell-Johnson, remarked: "Now

Indeed, the "charm" was so great that Nehru toyed with the idea of "common citizenship" with Britain.⁹ What had lured Patel into accepting Menon's plan was that "it would enable the Congress to have at one and the same time a strong Central Government." The aging and tired Congress leaders fell into the trap prepared by the British and laid on their behalf by Menon.

When it came to the framing of the Constitution, the trusted civil servants of the British Indian Government were summoned to do the basic job. The senior-most among them was an Indian Knight of the British Empire, Benegal Narasinga Rau. He went on a tour of several countries—the USA, Britain, Canada and Eire—on a mission to locate the best features of their constitutions, written or unwritten. Nehru, who was such an ardent advocate of Socialism, which he never cared to define, did not think it necessary to ask him to go also to the Socialist countries to examine their constitutions.

These civil servants, trained by the British to be devotees of a "strong" Central Government in the British tradition in India, had, of course, no concern for the pledges which the Congress had given while fighting for freedom and the postulates it had laid down for the Constitution of free India. On the plea of hastening the process of constitution-making the British laid down that the constitution-making body should be elected on the basis of the franchise under the Government of India Act, 1935. V. P. Menon wrote a eulogy of this franchise. He said: "The franchise was very wide; the total voting strength of the provinces taken together was about thirty millions. The population of the British-Indian provinces under the census of 1931 was two hundred and fifty-six millions; 11.5 per cent of the population was thus enfranchised." Even the most diehard British imperialist could not have improved upon this eulogy.

know what they mean when they speak of your [Mountbatten's] charm being so dangerous." (*Mission with Mountbatten*, p. 45.) "I have often wondered how Jawaharlal was won over by Lord Mountbatten", writes Abul Kalam Azad. (*India Wins Freedom*, p. 183.)

⁹ V. K. Krishna Menon, who was closest to Nehru, told Campbell-Johnson that "the Indian desire" is "for common citizenship but not Dominion Status." (*Mission with Mountbatten*, p. 50.) Krishna Menon was speaking for Nehru whose predicament will be clear from what he told Mountbatten. "You must realise", he said, "that there is an overwhelming opinion in India in favour of complete independence. The words 'Dominion Status' are likely to irritate people because of their past association. I know that in theory it can be shown that Dominion Status is equivalent to complete independence, but such fine points are not, however, understood by the people." (Quoted in Leonard Mosley, *The last Days of the British Raj*, Jaico edition, 1966, p. 131.) V. P. Menon reduced a formula to satisfy Nehru: "There would be an arrangement in my scheme to drop the word 'Emperor' from the title of King-emperor, by an Order in Council." (Quoted in *ibid.*, p. 131.)

Nehru was certainly not an admirer of a system which gave votes to only 11.5 per cent of the population. He had faith "in the widest possible franchise. I was prepared to trust that wide electorate far more than a restricted one based on property qualification or even an educational one."¹⁰ But Menon and the British, not Nehru, had their way even though the Congress had passed resolutions since 1931 that India's constitution must be framed by an Assembly elected on the basis of universal franchise.

The Constituent Assembly that came into being in 1946 was composed overwhelmingly of the propertied classes with a sprinkling of representatives of the educated most of whom, again, came from the same classes. It is not my point that in the atmosphere prevailing at the time the Constituent Assembly would have been of a basically different character had it been directly elected on the basis of adult franchise. But a constitution framed by the propertied classes, aided and advised, as in our case, by the Knights of the British Empire, could in no case have been based on the ideals the Congress had preached for two decades.

In the 1945 and 1951 election manifestoes the Congress advocated "a Cooperative Commonwealth" as the party's goal. In the 1957 and 1962 elections the Congress fought for what it called "a Socialist pattern of society". In 1964 the objective was changed to "Socialism and Democracy". At no time were these expressions precisely defined. The Congress has always prospered by leaving policies vague. The only leader who came nearest to defining the party's "Socialism" was Morarji Desai, who, after being thrown out of the Union Cabinet in 1969, said that by the term he meant a society as it existed in the USA, France and Scandinavian States ! He seemed to have spoken the truth.

Nehru, everybody says, died an unhappy man. He had been mortified by the Chinese invasion which undid his policy of befriending Communist China. The invasion undoubtedly gave him a great shock. But could the shock he received a few months before his death from the Mahalanobis Committee's report on concentration of wealth in a few hands have been less severe ? After a life spent in propagating Socialism and after 17 years of power, he died with the knowledge that, under his Government, wealth had accumulated in a few hands at one end and appalling poverty of the masses at the other.

Gunnar Myrdal wrote *Asian Drama* four years after Nehru's death, but the book covers the period he held charge of India. Myrdal says : "With the support and sometimes the inspiration of Nehru, the radical intellectuals in the Congress worked

¹⁰ *The Discovery of India*, p. 67.

steadily to get their ever more advanced resolutions accepted... The industrial and commercial classes acquiesced in the radical commitments secured from the Congress by this intellectual elite, in part because they believed — quite rightly as events proved—that there was a vast separation between resolutions and their implementation."¹¹

It is no use blaming the Constitution or the law courts. The propertied classes, even if they now wore the Congress badge, and the trusted servants of the British Indian system of exploitation and political oppression, helped by some well-meaning lawyers who had greater concern for the niceties of legal jargon than for Congress principles and policies, drew up the Constitution. The Directive Principles, which could not be enforced, was included as an embellishment to charm the deprived and exploited millions and delude them. The Constitution has given everybody a vote, of course. But the 88.5 per cent of the population, who had no say in the framing of the real enforceable provisions of the Constitution, has been bound by what the propertied classes choose to provide for in the basic law of the country.

B. N. Rau's peregrinations hardly enabled him to discover anything beyond what the British had incorporated in the Government of India Act, 1935. That Act had been passed so that the exploitation of the labouring classes and the peasantry might continue as during the entire British period. But because of the changed political atmosphere, the British knew, this had to be done in association with the Indian propertied classes and their henchmen. The franchise was, therefore, extended to these classes. The Constitution, as it emerged from two and a half years of deliberation in the Constituent Assembly, is in all material respects a replica of the 1935 Act except that the Princes are no longer there to give leverage to the controlling power. The Constitution is the bulkiest document of its kind in the world. This was bound to be so when you had to enshrine in it so many things, including provisions guaranteeing the privileges of such microscopic sections as the Princes and the members of the "steel frame".

India is a country of continental dimensions and is larger in area and more varied in language, culture, customs, traditions, dress and what not than Europe without the Soviet Union. It was because of this diversity that the Congress, during the struggle for freedom, advocated provincial autonomy in the real sense and, as late as 1944, was thinking of the need to guarantee the right of secession to distinct linguistic groups. Once power was in their hands, the Congress leaders forgot

¹¹ *Asian Drama: An Inquiry into the Poverty of Nations*, Penguin Edition, 1963, Vol. I, p. 261.

their past promises, as if the entire national movement had been based on wrong postulates. The Constitution has restricted the powers of the States to a much larger extent than had been done by the British under the 1935 Act. The Constitutional status of the States is not much above the status of municipal corporations in some countries. Economically they have been crippled although they are burdened with all welfare activities. Politically they have been reduced to a position where they are at the mercy of the Centre.

Nearly all the elastic sources of revenue have been appropriated by the Centre which, in addition, has the monopoly to print money. This monopoly is made good use of by the Centre every year. The rocketing prices upset the State budgets almost as a matter of routine. The steadily increasing Central taxes, such as excise, push up prices. The burden has to be borne by the people and the States for whom the eternal problem is how to balance their budgets. The Centre has a surfeit of money with which it can and does compensate, even if partly, its employees for the rise in the cost of living. The States cannot do that, for they do not have security presses of their own. They have to meet the demands of their employees by cutting into welfare and nation-building activities.

Financially the States have no manoeuvrability. They are bound hand and foot to the Centre. The States' burden of loans has become unbearable in the years of independence. Our leaders quickly imbibed British traditions and opted for a strong Centre. The States have been made utterly weak. If there are tensions in Centre-State relations, primarily the circumscribed economic powers, which have made the States incapable of coping with their constitutional obligations, are responsible. Politically the position is worse. As long as the State Governments toe the line laid down by the Central Congress leadership, nothing happens to them; they are nurtured by the Central leadership and the Central Government with great care. But can any Congressman honestly say that the Congress has not utilised its power at the Centre to put impediments in the path of non-Congress Governments and, when they proved too tough, to throw them out outright? The Constitution, even though heavily weighted in favour of the Centre, has been interpreted and debauched by the Centre on numerous occasions to dismiss one non-Congress Government or another and to put in Governments of its choice.

While introducing the objectives resolution in the Constituent Assembly, Nehru made a moving speech. He said that residuary powers should vest in the States. Interested sections pulled strings, and Nehru's proposal was thrown into the waste-paper basket. The great leader meekly submitted to it. There was a proposal that the States should elect their own Governors,

following the American practice. This too was rejected. Over these two decades of the Constitution, Governors have been vested with powers which have made them the all powerful functionary of State Governments. In critical times, Governors have acted so violently differently in similar situations that a strong demand has arisen to define their powers *vis-a-vis* elected State Governments. Whatever the different actions Governors have taken, the outcome has been the same—overthrowing non-Congress Governments or not allowing non-Congress parties to take office and to ensure the formation of Congress Governments. The Governors, appointed by the Centre, have acted as the agent not of an impartial Centre but of the Congress which has power at the Centre. A Governors' committee has produced a ponderous report on how the Governors should function in critical times. The report is little more than an attempt on their part to make the country accept that whatever they do is what is ordained by the Constitution. The restricted powers of the State Governments are being sought to be further abridged by the Governors.

The West Bengal political crisis has thrown up several dangerous symptoms which militate against the accepted norms of democracy. How long President's rule in a State is to continue has become a matter of political convenience of the party ruling at the Centre. The Centre has inducted its own police in the name of maintaining law and order. What is worse, the Army has been deployed for civil purposes on a wide scale. The police have been given blanket powers and their activities have been ordered to be kept above scrutiny. The number of people killed by the police is considerable. On seven occasions during the past few months the police went berserk in prison and beat or shot to death some 60 young undertrial prisoners. No inquiry has been held into any of these, at any rate no public inquiry. And if departmental inquiries have been held, the results have been withheld from the public.

The Centre probably imagines that this policy would yield results—the Marxist Communists could be made to lose their hold. Obviously, the Centre has not learnt any lesson from the 1969 and 1971 elections in the State. That the civil servants would advocate this policy is understandable. They had this training under the British, and know nothing better. But political leaders must beware. All that can be said is that this surely is not the way to preserve the unity of the country. This short-sighted policy may yield temporary results but the hatred for the Centre will only intensify and manifest itself in more and more dangerous forms in the long run.

It is time for India to take a lesson from the happenings in Pakistan. Unity of the country can be preserved by a "strong" Centre with the help of the police and the Army in the short

run. The other method—the one that the Congress preached prior to independence—is to acknowledge that the country is a varied one and that the autonomy of the States should not be fake as under the present Constitution but real, with requisite financial and political powers, and guarantees against Central interference, open or hidden.

A SUMMING-UP

In India's pseudo-federal system the Central Government monopolises all essential economic and political powers. Thanks to the Planning Commission, which unlike the Finance Commission, is a body for which there is no specific sanction in the Constitution, the Centre has acquired economic powers *vis-a-vis* the States which even the Centre-oriented Constitution does not envisage. The Centre's role in ensuring proper development of the States is, therefore, all important.

The country embarked upon "planned development" in 1951. The professed objectives of the four Five Year Plans so far have been belied in practice in many spheres. The gap between the rich and the poor has widened. Regional imbalances have sharpened. A few States have advanced while others have fallen behind. The Eastern States, which constitute the richest region in natural resources, have suffered most, and, among these States, the decline of West Bengal which was the most developed State in agriculture, industry and trade in 1947, has been precipitate.

The reason for the backward march of the Eastern States is to be sought in the Government of India's policies, for only these policies ultimately matter. How hard a State labours and how much wealth she produces do not automatically determine whether she is making progress or going backward or whether capital is being formed and locally invested in an increasing tempo. If that were so, India would not have been impoverished under the British. Under the British, a considerable part of India's wealth, accumulated over the millenia, and of her current production was drained to Britain through various devices. We have seen how the British made Bengal the main victim of this exploitation. A similar process has been in operation against the Eastern region in independent India.

What determines a State's condition is whether or not she is able to use for her welfare and development the wealth she produces. In a country like ours with different States at different levels of development, this is subject, of course, to the developed States making reasonable contributions of resources to the Centre for the discharge of its functions and for assis-

tance to the backward States. Under the Centre's policies what has actually happened is that a few States, which were by no means backward by Indian standards in 1947, have prospered at the cost of others. There has occurred, as a result of these policies, a large and systematic transfer of wealth from the latter group of States to the former.

Sharing of the divisible pool of centrally-collected taxes and duties is one of the devices through which this drain of wealth is effected. There is nothing objectionable in principle in a sharing of taxes. Serious distortions have, however, taken place in the implementation of the tax-sharing policy. The crudest manifestations of these distortions are the slashing of West Bengal's share of the income tax and jute duty on the very first day of independence to increase the shares of even such advanced States as bilingual Bombay and composite Madras, and the refusal by C. D. Deshmukh in 1950 and the five Finance Commissions since then to consider, while allocating shares among the States, the grave problems of West Bengal, some of them created by the partition and others coming down as a legacy of British rule.

The Centre's policy of recruitment to the Armed Forces from the so-called "martial races" also causes a heavy drain of wealth from many States to a few. Not only does this policy hurt the pride of the "non-martial" States and work against national integration. It has serious economic and social implications. About Rs. 1,300 crores or 30 per cent of the Central budget is earmarked for Defence now. The strength of the Armed forces has been raised from 250,000 men in 1947 to over 800,000. Less than 2 per cent of this vast force has been recruited in West Bengal, a State which happens to be the biggest producer of Central revenues after Maharashtra. On the other hand, Punjab, Haryana, Himachal Pradesh and a few districts of Western U. P. and Rajasthan have together a share of over 60 per cent of these forces.

The salary savings, pensions and other benefits of servicemen and ex-servicemen augment the wealth of these areas and contribute very substantially to the formation of agricultural, industrial and commercial capital there. There are not many families in Punjab and Haryana which do not enjoy these benefits. Those in West Bengal, who do, constitute an infinitesimal portion of the population. The densely populated Eastern States have the least representation in the Armed Forces.¹

¹ Replying to Unstarred Question No. 2141 in the Lok Sabha on April 7, 1972, Jagjivan Ram, Defence Minister, gave the following State-

The recruitment to the para-military Central Reserve Police follows the same pattern.²

Moreover, ex-servicemen are given preferential treatment in the recruitment of staff for Central Government offices and public sector undertakings. Many private sector industries also give them preference in filling vacancies. "At the Centre itself", says the Defence Ministry's *Report 1970-71*, "10 per cent of the vacancies in class III and 20 per cent of the vacancies in class IV are reserved for ex-servicemen. . . Efforts are being made to increase the percentage of reservation of vacancies both at the Centre and in the States to the extent possible keeping in view the Supreme Court ruling that various reservations should not exceed 50 per cent of the total vacancies."³

wise figures of recruitment of Other Ranks during the years 1968-69 to 1970-71 :

STATE	Population (million) 1961 Census	1968-69	1969-70	1970-71	Total
Assam	12.21	1970	1873	1038	4881
Bihar	46.49	3334	3030	2300	8664
Orissa	17.55	758	835	523	2116
W. Bengal	34.93	2645	2096	1114	5855
Punjab	11.14	10331	8628	7353	26312
Haryana	7.60	5896	5165	3780	14841
U.P.	73.75	10646	9027	7460	27133
Rajasthan	20.16	4454	4041	3557	12052
Himachal Pradesh	2.80	3647	2570	1870	8096
Kashmir	3.56	2235	1466	1375	5076
Gujarat	20.63	1081	727	611	2419
Maharashtra	39.55	5130	4431	3218	12779
M.P.	32.38	2225	1474	1335	5034
Andhra	35.98	2605	2169	2333	7107
Kerala	16.90	3379	3437	2027	8843
Tamil Nadu	33.69	3287	3439	2995	9721
Mysore	23.59	1715	1384	1631	4730

N.B. The figures for the other States and Union Territories, which are insignificant, have not been included in the Table. The total recruitment was 65,936 men in 1968-69; 56,894 in 1969-70; and 45,694 in 1970-71.

² The following is a note by the Union Home Ministry on the origin and functions of the CRP : "The Central Reserve Police, formerly known as the Crown Representative's Police, was first raised in 1939 with a strength of one battalion for assisting the former Indian States for the maintenance of law and order. The Force has come a long way since then. It has now a sanctioned strength of 51 battalions, besides 3 signal battalions and a number of institutions to serve its various needs. . . . The character of the Force continues to be that of a reserve force meant for assisting State Governments in the maintenance of law and order." (Ministry of Home Affairs, *Report 1968-69*, pp. 47-8.) What the Ministry left unsaid is that the Crown Representative's Police was raised specifically to suppress popular movements in the former Princely States.

³ P. 137.

The recruitment policy considerably relieves the burden of unemployment on the States of the "martial races". As a result of the preferential treatment given to ex-servicemen, the share of these States in Central Services has increased rapidly. The "non-martial races" have been deprived of all this, although they carry a heavy burden of taxes to maintain the Armed forces.

With the achievement of independence the Government of India announced that it had given up the British policy of recruitment to the forces only from the "martial races". The official account of the Defence organisation in independent India says : "The theory of martial and non-martial classes was completely exploded during the [second world] war..... Soon after the 15th August 1947 the Government of India decided as a matter of policy that communal and class composition should be eliminated from the Indian Army and that all Indian nationals should have equal opportunities of service in it."⁴

Like many other professed policies of the Centre, this too has remained on paper. The same official publication records : "For administrative reasons arising out of previous commitments and locations of troops, it was not possible to implement this decision immediately in the case of the Infantry and the Armoured Corps. . . . The system of class composition in the Army had not been introduced in the Navy and the Air Force during the British period. . . . No reform in the matter of recruitment was, therefore, called for in the Navy and the Air Force after August 15th 1947."⁵

This is official admission in the clearest terms that the British recruitment policy continues to be in force in independent India. There are vested interests in the Armed forces who are opposed to any change. After extensive studies, an American scholar has observed that the system of recruitment "coincides with the predispositions of many military men who believe in some variation of the martial-race theory."⁶

The Centre's policies regarding pricing of agricultural commodities, freight rates, export subsidies for selected articles, import entitlement, industrial licensing and investments by

⁴ A. L. Venkateswaran. Secretary, National Defence Academy, *Defence Organisation in India*, Government of India, Publications Division, 1967, pp. 187-8.

⁵ *Ibid.*, p. 188. Emphasis added. Asked in the Yuva-vani programme of AIR, Delhi, on August 19, 1972, the Defence Minister said : "It [recruitment to the Infantry from certain classes and certain areas] has continued and is continuing."

⁶ Stephen P. Cohen, *The Indian Army: Its Contribution to the Development of a Nation*, University of California Press, 1971, p. 194.

public sector financial institutions have been causing a huge drain from the entire Eastern region, not merely from West Bengal. Because the price of jute has been kept low compared to the prices of other agricultural commodities, particularly rice and wheat, the four major Eastern States and Tripura have lost something like Rs. 3,000 crores during the twenty-five years of independence. Equalisation of iron and steel prices and recovery of heavy losses suffered by the railways on coal transport to distant States by overcharging the freight on every industrial raw material that moves into the Eastern region have accentuated the drain. Moreover, these policies have acted as a disincentive to industries in this region and as an inducement to existing industries to move to the regions for whose benefit these policies have been framed.

In evolving these policies the Centre has not hesitated to sacrifice the larger interests of the country. The Eastern States, with their iron, coal and other minerals, constitute the natural region for engineering industries of every kind. In this region these industries could, if their locational advantages were not taken away by the Government's pricing and freight policies, have turned out products at the cheapest cost — products which would have been more competitive in world markets and cheaper in the domestic market. As experience would show, this has not benefited the backward States but made Maharashtra, which is farthest from the sources of these materials, the largest centre of engineering industries and helped a rapid growth of these industries in Tamil Nadu and Punjab-Haryana-Delhi. The licensing policy has frustrated development of modern drugs, electronics and petro-chemical industries in the Eastern region.

The development of the refining and petro-chemical industries in India shows the extent to which the Centre has gone to subserve the interests of some powerful States. Immediately after the transfer of power the problem of India's deficiency in petroleum products attracted the Centre's attention. About Rs. 100 crores was then being spent annually to import refinery products. The initial move was to exploit Indian resources for refinery industry. At that time only Assam had a crude-based refinery, a small one at Digboi, started by the British about 70 years ago. Assam was known to have large reserves of crude oil, as such, was the natural area for the development of large refineries and petro-chemical industries. Assam's claim was justified on the plea that "the establishment of refineries at remote towns away from crude oil production centres is now considered an economic proposition."¹ American practice was adduced to justify this.

¹ The Planning Commission, *Programmes of Industrial Development, 1956 (First Plan)*, p. 192.

A proposal was also mooted to make use of India's large deposits of coal for synthetic petroleum products. A group of foreign consultants (Koppers Incorporated), invited by the Government of India in 1948, made a favourable report for a coal-based synthetic oil plant in the Damodar Valley. The plant was to have been set up either in Bihar or in West Bengal. Strings began being pulled at the Centre and in the Planning Commission against the project. Another group of consultants (Lurgi Gesellschaft) came the following year. It made an even more favourable report. These reports were rejected by the Centre and the Planning Commission on the plea of "the heavy capital expenditure involved."⁸

Meanwhile, those who wanted new refineries to be established in the Bombay State had begun negotiations with foreign oil monopoly concerns. In 1951 C. C. Desai, then Industries Secretary, signed agreements with Burmah-Shell and Standard-Vacuum (ESSO) for two refineries based on imported crude. Bombay was chosen as the site for both. Calcutta was then the largest port and the Eastern region was the largest consumer of petroleum products other than furnace oil. B. C. Roy tried to have one of these refineries in Calcutta. He was powerless against the Bombay lobby.

These two refineries were estimated to make a net saving of no more than Rs. 7 to 10 crores a year in foreign exchange.⁹ If coal-based refineries had been set up, many times more foreign exchange could have been saved. Bombay's interests were given precedence over national interests.

Those who contrived to get both the refineries in Bombay knew what they were bargaining for. It would, they rightly calculated, give a boost to a whole set of new industries in the Bombay State. The Planning Commission itself says: "In the course of refinery operations, a large number of by-products would become available and in other countries these products have served as raw materials for important petro-chemical industries. . . . The petroleum refineries would train and employ personnel in various technical lines."¹⁰ It has now been admitted that the agreements with the foreign oil monopolists were not in the best interest of the country. These have, however, served Bombay's interests well.

It never struck the Government of India and the Planning Commission that there was already a refinery in Assam and that a petro-chemical industry should be set up there. Assam had to shed blood for a new refinery. The foundation of a petro-

⁸ Ibid., p. 194.

⁹ Ibid., p. 196.

¹⁰ Ibid., p. 196.

chemical plant in that State was laid in 1972. West Bengal is still waiting for the Haldia refinery to come up.

Several new oilfields were discovered in Assam in the fifties. Until a strong agitation swept Assam, the Centre made no move for a new refinery there. This paralysis of the Centre and the Planning Commission contrasts sharply with the agility they showed as soon as oil was struck at Ankleshwar in Gujarat in 1960. By 1963 the technical report for a large refinery in Gujarat was complete. A refinery went on stream there in 1965 with a million tonne capacity. Within another year its capacity was increased to two million tonnes. In 1967 the capacity was pushed up to three million tonnes.¹¹ A large petro-chemical complex has also been established in that State.

A charge frequently levelled against the Bengalis, the Biharis, the Oriyas, and the Assamese is that they are not industry-minded and that they lack entrepreneurship. If that were so, it was all the more necessary to create, through Central policies, conditions in which they could develop industrial and commercial initiative. Exactly the opposite has been done. In addition, a new charge is being made that the Bengalis are not even good Government servants.

It is salutary to remember that the British levelled the same charges against the Indians. They destroyed Indian industries to reduce this country into a supplier of raw materials to Britain and a market for finished British goods. Once that was accomplished the British propagated that the Indians were not industry-minded. Many Indians also came to subscribe to this theory.

Vera Anstey, an English economist who spent several years in India, wrote a book in 1929 on the Indian economy. In it she echoed the familiar British imperialist refrain against India: "It is extremely difficult to stimulate economic effort

¹¹ See Government of India, *Indian Petroleum and Chemicals Statistics* 1969, pp. 7 and 13.

The Digboi oilfield is being exploited by the refinery there since 1901. In independent India, the first oilfield successfully explored was at Nahorkatiya, also in Assam, in 1952. Several other fields were discovered in that State in subsequent years. The Gauhati refinery did not come up before 1962. (*Ibid.*, pp. 5 and 12.) The Government's compilation does not mention any other industry based on refinery by-products in Assam. About Gujarat, the publication says that a plant at the Gujarat refinery was commissioned in 1968 for extraction of benzene and toluene from refined naphtha and that another plant was commissioned there to conduct investigation for extraction of protein from petroleum. In Bombay, the Standard-Vacuum refinery went on stream in 1954 and the Burmah-Shell refinery in 1955. The Barauni (Bihar) refinery is in production since 1964. (*Ibid.*, pp. 11-13) The known reserves of crude are 69.27 million tonnes in Assam and 62.02 million tonnes in Gujarat; reserves of natural gas are 42,460 million cubic metres in Assam and 16,780 million cubic metres in Gujarat (*Ibid.*, p. 16).

and concentrate attention upon increasing the efficiency of production. ... Here the characteristic fatalistic attitude of the Indians comes into play. This attitude is probably partly the result of religion and partly of climatic and physical characteristics of the country, which tend to impress upon man the awefulness of nature."¹²

Is there any difference between this disparagement of the Indians as a whole in the past and the disparagement of the people of the Eastern States in independent India?

The industrial prospects of West Bengal have been ruined also by the speculators who have, since independence, gained control of most of the industries and plantations in the State. There may be a few exceptions, but in general the resources of the State's industries have been misused for speculative purposes and for establishment of new industries in other States. That industrial and commercial profits earned by these speculators in the State (and in Eastern India as a whole) have mostly been invested elsewhere is an admitted fact. Even depreciation and reserve funds have been taken away on a large scale. For lack of maintenance many industries and plantations in West Bengal have been reduced to "junk", to quote a description publicly given by the Industrial Development Minister, Moinul Haque Choudhury, to the condition of one of the bigger and better known engineering plants in the State.

The Government of India has all along been aware of this criminal practice but has rarely taken preventive or punitive action. In a reference to the industrial problems of the Eastern region, the Government of India says in its *Economic Survey 1971-72*:

"About a third of the registered establishments coming under the Companies Act are located in West Bengal; on a rough reckoning, close to a quarter of the aggregate industrial output of the country emanates from the eastern States. The continued state of uncertainty in West Bengal, in particular, and in the eastern States in general, therefore, calls for special examination. ... The underlying issues holding up progress in the eastern States encompass much more than industrial unrest or law and order. Industrial investment and pricing policies pursued in the past would also need to be reviewed. There is evidence of serious neglect of normal replacement let alone modernisation, and questionable financial management over a wide area of industry, and the factors contributing to such developments in the past need to be analysed so that corrective steps can be taken. The hypothesis that industrial unrest and similar other disturbances in the eastern region are as

¹² *The Economic Development of India*, 1949 edition, p. 3.

much a cause as a symptom of a crisis which has been developing over the years perhaps deserves to be studied with some care".¹³

This analysis of the causes of the industrial problems of the Eastern region has not been followed by a rectification of the Centre's policies. The different policies governing the pricing of different agricultural commodities, such as jute, cotton and wheat with which the fortunes of some States are closely linked, have, on the contrary, undergone changes for the worse for the Eastern States. The jute growers are being denied a just price as a result of which they and their States are continuing to be impoverished. The freight structure has been modified in the 1972-73 railway budget in such a way that the Eastern States have been put at an even greater disadvantage for industrial raw materials than in the past.

Duties are in force on exports of jute manufactures and tea. For jute the Eastern States are the main producers, and for tea, Assam, West Bengal and Kerala. The export duty on jute was increased last year. On exports of cotton textiles, of which Maharashtra and Gujarat are the biggest producers, there is no export duty. On the contrary, there are "incentives" in various forms, including cash subsidies. In 1971, of about Rs. 49 crores spent as export incentives, a large percentage, exclusive of import entitlement, was earmarked for cotton textiles. One might say that the revenue earned from jute exports from the Eastern States is utilised to give subsidies to exports of cotton textiles from Western India.

To promote exports "the facilities provided include release of foreign exchange for specified purpose, import replenishment, priority in allotment of scarce raw materials, in some cases, at concessional prices, railway freight concessions, drawback of import and excise duties and other general and specific reliefs."¹⁴ Almost all industries that have developed during the post-independence period, included in the term "non-traditional export articles", enjoy these facilities. Among the major traditional export items, which include jute manufactures, tea, and cotton textiles, only cotton textiles get incentives. Sugar is another commodity the exports of which are heavily subsidised. An idea of the extent of the subsidy on sugar exports may be obtained from the fact that in 1971 the average price at which sugar was exported was Rs. 933.97 per tonne¹⁵ or 94 paise per kilogram whereas the domestic price ruled between Rs. 1.90 and Rs. 3 a kilogram or Rs. 1,900 and Rs. 3,000 a tonne.

¹³ P. 52.

¹⁴ Ministry of Foreign Trade, *Report 1971-72*, p. 30.

¹⁵ *Ibid.*, p. 19.

Incentives for export by way of import entitlement create possibilities of expansion and diversification of industries whose products are extended this privilege. Import entitlements are in foreign exchange against which import licences "are generally issued in the name of the manufacturers, either the exporters or their nominees, and the materials imported are required to be used in the licensee's factory".¹⁶ Jute manufactures and tea are among the "traditional items" for whose export there is no import entitlement. These are the two biggest earners of foreign exchange and almost the whole amount of these earnings are net.

The Government of India has indicated the basic causes of the decline of the Eastern region. It has apparently not communicated its findings to the Railway Ministry whose freight policy has been one of the major causes of this decline. Shortly after the Centre's *Economic Survey 1971-72* was circulated to Parliament members, the Railway budget for 1972-73 was presented by K. Hanumanthaiya. He did the opposite of what the survey had indicated. He left the freight rates on coal untouched so that regions other than the Eastern were not inconvenienced. No change in the 1956 decision to equalise the freight on iron and steel was considered necessary, for this too would have put the non-Eastern States at a disadvantage. These are the two principal industrial raw materials which move from the Eastern region to the other regions. The freight rates on all other raw materials, including salt, were raised. This is what Hanumanthaiya said in his budget speech:

"The proposed reclassification [of commodities for purposes of fixation of freight rates] would broadly mean an increase of 8.5 per cent in the freight on commodities charged at class 27.5, the increase tapering off to 4.6 per cent for commodities now included in 52.5. The proposed reclassification will not, however, affect in any way the existing freight rates in respect of foodgrains, including pulses, and iron and manganese ores intended for export. There will also be no increase in the freight rates on coal and coke."¹⁷

Thus the prices of industrial raw materials the Eastern region buys from the other regions have been further pushed up. This is implementing in the reverse direction the declared Central policy to revive the industrial climate in West Bengal and in other Eastern States.

How the licensing policy has retarded the growth of new industries in West Bengal—not to speak of the other Eastern

¹⁶ Ibid. p. 31.

¹⁷ Speech of K. Hanumanthaiya Introducing the Railway Budget for 1972-73. pp. 10-11.

States which, in any case, have received little consideration from the licensing authorities and investors—has been brought out by R. K. Hazari in his *Final Report—Industrial Planning and Licensing Policy*. He says that West Bengal has been deprived of “the stimulus which comes from fresh starts”.¹⁸ The establishment of the first two refineries in the Bombay State immediately after “planning” began is only one example of this deprivation of the Eastern region.

A dangerous impression prevails in New Delhi that the problem of the Bengali refugees has ceased to be a live one and can be ignored. The Government of India will be taking a grave risk if it neglects to take note that the problem continues to erode the economic, social and political life of West Bengal and Tripura in particular and to a material extent of Assam. At the altar of the Centre's discriminatory policy and the failure of the Governments of the Eastern States to foresee the consequences of the neglect of the problem, a whole generation of the Bengali refugees has been sacrificed and the welfare of these States gravely harmed. The Bengali refugees are as much human beings as the West Pakistan refugees and require rehabilitation to the same extent. A rehabilitation policy will have to be evolved and implemented as part of the general development of the States where the Bengali refugees have congregated.

The malady of West Bengal has gone deep. Tinkering will not do. If the Centre's policies continue to be what they are, the disease will spread to the other Eastern States for the simple reason that these policies have destroyed the basis for their economic growth as much as that of West Bengal. *Ad hoc* grants of funds by the Centre will be of no avail as long as this basis is not restored and the policies which have impoverished the people are not reversed. For twenty-five years the region has suffered in silence. Policies, so changed, will have to be kept in force for an equally long period. These policies will have to provide, among other things, for:

- (1) de-equalisation of iron and steel prices;
- (2) removal of the subsidy on the transport of coal from coalfields to distant places;
- (3) equalisation of the prices of industrial raw materials—cotton, oilseeds, salt, molasses, soda ash, caustic soda, etc.—which the Eastern region buys from other regions;
- (4) introduction of State trading in jute, and fixation of raw jute prices to bring these up to the long-recognised but never enforced parity with rice and wheat prices, which is that in price a tonne of jute is equivalent to 2.1 tonnes of rice or three tonnes of wheat—

¹⁸ Government of India, *Final Report—Industrial Planning and Licensing Policy*, 1969, p. 3.

this price fixation to be preceded by a period during which jute prices should be kept above this parity to enable jute farmers and the jute producing States to recover at least partly the losses they have been made to suffer so long ;

- (5) withdrawal of the subsidy on exports of cotton textiles and introduction, if necessary, of a subsidy for exports of jute manufactures and of a system of a higher domestic price than export price for jute goods as in the case of cotton textiles, sugar and a host of other commodities ;
- (6) introduction of "import entitlement" for jute and tea exports on the same basis as for cotton textiles ;
- (7) dispersal of the headquarters of all financial institutions from Bombay to the capitals of other States, preferably the backward States ;
- (8) modification of the licensing system, in conjunction with changes in the pricing and freight policies, to ensure that Ministers and officials are unable to pull strings to subserve the interests of particular States to the detriment of the interests of other States and the country ;
- (9) formulation of a comprehensive policy for full rehabilitation of the Bengali refugees in a manner that will give a spurt to economic activities in the States where they are concentrated as has been done in the case of the West Pakistan refugees ;
- (10) changes in the financial provisions of the constitution to give the States an adequate taxation base of their own so that they cease to be dependent for finances on the whims of the party in power at the Centre ; and
- (11) introduction of rules for recruitment to the Armed forces to give weightage to the hitherto neglected States.

The 1972 election, which has given the Congress a near-total control of the State Assembly,¹⁹ should not be regarded as a panacea for all the ills of West Bengal. Unless the causes which have brought West Bengal to her plight are removed the State will head for a catastrophe which will not leave the other Eastern States unaffected. The fate of all the Eastern States are bound together by geography. No policy is possible which will not either benefit or harm all of them.

¹⁹ The composition of the West Bengal Assembly on the basis of the 1972 election is as follows : Progressive Democratic Alliance 251 (Congress 216 ; CPI 35) ; CPI (M) 14 ; RSP 3 ; Socialist Unity Centre, Workers Party and Muslim League—1 each ; Gurkha League 2 ; Congress (Organisation) 2 ; Independents 5 ; Total 280.

APPENDICES

APPENDIX I

TWO RACES : TWO POLICIES : TWO RESULTS¹

Because of the circumstances in which India and Pakistan came into being, our national leaders had feared that there would be large-scale migrations of people from one country to the other. These migrations did take place. Millions of Muslims crossed over from India to Pakistan, including East Bengal, now Bangladesh, while many more millions of Hindu and Sikh refugees came to India from the two wings of Pakistan. The migration of the Bengali Hindus from East Bengal had, in fact, begun in October 1946 when communal riots occurred in Noakhali district.

The National leaders, beginning with M. K. Gandhi, gave assurances that the interests of the minorities in Pakistan would be taken care of and that, if they felt compelled to migrate to India, they would be helped to rehabilitate themselves in this country. In giving these assurances, the leaders made no distinction between West Pakistan and East Pakistan refugees. It was for the Government of India to implement these promises.

While we are celebrating the silver jubilee of India's independence, we should take stock of the things done or not done in the field of refugee rehabilitation. For, after all, the future of a vast mass of uprooted humanity was at stake and, along with it, the future of the States which bore the brunt of this migration—Punjab-Haryana-Delhi in the west, where those supposed to belong to the Aryan stock flocked, and West Bengal and Tripura and to a smaller extent Assam in the east, where the Bengali refugees, supposedly belonging to the Mongolo-Dravidian race, congregated. Whatever the precise racial compositions of the two groups of refugees, that they belong to different races is accepted.

The migration from West Pakistan was over by 1949; that from East Bengal continued till 1970. (The 1971 migration occurred under qualitatively different circumstances and is not being taken into account in this article, although it is believed that several hundred thousand of the 1971 refugees have stayed back in West Bengal, Tripura and Assam for good.) The number of refugees from West Pakistan, including those who were living and working in India at the time of partition but registered themselves as refugees to get compensation, is 47.40 lakhs.

From East Bengal came 41.17 lakhs, registering themselves at check posts as refugees, by 1956. The number increased to

¹ Published in *Young India* special Independence Number, 1971.

52.14 lakhs by 1970 Besides these, there were several million East Bengalis who migrated without caring to register themselves as refugees. The Union Rehabilitation Ministry, in its publication, *The Story of Rehabilitation*, says that the number of such "illicit migrants" is "legion".² There were, in addition, many lakhs of those who belonged to East Bengal but were working in India and did not register themselves as refugees. This is being mentioned to give an idea of the burden independence placed on West Bengal and Tripura in particular.

Today, twenty-five years after the migration of the two groups of refugees began, it is clear that the West Pakistan refugees have been well rehabilitated. The States to which they flocked are flourishing economically. There has been a spurt in their activities and achievements in every economic field—agriculture, industry and trade. They are much better off than they were in West Pakistan. "Phoenix like the displaced Punjabi farmer has risen out of the ashes", writes M. S. Randhawa, a former Rehabilitation Commissioner of Punjab.³

Those who go into ecstasies over the energy and capacity for hard work of the Punjabis would do well to keep in mind what the same official, a Punjabi himself, has said of the attitude to life of the Sikhs before and after partition: "The Sardars [Sikhs] who used to spend most of their time in pressing their beards and tying neat turbans have now found a more useful occupation [driving tractors]."⁴ Indeed, the partition has revolutionised their way of life.

On the other hand, rehabilitation has eluded the refugees from East Bengal. A vast majority of them are assailed by problems of sheer existence. They have totally lost their economic, social and cultural moorings, gone back in the scale of civilisation, heavily inflated the ranks of the unemployed, put unbearable strains on the economy of West Bengal and Tripura, and gravely intensified the problems of these two States. If West Bengal has come to the brink of a precipice, the unresolved refugee problem is a potent cause of this.

What is visible—and nothing attracts attention more than the successful rehabilitation of the West Pakistan refugees and the lack of rehabilitation of the Bengali refugees—has made the West Pakistan refugees get all the plaudits and the Bengali refugees all the odium. The Bengali race as a whole has come to be scandalised.

The Union Rehabilitation Ministry, aware of the brutal discrimination it was making against the Bengali refugees, systematically spread falsehoods and half-truths to hide the

² P. 140.

³ M. S. Randhawa, *Out of the Ashes: Conversion of Punjab, 1944*, p. xiii.

⁴ *Ibid.*, p. 147.

fact of the discrimination and put blame on the Bengali refugees. The Union Rehabilitation Ministry included this commentary in *The Story of Rehabilitation*, published in 1967 : "The displaced persons in the West revealed a praiseworthy mobility—they were ready to spread themselves out over the whole country, as it were. Not so the refugees from East Pakistan. They were reluctant to move beyond West Bengal, Assam and Tripura, where they were largely concentrated."⁵

This is a big lie. It has been in operation from the very beginning. Where were the Bengali refugees to go? Let us start with the attitude of as august a body as the States Reorganisation Commission. The West Bengal Government, in its memorandum, had demanded some areas from Bihar on various grounds, one of these being the need for resettlement of the East Bengal refugees. The Bihar Government, as could be expected, opposed it. The States Reorganisation Commission recommended the transfer of a narrow strip of land in Bihar's Purnea district to West Bengal to give a direct land link between West Bengal's northern and southern districts sundered by the partition of Bengal.

The SRC added this rider to its recommendation : "We have to take note of the fact that the eastern portion of the Kishanganj sub-division [in Purnea district] is predominantly inhabited by Muslims who would view with concern the transfer of this area to West Bengal on the ground that their linguistic and cultural rights might suffer and that the possible resettlement of displaced persons from East Bengal might dislocate their life . . . The density of population in this area is such that there is little scope for any resettlement of displaced persons. The West Bengal Government would, therefore, do well to make a clear announcement to the effect that no such resettlement would be undertaken."⁶

It so happened that apart from Calcutta the areas of the heaviest Bengali refugee concentration in West Bengal, Tripura and Assam were along the borders with East Bengal and these had, in most places, a majority of Muslims. All these areas were already densely populated. The SRC did not take this into account. West Bengal, in the estimation of the SRC, must tackle as best as she could problems the burden of which no other State should be called upon to bear in the least.

The Andamans group of islands promised at one time to be a haven for several lakh Bengali refugee families. The climatic and soil conditions there eminently suited them. The first batch of 200 families was sent for rehabilitation on land in the Andamans in 1949. The families were chosen at random

and there were many middle class families among them who were required to clear jungles and rehabilitate themselves in agriculture. The attempt was not successful.⁷

The Government of India, in spite of pressure from the West Bengal Government, refused to take any more refugees to the Andamans until 1951 when a few more families were sent. The scheme, thought out in advance, succeeded this time. But even though many refugees were eager to go to the islands, being attracted by reports of the success of those who had gone there in 1951, the Government of India, for reasons not explained, lost all interest in rehabilitating the Bengali refugees there.⁸ Altogether a few hundred families have been rehabilitated in the islands. It would be interesting to know who pulled strings against opening up the unpopulated islands to the Bengali refugees and why.

The vast Dandakaranya region which falls in the States of Orissa, Madhya Pradesh, Maharashtra and Andhra, was thought of for rehabilitation of the Bengali refugees in 1957-58. The Government of India set up a Development Authority (DDA) for the region.

Parliament's Estimates Committee's reports have brought out how the Union Rehabilitation Ministry made its proper functioning impossible. In spite of repeated directives from the Government of India, the Rehabilitation Ministry did not specify the powers and functions of the chairman and members of the Authority.

Dandakaranya refused to make headway—except as a paradise for contractors chosen by the Rehabilitation Ministry for house construction—until Sukumar Sen, a former Chief Secretary to the West Bengal Government, took reins of the Authority as Chairman. Under his administration, the Rehabilitation Ministry was unable to put spanners in DDA's wheels through the Chief Administrator and selected members. After Sukumar Sen's death, Saibal Gupta took over as Chairman. His tenure was made infructuous by the Chief Administrator.⁹

⁷ See Hiranmoy Banerjee (former Rehabilitation Commissioner of West Bengal). *Udbastu (Refugee)*, 1970, p. 151.

⁸ See *ibid.*, op. pp. 151-53.

⁹ Estimates Committee (1964-65), *Seventy-Second Report*, says: "The [Dandakaranya Development] authority was left with two whole-time members, namely, the Chairman and the Chief Administrator, without their respective functional jurisdiction being defined. Subsequently, by a Resolution dated the 13th September, 1966, the old position of the Chief Administrator being the Chief Executive Officer of the Project was retained. The Government, however, failed to lay down satisfactorily the functions of the newly created office of a whole-time Chairman of the Authority. The whole-time presence in Dandakaranya of two top officers of the karanya Development Authority without their respective roles in the functional structure of the Authority and their relations with the Government clearly defined led to confusion and inefficiency."

If Dandakaranya has not rehabilitated as many refugees as had been originally planned, the responsibility must be borne by the Union Rehabilitation Ministry. In spite of money being allocated for the purpose, the Ministry did not prepare a project report. The Estimates Committee (1964-65) in its *Seventy-Second Report* points out that a Project Report for Phase I for rehabilitation of 35,000 families was to have been prepared. For this the Government of India set apart Rs. 17.70 crores to be spent by March 31, 1961. The Rehabilitation Ministry on its own reduced the target from 35,000 families to 12,000 families¹⁰ and then to 7,000 families while keeping up its propaganda that the Bengali refugees were unwilling to leave West Bengal.

The Government of India had also directed the Rehabilitation Ministry to prepare a master plan for the Dandakaranya region. This was not done.¹¹

Where else could the Bengali refugees have gone? They had become like the Jews in Europe, not liked anywhere. The apathy of the other States to accommodate them was intensified by the campaign that had gone on ceaselessly against them. They had to huddle together in the States to which they had to cross over from East Bengal. In Tripura today the refugees outnumber the original inhabitants.

In West Bengal, as in Tripura, already densely populated, there was little scope for their rehabilitation in agriculture. Many of them could have been assimilated in industry and trade. But in this field also the Government of India has been following policies which have worked against the developing of industry and trade in West Bengal. The State is being more and more sought to be reduced to a producer of raw materials and certain ranges of intermediate goods and earner of foreign exchange to be used for the development of industries in some other States.

character of the Authority and seriously impairing its efficiency. ... After the demise of Shri Sukumar Sen, Shri S. K. Gupta, a retired officer of the West Bengal I.C.S. Cadre, was appointed as Chairman on 1st November, 1963. ... The old controversy about the powers of the Chairman vis-a-vis the Chief Administrator again came to the fore and led to protracted correspondence between the Chairman and the Chief Administrator on the one hand and the Chairman and the Government on the other which culminated in the resignation of the Chairman in September, 1964. ... *The internal bickerings and dissensions between different functionaries of the Dandakaranya Development Authority have persisted since its inception. ... The [Estimates] Committee consider that the powers and functions of both the Chairman and the Chief Administrator should have been clearly defined by the Government particularly at the time they replaced the part-time Chairman by a whole-time Chairman.*" (Pp. 4-7. *Emphasis original*). It should be noted that the Chief Administrator, L. J. Johnson, was the protégé of Mohr Chand Khanna, Union Rehabilitation Minister.

In the economic field, this policy of deprivation has been applied consistently not only against West Bengal but against the other Eastern States as well. Thank God, they do not have to cope with as serious a refugee problem. If they were, the too would have exploded in the manner West Bengal has.

If the migration of refugees had taken place from only on wing of erstwhile Pakistan, no question of a comparison would have arisen at all. But because the migration took place from both East Bengal and West Pakistan, a comparison of the Government of India's policies in regard to the two racial groups becomes inevitable.

"The concept of compensation is the offspring of idealism", says the Union Rehabilitation Ministry in *The Story of Rehabilitation*. "It was nurtured at the roots by the Prime Minister's compassionate concern for the millions dispossessed of their all by Partition. Nehru's emotional allegiance to the cause won for it many champions, none stouter than the successive Rehabilitation Ministers."¹²

A glowing tribute! But this "compassionate concern" all along the line down from Nehru was only for the Aryans from the west. The Mongolo-Dravidians from the east were apparently too lowly people to justify such concern. They have been deprived of compensation, and whatever rehabilitation benefits have been extended to them have been extended in the form of loans repayable with interest.

"As early as in 1949 the Government of India pledged itself to the payment of compensation", *The Story of Rehabilitation* records.¹³ But compensation was to be paid to the West Pakistan refugees only. In 1950 was signed the Nehru-Liaquat Agreement. Ever since it has been used as an excuse to deprive the Bengali refugees of compensation.

The Estimates Committee (1959-60) wanted to know from the Rehabilitation Ministry to what extent those among the West Pakistan refugees who did not own property in Pakistan and could not claim compensation had been rehabilitated. The Committee was told that the "the relevant figures are not available."¹⁴

The Rehabilitation Ministry was ashamed to tell the truth. For many more lakhs had been given rehabilitation benefits in various forms than had migrated to India from West Pakistan. The Estimates Committee in its *Eighty-Ninth Report* gives a table showing that 5.68 lakh families of these refugees have been settled on land abandoned by Muslim evacuees. Another 4.35 lakh families, described as urban, have been given compensation in the form of houses and

shops. Through Employment Exchanges employment has been found for 2.02 lakh persons, each presumably head of a family. Eighty thousand more have been absorbed in Central Government services.¹⁵ These make a total of 12.85 lakh families. The average family being of five persons, the total number of families that migrated to India from West Pakistan was 9.43 lakhs. The number that got rehabilitation benefits thus exceeds the number of migrant families by 3.42 lakhs.

In the Rehabilitation Ministry's records only those who were settled in urban areas are shown as having been given compensation. The compensation pool did not include farmland and village houses valued at less than Rs. 20,000 each. Those who were settled in villages also got 650,000 houses—all free.¹⁶ The number receiving compensation in the rural areas in the form of land and houses and in urban areas in the form of houses and shops is 10.03 lakhs or 60,000 more than the total number of refugee families.

The compensation pool for the urban West Pakistan refugees was built up of two elements—properties abandoned by the Muslims who migrated to Pakistan and properties built by or at the expense of the Government of India. Such evacuee property was available in every State except West Bengal, Tripura, and Assam.

Wherever these properties were—in Bihar, Orissa, Maharashtra, Gujarat, Delhi, Kerala, Madhya Pradesh, Rajasthan, Uttar Pradesh, Tamil Nadu, Mysore, Andhra and, of course, Punjab and Haryana—these were taken into the compensation pool and distributed free among the West Pakistan refugees as compensation for their properties in West Pakistan.

The evacuee Muslims left behind about 60 lakh acres of farmland in Punjab and Haryana and about 10 lakh acres in the other States, and 302,000 urban properties in the shape of houses, shops, industries and other establishments.¹⁷ This does not take into account the 650,000 houses left by them in villages in Punjab-Haryana.

To add to the compensation pool the Government of India spent about Rs. 91 crores from its own exchequer to build 221,000 houses and shops.¹⁸ The propaganda that compensation was paid to the West Pakistan refugees out of evacuee property only is not true. The Government of India accepted and implemented a policy to compensate them very substantially

¹⁵ See *ibid.*, p. 3.

¹⁶ See mimeographed note for official use prepared by the Rehabilitation Ministry in 1961.

¹⁷ See *ibid.*

¹⁸ Ministry of Rehabilitation *Housing the Homeless*, 1961, Appendix I. The figure of Rs. 91 crores has been worked out from the Government valuation of urban Muslim evacuee properties, which went into the compensation pool, and the total expenditure on compensation in terms of cash

out of its own resources. It has refused to extend this policy to the Bengali refugees. Even loans granted to the West Pakistan refugees have been written off as compensation.

For purposes of refugee rehabilitation the Government of India evolved the concept of the Western Zone and the Eastern Zone, thus notionally dividing the country once again. All rehabilitation documents of the Government speak of these two zones. Even the Estimates Committee has done that in its reports. But where do the zones begin and where do they end? The manner in which evacuee properties have been distributed makes it clear that in the Government's mind the Eastern Zone comprises West Bengal and Assam while the Western Zone comprises all other States in the east, the north, the west and the south—for evacuee properties in all these States have been distributed as compensation among the West Pakistan refugees. Even the properties in Bihar and Orissa have been so treated.

The migration from West Pakistan was over by 1949. One plea or another the time for making compensation claims has been extended again and again; compensation claims were accepted even in the late 1960s. The number has gone on increasing year by year.

The Rehabilitation Ministry's 1962 publication *Displaced Persons in Delhi* says that the number of claimants for compensation in Delhi was 60,000 persons, each head of a family. But compensation has been paid to 98,000.¹⁹

Incidentally, in Delhi, 14,500 evacuee houses, shops and other establishments, besides 14,052 acres of farmland, were available and were distributed among the West Pakistan refugees. Besides all this, the Government spent Rs. 60 crores to build houses, market centres, etc., to be put into the compensation pool.²⁰ Not even a paisa's worth of these vast properties has gone to a Bengali refugee.

At the Government of India's expense nineteen townships have been built in different States for the West Pakistan refugees, each, as *The Story of Rehabilitation* proudly asserts, "a complete and viable unit, equipped with schools, hospitals, shopping centres and industrial sites."²¹ The Ministry makes no such claim for the Bengali refugees, for there is little for it to show in this regard.

A word about the nature of the compensation claims made by the West Pakistan refugees. There were not only highly exaggerated claims about properties left in Pakistan but also multiple claims by many families in different areas. *The Story of Rehabilitation* says that "quite a few had managed to grab more than one allotment."²²

¹⁹ See pp. 33-4.

²⁰ See *Displaced Persons in Delhi*, pp. 34, 35, and 40.

²¹ P. 61.

²² P. 50.

No less an authority than the Estimates Committee (1959-60) drew attention to the "exaggerated claims" and directed the Ministry to scrutinise the claims of over Rs. 50,000.²³ The Ministry refused to do this on the plea that this "would hamper the finalisation of the compensation scheme and extend the life of the Ministry indefinitely".²⁴

An idea of the extent of the exaggeration may be made from the fact that no fewer than 131,195 families had claimed the value of properties left by them in Pakistan exceeded 1 lakh each. The number of the West Pakistan refugee families being 943,000, one family out of every 7.2 families thus a lakhpati ! The Estimates Committee directed a scrutiny of the claims of over Rs. 50,000 after it had discovered that an earlier scrutiny of claims of over Rs. 1 lakh had resulted in a reduction of Rs. 1,18,64,680 in only 78 cases.²⁵ This scrutiny was never undertaken.

Not only have townships with industrial sectors been built on raw material, finance and capital equipment were supplied on a priority basis while existing industries in West Bengal were systematically starved of these. We have mentioned that 12,000 West Pakistan refugees had been found employment through Employment Exchanges by 1960. Orders were also issued by the Government of India to its various Ministries and Departments and public sector undertakings to absorb West Pakistan refugees to fill vacancies. A Bureau of employment was set up in the Home Ministry to ensure that the directive was adhered to. The Bureau found employment for 80,000 of these refugees.²⁶

As for the Bengali refugees, the Rehabilitation Ministry's *Report 1964-65*, reveals that no more than 204 of them secured jobs through Employment Exchanges.²⁷ There is no mention anywhere of how many of these refugees have been absorbed in Government of India services for the simple reason that none has been.

Apart from all the jobs found for the West Pakistan refugees through Employment Exchanges and in Central Government and public sector undertakings, large numbers of them were recruited to the Armed forces which had to be expanded and strengthened after independence. This recruitment was almost exclusively from Punjab-Haryana and a few districts of Western U.P.²⁸

²³ See *Eighty-Ninth Report*, pp. 18-9.

²⁴ See Estimates Committee (1962-63), *Nineteenth Report*, p. 29.

²⁵ See Estimates Committee (1959-60), *Eighty-Ninth Report*, pp. 18-9.

²⁶ See *The Story of Rehabilitation*, pp. 63-4.

²⁷ See Ministry of Rehabilitation, *Report 1964-65*, p. 81.

²⁸ A brief reference to the Defence Minister's comment on the Army recruitment policy has been made on p. 154, footnote 5. Here in greater detail is what the Minister (Jagjivan Ram) said in reply to questions in the Yuva-vasi programme of A.R. Datta, on August 16, 1972 :

Apart from compensation claims for immovable properties, the Government of India took account in every detail of other assets or what might be stretched to mean assets to compensate the West Pakistan refugees.²⁹

The rehabilitation work for the Bengali refugees was given up even before it really began. Those who take delight in maligning the Bengali refugees would do well to remember that several millions of them did not even register themselves as refugees and that, of those who did, 50 per cent did not seek any Government help.³⁰

For the first eight or nine years after independence, the Government of India did not at all take into account the fact that the Bengali refugees needed rehabilitation as much as the West Pakistan refugees did. The Estimates Committee noted that "it was some time in 1955 or thereafter that the Government of India really settled down to tackle this problem of displaced persons from East Pakistan on a rational basis."

Mehr Chand Khanna, the Pathan refugee from NWFP who headed the Rehabilitation Ministry, had his own ideas. In 1958-59, as the Report of his Ministry says, "a stage had been reached when it was possible to have a clearer vision of the physical size of the problem" in the Eastern Zone. Within a year of his acquiring this vision he initiated a move to disband the Ministry itself. In 1961-62, the Ministry claimed that "the gigantic task of the permanent settlement of nearly nine million displaced persons has been tackled and, by and large, completed."

When the Ministry spoke of nine million refugees, which was the total number from the two wings of Pakistan, it spoke not only of the West Pakistan refugees about whom the claim was valid, but also of the Bengali refugees about whom

"Due to historical reasons the recruitment to certain regiments are restricted to certain classes of people in certain areas. This applies only to the Infantry. So far as the other wings of the Army are concerned, they are open to all classes and all regions of the country. So far as the Navy and Air Force are concerned, there is no restriction at all. ... I don't say it [recruitment from certain classes and certain areas] adds to maintain discipline or it adds to the confidence or efficiency of the Army. As I have said, it is just a thing which has continued and is continuing. Well, to have such a large-scale reservation in the armed forces for particular castes or particular areas is not a very desirable thing. Ever since I took over, I have been obsessed with this idea that how it is in conformity with our Constitution or the new trend that is rising in the country."

²⁹ For details, see earlier, pp. 68-69.

³⁰ In 1958-59 the number of the Bengali refugees was 41.17 lakhs. The Estimates Committee (1959-60), in its *Ninety-Sixth Report*, p. 18, points out that up to this period "out of 21 lakhs (Bengali) displaced persons who have received rehabilitation assistance, about 6 lakhs were in camps and 15 lakhs outside camps". Thus, the number of the refugees receiving rehabilitation assistance (nearly the whole of it was in the form of loans bearing interest) was 15 lakhs out of 41.17 lakhs.

the claim was furthest from the truth. This was indeed the style of propaganda carried on by the Ministry all along. The achievements for the West Pakistan refugees were generalised and made to appear as if the same achievements had been recorded in the case of the Bengali refugees.

What had happened in the case of the Bengali refugees was that about half of them had been given some professional or business or house-building or land-purchase loans and categorised as rehabilitated. The West Bengal Government bitterly wrote to the Union Rehabilitation Ministry in 1961: "All non-agriculturist families in camps were given small trade loans indiscriminately just to induce their dispersal from camps"³¹

Moreover, even these small loans were given in dribbles which defeated the purpose for which these were given. Land purchase loans were given at the rate of Rs. 300 an acre. No land could be bought at this price anywhere in West Bengal. In short, disbanding camps was considered equivalent to rehabilitation of the Bengali refugees.

If large numbers of the Bengali refugees have been rehabilitated in West Bengal, Tripura and Assam, this is due not to the efforts of the Rehabilitation Ministry but to the initiative and the ability and willingness to do hard work of the refugees themselves. But these are the people who have been subjected to the most malignant vilification.

In the absence of any policy or desire on the part of the Rehabilitation Ministry to resettle the Bengali refugees, large numbers of them had to spend years in camps waiting for rehabilitation. The bulk of the Ministry's expenditure for the Bengali refugees has been for running relief camps and not for rehabilitation.

Lakhs and lakhs of the Bengali refugees are roaming the streets of West Bengal towns and the countryside—some of them have floated as far as Delhi—with no livelihood. They have become beggars, nomads.

³¹ Letter dated August 16, 1961, from S. N. Banerjee, Secretary, Rehabilitation Department, West Bengal, to Dharma Vira, Secretary, Union Rehabilitation Ministry. Banerjee also said in the letter: "The unmitigated truth is that the economy of West Bengal has proved unequal to absorbing 5 million displaced persons in addition to the phenomenal growth of the population rate as disclosed in 1961 census. ... It may be noted that unlike the case of refugees from West Pakistan the refugees from East Pakistan have not had the benefit of a 'Compensation Pool' against which part of their loans might be adjusted. Even in their cases the Ministry of Rehabilitation had to remit loans up to a certain value. It may please be appreciated that practically no advantage of the Nehru-Liaquat Pact could be taken by displaced persons who have come from East Pakistan. Hardly anybody has succeeded in getting any financial benefit from out of the properties, movable or immovable, left behind in East Pakistan."

The Government of India knows that the disease has gone deep and is going deeper. But it is either unwilling to take or incapable of taking measures necessary to undo the mischief caused by its neglect of the Bengali refugee problem in particular and of the problems of West Bengal in general.

The problem of a vast mass of uprooted humanity—uprooted as the price of India's independence—cannot just be wished away or swept under the carpet. If the Government of India imagines that it can be, time will come when it will know better.

If the Government of India had adopted for the West Pakistan refugees the same policy as it had for the Bengali refugees and if the Bengali refugees were given the treatment given to the West Pakistan refugees, the West Pakistan refugees would have seen to it that the functioning of the Government was made impossible. In the early years of the migration from West Pakistan, the Secretariat of the Punjab Government in Jullundur used to sit behind barbed wire and pill boxes to protect itself from being stormed by the refugees. Delhi is on the borders of Punjab-Haryana and several lakhs of the West Pakistan refugees had flocked to the city. Barbed wire and pill boxes would not perhaps have saved the Union Rehabilitation Ministry's office from their onslaughts. The Bengali refugees are too docile and have suffered in silence.

THE CASE OF PHILIPS INDIA LIMITED

In this Appendix are reproduced in full a report, dated February 12, 1972, by the Director of Industries, West Bengal, and a letter, dated August 16, 1972, by the same official to the Government of India. The report was prepared when A. L. Dias was Governor of West Bengal under President's rule: the letter was written under Siddhartha Ray as Congress Chief Minister.

In the first document a lurid story is told how Philips India Limited has shifted "without authorisation" part of its manufacturing activities from West Bengal to Maharashtra and how the company has been "encouraged and permitted to expand, but outside West Bengal" by the Government of India while its "expansion in Calcutta has been throttled, delayed or denied" by the same Government.

The second document reveals that the Government of India has issued, without any condition, licences for large increases in radio production in the company's factory in Maharashtra and that conditions have been imposed for licences for smaller increases in production of the same article in its factory in West Bengal. Since the company is not in a position to accept the conditions, it has not even been allowed to regularise its production in Calcutta.

In these documents the Government of West Bengal has charged the Government of India with "pre-dating" a licence for the company's factory in Maharashtra in order to be in a position to oppose regularisation of the production of the same article in West Bengal. A report of this accusation appeared in Hindusthan Standard and Ananda Bazar Patrika on October 7, 1972. The newspaper report which emanated from New Delhi said that "the West Bengal Government has, in effect, charged the Central licensing authorities with forging a date" on a licence for Maharashtra. The report remains unchallenged. Every industry in West Bengal has a story of Central hostility of this kind to tell.

The documents follow. All emphasis has been added.

A

SUB : REPORT ON UNAUTHORISED SHIFTING OF LICENSED CAPACITY FROM CALCUTTA BY PHILIPS INDIA LTD.

Philips' Commercial operations in India started on January 21, 1930 in Calcutta as a Private Company under the name of Philips Electrical Company India Limited. This Company was converted into a Public Limited Company on

October 31, 1957, the present Philips India Limited. The foreign equity holding in this Company is 67%. Philips at present have an annual turnover of Rs. 46 crores and while the Maharashtra factories, commencing operation in 1958, now employ 4000 people, the employment in their Calcutta factories, which was 511 in 1956, stands at 1500 only at present. The phenomenal growth of their Maharashtra factories has taken place entirely during the period of planned development, obviously with the approval of Government of India. The number of employees in the commercial establishment of Philips in Calcutta has gone down from 480 in 1964 to 360 in 1970 and recently some 100 workers were retrenched in Calcutta. While their all India production has gone up by 400% between 1964 and 1970 and sales by nearly 350%, the employment in Calcutta factories and establishments which was 1450 in 1964 has gone upto 1860 in 1970, an increase of only about 30%. *It is, thus, clear that Philips have been encouraged and permitted to expand, but outside West Bengal.*

2. The following list of items produced by Philips in West Bengal and Maharashtra is collected from the latest edition of DGTD Hand Book :—

(1) *Items made only in Maharashtra.*

(a) GLS lamps; (b) Fluorescent tubings; (c) Mercury Vapour high pressure lamps; (d) Burners for Mercury vapour lamps; (e) Glow switches and starters; (f) Tungsten wire for lamps; (g) Welding electrodes; (h) Electrolytic capacitors; (i) Variable Capacitors; (j) Polyester Capacitors; (k) Other special Capacitors; (l) Potentiometers; (m) Resistors—Fixed Carbon type; wire-wound and other types; (n) Ceramic Capacitors; (o) Coils; (p) Dials; (q) Loudspeakers; (r) Paper cones for Loudspeakers; (s) Trimmers (air, mica, ceramic and wire); (t) Valve Bases; (u) Transformers; (v) P. A. equipment; (w) Band change switches.

(2) *Items made only in West Bengal.*

(a) Light Fittings; (b) Electrical accessories (Esselite); (c) Radio cabinets; (d) Electrical Multimeters; (e) Electronic Testing and Measuring instruments; (f) PH Meters; (g) Conductivity bridges; (h) Sterilisers, Autoclaves and Incubators; (i) Infrared lamps, Infrared and ultra-violet lamps combined; (j) Operation Theatre Lights.

(3) *Items made both in Maharashtra and in West Bengal.*

(a) Radio receivers.

A recent inspection of Philips' Calcutta operations revealed that Philips are not manufacturing the following items in their West Bengal factories although the DGTD's Hand Book shows them as being made in West Bengal : (a) Electrical Multimet-

ers, (b) Electronic Testing and Measuring instruments, (c) PH Meters, (d) Conductivity Bridges.

Manufacture of these items has apparently been shifted out of West Bengal without the knowledge of the State Government and without formal approval of Government of India.

3. Philips in their progress report dated 13.2.1957 showed the installed capacity and output in Calcutta as follows with an employment of 511 workers :—

Name of the Product	Monthly installed capacity on a single shift basis (24 days a month on average)	Present daily output
(a) Radio Receivers	5400	225
(b) Mains Transformers	1667	50
(c) Output Transformers	4583	250
(d) Switches	11667	600
(e) Potentiometers	6667	600
(f) Loudspeakers	4583	250
(g) Coils	22917	1700
(h) Valveholders	41667	1200
(i) Gang Condensers	8333	250
(j) Amplifiers	1000	2
(k) Cabinets	4000	250
(l) Knobs	25000	800
(m) Levers	18000	800

It is, however, a fact that out of the above, Philips are not manufacturing the following items any longer in Calcutta :

(d) Switches, (e) Potentiometers, (f) Loudspeakers, (g) Coils, (h) Valveholders, (i) Gang Condensers, (j) Amplifiers.

Again the shifting in all the above cases was done without the knowledge or approval of the State Government.

4. Philips on 28.10.1954 applied for and obtained approval for change of location of manufacture of radio components from 12A, Canal Street to 19, Convent Road in Calcutta, though this was not called for under the rules, being within the same municipal area. They, however, shifted their Amplifiers manufacturing activity in 1963, without prior approval of Government of India or without any intimation to the State Government, contrary to assurances given by them to the Chief Minister and the Labour Minister of the State, earlier in the fifties. They also applied for a change of location in 1962 for their Starter manufacturing capacity from Calcutta, which was approved on 11.6.1962 with the State Government's agreement, on the assurance that there will be no retrenchment. *As or about this time there was a large scale shifting of capacity from Calcutta to*

Maharashtra with the overt or covert approval of concerned officials/departments of Government of India. Philips in their letter No. JV : 753 dated 18.12.1971 have stated that the shifting of capacity for the manufacture of Loudspeakers from Calcutta was done in 1963, with the verbal approval of the then Industrial Adviser.

It is also on record that on 16.10. 1963, a Director of Philips had confirmed to the Director of Industries, West Bengal, that there was no proposal for transferring the Loudspeakers Department from Calcutta, though Philips have now admitted that production of Loudspeakers in Calcutta was discontinued from September, 1963.

5. Philips in their application dated 23.5.1956 for expansion of radio receiver capacity in Calcutta, had mentioned that they were committed to establishing a machine shop (metalware factory) for the production of metal components for radio receivers etc., and also that they had plans for the manufacture of the following items and components in Calcutta : (a) Record Changers, (b) Electric Dry Shavers, (c) X-ray Apparatus, (d) Ceramic Capacitors, (e) Ceramic Trimmers, (f) Wire Trimmers, (g) Carbon Resistors.

As a matter of fact however Philips are not making any one of the above items in Calcutta and the DGTD Hand Book shows that the above four components as well as a large number of other radio components are being manufactured in Poona, Maharashtra, in a factory which Philips describe as "the country's largest unit making a vast range of components for the Indian radio industry".

6. No licences have been issued to Philips for expansion of their activities in West Bengal in recent years, except for one single item of manufacture, namely, Record Players in 1969. Even regularisation of capacity already achieved in Actual production, in respect of lighting fittings and radio receivers at 2.5 lakh numbers per annum and 3 lakh numbers per annum respectively have been refused or held up on the ground that Philips are not falling in line with Government of India's policy of reduction of the level of foreign equity holding. The same consideration does not appear to have weighed in granting the following licences and letters of intent for Philips' activities in Maharashtra materially during the same period :

(1) Licence No. L/6(4)(3)/DS/69 dated 24.2.69 for the following items :

(a) Carbon Film Resistors ; (b) Polyester Capacitors ; (c) Electrolytic Capacitors ; (d) Ceramic Capacitors ; (e) Long life Electrolytic Capacitors ; (f) High Stability Precision Carbon Resistors ; and (g) Precision Wire Wound Resistors.

- (2) Licence No. L/6(4)/DS/69 dated 24.2.69 for the following items :
 (a) Carbon Potentiometers ; (b) Paper Cones for Loudspeakers ; (c) Band Change Switches ; and (d) Trimming Capacitors.
- (3) Licence No. L/5(4)68-LEEI dated 11.4.69 for the Krypton Miners Safety Lamps (Bulbs).
- (4) Letter of Intent No. 4(43)/65-LEEI dated 13.9.67 for Sensitive Moving Coil Instrument.
- (5) Letter of Intent No. 36(14)/68/DS dated 13.5.69 for Tape Recorders.
- (6) Letter of Intent No. F4(220)/67/DS dated 22.8.69 for I.F. Transformers/Chokes/Coil.
- (7) Philips were recommended for a Letter of Intent for manufacture of 5 lakh of Null Indicators and expansion for a variety of Electronic Measuring and Service Instruments in a meeting of the Licensing Committee held on 7.3.70. In another meeting of the Licensing Committee held on 28.9.70 Philips were granted Letter of Intent for overhead Projectors and accessories thereof.

7. *Philips' application for manufacture of Glow Switches in Calcutta was rejected by Government of India, vide their letter ref. 7(7)66-LEEI of 3.6.1967, on the ground that the item can appropriately be manufactured in the small scale sector. The same item was however subsequently licensed to Philips at Maharashtra and the Licensing Committee recommended expansion of manufacture of Glow Switches at Kalwa to 5 million pcs. per annum at a meeting held on 8.2.1971. The Kalwa factory is described by Philips as "The most highly integrated lamp complex in Asia outside Japan".*

8. *Philips intend to establish a large professional equipment factory comprising the entire range of medical electronic equipment, measuring and testing instruments etc., electro-acoustic devices and telecommunication equipment at Bangalore for which they are understood to have received approval from Government of India in the Department of Electronics. The little medical apparatus and equipment that Philips presently manufacture are however made in Calcutta. These include Sterilisers, Autoclaves, Incubators, Infra Red Lamps, Infra Red and Ultra-violet combination lamps and operation Theatre Lamps for all of which Philips hold industrial licence for production in Calcutta. Their industrial licence for the manufacture of X-ray units and components in Calcutta was surrendered by them when the State Government objected to the transfer of this activity to Maharashtra. The range of electronic/medical apparatus and equipment that Philips now propose to manufacture at Bangalore is only a logical expansion of their present*

activities in these lines in Calcutta. Most of these items are now being made for Philips by small scale units in Calcutta and production is far short of licensed capacity for no obvious reason. Philips applied for industrial licence for (1) Electronic Service and Measuring Instrument, (2) Industrial Measuring, Indicating and Control Instruments (Electronic), (3) Scientific Instruments (Electronic) and Nuclear Equipment, vide their letter No. 11/07/056 of 3.11.59, for production in their Calcutta factory. Philips are still holding licence for (1) Electrical Multimeters, (2) Conductivity Bridges and P.H. Meter and (3) Electronic Testing and Measuring Instruments for production in Calcutta, vide Handbook of Indigenous Manufacturers of Engineering Stores, Tenth Edition 1971, published by DGTD. It is extremely surprising to find that these items have never been produced in Calcutta. Mainly with these items, it appears, Philips established a factory in Bombay and Government of India went on giving them licences for newer items extremely liberally. Philips are now planning to go ahead to produce the new generation of instruments—the digital and nuclear ones—in their proposed factory at Bangalore. For the electro-acoustic devices Philips are having industrial licences for Public Address Systems (Amplifiers) and loudspeakers for Calcutta. *Philips have shifted both of these activities illegally to Maharashtra and these items are being produced there.* For their Bangalore Factory Complex Philips want to produce the more sophisticated versions of these items including other electro-acoustic devices.

9. Philips Telecommunication Factory in Calcutta is manufacturing a low power wireless communication equipment for Defence. The Defence orders on the factory (discontinuous and ad hoc in nature as they are) will keep the factory running only upto the end of this year. For continued existence, Philips were persuaded to submit a fresh industrial licence application for Mobile Low Power Wireless Communication equipment. This application is being rejected on the plea that under the I.P.R., manufacture of telecommunication equipment other than radio receivers is reserved for the public sector, *threatening thereby a closure of this factory which happens to be the only modern and sophisticated electronic factory in the whole of Eastern Region.* It is also understood that a large Low Power Telecommunication Equipment Factory is envisaged in the public sector under the Border Security Force organisation which may take years to materialise. The existing Telecommunication Factory of Philips in Calcutta which can immediately diversify for the production of the Mobilophone series of Low Power Telecommunication equipment for Border Security Force etc. is facing the prospect of closure in the absence of further orders from Defence, in spite of the avowed policy of maximum utilisation of existing production facilities with the

minimum expenditure of foreign exchange. Thus while the only Telecommunication Factory in this region is being deprived of its logical growth and is facing closure for want of custom/Licence for expansion and diversification, *these activities, it is reported, are proposed to be revived at Bangalore after hoking them off in Calcutta.* The new year relaxation in licensing policy permitting 100% increased production over the licensed capacity instead of 25% as also multishift working ironically includes telecommunication industry in the list of fiftyfour items.

10. Philips in 1953, immediately after the promulgation of the Industries (Dev. & Reg.) Act, 1951 were manufacturing in their factory at 12A, Canal Street, Calcutta, radio receivers with a production target of 25,000 numbers per annum on single shift employing 195 workers. On 23.5.1956 Philips applied for expansion of radio receiver capacity in Calcutta from 48,000 numbers per annum to 96,000 numbers per annum and were granted licence dated 29.10.1956 for expansion by 20/24,000 numbers per annum. By a letter dated 31.5.57 Government of India reduced the expansion approved from 20/24,000 per annum to 12,000 numbers per annum only, reducing thereby the licensed capacity for radio receivers in Calcutta to 60,000 per annum only after expansion. This was done at the request of the Company dated 1.5.1957 in which they stated that in view of their licence dated 11.2.1957 to shift a part of their metalware factory from Calcutta to Poona for the manufacture of 72,000 sets of radio components per annum, they may be allowed to manufacture 12,000 radio receivers per annum at their Poona factory, out of the total expansion of 20/24,000 approved for Calcutta. *The main ground for shifting part of the capacity from Calcutta was stated to be want of space in the Calcutta factory although Philips had clearly mentioned in their original application for expansion that no additional land will be required.*

The shifting of a part of the capacity for radio receivers was opposed by the State Government but was approved by Government of India in September 1958. The subsequent development of Philips radio receiver manufacture in India shows that Poona Factory was allowed to expand freely to a level of 3.3 lakh sets per annum and only in 1970 a licence for further expansion was granted *raising the capacity of Poona Factory to 7 lakh sets per annum.* Though Philips had assured the Chief Minister and the Labour Minister, West Bengal, in 1957 that their metalware activities in Poona will not in any way affect the activities of their Calcutta factory or the employment potential in Calcutta, *the radio receiver factory in Calcutta continues to operate even today with a licensed capacity of 60,000 numbers per annum only.* Though the production of radio receivers in Calcutta, by improved productivity with exist-

ing equipment, increased over the years, and Philips applied for regularisation of capacity from time to time, official approval was withheld and ultimately when the State Government pressed for regularisation of Philips' radio receiver capacity in Calcutta at 3 lakh sets per annum, prior to the licence for expansion at Poona was granted, *Philips were told after considerable delay on 22.7.1970 that they may be granted a letter of intent for expansion of their radio receiver capacity in Calcutta to 1.75 lakh sets per annum provided they agreed to a 75% export guarantee clause in respect of expanded production. Meanwhile on 14.5.69 Philips were granted a letter of intent for expansion of radio receiver capacity at Poona from 3.3 lakh to 7 lakh numbers i.e. by 3.7 lakhs per year.* Government of India's attention was drawn by the Director of Industries, West Bengal, on 13.8.1970 that before licensing expansion at Poona the radio receivers capacity in Calcutta should be regularised at 3 lakh sets per annum already achieved with existing facilities. It was also pointed out that further expansion beyond 3 lakhs in Calcutta may be considered with export guarantee clause as per current policy. This communication was not replied to and curiously *a licence for the 3.7 lakh Poona expansion was issued towards the end of 1970, predated 12.8.1970, without any export guarantee clause.* The State Government have insisted that regularisation of radio receiver capacity at 3 lakh sets per annum in Calcutta must precede any expansion at Poona and any expansion of radio receiver capacity of Philips should be equally shared between Calcutta and Poona on identical terms. If it is contended that the licence for 7 lakh sets has already been issued for Poona, the Calcutta factory should also be logically allowed to expand to at least the same level of output of 7 lakh sets per annum on identical terms, without export guarantee.

11. It is evident from the foregoing, while *Philips have shifted a major part of their activities from Calcutta with or without approval of Government of India, they have also been encouraged to expand their activities liberally outside West Bengal, but expansion in Calcutta has been throttled, delayed or denied.*

12. In view of the clear mandate against shifting of industrial activity and prospective expansion of West Bengal based industries outside the State, Philips must be made to transfer all capacity shifted out of Calcutta without approval back again to Calcutta, viz. : (a) Switches, (b) Electrical Multimeters, (c) Electronic testing and measuring instruments, (d) P. H. Meters, (e) Conductivity Bridges, (f) Potentiometers, (g) Loudspeakers, (h) Coils, (i) Valveholders, (j) Gang Condensers, (k) Amplifiers, etc.

12.1 Radio receiver capacity in Calcutta should be regularised at 3 lakh sets per annum and any expansion in radio receiver capacity granted to Philips should be shared equally

between Poona and Calcutta, with or without export guarantee in both cases.

12.2 The production of lighting fittings in Calcutta at the current level of 2,50,000 sets per annum should be regularised and all future expansion in this line should only be allowed in Calcutta.

12.3 Industrial Policy Resolution has been held out against expansion/diversification of Philips Telecommunication factory in Calcutta although the IPR clearly lays down the provision for natural growth and logical expansion of existing units in the private sector even in the reserved fields of activity. The Bhabha Commission's clear recommendation is for no less than seven factories in the field of Low Power Telecommunication equipment. With only one factory each in existence in the public and private sectors in the country Philips' Calcutta factory must be permitted to expand and diversify to meet the urgent requirements of B.S.F., police and other paramilitary organisations.

12.4 All electronic medical equipment and other instruments and equipment as mentioned before, proposed to be manufactured by Philips in Bangalore should only be licensed for manufacture in Calcutta. This is specially necessary in view of the complete absence of any public sector development in the field of electronics in West Bengal which has a large pool of skilled technicians and scientific manpower.

12. 2. 72

U. CHATTERJI
DIRECTOR OF INDUSTRIES,
WEST BENGAL.

B

LETTER FROM THE GOVERNMENT OF WEST
BENGAL TO THE GOVERNMENT OF INDIA

GOVERNMENT OF WEST BENGAL

Directorate of Industries

New Secretariat Buildings (9th floor)

1, Kiron Sankar Roy Road, Calcutta-1.

No. 786(4)/LC/25L/4/27'S'/ 57/69 Dated the 16th August, 1972.

To

The Secretary to the Government of India,
Department of Electronics,

Vigyan Bhavan Annexe,

New Delhi-11.

Sir,

A reference is invited to the undersigned's letter No. 850(2)-LC/25L/4/27'S'/57(67) dated 13.8.70 in connection with the regularisation of Philips' radio receiver capacity in Calcutta (copy enclosed for ready reference). Philips India Limited with a licence for 60,000 nos. per year for Calcutta are manufacturing 300,000 sets per annum with the knowledge and tacit approval of Government of India although regularisation of this production by way of an industrial licence has been kept hanging so far. The approved capacity at Poona which stood at 3.7 lakh sets per annum was increased to 700,000 sets per annum, vide letter of intent No. 36(16)/68/DS dated 14.5.69. Thus, they were allowed expansion by 3.3 lakh sets per annum while the regularisation of Calcutta capacity was pending. This Directorate letter under reference dated 13.8.70 was addressed to Shri S. Malhotra, Director, Department of Electronics, then under the Cabinet Secretariat, with a copy endorsed to the Secretary to the Government of India, Ministry of Industrial Development, pointing out that the regularisation of radio receiver capacity for Philips' Calcutta factory at 300,000 sets per annum working single shift should precede licence for expansion to Philips for expansion at Poona without Export Guarantee Clause. *While this letter was not even acknowledged, the letter of intent issued to Philips on 14.5.69 for expansion at Poona was converted into a licence No. L/6(4)/17/DS/70 dated 12.8.70 to raise the capacity at Poona to 700,000 sets per annum without any Export Guarantee Clause. Though the licence was dated preceding the date of this Directorate letter under reference, the licence was listed in the report issued by the Ministry of Industrial Development on 11.3.71, listing licences issued during the month of November, 1970. This naturally raises a doubt as to whether the licence was*

actually issued after receipt of this Directorate letter under reference dated 13.8.70 but pre-dated 12.8.70.

The Annual Report of the Company for the year ended December, 1971, indicated a total installed capacity of 630,000 radio receiver sets per annum. This obviously includes 300,000 sets per annum in Calcutta and 330,000 sets per annum in Poona though the Poona factory is approved for 370,000 sets. It is, thus, obvious that Philips were granted the expansion by 3.3 lakh sets per annum at Poona before they had even reached the approved capacity of 3.7 lakh sets per annum. This clearly indicates that while Philips have pre-empted capacity for radio receiver at 700,000 sets per annum without any Export Guarantee Clause, the capacity of the Calcutta factory at the current level of production of 300,000 sets per annum has not been regularised. It is, therefore, suggested that before permitting Philips any actual expansion, the capacity of the Calcutta factory should be regularised at 300,000 sets per annum. Thereafter, if the expansion to 700,000 sets per annum already licensed to Philips, without export guarantee, is allowed to be implemented, then the total capacity of 700,000 plus 300,000 i.e. 10,00,000 per annum should be equally shared between Poona and Calcutta at 500,000 sets each. The licence for expansion for Poona dated 12.8.70 may accordingly be suitably amended to permit expansion to 500,000 sets per annum both at Poona and at Calcutta with identical conditions regarding exports.

As the matter has been long hanging fire, this may kindly be treated as urgent.

Yours faithfully,
U. CHATTERJI
Director of Industries
West Bengal.

INDEX

- Adams, Brooks, on Bengal plunder, 15.
- Agricultural Prices Commission, on wheat prices, 94.
- Anderson, John (Bengal Governor), 96.
- Anstey, Vera, 159f.
- Arabs, 14.
- Arakanese pirates, 14.
- Army, 3 ; recruitment policy, 58, 156, 156n ; economic effects of recruitment, 57, 57-8n, 154ff, 154-5n ; 121.
- Assam, 12 ; 27 ; 31 ; 34 ; as exchange earner, 38 ; tea in, 39 ; 70 ; 76 ; 84 ; 94 ; 157 ; oil in, 158ff, 159n ; *et passim*.
- Azad, Abul Kalam, 91, 147.
- Banerjea, Pramathanath, on financial drain, 25 ; on income-tax and W. Bengal, 34n.
- Banerjee, Subodh, 109.
- Bangla Congress, 106, 132 ; satyagraha of, 134.
- Basanti Devi, 2.
- Basirhat, firing in, 101, 101n, 102.
- Basu, Hemanta, 107.
- Basu, Jyoti, 106, 112, 128n, 132 ; 137n.
- Bengal (undivided), 11 ; agriculture, industry, trade in, 12, 17, 22f ; entrepot, 12 ; exports of, 12f ; plunder of, 14, 15, 21 ; Dewani of, 15 ; British misuse firman in, 16f ; indigo, jute, tea in, 18f ; British revenue farming in, 20, 21f, 24ff, 36 ; partition of, 23, 33 ; jute export duty and, 38 ; India's fiscal policy and, 38 ; 153.
- Bengalis, disparagement of, 3 ; 9 ; excluded from Army, 58, 88 ; no influence at Centre, 70 ; employment of, 80f.
- Bhattacharya, Nirmal Chandra, 59.
- Black and Tan, 98.
- Bihar, 14 ; 31 ; 70 ; 76 ; 84 ; 94 ; *et passim*.
- Birla, B. M., 51 ; 55.
- BNCCI, seminar on W. Bengal, 48f, 55.
- Bombay (bilingual State), factories in, 28f ; 33 ; steel price equalisation and, 76, 96.
- Bombay (City, port), 32 ; octroi in, 43, 76 ; made commercial capital, 60, 60n, 72, 84.
- Border Security Force, 82, 86.
- Bose, Sarat Chandra, 5 ; 9 ; 61.
- Bose, Subhas Chandra, driven out of Congress, 59.
- Bosu, Jyotirmoy, 83.
- Burke, 11.
- Calcutta, 9 ; 16 ; port, 32 ; octroi in, 43f, 76 ; 80 ; PL-480 and, 44 ; telephone rates in, 44, 44n, 97n ; 43 ; 77 ; locational advantage of, 44f ; 74 ; 80 ; 86 ; 87 ; 88 ; 105 ; Police Commissioner's order to ranks, 91.
- Campbell-Johnson, 146n.
- Casey (Bengal Governor), on Army services and Punjab, Bengal, 57-8n.
- Central Reserve Police, 3, 82, 86, 91, 92.
- Chanda, Asok, on Congress double standards, 142.
- Chandra Shekhar, 2.
- Chatterjee, Bankim Chandra, 23.
- Chaudhuri, Sachin, 90.
- Chaudhuri, Tridib, 83.
- Chavan, Y.B., 60 ; 78 ; on gheraos, 79f, 109, 112 ; 83 ; strong man, 108 ; on Centre's responsibility, 117 ; and Arms Act in W. Bengal, 117n ; 122 ; 123 ; on appointment of Governors, 124 ; 126 ; 127 ; 129.
- Choudhury, Moinul Haque, 60.

- Chowdhury, A., 55n.
 Ciba, profits of, 49n.
 Clive, 11 ; plunder by, 16.
 Coal, 45 ; 46n ; 76 ; 88 ; freight on, 96.
 Congress, in 1945 on Constitution, 144 ; and partition plan, 146, 146n ; commitment on state autonomy, 149f.
 Constitution, The, fund devolution provisions in, 41 ; 124 ; and 1935 Act, 149 ; and residuary powers, 150.
 Constituent Assembly, 33 ; recommendations of Expert Committee of, 35 ; 148.
 Cooley Fund, 52f.
 Cornwallis, 18, 21.
 Cotton, 12 ; 19 ; protection to textiles, 38 ; 47 ; incentives for textile exports, 39, 161, 162 ; price of, 94, 94-5n.
 CPI (undivided), on nationality rights, 144f, 145n.
 CPI (also, Right Communists), 74f ; 78 ; pleases Swatantra Party, 79 ; 105 ; 134 ; 135.
 CPI (M) (also, Marxists, Left Communists), 75f ; 78 ; 79 ; 81 ; 92 ; 103 ; 105 ; and P. D. Act, D. I. Rules, 106 ; 111 ; 112 ; 116, 123 ; troubles in U. F. of, 117 ; and G. L. Nanda, 119 ; 126 ; 128 ; 133 ; 134 ; 135 ; 138n ; 151.
 Dacca, 12, 18.
 Dandakaranya, 65, 65n.
 Dange, S. A., 45, 109 ; 134.
 Das, Chittaranjan, 59.
 Datta, Bhabatosh, 56.
 Delhi, octroi in, 43.
 Desai, C. C., and Bombay refineries, 158.
 Desai, Morarji, on octroi, 43 ; 76 ; defines Congress socialism, 148.
 Deshmukh, C. D., 34 ; 41 ; 51 ; 59 ; 154.
 Dharma Vira, 43 ; 78 ; 79 ; 81 ; 87 ; 110 ; 113f ; 116 ; 118 ; and Ajoy Mukherjee—P. C. Sen meeting, 120, 120n ; dismisses U. F. Ministry, 122 ; 123 ; 126 ; 129.
 Dhavan, S. S., 78 ; 79 ; 80 ; 81 ; 133.
 Digby, William, 9 ; 11.
 Digboi refinery, 157.
 Dominion Status, V. P. Menon advocates, 145 ; and Nehru, 146n.
 Dutt, Romesh, 1 ; 16 ; 19 ; 25.
 Drugs and chemicals industry, and P. C. Ray, 49 ; foreign collaboration in, 49n ; no research in, 50, 50n ; prices in India, 50n.
 East Bengal (also, Bangladesh, formerly E. Pakistan), 3 ; 73.
 East India Company, 15f ; 16 ; plunders Bengal, 16 ; destroys industries, 17 ; treats revenue as profit, 20.
 Election, rigging charge, 3 ; and Government administration, 3f.
 Estimates Committee (of Parliament), on Bengali refugees, 64n, 65n, 67f.
 External Affairs Ministry, on Nehru-Liaquat Pact, 64n.
 Famine, in Bengal, 15, 20, 22f.
 Finance Commission, 34f ; B. C. Roy on task of, 35.
 Financial institutions, headquarters of, 53f, 60, 60n, 84.
 Furber, Holden, on wealth drain from Bengal, 24f.
 Gandhi, Feroze, on Kerala Communist Government dismissal, 122.
 Gandhi, Indira (also, Prime Minister), Calcutta and, 43 ; 63 ; 133 ; 77 ; and Ajoy Mukherjee, 78 ; anxiety for W. Bengal of, 86 ; 90 ; 101f ; and U. F. Govt., 111 ; and Kerala "liberation struggle", 122 ; 126 ; 127, 133 ; *et passim*.
 Gandhi, M. K., 59 ; and Partition resolution, 146, 146n.
 Gherao, Chavan's warning on, 70 ; 79, 109, 110, 113, 114 ; 80.
 Ghosh, Atulya, 108 ; 119 ; 126.

- Ghosh, B. B. (Governor's Adviser), on coal, steel prices, 45-6n ; on steel supply, 49n.
- Ghosh, K. C., 23.
- Ghosh, Niren, 60n.
- Ghosh, P. C., 34 ; 78 ; 78n ; 115n ; 122n ; 123 ; 126 ; 136.
- Ghosh, Surendra Mohan, 133.
- Glaxo Laboratories, 49n.
- Gokhale, H. R., on collaboration in drugs, 49n.
- Government of India (also, Union Government, Union, Central Government, Centre, New Delhi), 1 ; 2 ; concern, dilemma over W. Bengal, 3, 109, 116ff ; and licences for W. Bengal, 51 ; and W. Bengal administration, 87 ; public finance under, 96f, 116ff ; economic powers of, 153 ; pricing policy of, 157 ; 116 ; Arms Act in Naxalbari, 117, 117n ; 120 ; 152ff ; *et passim*.
- Governors, 51 ; wide powers of, 123 ; 139ff ; 151 ; Speakers on power of, 142.
- Guha, Arun Chandra, 65.
- Guha, Samar, 83.
- Gujarat, factories in, 29 ; 31 ; plan outlays of, 30 ; Licences for, 51 ; foreign collaboration in 52 ; financial institutions' investments in, 54 ; wage level in, 54 ; 80 ; petroleum industry in, 159, 159n ; *et passim*.
- Gupta, Bhupesh, 137.
- Gupta, Indrajit, 102.
- Hanumanthaiya, K., and railway freight, 162.
- Haryana, 31 ; refugees in (see under Refugees) ; 72f ; 123 ; 139f ; *et passim*.
- Hastings (Warren), on famine deaths, revenue farming in Bengal, 20.
- Hazari, R. K., on licences for W. Bengal, 163.
- Hitler, 63.
- House of Commons (British), on Bengal's industries, 17f.
- Howrah, 71 ; 110.
- Income tax, cut in W. Bengal's share of, 33f, 34n ; 36f.
- Indian Industrial Commission on 14f.
- Indigo, in Bengal, 12 ; 18.
- Industrial Licensing Policy Inquiry Committee, 51.
- Jackson, Stanley (Bengal Governor), 97.
- Jagjivan Ram, 62.
- Jute, in Bengal, 19 ; and rice parity price, 37, 37n ; and wealth drain from Eastern States, 37f, 38n, 95, 157 ; export duty on 22, 161 ; 36 ; 39 ; 40.
- Kabir, Humayun, 127.
- Kabir, Jehangir, 107.
- Kamaraj, K. 102 ; scuttles ad hoc WBPC, 119n.
- Kerala, 27 ; 88 ; 95 ; "liberation struggle" in, 122 ; 130 ; 161 ; *et passim*.
- Khanna, Mehr Chand, 3, 63.
- Kipling, Rudyard, 86.
- Konar, Harekrishna, and W. Bengal land movement, 75.
- Kripalani, J. B., on Gandhi and partition resolution, 146n.
- Krishnamachari, T. T., and steel prices, 45 ; 45n ; 59 ; 51.
- Lahiri, Somnath, 106, 107.
- Lajpat Rai, on Bengal in British empire, 11.
- Land Revenue (Floud) Commission, on jute, paddy prices, 37, 37n, 95.
- Limaye, Madhu, 108.
- Lobbies (in Delhi), 61f, 94f, 94-5n.
- London, 11, 84.
- Madhya Pradesh, 32 ; 46.
- Madras (composite State), factories in 29 ; 33.
- Maharashtra, factories in 28 ; 32 ; wage level in, 30, 30n, 54 ; 72 ; labour troubles in, 80 ; gharao in, 109 ; plan outlays of, 30 ; 31 ;

- 32 ; 40 ; 72 ; foreign collabora-
tion in 52 ; financial institutions'
investments in, 54 ; refineries,
petro-chemicals in, 160 ; *et passim*.
Mathur, Harish Chandra, 124.
Maratha, depredations in Bengal, 14.
Marx, Karl, 15, 17.
Mayurkashi Dam, 42.
Mehta, Asoka, 70f ; 90.
Menon, Achutha, 134f.
Menon, P. Govinda, 141f.
Menon, V. K. Krishna, for common
citizenship with Britain, 147n.
Menon, V. P., plans partition,
Dominion Status, 145, 146n ;
147 ; on franchise, 147 ; 148.
Meston, 36.
Mir Jafar, 16.
Mir Qasim, 16, 17.
Mishra, L. N., 114.
Mitra, Dinabandhu, 19.
Mookerjee, Syama Prasad, 61, 90.
Mountbatten, 145, 146, 146n.
Mukherjee, Ajoy, meets Prime
Minister, CPI leaders, 78,
133, 134 ; calls his Govt.
barbarous, 86, 132 ; 90 ; and
Dharma Vira's appointment, 110 ;
role of Pillai for, 114f, 115n ;
dismissal of, 115n ; and Arms Act
in Naxalbari, 117, 117n ; and
Nanda, 119 ; on CPI (M)
behaviour, 120 ; meets P. C. Sen,
120 ; 126 ; 128n ; fast of, 132 ;
et passim.
Mukherjee, Hiren, 83, 102.
Mukherjee, Pranab, 5.
Mukherjee Sharda, 82, 83

Namboodiripad, E. M. S., 122, 129 ;
resignation of Govt. of 135.
Nanda, G. L., 103 ; ad hoc WBPPC
plan of, 119 ; 126.
Naoroji, Dadabhai, 40.
Naxalbari (Naxalite), 110 ; 113 ;
114 ; 116 ; 130 ; 137.
Nehru, Jawaharlal, on British rule,
15 ; 33 ; 34 ; 45 ; on loss of
leadership by Bengal, 59f ; Pact
with Liaquat, 67 ; on Calcutt
74 ; 145 ; accepts partition, 14
146n ; for common citizenship
with Britain, 147 ; in 1944 c
constitution, 144 ; on franchis
148 ; and residuary powers, 150
Neogy, K. C., 59.
Niemeyer, 34n ; 36 ; 38.

Octroi, 43f, 76.
Oilseeds, 47 ; freight on, 96.
Orissa, 70 ; loses locational a
vantage, 76 ; 84 ; neglect of, 94
et passim.

Pakistan, 151.
Pant, K. C., 138.
Parke Davis, 49n.
Parliament, and W. Bengal, 82f.
Partition, of Bengal, Punjab, 33
145f, 146n.
Patel, Vallabhbhai, and partitio
Dominion Status, 145, 146.
Patil, S. K., 109.
Permanent Settlement, 19.
Petroleum industry, development
157ff.
Philips (manufacturing firm), Cen
and activities in W. Beng
Maharashtra of, 53, 53n, 96 ; 1
Planning Commission, 10 ; a
petroleum industry, 157ff.
Plassey, 11, 13, 15, 17, 27.
Police, and extraordinary powe
137f.
Portuguese, 14.
Preventive Detention Act ; 82.
Prevention of Violent Activities A
91.
Productivity of Labour, 54f, V.
Giri and ILO team on, 55n.
Progressive Democratic Govt. 90, 1
Public sector financial institutio
investments of, 54.
Punjab, 31 ; 1947 partition of, 3
refugees in (see under Refugees
72f ; 80 ; 83 ; *et passim*.
Purulia, 46f.

- Rabindra Sarobar, 9.
 Railway, freight rates and Eastern States, 161, 162.
 Rajasthan, 108, 108n ; 139f.
 Ranga, N. G., 83.
 Rau, B. N., and Constitution, 147, 149.
 Ray, Prafulla Chandra, 49.
 Ray, Siddhartha Sankar, 84 ; Central Minister for W. Bengal, 90 ; 91 ; and Centre's brief, 92 ; 97 ; on murders in W. Bengal, 138n.
 Refugees, 3 ; explosive problem in W. Bengal, 32 ; Centre's policy on, 57ff, 62ff, 65ff ; in Delhi, 67 ; Dandakaranya, 65n ; assets of Pakistani, 66 ; Nehru-Liaquat Pact and Bengali, 67 ; 66, 69n ; 88 ; 163 ; 165ff.
 Rohatgi, Sushila, 83.
 Roy, Bidhan Chandra, 10 ; 30 ; 31 ; 34 ; 41 ; on Centre's functions, 35 ; on Central interference in State affairs, 42n ; 43 ; and cement factory in Purulia, 47 ; 48 ; and L. I. C., 54 ; 59 ; 70 ; 76 ; 79 ; 80 ; 84 ; 87 ; 93 ; 97 ; 104 ; 158.
 Roy, Sukumar, on raw material supply, 48, 48n.
 Sahay, Krishna Ballav, 73n.
 Salisbury, 14.
 Salt, 21f ; freight on, 96.
 Saptagram, 12.
 Sen, Asoke, 82.
 Sen, R. C., 31 ; 43 ; 59 ; differences with Asoka Mehta on plan, 71 ; 87 ; and food agitation, 101f, 101n ; 105 ; and Ajoy Mukherjee, 115, 120.
 Shah, Manubhai, 40.
 Ship-building, in Bengal destroyed, 21.
 Shukla, V. C., 83.
 Siraj-ud-Daula, 16.
 Srivastava, S. N., on Centre and West Bengal, 49n.
 SSP, 114.
 Steel, effect of price equalisation of, 45, 45-6n, 88, 96 ; 72 ; 76.
 Sterling balance, 51.
 States, crippled financially, 150, 152.
 States (Eastern Region), compared with E. Pakistan, 3, 73 ; resource producer, 70 ; 76 ; suffer under planning, 80 ; impoverishment of, 154, 157 ; 161 ; development policy for, 163f ; *et passim*.
 Subramaniam, C., 90.
 Sugar, export subsidy on, 40, 161.
 Swaminathan, T., on decline of W. Bengal, 47 ; on backwardness of Bihar, Orissa, 47f.
 Tamil Nadu (sometimes, Madras), 31 ; 32 ; 40 ; 53 ; wage level in, 54 ; 80 ; 112 ; *et passim*.
 Tamralipta, 12.
 Tata, J. R. D., 23.
 Tea, in Assam, Bengal, 39, 40.
 Tegart, Charles, 137.
 Telephone rates, 44, 44n, 97, 97n.
 Tokyo, 96.
 Toynbee, Arnold, 60, 60n.
 Tripura, 163.
 Tyagi, Mahavir, 122.
 Unemployment, in W. Bengal, 80f.
 United Front and Government (in W. Bengal), 62 ; 74 ; internal quarrels, 74f, 110 ; 128 ; land movement under, 75 ; gheraos under, 76 ; 78 ; 79 ; 86 ; 87 ; 90 ; 104ff ; cold war with Centre of, 108 ; Central plans against, 126 ; 130 ; 133 ; mini front in 134 ; 136 ; *et passim*.
 United States, 17 ; 52f ; 53n.
 Uttar Pradesh, 28.
 Visakhapatnam port, 32.
 Wavell, 145.
 WBPC, 61 ; Nanda's plan for, 119, 119n ; 126 ; 1969 election debacle of, 125.
 West Bengal, 2 ; 4 ; disruption of

- economic, social life of, 9f ; 27f ; per capita income of, 28, 31, 31n, 93 ; industry, agriculture in, 28ff ; factories in, 29, 32 ; wage level in, 30, 30n, 54 ; literacy in, 31 ; income tax share of, 33f, 34n ; loss from jute of, 37f, 37n, 38n, 95 ; wealth drain from, 40f ; debts of, 42, 42n ; loss of locational advantages of, 45f, 46n ; 157 ; raw material shortage in, 48 ; licences for, 51, 163 ; financial institutions' investments in, 54 ; flight of capital from, 55f ; refugees in (see under Refugees) ; plan outlays of, 30, 31n, 93 ; industrial production in, 71f ; non-maintenance of industries in, 160f ; labour troubles in, 80 ; Lok Sabha debate on, 82f ; nature of Central rule in, 87 ; major problems of, 87 ; no voice at Centre of, 91 ; "bundh", 102 ; food disturbances in, 101f, 101n ; party position in Assembly of, 104n, 125n, 164n ; conflict with Centre of, 112 ; Centre's dilemma over, 116ff ; 121 ; new policy outline for, 163f ; *et passim*.
- West Germany, 52 ; 88.
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independent India, he says, is the ruination of the old Bengal Presidency by the East India Company.

The book also uncovers the moves, political and administrative, the Centre made from time to time, often interpreting the Constitution to suit the purposes of the Congress, against the Left United Front Governments in West Bengal in 1967 and 1969-70. The author points out how State autonomy has been reduced to a mockery and raises the fundamental question whether concentration of all power at the Centre is a desirable response to the problems facing this vast and varied country.

Outlining the direction in which the Centre's policies need to be changed to restore the basis for the economic growth of West Bengal and other Eastern States, the author says that India must not ignore lessons of history. A colonial economy fosters a characteristic response from its victims. If the Centre's policies are not changed from above, a revolt will well up from below. The post-1966 happenings should serve as a warning

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