

A. R. Desai

**A NEW POLICY FOR
RURAL DEVELOPMENT IN
SOUTH AND SOUTH-EAST ASIA-
ITS SINISTER SIGNIFICANCE**
(With special reference to India)

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**C. G. SHAH MEMORIAL TRUST
PUBLICATION (8)**

C. G. Shah (1896-1969)

C. G. Shah, in whose memory, C. G. Shah Memorial Trust has been created, was one of the most profound, persuasive and erudite Marxists in India. He was a pioneer in spreading Marxist ideas in India and influenced a large number of intellectuals, authors, journalists, lawyers, teachers, professors and political workers for many generations. The depth of his understanding of Marxist thought and his noble simplicity and dedicated life evoked respect from the critics of Marxism.

C. G. Shah was born in 1896 in a middle class educated family in Ahmedabad. He had a brilliant academic career. During his school and college days, he mastered the thoughts of eminent democratic thinkers. He also deeply assimilated the rich philosophical and artistic creations of modern Europe. Mastery over Sanskrit language enabled him to study the rich philosophical and literary works of India. After completing a bright academic career, he chose a life of dedicated service to the people, shunning all alluring higher positions in Indian Civil and Educational Services, offered to him because of his academic brilliance. Coming in clash with his family, on two issues viz. job and marriage, he left Ahmedabad and settled in Bombay, as a part-time teacher and subsequently earned his livelihood as freelance Journalist.

C. G. Shah was among the first in India to react to the October Revolution sympathetically. With his rich cultural equipment, he took to Marxism quickly. He was among the first few intellectuals in India, along with S. A. Dange, S. V. Ghate, Muzaffer Ahmed and few others who became Marxists. From that time, he made mastery of Marxism and dedication to the Socialist movement, his life objective.

C. G. Shah, along with Dange and others, became one of the founders and an eminent pioneer and a leader of Communist Movement in India. During the period of 1920's and 1930's as Philip Spratt, the famous British Communist sent to India points out "Shah was considered rightly the most learned Marxist in Bombay".

C. G. Shah was actively associated with the founding of many progressive, rationalist and anti-imperialist movements and organizations which arose in the twenties. He was one of the founders of the first Birth Control League in India established in Bombay, the Bombay unit of the Independence of India League, of which Jawaharlal Nehru was the President, also of the Bombay Youth League being one of the secretaries along with the late Yusuf Meherally. He also actively functioned in creating cadres for Marxist movement in India. A large number of Left intellectuals and dedicated workers gravitated to Marxism under the impact of C. G. Shah's written and persuasive oral propaganda. His main activity

C. G. Shah Memorial Trust Publication (8)

**A New Policy for Rural Development
in South and South-East Asia—
Its Sinister Significance**
(India A Case Study)

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A NEW POLICY FOR RURAL DEVELOPMENT IN SOUTH AND SOUTH-EAST ASIA—ITS SINISTER SIGNIFICANCE

(India a Case Study)

I. Policy of Development in the Early Phase After Independence

SINCE the end of World War II, the Third World countries and more particularly South and South-East Asian countries are attempting to eliminate the colonial legacy of underdevelopment and social backwardness by adopting various measures to reshape the economy, social structure and cultural life. The newly emerged independent states have been trying to follow a path of development which has been generally described as the path of modernization based on rapid industrialization and urbanization and operating on the postulates of mixed-economy capitalist indicative planning. Under the rubric of this path of development, measures of various types affecting both urban and rural segments of the country were adopted. The important measures adopted in the form of economic development consisted of evolving an infrastructure of heavy industry, power and transport, actively undertaken by the newly emerged states and a series of steps to induce and encourage private sector in the rest of the fields thereby inaugurating a phase of rapid industrial and urban development. In rural areas, where overwhelming majority of the

★ In preparing this paper I have received co-operation from many sources. I am thankful to Chandrasen Momaya for his active assistance in collection and sorting out material as well as for his valuable help at various stages. I also acknowledge gratitude to Centre for Monitoring Indian Economy 110-120 Kaliandas Udyog Bhavan, Near Century Bazar, Worli, Bombay-400 025, Centre for Social Studies, (Dangore Street, Nanpura P. B. No. 38, Surat 395 001) and the library of the University of Bombay for making available to me important material relevant for my paper.

population resided, the governments of these states adopted a multipronged approach by elaborating a large number of steps to reconstitute rural economic institution and rural social structure on a higher and modern base. The measures included, (i) laws in the form of land reforms, enforcing ceiling, co-operatives, scaling down of debts, consolidation and reconstitution of extremely fragmented and sub-divided units of land; (ii) steps to provide irrigation and power facilities, standardization of weights and measures, building up of a network of transport and communication facilities; (iii) provision of necessary inputs in the form of seeds, fertilizers, improved agricultural implements, pesticides and insecticides as well as a framework of research and experimental centres to improve the productivity of agriculture and augment production. Further, with a view to generating an adequate framework for an agrarian development, an infrastructure of administrative and social institutions was also created, which took the form of National Extension Programmes, Community Development Programmes, and culminating in a number of countries into Panchayati Raj type institutions on one side and a network of administrative offices starting at the bottom from Gramsevakas and Sevikas to Sarpanchas, Block Development Officers to Ministry in the States and the Centre. The governments of these States also actively assisted in the formation of numerous voluntary associations, like Youth Associations, Mahila Mandals, Cultural organizations and a number of other associations dealing with various aspects of life in rural areas. The governments of these States inaugurated a large scale network of educational and health institutions comprised of schools and Primary Health Centres. They struggled to weaken and eliminate the traditional, ascriptive institutional framework and value system by putting the remotest corner of rural areas into the mainstream of national market and money economy as well as in the institutional and value framework, evolved to modernize and develop the economy and society. This policy which provided the basis for overcoming backwardness and lifting the Third World countries to a take-off stage of development was considered as the great and most suitable path for these countries to emerge into prosperous Industrial, Urban, Modern, Developed communities. Almost for twenty years, since these countries started their conscious developmental plans, it was believed that in spite of numerous hurdles and difficulties in terms of resources and skills, this path was the

only, fundamentally democratic path for these countries to come out of their age-old backwardness and under-development.

It should be noted here that the strategy pursued for overall economic development of these countries based on the postulates which we have mentioned did augment agricultural production compared to that during the colonial period. Further it brought the agrarian economy within the matrix of national and international economy. It also stimulated a section of agrarian population comprised of landowners, capitalist farmers, and owners of land with viable units for agrarian production, to stimulate production on modern lines and to utilize the various facilities and inputs provided by the Government. In fact, one can say that the strategy of the Governments in the rural areas which started with the all-round social transformation of rural area culminated in intensive area development and in green revolution in certain parts, a logical outcome of the major postulates underlying this strategy of development to modernize Third World countries. We will now concentrate our analysis basically on the basis of Indian experience, though the analysis is on the whole applicable to all Asian Third World countries.

II. Alarming Tendencies Discovered

During the last ten years this strategy has revealed some of the alarming deficiencies. This has caused grave concern among the policy-makers shaping the development on the basis of this strategy. The unfortunate tendencies unfolded as a consequence of the operation of this policy have been revealed in the following manifestations: (1) Though compared to the colonial period industrial development has expanded and diversified, the expected industrial and urban development has not taken place to relieve the burden of excess population from rural areas. (2) The industrial development has not acquired a tempo which is necessary to augment or to speed up economic development at a rate which would lead the countries to a take-off stage. (3) The rate is not uniform as anticipated in the plans, but it experiences jolts and also zigzags of ups and downs. Particularly, during the last ten years, it is experiencing a lowering rate and unpredictable erratic behaviour in the different branches of industry. Even plans started taking holidays or became rolling. (4) The

assumed capacity of industrial growth to absorb more and more labour is being belied and in fact the operation of labour-saving machinery displacing labour is becoming more and more prominent. This, in the context of migration from agrarian and small town area into bigger cities and metropolitan belts, has generated a massive proliferation of what the well-known economist and demographer, Asok Mitra calls "a poverty induced informal sector" comprised of unimaginable variety of trade, service, and other categories of bread-earning activities which even includes begging, hawking, prostitution and a number of legal and illegal modes of hunt for purchasing power and incomes. In fact, in the organized sector, it is the government which becomes the largest employer providing purchasing power to employees. (5) In agrarian areas, it has been found that the land reforms, while chopping off a small top of absentee landlords not interested in modern agriculture and creating a section of landowners who could orient actively to agriculture, have not basically solved the problem of providing land to the vast bulk of tenants and small farmers, share-croppers and agricultural labourers. In fact, the land reforms have been found to have aggravated the poor conditions of the small cultivating sections by depriving them of even the security and assurances provided by old tenancy acts and have hurled them into mass of insecure cultivators forced to operate as backdoor tenants or to the status of agrarian proletariat.

Scholars have revealed another alarming trend. Instead of the number of peasant proprietors increasing as a result of land reforms and other measures, actually, there is an alarming rate of growth of landless agricultural proletariat. They have also indicated that the income and asset inequality in agrarian areas have been increasing with the unfoldment of plans. Another feature which has been observed is that the number of people falling below poverty line is multiplying rapidly. But the most alarming feature which has caused deep concern has been the accelerating tempo of unemployment and under-employment.

Scholars studying the Third World have pointed out that in social field institutions which were supposed to be modern and which were to be utilized by all the citizens irrespective of caste, creed and other ascriptive characteristics are monopolized and utilized by the upper strata comprised of landlords,

rich farmers, traders and others in rural areas, thereby weakening social and political power of the rural poor as well as preventing them from active participation in various activities in rural areas.

The inputs, financial, organizational as well as in the form of infrastructure of power, irrigation and transport are also basically helping the richer strata to strengthen their position.

All these developments in the rural area have generated a sense of acute uneasiness among the policy-makers and have forced them to think seriously about how to counteract these trends.

III. Search for a new policy of rural development

It was being realised that the strategy adopted during the first twenty years of planning was consistently unfolding certain tendencies which generated a titanic explosive situation of tensions, antagonisms, conflicts, resulting in growing apathy, resistance and protracted and intensifying unrest among and struggle by the rural poor. This resulted in the need of evolving a new policy for containing and repressing the poor but also giving a small section out of them some relief as well as generating a sense of participation in overall development. Organizations like World Bank, ILO, FAO, UNO as well as the planners of various Third World countries have started having very intense and fresh look at the problem. Pragmatically however the Governments in a number of Third World countries had already started evolving certain programmes to counteract tendencies mentioned above and elaborate various programmes to provide some relief to the poor and to evolve them in the various programmes which would meaningfully enable at least a small section of the poor to secure some purchasing power as well as to participate in augmenting production. In India even from the late sixties a kit of measures was elaborated which is becoming the unit for the new policy which is to be characterized as strategy of "Integrated Rural Development."

The measures which were worked out to be included in the new policy could be enumerated as follows :

- (i) More zealous implementation of land reform and ceiling measures ;
- (ii) Concerted effort to distributed the surplus land which was not adequately distributed

(iii) Elimination of the loopholes in the land records to avoid malpractices pursued by the influential persons in the rural areas ; (iv) Efforts to place the financial allocations to the middle and poor farmers to enable them to take to profitable production ; (v) Greater attention on organising farming and other varieties of Co operatives ; (vi) Crash-Schemes for rural employment (CSRE) ; (vii) Small Farmers Development Agencies (SFDA) aimed at small but potentially viable farmers with a view to making available to them the inputs, including credit, to enable them to utilize available technology and practise intensive agriculture and diversify it ; (viii) Programme for marginal farmers, and agricultural labourers (MFAL) with a view to evolving appropriate programme of institutional, financial and administrative arrangements to enable them gainful participation in production ; (ix) Along with this there have been schemes such as rural work programmes for chronically drought affected areas known as "Drought Prone Area Programme" ; (x) Special schemes of non-agricultural nature, but providing employment as well as increasing the production of assets of a durable nature like (a) road building, (b) reclamation and development of land, (c) drainage, embankments etc., (d) water conservation and ground water recharging, (e) minor irrigation, (f) soil conservation, (g) afforestation and (h) special repairs, (xi) Area Development schemes.

Before we assess the possible success of the so-called "New Policy of Integrated Rural Development," which is presumed to take up the above mentioned separate measures in an integrated area development plan and not as part of the sectorial development schemes we should recognize that all these separate measures have been tried out either as experimental pilot programmes or as measures to counteract the earlier tendencies. In India it took the form of 20-point programme of Indira Congress. Numerous assessments have been made of the effectiveness of these programmes as they are being operated.

We will review the findings of the various experts, and expert committees in connexion with some of the important measures which are being included as constituent elements of the new policy.

IV. Proposed land reforms and ceiling measures : an evaluation

Before we examine the possibilities of success which may

come about as a result of the so-called novel way in which the land reform and ceiling measures are to be implemented as a part of the new strategy, we should briefly point out the real causes which led to certain successes and major failures of land reform measures in realizing the goals attempted up to now. We will begin by quoting from one of the most competent reports submitted to the Planning Commission of India by the Task Force on Agrarian Relations under the Chairmanship of P.S. Appu in 1973. The report gives an overall assessment of the Indian land reforms in the following terms : "A broad assessment of the programme of land reforms adopted since Independence is that the laws for the abolition of intermediary tenures have been implemented fairly efficiently, while in the field of tenancy, reform and ceiling on holdings, legislation has fallen short of proclaimed policy and implementation of the enacted laws has been tardy and inefficient. With the abolition of the intermediary interests, the ownership of land became more broad based and the superior tenants acquired a higher social status. It should not, however, be overlooked that as a result of the tenancy laws enacted in the decades prior to Independence the superior tenants had already been enjoying security of tenure and fixity of rent. It is a moot point whether the abolition of intermediate interests conferred any new economic benefits on tenants. The programmes which could have led to a radical change in the agrarian structure and the elimination of some of the elements of exploitation in the agrarian system and ushered in a measure of distributive justice were those of tenancy reforms, ceiling on agricultural holdings and distribution of land to the landless and small holders. As already pointed out these programmes cannot be said to have succeeded. Highly exploitative tenancy in the form of the crop-sharing still prevails in large parts of the country. Such tenancy arrangements have not only resulted in the perpetuation of social and economic injustice but have also become insurmountable hurdles in the path of the spread of modern technology and improved agricultural practices. Thus the overall assessment has to be that programmes of land reforms adopted since Independence have failed to bring about the required changes in the agrarian structure."

Various reasons have been given for poor performance of and reforms to deliver the goods expected from them. The same report gives the following reasons for poor performance

of land reforms in India :

- i) Lack of political will.
- ii) Administrative organization — Inadequate policy instrument.
- iii) Legal hurdles.
- iv) Absence of correct up-to-date records.
- v) Land reforms viewed so far in isolation from the mainstream of economic development. For instance, according to the report, the main ingredients of the programmes like abolition of intermediary tenant, tenancy reform and ceiling on agricultural holding were treated as disjointed programmes and sought to be implemented as such. Consolidation of holdings was conceived and undertaken without providing for village roads, irrigation and drainage channels, land shaping, soil conservation, etc.
- vi) Lack of financial support as a great hurdle to successful Indian land reforms right from the beginning. No separate allocation of funds was made in five year plans for financing land reforms. Many States declined to include even expenditure on such essential items like preparation of records of right (which would have qualified for planned help) in their plan budgets.
- vii) In the background of these limitations it has been claimed by the report that the funds were not available for extending and supporting services to beneficiaries of land reforms. In the absence of adequate supporting facilities the assignees have not been able to put the land allotted to them to proper use.
- vii) Non-availability of reliable and up-to-date data on various aspects of land reforms even after two decades of land reform.

It is surprising that this competent report which claims that "Enactment of progressive measures of land reform and their effective implementation called for hard political decisions and effective political support, direction and control," and further stating that, "in the context of the socio-economic conditions prevailing in the rural area of the country, no tangible progress

can be expected in the field of land reforms," does not examine the class bias underlying the political will of the state and attributes this failure to lack of political will.

In fact, a plan based on creating a rich farmer class described as "progressive farmers" producing for profit and for market as the main agent of development from its inception, logically guides the Government to concentrate political will in strengthening this class. In fact, it was not a question of lack of political will that was responsible for loopholes in the very definition of "tillers of land." As rightly pointed out by H. D. Malaviya, "Far from bringing about any equality and justice in the Indian agrarian pattern, the initial failure to make the tiller the owner and abolish unearned incomes from land has led to increasing disparity and class differentiation."² Further, the political will has never remained weak when it comes to suppressing the assertions of the poor in rural areas.

The fundamental issues connected with land problems are rooted basically in the path of development which is being pursued by the policy-wielders of the Third World Countries. The problems of abolition of intermediary, the problem of fixing up adequate ceiling and the problem of land tenure are vitally bound up with the conception of who are to be the main agents of economic growth and secondly, whether the production is to be carried on for profit and market as commodity or whether the production is to be determined as a part of central planning whose objective is to produce for assessed needs of the people and not as commodities for the profit of the proprietors producing for the market. This crucial problem of choice of specific path of development is not applicable to India alone but affects all countries of the Third World.

This issue is competently discussed in a profound paper 'Land Reform Programmes in East and South East Asia—A Comparative Approach' by Antonia T. Ledesma. After carefully examining the land reform programmes adopted in various South East Asian countries, both Communist and non-Communist, the author clearly points out the differentiating ingredients with regard to the philosophy of land reform inherent in the two paths of development as presented in the following chart,³

	NON-COMMUNIST VIEW	COMMUNIST VIEW
Assumptions regarding land problem	Market imperfections in the factors of agricultural production—land, labour, capital, entrepreneurship.	Class struggle between landlords and peasants.
Attitude towards property	Wider distribution of private land ownership.	Private ownership of the means of production, i. e., land to be abolished.
Process of land redistribution	According to legal norms enforced by courts and police power of the state.	Means for peasants to exercise power over landlords.
Duration of land distribution	Final stage, supported by infrastructure of services, credits etc.	Transitional stage, prior to collectivization (Co-operatives and or communes).
Landlord Compensation	" Fair Compensation " based on land value or some other norm.	None: all land and farm equipment to be expropriated.
Tenure reform beneficiaries	Share-croppers become lessees or owner-tillers, but landless agricultural workers not benefited.	Poor and hired peasants allotted land, middle and rich peasants not touched.
Farm Operation	Family farms, increased scale of production with HYV and more inputs, and service co-operatives.	Collectivized agriculture; production team brigades people's communes, large-scale farming.
Ultimate Vision	To form a strong rural middle class participating in parliamentary democracy.	To create an egalitarian rural society, principles of the mass line and democratic centralism.
Some recurrent problems	<ol style="list-style-type: none"> 1) reconcentration of land-ownership 2) how to increase scale and size of farm operation 3) government co-operation of peasant groups towards fascism 	<ol style="list-style-type: none"> 1) problem of incentives 2) how to provide specialized training without return of "capitalist tendencies" 3) control by a central government and the party toward totalitarianism of the left

The chart is extremely significant as it reveals the crucial difference between two paths of development wherein the conception of land reforms is not merely different and opposite but also their utility in the overall development in the context of classes through which this development is to be relied upon is clearly brought out. One may disagree with some of the ideas formulated in some sections as broadly based on purely

Chinese experience. However, one appreciates the major issues highlighted.

One of the crucial issues connected with land reforms is the objective for which the land reforms are to be pursued.

Are the land reforms to be carried out with a view to creating private entrepreneurs in the form of capitalist, rich or middle peasants who would develop agriculture to produce for profit and market basing themselves on the infrastructure of inputs provided by the State wedded to capitalist path of development?

Or are the land reforms to be implemented with a view to seeing that the real toilers who actively operate upon land either individually, co-operatively or collectively, do not produce for profit and for the market but for the assessed needs as planned out under the rubric of central planning and equipped with infrastructure of inputs provided by society and the state wedded to a policy of planned economy operating to produce for the assessed need of community as a whole?

As rightly pointed out by Ledesma :

"Depending on the political ideologies of the governing elites, the paradigms for land reforms have taken on different and at times diametrically opposite directions in various countries.

"At one end of the spectrum, following the capitalist strategy for development, based on the concepts of private property and free enterprise, the owner-cultivatorship of the family farm has been upheld as the model for land reform in Asian countries influenced by U. S. policy in the post-war period.

"The basic tenure pattern which has been woven into the experience of Western man is essentially that which was proposed by classical liberalism, and whose economic functioning was formulated in neo-classical economics. This remains true despite all the problems of surplus production, price support programmes, and all the rest. This is the basic pattern which was adopted in Japan after World War II. The agricultural economy is based upon private ownership of land, individual entrepreneurship geared partially into a market economy, with credit facilities, appropriate education, market information, and so on (Parsons 1961 : 286).

"On the other end of the spectrum, following the socialist path of development, Communist countries such as China, North Korea, a reunited Vietnam and conceivably today, also Cambodia and Laos have all stressed collectivized agriculture and the merits of the co-operative and/or the commune."⁴

The proponents of mixed-economy capitalist path of development refer to Japan, South Korea and Taiwan as the most successful demonstration of the effective implementation of land reforms in countries pursuing this path. I will indicate subsequently, from some of the studies of these countries, how the generalization made, that a very efficient redistribution of land reaching out to small farmers and creating both incentive for production and equitable atmosphere in rural area is feasible in all Third World countries, is fundamentally erroneous. Even with regard to Japan etc. as observed by close students of these experiments one cannot be very sanguine of success. The small farmers of these countries are also getting differentiated and according to scholars, serious problems of the same nature which are being experienced by other countries pursuing this path are being visible.

The basic fallacy underlying this hope of augmenting productivity and also establishing equality lies in the fact (which is either ignored or sometimes deliberately hidden by scholars and policy-makers) that the beneficiaries of land reform in the societies struggling to develop by pursuing capitalist path have to produce for profit and market. They cannot escape tough competition and cannot avoid the consequences of the law of concentration and centralization and weeding out inefficient and uneconomic producers. It is one of the ironies of the scholarship which battles to evolve varieties of solutions without transcending this framework, that they always ignore or underrate, or cunningly bypass the fundamental logic governing production of commodities for profit and market by private proprietors big or small industrial or agricultural, even though backed by public sector and active state intervention.

Antonio J. Ledesma, after an exhaustive review of material available on the subject and having himself carried out empirical survey in the Philippines, evaluates and summarizes the effectiveness of land reforms in the following chart.⁵

SCPOE AND DEGREE OF IMPLEMENTATION OF LAND REFORM PROGRAMME IN EAST & SOUTH-EAST ASIA

Land Redistribution Completed

COMMUNIST	NON COMMUNIST	SOCIALIST
China (1950-52)	Japan (1947-49)	Burma ?
North Korea (1946-48)	South Korea (1950)	
North Vietnam(1954-1956)	Taiwan (1953)	

Partial Reforms Consisting Primarily in

LAND REDISTRIBUTION	LAND SETTLEMENT	MINIMUM EFFORTS
South Vietnam (1957) (1970-75)	Philippines (1954-57) Malaysia	Cambodia Laos
Phillippines	Indonesia	
Indonesia (1962-65)	Thailand	

We have already mentioned how the same author while examining three successful experiments of land reforms in non-Communist countries indicated in the chart, considers them as exceptional historical cases where land reforms were extended under special circumstances and also in the first flush of the post-Second World War developments.

Even for these countries, he points out on the basis of number of studies of these countries that the same problems of pauperization and small units being weeded out leading to proletarianization have again started as second generation problem, now coming to the fore after 25 years. As he points out, very poignantly and pertinently, the logic of capitalist path of development in the Third World is increasingly uprooting the small and marginal farmers marginalizing them in terms of their productive role and hurling them into a category of backdoor tenants or agrarian labourers.

The findings by Antonio J. Ledesma and others as well as the overall assessment of the Appu Committee reveal that land reform, ceilings and tenurial reforms, however enthusiastically carried out, cannot go beyond a particular limit laid down by the logic of the path of development. The lack of enthusiasm and the consequent implications vividly described by the Appu Committee and corroborated by a number of studies in other Third World countries are rooted in the inevitable consequences of pursuing this path. It is not surprising that the recent document published by the World Bank, entitled

The Assault on World Poverty, is astutely aware of this problem, hints at this basic limitation, but still glosses it over by a very tricky reference to it in subtle confusing language and disposing of this entire vital topic in one paragraph of a massive book of nearly four hundred pages.⁶

We will conclude our discussion on the potentialities of land reforms ceiling measures and an improvement in tenancy relation even if they are not pursued sectorially but as a part of integrated area development of the rural development policy, to generate high productivity, ushering in equality and invoking active people's participation by quoting from a very thoughtful scholar on this subject. Dr. Uday Mehta has exhaustively dealt with this problem in his valuable work *Agrarian Strategy in India*. I will quote him in full as it sums up the incapacity of land reforms howsoever they are implemented within the framework of the capitalist path chosen for development and pursued in Third World countries.

"The underlying presumption of the present government land policy is to reorganise Indian agriculture by relying on the rich farmers in rural areas. Other measures, including ceiling on landholding, co-operative farming, co-operative village management, rehabilitation of landless labourers on government reclaimed areas, village self-government through democratic decentralisation, security of tenancy under certain defined conditions show that a precise formulation of tenancy rights are framed and implemented within the matrix of village socio-economic structure based on private proprietorship. The entire structure of land legislations is erected on the foundation of village economy resting on capitalist farmers. Thus, the central thrust of post-independence land policy and land legislations as narrated above is to promote fusion of the right of tenancy and ownership into one entity and thereby to inaugurate an area of a new kulak class.

"The present land legislations seek to resolve the Indian agrarian crisis, inherited from the British rulers, by not only safeguarding but also perpetuating the concept of private property in land in agrarian areas. In other words, this approach of consolidating and strengthening the capitalist base in Indian agriculture instead of resolving any of the basic agrarian problems has intensified the miseries and agonies of the toiling strata in rural India.

"As pointed out earlier, one of the central objectives of land reforms in backward countries, is to expand the home market for industrial development. Agrarian reforms in India as well as in other newly independent countries with colonial or semi-colonial heritage have failed to achieve this objective, as their implementation, instead of raising the purchasing power of the overwhelming majority of the rural population, has only resulted in increasing pauperisation of the toiling strata in rural society. To this extent, land reforms have failed to give any decisive impetus to industrialisation in underdeveloped countries.

"Secondly, it is also assumed that land reforms in underdeveloped countries would usher in an egalitarian social order, by reducing economic inequality and disparity of ownership of landholdings and thereby impart social justice to hitherto neglected toiling strata in rural society. But as revealed by our survey, the concentration of landownership has essentially remained the same even after the implementation of land reform measures. So far as the vast bulk of poor tenants and share-croppers are concerned, they have suffered gross injustice as a result of land reforms as they are uprooted from their cultivated land under the pretext of "voluntary surrenders," which are actually forced surrenders of their land.

"Thirdly, any land ceiling measure, even of a 'radical' nature, in the prevailing socio-economic structure with its excessive pressure of population on land in rural society could have only very limited significance. It becomes quite evident from the above appraisal that these measures suffer from certain inherent conceptual limitations. With the permitted loopholes, in the process of implementation, they are further diluted. And the benefits in the form of distribution of small patches of land among the negligible sections of the rural poor are hardly of much significance, as the land so distributed in cases is of marginal or very poor quality.

"Lastly, mere distribution of land cannot solve the problem of the poor cultivators in any effective way. Because even if they get small plots of land, from where are they going to raise the necessary resources to improve agriculture and to make cultivation practicable? In this context, it is necessary to realise the limitation of the slogan 'land to the tiller' popularised both by the ruling classes as well as the Left political

parties. This demand may have significance as an aspect of transitional programme for the toiling strata in rural areas. But for the effective and lasting solution of the agrarian problem, it is imperative to advocate the need for promoting co-operative and collective farming as the only revolutionary way for the genuine rural re-construction. It is not by strengthening private property in land, but only by eliminating it, one could really think in terms of just, effective and genuinely radical solution of the agrarian problem in India."⁷

V. Scope of Co-operative Movement for Rural Development

One of the major thrusts in the new land reform policy which is being forged for increasing production bridging inequality and encouraging people's participation for the Third World countries, is to intensify co-operative movement in various fields. It is assumed by many scholars that in the Third World countries having meagre resources and also suffering from scarce capital particularly for agricultural sector, co-operative movement is the crucial solution to ensure growth with social justice and production with equity. As a consequence, the policy-makers have also felt that conscious encouragement of co-operative movement is one of the sound methods of motivating people and mobilizing resources in rational, efficient and equitable manner. For instance, the late Prof. D. R. Gadgil, one of the stalwarts among Indian economists, and once Deputy Chairman of the Planning Commission for some time, considered co-operative farming as an 'obvious and logical' solution to the "basic problems of agriculture in this country" and described the sceptics as "dogmatically-oriented ones."⁸

Without going into the details of the development of and the operations of the various aspects of co-operative movement in India, we will only quote the editorial of one of most outstanding specialized newspapers classically reflecting capitalist interests, viz. *Economic Times* which has reflected upon the achievements and failure of the co-operative movement as a whole until 1978. This report candidly points out that Indian co-operative movement has not satisfied the faith placed on it by scholars like Gadgil, and the policy-makers, To quote :

"In a year from now the co-operative movement in India will be 75 years old. Today it has a membership of nearly 70

million. The annual value of its activities is estimated at about Rs. 15,000 crores. Despite its size, the impact of the co-operative movement on our economy has been marginal.

"It had started during the days of our freedom with the noble objective of building a self-help movement among the poor. Today its structure is totally unrelated to the realities of our economic situation. At the ground level it is dominated by affluent farmers, traders, the local bureaucracy and politicians. Two massive apex bodies have been super-imposed, instead of growing naturally from the roots upward. The credit co-operatives set up to provide cheap and easy credit to the rich farmers form the backbone of the movement. This provides great scope to members of the ruling parties in different states to extend their influence through disbursement of largesse and opens up opportunities for corruption. There are a number of agro-based production and marketing co-operatives. Apart from these, there are rural, industrial crafts, housing and transport co-operatives. Leaving aside the weavers co-operatives, in 1974-75 there are 22,000 industrial co-operatives with a paid-up capital of Rs. 73.74 crores and a working capital of Rs. 332.15 crores. Of these, the sugar, cotton, oilseeds, fertilizers and dairy products co-operatives have emerged as giant profit-oriented commercial enterprises, catering mainly to elitist markets.

"In the whole process of creating and meeting the needs for vested interests, the vast majority of the population, the rural and urban poor have been completely lost sight of. It is no wonder that most of the other industrial co-operatives have been totally neglected. At least fifty per cent have become dormant. Membership has fallen from 32.30 lakhs in 1969-70 to 26.50 lakhs in 1974-75. In some states, industrial co-operatives have practically ceased to exist. In this context current government measures, such as the Rs. 1,000 crore allocation in the sixth plan for the development of co-operatives, the 42-point action programme to enrol and ensure full participation of the rural poor in existing primary co-operatives and strengthening the national co-operatives development corporation can only have a marginal impact. Given the existing structure, the weaker sections, even when constituting a majority, cannot possibly exercise their democratic rights against the economically and socially powerful minority. The co-operative movement in the rural areas cannot be effective

unless it is able to mobilise the vast majority of the poor separately and bring them into the production processes through viable enterprises. What is required is a mass movement with dedicated and technologically equipped voluntary organisations interacting intimately with the rural poor. Through such an effort alone the co-operative movement can cover a whole range of agro-based and agricultural development oriented industries and establish viable links with marketing, credit and service enterprises in different sectors of the economy. The comprehensive review of the co-operative movement being considered by government should be conceived with such a perspective."⁹

The above quoted editorial in its last few sentences uses the same jargon which has been used from the very beginning of the movement but without taking note of the fact that a developmental planning based on reliance on profit-chasing proprietary classes and founded upon production for profit and market inherently contradicts the possibility of rosy proposals placed in this editorial. The editorial was written in the context of the new draft plan (Sixth Five Year Plan) inaugurated by the Janata Government which was supposed to be evolving the new strategy of rural development, though within the same capitalist mixed economy postulates.

While this editorial describes the failure of co-operative movement, Gunnar Myrdal candidly gives one of the crucial reasons for this failure in the following words :

"Unfortunately, the notion that co-operation will have an equalizing effect is bound to turn out to be an illusion. While land reform and tenancy legislation are, at least in their intent, devices for producing fundamental alterations in property rights and economic obligations, the 'co-operative' approach fails to incorporate a frontal attack on the existing inegalitarian power structure. Indeed, it aims at improving conditions without disturbing this structure and represents, in fact, an evasion of the equality issue. If, as is ordinarily the case, only the higher strata in the villages can avail themselves of the advantages offered by co-operative institutions and profit from the government subsidies given for their development the net effect is to create more, not less, inequality. This will hold true even when the announced purpose is to aid the disadvantaged strata"¹⁰

Gunnar Myrdal rightly points out that in any inegalitarian society the benefits of the co-operatives are bound to enhance economic and socio-political power of the richer section.

A number of scholars have pointed out that small co-operative farms are not suitable on the ground of economic rationality. Here we may refer to the observations by one of the specialists on the subject Dr. S. H. Deshpande has recently conducted an exhaustive study on co-operatives in rural India. After examining various aspects of co-operative farming both with regard to small farmers and also of large farmers he points out how the problem of co-operative farming tends to get more thorny as we go down from various categories of large farmers to small farmers. He categorically states that rich farmers have one saving feature, i.e., they are creditworthy. This basic weakness in the small farmers according to him will result in "the worst of all the worlds in so far as co-operative success is concerned."

Dr. Deshpande in this book in a special chapter on the 'Co-operative Farming and the Small Farmers' has very cogently discussed how in the context of an economy founded on capitalist mixed economy postulates, the co-operatives of the small farmers cannot succeed due to a number of reasons such as inability to procure finance, incapacity to save, greater difficulties for work incentives, lower skills of management, etc.¹¹

Some scholars have also examined co-operatives from other aspects. According to them, if co-operatives are a part of a larger economic framework which itself is based on competition and mad craze for profit, they cannot remain unaffected by this basic underlying gestalt of the overall system. At best, the co-operative societies within the framework can operate only as agencies in the hands of the members of the specific co-operative societies to fight out collectively their competitions. In other words, the co-operative movement in the context of the capitalist economic system can only function as an agency to pool some resources to carry on struggle in the competition.

At this point it will be interesting to note the views of Prof Thorner, Prof Khushro and other specialists about the

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working of the co-operatives in India after independence. Sharad Jhaveri, an eminent marxist scholar, in his article 'The Co-operative Movement and Growth of Capitalism in Indian Agriculture' sums up the conclusion of these competent scholars on the working of co-operatives as follows. ¹²

(1) Leadership in co-operatives comprises of big landholders or big people or the village moneylenders; (2) To a certain extent co-operatives present a picture of concentration of power in a single or a group of big families; (3) Mostly, joint cultivation is carried on by permanently hired labourers; (4) The management of such farms is invariably in the hands of the biggest partner or contributor; (5) The proportion of relatives to total membership exceeds considerably the proportion of non relatives; (6) Vast disparities exist between small landholders and large landholders; (7) In some cases co-operatives are organizations of absentee landlords evolved to protect their landed interest against the inroads of new land reform legislations.

We will now survey the functioning of co-operatives in other Third World Asian countries. Mr. Inaythullah in his recently published report on 'Co-operatives and Development in Asia' gives us valuable information and observations about the functioning of co-operatives in Sri Lanka, Iran and Pakistan.

For Sri Lanka, he tells us that "the co-operative movement in Ceylon did not address itself to various problems which it had potentialities to deal with. For example, given the small size of operating units, it is uneconomical for individual cultivators to own machinery and improved farm implements. Given a high level of unemployment it may not be advisable to use machines which displace labour. Co-operatives, however, could make a substantial contribution by owning and renting out machinery that is not labour displacing. The Ceylonese co-operatives also were not active in the direction of integrating land ownership and production and integrating rural and urban productive process." ¹³

Experiences of Iran are also not more encouraging. "Frustration of the hopes of Koshneshin to get land after the land reform has created hostility between them and the gavband. The rift accompanied by concentration of ownership in the hands of the gavband has reduced the co-operative

potentiality of the Iranian community. If the co-operatives are uniting anyone, it is the gavband class, which is accumulating benefits extended by the government. The Iranian village is thus being exposed to new divisions."¹⁴

Pakistani experience is also the repetition of the same story. "The co-operative movement in Pakistan has not in general changed the rural communities to any significant extent. Co-operation was received originally only as a credit supplying device and was to be limited only to this aspect of rural life. Later when the concept of the role of co-operation was broadened to include building an economic democracy, the principle of co-operation was not extended to other economic activities. In fact, policies contrary to co-operative principles, that is encouragement of private enterprise to increase agricultural production, were pursued."¹⁵

A review of the functioning of the co-operatives in various countries of the Third World clearly reveals that while the co-operative movement may involve a few smaller and middle farmers in the process of production as well as may involve a few groups in other categories of co-operatives, it cannot work as a solution to combat immense poverty of unemployed, under-employed agricultural labourers, small tenants, sub-marginal farmers as well as ruined artisans. To involve this category in the co-operative movement would require a fundamental structural transformation where land ceases to be a commodity but an instrument co-operatively operated by actual cultivators backed by a gigantic infrastructure of inputs and other facilities on a different basis with regard to the objective of production and distribution.

It is surprising that the critics of the co-operative movement do not take into account the fact that the co-operative movement has in fact succeeded in strengthening that section of the rural population comprised of the richer strata which is considered as a main change agent for economic development. It is remarkable that our scholars never examine the real intentions of the rulers who are bent on pursuing the path of relying on the rich, and basically use egalitarian and other slogans as propaganda for evolving a smoke-screen to hide this fundamental strategy based on accentuating the economic inequality founded on private property in means of production. This is the hard core of capitalist path of development.

Endeavours to artificially working some experiment of expanding the co-operatives among the poor may serve the purpose of creating confusion among those who suffer as a consequence of logic of this path of development, may create a few showpieces in the form of some 'hot-house' units. But experience as well as logic prove that the co-operative movement within the framework of capitalist path of development cannot basically operate as lever of abolishing inequality and generator of atmosphere for people's participation in production.'

VI. Crash Scheme for Rural Employment (CSRE), Small Farmer Development Agency (SFDA), Marginal Farmers and Agricultural Labour Programmes (MFL), and Area Development Schemes

The other elements which are to be the components of new policy of rural development, as we have indicated earlier, attempt to generate employment as well as to reach out to small and marginal farmers to make them participate more productively in economic development. We have referred to public schemes for employment expansion in India and other countries, chief amongst which have been crash scheme for rural employment (CSRE), small farmer development agency, marginal farmers and agricultural labourers programmes, drought prone area programmes and others. Not merely such schemes are being tried at number of places all over the Third World but some model experiments in the form of Area Development Schemes are also being organized. As the World Bank report points out, "an emphasis on area development is common in many countries for agricultural as well as rural development projects. Basically, arguments in its favour stem from the often complex nature of the target groups; the complexity calls for specific programmes locally prepared and tailored to local conditions. Technical considerations related to specific requirements for agricultural improvement also tend to favour placing development schemes in the framework of an area," and further "the special advantage of comprehensive area development projects, however, is the opportunity to focus directly on the needs of the rural poor through diversified crop and integrated farming systems. The development of these activities can then be linked with training and social services and possibly with rural works programmes."¹⁶

Jezira Settlement Scheme in Sudan, Comilla Projects in

Bangladesh, Puebla Projects in Mexico, Lilongwe Land Development Programme in Malawi are some of the well-known experiments of such area development schemes.

We will point out the limitations of these programmes as indicated by a number of scholars. Prof Amartya Sen in his recently prepared study for the ILO Office has given a detailed evaluation of the CSRE, SFDA, MFAL and other miscellaneous schemes. We will briefly summarize his chief criticisms.

The recent Indian schemes to promote employment partly reflect increasing public concern with the phenomena of rural poverty.

"The magnitude of this poverty, no matter which estimates one accepts, is, however, so large that even if the schemes all prove highly successful, no dramatic impact can really be expected". Further

"Those who are affected do not in fact come from below the poverty line as was noted in reviewing the CSRE, SFDA and MFAL programmes.

"The policy schemes seem to focus their attention on those close to the corresponding 'viability line'. The philosophy and the specific approach of the public employment programmes have been critically evaluated in this light and their regressive character been brought out.

"The class composition of the beneficiary is by no means as straightforward as it may first appear. Through significant loopholes in the conceptions of programmes it has turned out that many among the poorest cannot benefit at all from this programme, while some of the relatively better off can be covered by them. The Institutional framework of rural India makes this problem extremely real.

"The schemes have suffered from an inadequacy of criteria for selecting projects or participants.

"The biggest deficiency of these schemes lies in the absence of the systematic framework for evaluating productive contributions of work programmes."¹⁷

The observations on similar experience in other countries are not very different. Regarding the area development

schemes indicated earlier, the World Bank Report points out major potential dangers in the following terms : (1) the schemes may concentrate a disproportionate share of the resources on providing benefits to a group that is relatively small in relation to the overall size of the national target group. (2) The schemes stand to suffer from a programme designed that is too ambitious and complex, calling for exceptional leadership that cannot always be made available on a sustained basis. (3) They may distort priorities in the allocation of resources among the sector. (4) Too large a part of the available resources is taken for showpiece or 'enclave' projects. (5) The comparative influence in terms of management and finance enjoyed under many of the large projects during the implementation period often does not survive the transfer of function to the local administrative system. (6) Such area development projects based on experiment with decentralization and with the working of new administrative structures and procedure can be launched only in a few pilot areas and requires a very delicate balancing of economic and social components which however can be more easily stated than practised which implies a basic consideration of the limits of fiscal resources available. (7) Similarly with regard to rural public work programmes which have been receiving increasing attention, the World Bank report points out that "a review of the past and ongoing rural works programmes identifies these recurring weaknesses in the design and implementation of primary programmes." The report points out that "while the target groups among the rural poor gain from secondary employment, the owners of the assets, specially land, typically obtain large benefits from infra-structure created. The benefits constitute one motivation for political support of public works programmes by non-target groups which is a necessary condition for the succes of this programme in most countries. However, if land ownership is highly inequitable the incidence of secondry benefits will be similarly inequitable." Further, this report points out "how some governments may be tempted to introduce public works programme as a substitute for more fundamental reforms and policies which promote a sustained growth in income for the rural poor. Such a course of action should be resisted because the scope for immediately reducing under-development and poverty are necessarily limited by budgetary constraints and a shortage of suitable projects would be offset by the inequitable distribution of the

secondary benefit."

The report concludes, "the most important general conclusion is that public works need to be a part of a larger employment and development strategy."¹⁸

The observations by eminent scholars and expert bodies like the World Bank and the ILO have pointed out the major limitations of the programmes which are to be included as main components of the new policy of rural development which is being forged for increasing production, removing inequality and stimulating people's productive participation as well as in democratizing the rural social and cultural atmosphere.

Whether these elements, even if they are woven into an integrated rural development policy, can suddenly deliver the goods expected from the new policy will be examined subsequently. However, before taking up this issue, the much talked of concept of 'peoples participation' which is supposed to be the lynchpin of the New Policy of Rural Development, will be reviewed.

VII. People's Participation — Its Scope

Recently there is a growing feeling among the policy-makers that the failure of the earlier policy of development was due to its inability to activate grassroots-level socio-economic institutions in regions and sub-regions of rural area to ensure 'people's participation' in rural development. In fact, the Centre for Study of Development in India, Delhi has launched a massive research project entitled "Apathy, Protest and Participation in Rural Development Projects."

Similarly, the report of the working group on 'Block Level Planning' under the Chairmanship of Dr. M. L. Dantwala also emphasized in the recommendations, the necessity and importance of public participation at all levels of planning.

The World Bank report also emphasizes the need of people's participation in its own technical terminology while discussing the issue in its section on 'Organisation and Planning of the New Rural Development Strategy.' To quote : "There is a growing consensus that the effective planning and implementation of rural development programmes require the following elements :

"1. A national plan or programme of action for rural development, together with supporting national and regional policies and adequate central-local financing arrangements.

"2. A strong organization at the national level to co-ordinate vertically organized, central government sectoral departments.

"3. Greater decentralisation with effective machinery at the regional and local level to co-ordinate the sectoral activities of national departments operating in the region and regional and local departments.

"4. Participation by the rural poor in the planning and implementation processes through local government project advisory committees, co-operatives and other forms of group organization."

The report with its remarkable precision does not leave also the concepts of 'Decentralization' and 'Local Participation' nebulous. The report clarifies the meaning of decentralization in the following terms. "The many meanings of decentralization should be clearly distinguished. Decentralization may mean, decentralization of authority : (i) to formulate project, (ii) to administer projects and run enterprises (iii) to allocate expenditure and (iv) to raise revenue."²⁰

The report has also highlighted the importance of local participation in the following words : "Community involvement in the selection, design, construction and implementation of rural development programme has often been the first step in the acceptance of change leading to adaptation of new techniques of production and further local institutions such as farmers' associations and co-operatives have obvious potential advantages for coping with administrative difficulties in reaching the rural poor"²¹

There is almost a chorus sung by experts and policy-makers of late, having as its central theme that lack of people's participation has been the major lacuna of earlier policy and that the new policy will concentrate on mobilizing rural people. In fact, the draft Sixth Plan (1978-83) very emphatically highlights this feature in a section of a chapter on 'Planning and Implementation.' As this statement is the most eloquent and detailed presentation on the subject by the most authoritative policy-forming body, we would reproduce it extensively

to bring out the importance of this issue for the success of the new policy.

"12.10. The Plan, whose primary emphasis is on rural development and rural services, will demand a much greater level of organisation and public participation than past plans. It is relatively a simple matter to prepare projects for setting up industries or power stations or expanding capacities of ports or airlines or telecommunication systems. A limited number of experts, planners, construction workers, managers, and operatives are needed to implement such schemes. A programme of rural development involves investment decisions by hundreds of thousands of individuals and the ability to evoke the response of millions of potential beneficiaries. Officials at all levels can only play a limited rôle in such an enterprise as effecting the deliveries of certain essential inputs. The efficient management of this countrywide network will, in the first instance, impose tremendous responsibilities on the Government machinery. But in the final analysis the Plan can only succeed if there is full participation of all the groups who will be affected in one way or another by the massive new rural investment programmes.

"12.11. Besides the rural poor, the other groups whose effective participation has to be sought in implementing a radical plan of rural development is the youth of the country. While on the one hand the lack of employment opportunities results in constant pressure for jobs, on the other hand no sustained effort has been made to harness their talent and energy in programmes of national construction. Young people everywhere ask what they can do but we have not been able to provide an answer. The National Service Scheme and the National Cadet Corps could be augmented and reoriented to develop the kind of momentum that is needed. The time has come to organise, through these and other agencies, a programme for the involvement of youth on a mass scale for rural development. The scope for such enterprise is wide ranging from schemes of adult literacy and non-formal elementary education to rural sanitation and drives for immunisation and family planning. Rural youth with some degree of technical skill can be organised into groups to implement specific projects in demarcated areas for the development of agriculture, animal husbandry or rural industry. Similar projects could also be

developed for urban slum improvement. The possibility of making year's national service on rural development and similar projects compulsory for students, which has been mooted in the past, might be re-examined.

"12.12. There are four elements needed for the success of any radical plan for restructuring rural life. First there must be a national consensus on the plan itself. Over the years such a consensus has prevailed in respect of every national plan. The strategy set out here is the appropriate one for the next phase of the country's development. The Planning Commission is confident that the objectives, priorities and policies laid down in this document will find general acceptance with the Central and State Governments, all political parties and all sections of informed opinion in the country.

"Secondly the plan demands determination of Government as a whole to raise and deploy all necessary resources and to devote all their energies to the fulfilment of its objectives.

"Thirdly, it requires of the community the readiness to accept a degree of restraint on the expansion of its current levels of consumption for the sake of the future.

"Lastly, and most vitally, the plan must evoke the enthusiasm and participation of the vast number of citizens whom it will affect, more particularly the target groups to whom the benefits of the rural employment strategy have to be carried. The poor and the dispossessed will not come into their own, only by plans and programmes, however, well-conceived, by declarations of intent or by exhortations to thrift and labour. If the plan is to succeed, they have to be helped to organise themselves to claim as a right the benefits that should flow to them, so that in turn they may make their due contributions to society.

"The goals are attainable, given only the national will be to pursue them without faltering."²²

I wonder whether the criticism levelled against the old policy on the ground that it did not take into account the need for people's participation is really justified and correct. In fact, if one reviews the statements embodied in various policy statements of the earlier policymakers of the Third World

countries as well as their advisers from the advanced capitalist countries, one could prepare an encyclopaedia, proving how those policy-makers were eloquently convinced about their plans and were also sure that they would rely upon and stimulate participation and would depend upon the role of non-governmental voluntary organizations. Similarly, if one assesses the endeavours of these planners to evolve grassroots socio-economic organizations as well as politico-administrative organs, one would not fail to find the massive creation of organizations involving various sections of the community. The entire programme of 'National Extension Services', 'Community Development Projects' and the so-called decentralized political organizations christened as Panchayati Raj, based on elected representatives of villages, are nothing else but striving to evolve grassroot organizations for people's participation. Similarly, creation of thousands of voluntary organizations in the form of various categories like 'Youth Associations', 'Mahila Mandal' and a variety of associational network clearly prove that during the period of earlier policy of development, proliferation of voluntary associations did take place. To charge the sponsors of the earlier strategy that they did not evolve infrastructure for people's participation is either to deny the reality or to give wrong causes for the so-called failure of people's participation in the 'old strategy.'

A large number of scholars and observers have pointed out how these organizations did operate but were controlled and manipulated by the emerging rural rich, who were the outgrowth of the path of development pursued by the planners. In fact, these institutions became the additional instruments in the hands of the emerging proprietary classes in rural areas to utilize, divide, control and repress the poor. Actually the apathy and protest from the poor were also the result of the consequences of effective operation of these associations in favour of the rich.

It is remarkable that neither the sections referring to the people's participation in the draft plan, Dantwala Committee recommendations, nor the World Bank report examine why the gigantic infrastructure created by the earlier strategy services the richer sections. Nor do they give any explanations and valid arguments as to how their new conceptions of people's participation would overcome these difficulties and tilt the

balance in favour of these very organizations for activating the poor.

The notion that multiplications of voluntary organizations within the present framework of class structure would progressively curtail people's dependence on the government as argued by the Dantwala Committee does not sound very convincing. It may, on the contrary, build up a stronger alliance between the rural rich and the government and place the poor under a complete control and hegemony of the richer sections in rural areas.

Similarly, the enthusiasts advocating increased people's participation do not answer some very simple truths. How can the interests of the richer proprietor classes who can secure profits by pumping out more and more surplus value from the poor, and the interests of the poor who are exploited can be harmonized and reconciled? They also do not provide any reasonable set of arguments to convincingly prove as to how between the voluntary non-class technically open associations, which are instruments in the hands of the rich, and the class or organizations of the poor, it would be the latter organizations which would be consciously strengthened with a view to ensuring active participation of the rural poor, when the entire philosophy of planning and its major thrust go against this approach?

In fact, during the last thirty years or so it has been clear that the active participation of the poor through their class and mass organizations to counteract the effect of the plans, to assist the government in implementing land reforms, ceiling measures and expose the funds connected with land transfers, ill-prepared records, violations of tenurial regulations, hoarding, black marketing and social and other oppression, has been almost systematically suppressed by the government on the ground that such assertions and active involvement of the people for justice, equity and participation in production and decision-making fundamentally disturbs peace and causes 'Law and Order' problems for the pursuit of the chosen path of development.

In fact, the World Bank report assertively states that programmes for area development for various categories of marginal and poor farmers and others should not be undertaken

in a manner which would antagonize richer enterprising sections of the areas.

In a short paper like this, it is not possible to point out in detail how it is not possible to evolve effective participation of the poor if the new policy is to operate on capitalist assumptions. The renewed emphasis on the idea of people's participation is repeating the same old slogan mongering in a new garb. It may sometimes serve the purposes of involving a small sector of the poor under artificial conditions with a view to preventing the basic class solidarity of the poor to organize for rooting out the real cause, namely, the very path of development based on the reliance on the rich.

It will, thus, be clear that the proponents of the new policy who bank on people's participation as element for its success neither confront why such organizations failed in the past, nor point out how they will be able to genuinely involve the rural poor in both production and equitable distribution, within the framework, which they have accepted. They nowhere point out how the poor will be able to involve themselves in the basic task of reshaping the decisions underlying the philosophy of development pursued by the rulers. In fact, the countries, where such talks about evolving new strategy of rural development based on people's participation are going on, ironically are witnessing that the governments are becoming more and more authoritarian, anti-poor, hostile to people's genuine participation and are evolving either dictatorial, semi-military or military regimes to repress the poor.

VIII. Review of the New Strategy

As pointed out earlier, the policy-makers of the Third World countries alarmed at the consequences of the earlier strategy of development are seriously battling to evolve a new policy which would include rural development as a major fulcrum round which overall plan is to revolve.

It has been pointed out how this policy relies on certain elements as major components of any plan for rural development. The strength and weakness of various elements which are to form the constituent units of this new policy of rural development have also been examined in this paper.

There is an underlying belief that the limitations of the various elements would be overcome if they are rationally

integrated into an area development programme, instead of being operated as distinct segments of an unco-ordinated policy based on sectorial approach.

This belief has certain assumptions which need proper appraisal.

The World Bank experts in the report mentioned earlier, have indicated the key points which should be taken note of by farmers of this new strategy. To quote : "A strategy for rural development must recognise three points. Firstly, the rate of transfer of people out of low productivity agriculture and related activities into more rewarding pursuits has been slow, and, given the relative size of modern sector in most developing countries, it will remain slow. Secondly, the mass of the people in the rural areas of developing countries face varying degree of poverty, their position is likely to get worse if population expands at unprecedented rates while limitations continue to be imposed by available resources, technology, and institutions and organisations. Thirdly, rural areas have labour, land and at least some capital which, if mobilised, could reduce poverty and improve the quality of life. This implies fuller development of existing resources, including the construction of infrastructure such as roads and irrigation works, the introduction of new production technology, and the creation of new types of institutions and organisations. It is concerned with modernisation and monetisation of rural society, and with its transition from traditional isolation to integration with the national economy."³³

There are other assumptions underlying the new policy which should be taken note of. This new strategy would be oriented to target population comprised of the rural poor and is based on an assumption "that new seed-fertilizer-water technology for wheat, rice and maize provides first major opportunity for extending science-based agriculture to low income, small scale producers of traditional crops." It also presumes that fiscal policies which are often against the rural poor should be tilted in their favour. And finally the public sector spending which is heavily skewed in favour of the urban population and in rural areas in favour of the rich should be changed into its opposite in favour of the rural and more particularly the rural poor³⁴.

According to the policy makers of the Third World countries and the World Bank report the new policy of rural development will necessitate what is described as "New Style Projects" which will have the following main elements :

"(i) They are designed to benefit large numbers of the rural poor, while earning an economic rate of return, that is at least equal to the opportunity cost of capital.

"(ii) They are comprehensive in their approach to small scale agriculture and provide for a balance between directly productive and other components (where inclusion of the latter is appropriated).

"(iii) They have a low enough cost per beneficiary so that they could be extended to other areas, given the availability of additional resources"²⁵

The eminent observers including the World Bank placing faith on this new strategy of rural development admit that the task of implementing such a plan is not an easy one. According to them there are various reasons. To quote :

"(i) by definition rural development cuts across all sectors ; (ii) rural programmes more than most other kinds of programmes, ideally should flow from national and regional planning ; (iii) the kinds of supportive policies discussed earlier involve fundamental political considerations and (iv) the information base is poor." Further it is recognized that there is no clear idea even of overall size of the population, the location density and economic characteristics of specific target groups of potentials for development in the area where the rural poverty is concentrated.²⁶

One is also confronted with the problem "whether or to what extent greater emphasis on rural development implies diversion of resources away from meeting the urgent need for increasing food production." It is felt that a possibility of such direction can arise for many reasons, such as those pointed out by the World Bank report.

"1. Heavy investment in projects for those with the lowest incomes could lead to a concentration of effort on a group which command a small proportion of the basic resources required for food producing land. Based on a study of 52

developing countries, if the poor small holders are considered to control less than two hectares of land per family, collectively they would control only about 16% of the arable land.

"2. It is sometimes more difficult and takes more time to provide services to a large number of small farmers than to a smaller number of large farmers. Then Bank's experience indicates that the cost of providing credit to small farmers can run 14 percentage points or more above than for large farmers. Similarly, a large number of small farmers need more extension workers, so there may be diversion of scarce resources away from largest producers in addition to the higher costs of expanding these services.

"3. The urgency of the need to expand food supplies over the next few years may mean that investment resources will have to be concentrated in areas where the potential is greatest for substantially increasing food production within a short period of time. Farmers in these areas might well be better off in terms of resources endowment and infrastructure, they may not be among the rural poverty target groups."

We have presented, as faithfully as possible, the major assumptions underlying the new policy of rural development, and an indication is given as to various elements, which according to the designers of this new policy, constitute the chief elements. We have also pointed out how it will be target-oriented and will be comprised of what they describe as "new style" projects. A hint has also been given of some of the possible loopholes against which the policy makers shall have to be conscious.

Some of the major fallacies underlying this entire strategy will be examined beginning with some of the assumptions which are held as hard-core, the heart of this new strategy.

(1) The formulators of this new policy never examine whether the low rate of industrial development was due to weakness of the old policy in terms of faulty calculations about resource allocation to industrial and agricultural sector or whether it has been due to the fact that this strategy was founded upon mixed economy capitalist postulates. (2) The policy-makers do not clearly point out how the new strategy of rural development will be fitted into the overall strategy of economic development wherein industrial, urban and rural

programmes will have to be harmonized and total resources co-ordinated. One is not sure whether the industrial, urban sector which is to be given less attention by the public sector, is to be left to the operation of private entrepreneurs in collaboration with foreign capital and aid. (3) Further, they do not point out how the necessary infrastructure in urban areas and the one which will co-ordinate the urban and the rural sector will be worked out. Will the private sector wedded to maximization of profit undertake necessary activities supplying goods and services but not profit yielding or demanding long gestation? (4) Who will augment the resources for providing minimum needs, sufficient employment as well as cheap goods and services to the large majority of the urban poor as well as to those who will remain in the villages without adequate purchasing power? (5) The planners do not clearly indicate to what extent the government which is wedded to a policy of development by providing varieties of inducements and incentives to the rich will be able to drastically tax the richer classes, who are the major agents of the development to finance the various types of programmes oriented to target groups. It is sometimes not made clear whether it is feasible to generate adequate resources in a developing country pursuing a capitalist path which would meet both the contradictory claims. The policy-makers and their advisers have never squarely confronted the dilemma of generation of adequate finances for the "New Policy". They nowhere point out how they will overcome the problem of the increasing burden of foreign debt, deficit financing recourse to indirect taxation and inflation necessitated by the very capitalist path pursued in the context of Developing Countries. (6) The plan formulators have nowhere pointed out how the richer class pursuing for profit and producing for market and the poorer classes the overwhelming majority of whom belonging to agricultural labourers, tiny marginal farmers, ruined artisans and a large category of unemployed and underemployed will be integrated harmoniously within this area development project. (7) It is also not clear whether the production in this area will be for national and international market to be sold as commodity for yielding profit for proprietors of this area and also to pay off foreign debts or whether this production will be oriented to the satisfaction of assessed needs of the people of that area. If the rural development is to be a part of a large plan which is

determined to produce for profit and market, the objective of production in the area plan cannot function on the basis of the objective of assessed need of the people. In this context we feel that policy framers of this new strategy have not even cared to examine systematically the entire phenomenon of how the goods produced will be distributed and exchanged. In fact, viewed in the total context, it appears that the entire distribution of commodities will be carried out on the principle of free market tempered with certain state intervention. The logic of this principle of distribution contradicts the very principle of "distributive justice" because it has been observed that even in advanced capitalist countries state power with enormous resources can only slightly tinker with the logic of bourgeois distribution. The state is not able to basically reshape this policy into a policy based on distributive justice.

(8) In spite of massive evidence produced by the economic development in non-capitalist countries of the second world and in spite of the fact that a number of serious scholars have provided evidence to the contrary, policy-makers of the capitalist path of development accept the basis of neo-malthusian concept of over-population as the major stumbling block for economic development and adequate redistributive ethics. This was so in the earlier and also in the new policy. The planners never adequately examine whether the scarcity of resources for investible surplus to augment production is due to the squandering away of the already available resources and wastefully diverted to types and methods of production conducted by private sector comprised of competing units producing only those goods which will yield them profit in the market or whether it is due to the resources drained by "exploding" population. We urgently draw attention to an observation made by the authors of the profound book *Food First — Beyond the Myth of Scarcity*. "Already with the few facts we presented in the first section of our book, it should become clear that 'too many people' is not the cause of hunger. 'Too many people' is an illusion growing out of increasingly concentrated control over resources. The spectre of over-population arises as more and more people are severed from the control over and participation in the production process. Thus they appear as super-abundant. Often the very people who prefer to blame the poor themselves and their breeding for deplorable social conditions are those who stand to lose by the redistribution of power over productive resources that for

the first time would give people the real option to limit their family size .²⁹

It can be seen on the basis of above mentioned evaluation that the ideology, the framework, as well as the new styles of projects comprising this new policy of rural development suffer from the same basic contradictions within the strategy as of old. This new policy also remains ambiguous or silent on many important issues germane to the major goal of economic development intending to augment production by strengthening the grassroots level organizations and inducing greater and greater participation of people founded on equity and justice.

IX. Conclusion

In this paper, we have pointed out how during early twenty years after World War II, the Third World countries determined to overcome backwardness and evolve a prosperous society, adopted a policy of development based on mixed economy capitalist path of indicative planning. We discussed briefly the major measures adopted to implement this strategy.

Subsequently we pointed out how during the last ten years, it was increasingly recognized that the measures for development unfolded numerous tendencies of alarming nature. We then pointed out how pragmatic efforts were made to counteract these evil efforts by adopting various devices.

We subsequently indicated how international bodies as well as policy-makers of various Third World countries have been struggling to forge a new policy comprised of a large number of elements to inaugurate a healthy development founded on economic growth, based on bridging inequality and involving more active participation of the people in the process of production.

We examined the scope and limitations of the important measures which are supposed to be the main components of the new policy, as revealed by the findings of scholars who have studied the impact of these elements in different countries of the Third World. We then examined, in brief outline, the assumptions, techniques and the new style approach to projects forming the heart of new policy of rural development. We pointed out the major limitations underlying the new policy which is being forged.

On the basis of our assessment, we firmly assert that the so called new policy of Rural Development, in terms of its basic thrust, is only a variant of the old policy and operates within the same basic postulates which are guiding the direction of development since independence. The postulates underlying the path of indicative, mixed economy capitalist planning, oriented to production for profit and market and basically relying on the proprietary classes, is kept as axis also in the new strategy.

We are strongly of the view that the new policy will not only not realize the objectives for which it is claimed to be forged, but as pointed out in our other studies, will aggravate the trends generated by earlier policy and will introduce a number of sinister currents which would confuse and sow seeds of internecine fratricidal ferments among exploited and oppressed masses so needed by the ruling class to salvage the capitalist socio-economic order, which it is attempting to generate.

In the context of our closer study of Indian situation, it is our contention that the New Strategy is being evolved to subserve a number of purposes :

1. It is being evolved because the so-called overall strategy of development pursued by the Indian State and also by the States of other Third World countries, is experiencing jolts, stagnation, stagflation threatening to reach a crisis situation. It has exposed the fundamental incapacity not only to complete the bourgeois democratic tasks, including the agrarian tasks, but is exhibiting its incapacity to provide limited growth with so-called justice in the form of redistribution of income and welfare.

2. In fact, it is being evolved to counteract the growing disillusionment among the masses about the myth generated among people that the planning adopted in the country by the rulers is abridging inequality, redistributing income from the rich to the poor, and is welfare-oriented for the masses. The new strategy is evolved to generate new myths, basically to hide the more ruthless anti-people, authoritarian policies which the rulers are now forced to undertake. The new strategy while blatantly pursuing a policy of concession and support to richer classes in rural area to augment production, is masked

under various schemes which may appear to throw crumbs to a very small layer of various strata of the rural poor. It is also adopted to induct a small section of middle farmers into emerging mainstream of capitalist development, as well as to selectively pacify a tiny fragment of the poorer strata. Thus the new strategy is a subtle device of increasing support to rich farmers and land owners, throw some crumbs to a small tiny insignificant section of the poor, to sow seeds of division among them, and use them as counterpoise to those who are evolving struggles, and to launch a massive ruthless repression of the growing struggles of the exploited rural masses by fragmenting them, by suppressing them segmentally, and by evolving devices institutional, financial and others among various sections of agrarian exploited classes to penetrate among them and defuse and confuse the struggles.

3. To illustrate from Indian experience, the Government of India is alarmed at the growing assertive struggles of a vast section of pauperized and proletarianized rural people. The special survey done by the Home Ministry in 1969 on the nature and causes of current Agrarian Tensions in Rural India is a clear indicator of the growing unrest

The New Strategy evolved by the State is a double-edged pincer against growing discontent :

- (a) To refine and intensify repression of these struggles and also to add subtle multipronged elements to astutely divide, confuse, contain and disrupt the growing unity of the exploited and oppressed classes in Rural India.
- (b) As observed earlier, the state is systematically evolving almost in an intergrated manner, various institutional and relief devices mentioned in the paper. Through these devices, the rulers are evolving a few associations, throw a few financial crumbs, provide employment, house site and other loaves to an insignificant stratum of the poor separately so as to create division among them, create illusion among few, and thereby disrupt the unification among them to expand the united struggles to overthrow the state and present socio-economic order which is fundamentally adversely affecting their conditions.

It is unfortunate that the Left Parties wedded to National Democratic and People's Democratic Revolution and also those who are involved neck-deep in parliamentary cretinism and are in desperate search for alliance with various categories of bourgeois parties for seats in assemblies, parliament and ministries and cabinets, are not able to see the sinister implication of the new policies which are being consciously evolved by the ruling class and their state in the Third World countries. They fail to evolve alternative organs of struggles of the exploited and oppressed classes comprising of proletariat, agrarian proletariat, poor peasants and other sections of oppressed toiling strata, but are busy with evolving unprincipled alliances for electoral purposes with various sections of bourgeois and new-rich farmer classes.

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was to propagate the principles of Marxism, interpret Indian phenomenon from Marxist point of view and thereby help in evolving appropriate programmes of movements in India. He profusely contributed to Leftist papers and magazines during his long period. As a freelance Marxist writer, he contributed articles in various Indian journals and foreign magazines. C. G. Shah's study circles became famous. A number of youths who subsequently joined and some of whom even became active leaders of various Leftist parties in the country, attended his study circles.

C. G. Shah's political life can be divided into two distinct phases. The first phase lasted upto nearly 1937, when he was still recognised as one of the undisputed intellectual influences by all groups of Marxists. From 1937, particularly, after the full significance of Front Popular line was becoming clear and, also the inner bureaucratic structure of the C.P.I. was ossifying into a hard, monolithic, edifice, Shah became critical of Stalinism and the Bureaucratic stifling of Party organization. From 1937 onwards and more particularly after the C.P.I. supported British War Efforts in India when Soviet Union was attacked by German Nazi forces, Shah's critique of Stalinism, alienated him from the official C.P.I.

From 1941 onwards, C. G. Shah was isolated from the mainstream of Stalinist Communist Movement. However, his unflinching faith in Marxism, his systematic critique of stalinism, and his growing recognition of the profound truths inherent in and contributions of Trotsky, made him pioneer again of this critical Marxist Leninist Trotskyist current in the country. Though isolated from the main stream of organised Stalinist movement, he slowly emerged as a focal point and inspiration to a small and growing body of dedicated anti-Stalinist revolutionaries who were emerging in India. Particularly after the confusion and disillusionment created among the Marxists by Khrushchev's exposure of Stalin Era, Shah's intellectual influence grew and attracted a number of non-Stalinist and disillusioned Stalinist groups which were emerging in India.

Though isolated in his later life, he devoted his entire life to a cause and spread of ideas which he considered correct. He became one of the most systematic expounder of Trotskyist ideas, presented in the context of Indian developments.

C. G. Shah died in 1969 at the ripe age of 74, in harness, leaving a deep imprint of his ideas. His ideas are increasingly being recognized as authentic for evolving correct strategy and tactic for developing socialist revolution in India. C. G. Shah had many political opponents but no personal enemy.

C. G. Shah Memorial Trust is formed to continue to spread the ideas of authentic Marxism, for which he lived and died.

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