



Industrial development in Punjab under the unionist party: A Critical Examination

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Abstract

This paper critically examines the industrial development in Punjab under the Unionist Party's governance. After assuming power, the Unionists prioritized the progress of industries based on agriculture and cottage industries to address unemployment in both rural and urban areas. Their primary aim was to enhance the economic conditions of the peasantry and support agricultural development. The study explores the Unionists' policies, including their emphasis on linking government-aided industries with agriculture and providing concessions to statutory agriculturists for establishing industries. The paper also discusses the historical context, including the Indian Industrial Commission's observations and the British Government's promises, and evaluates the impact of these policies on Punjab's industrial landscape.

Keywords: Unionist party, industrial development, Punjab, agriculture-based industry, cottage industry

Introduction

The Unionists Party after taking the rein of power paid due attention to the progress of Industry based on agriculture. Industrial progress in Punjab forms a part and parcel of the development of agriculture. Therefore, here an attempt has been made to examine critically the Industrial Development in Punjab. After forming the Government Unionists emphasized the development of industry. It was to be based on agriculture and the cottage industry. It was to solve the problem of unemployment in rural and urban Punjab. Its main aim was to improve the peasantry's economic condition and enable them to develop agriculture. Their motives were clear from the statement of one of its members made in the general meeting of the Indian Chamber of Commerce on May 1, 1937. Even the Indian Industrial Commission (1916-18), while talking about the worth of the cottage industries stated one of the most striking features of Indian industrial life of Punjab as the vitality of the old domestic industries. The main cause for it appears to have been, as was also explained by this Commission that the rural ties still depended for most of their needs and supplies on the local cottage industries, as the means of communication linking village with cities had not been developed. Hence, the machine-made things did not enter the lives of the villagers. Besides, the Government had been making false promises of this kind for since long, but never fulfilled them. In its declaration of 17th August 1917, the British Government announced, "We cannot measure the excess of strength which as industrialized India will bring to the power of the empire, but we are sure that it will be welcome after the war"^[1]. The prosperity of the province and the need to solve the problem of unemployment were certainly pointing in this

direction. Industrialization seemed to be a promising solution. If they converted their raw materials into finished goods, they could multiply the income of the agriculturist class into lacs; if not for all, we can employ most of the educated youth^[2]. To solve the problem of unemployment in rural and urban areas, independent as well as auxiliary industry for agriculture should have been encouraged in the state more than before. It was desired and demanded that all the Government-aided industries in Punjab should have been linked with agriculture^[2]. While expressing their industry opinion, without concealing their leanings towards agriculture, the leadership many times pleaded in the Punjab Legislative Council that despite the rural attitude of their party and preference for agriculture, it had a soft corner for promoting the industries^[4]. This opinion was not because it had decided to promote urban occupations more, but because the Unionists thought that the progress of industry could add to the prosperity of the rural communities as well. These views found expression in one of the statements that were made in the Punjab Legislative Council in 1939. One of the best solutions to the problems of the peasants was that the state was completely industrialized and the Government assured the house that their government would leave no stone unturned to industrialize the province rapidly^[5]. Probably it was due to this factor that it was held that though most of the industrialists were non-agriculturists, yet there was no clash between the interests of the two. That was the reason why Government did announce a few concessions for the establishment of industries in Punjab. The staunch supporters Unionists of the Land Alienation Act (1900), gave two more concessions to it. Firstly, the statutory agriculturists who wanted to found

industry could mortgage a part of their land with the Industries Department to have loans. That part of the land was declared exempt from the said Act ^[6]. Secondly, they exempted those plots of land from the preview of this Act as were required for setting up industries on it. The Government's principal objective was to industrialize the province mainly to boost agriculture. However, the Government faced the following problems to put its plan into action. The industrial laws were not in favor of the industry. Rather the laws hindered the industrial growth ^[7]. Let it be noted that industry was a reserved subject. Though the state got autonomy in 1937, yet under this system also, there were a few indirect obstacles in the way of its development. For example, the control over the tariff system was in the hands of the central government. The state income was as meagre as it was not easy to spend much on the industrialization of the province. The famines further gave a setback to the progress of industrialization of the state ^[8]. The capitalists were not desirous to invest in industry, for they found it more profitable to lend money to the agriculturists ^[9]. The economic consequences of the First World War had not yet subsided when the economic depression and thereafter the Second World War hit the industry. The war had a very adverse effect on the industry because the machinery could not be imported during this period. That was the reason why the Government's plan of installing the glass and textile industries could not be implemented in Punjab ^[10]. Despite all these handicaps the Government made a remarkable contribution to the industrialization of the province. The Provincial Industries Department was working so efficiently in 1924-25 that the Panjab Legislative Council and the Industries Committee admired it. They inspected the functioning of the Arts and Crafts Depot which besides working very properly, was earning a lot of profit also ^[11]. Industrial achievements during this period were as follows. Firstly, in 1924, a modern tannery in the public sector with dual objects was established. The first object was that it should be a model for all the tanneries in the province, and more so for the small tanneries in the rural areas ^[12]. The second object was to save the money spent on sending trainees to England to study tanning. The production of hides in the school went up from 25 to 100 per day within a short span of one year ^[13].

In 1925 six new industrial training institutions were set up in Punjab at Rs. 30,000/- cost. The number of such schools in the province rose to twenty-two. There two thousand students received training ^[14]. These institutions were important in themselves, for they had been founded to promote the cottage industries and to benefit the rural masses. Each institution had a Head Master, and two artisans i.e. one drawing teacher and one language teacher. Thus, these institutions, besides imparting technical training also helped in eradicating illiteracy ^[15]. During the same year some leading persons such as Sir Chhotu Ram, Mancharlall with some Government officials traveled to Multan, Amritsar, and a few other places to find out the possibilities of promoting

industries even more. They encouraged the rich and offered them all possible Assistance, ¹⁶ if they decided to invest in the development of industry. At the very start of 1925, the valuable achievement of the Government was the setting up of an Engineering College to meet the demand of industrial and commercial classes. The Chief Engineer, Austbury was sent to Thomas Engineering College Roorki to have a thorough study of the plan. He declared in the Punjab Legislative Council that the Engineering College would be opened in 1925 ^[17]. Despite the meagre allocation of funds of Rs. 8, 47, 000 for the industrialization of Punjab for the whole year i.e. 1925-26. The capitalists were assured that their government would make available more funds and thus consider their two demands sympathetically: (I) Credit by the Government to the industrial banks; and (ii) The purchase of the shares of the newly established industries by the Government ^[18]. The most important achievement of the Punjab Government was to get passed in the Punjab Legislative Council the Mandi Hydro-Electric Scheme in the Public Sector despite the stiff opposition by Sir Gokal Chand Narang and Prof. Ruchi Ram Sahni ^[19]. The purpose of the scheme was to produce 36,000 kw of electricity; to provide it to the industrialists and the farmers at the rate of 7.3/4 paise per unit after they had got tube wells installed. The scheme, because of the Government's efforts was completed in 1933-34 at Rs. 6.25 crore ^[20]. During the period, 1926-36, the industrial policy of the British Government was criticized. In 1935, it was uttered in the Punjab Legislative Council that the industry in Punjab was being ignored despite the indifferent attitude of the government, it was suggested in such a way as was not done in any other developing country to the government to set up a cottage industry in rural areas ^[21]. Thereby, it could prove to be an ever-lasting solution to the financial hardships of the agriculturists as well as the rural masses. They with the help of the cottage industry, could increase their income during the lean period and at the time of natural calamities like failure of crops. These industries could reduce the burden on the soil ^[22]. These views were perfectly right. Similar views had been expressed by many specialists and some other Societies. For example, the Committee appointed by the Punjab Government to review the recommendations of the Royal Commission of Agriculture had expressed a similar opinion ^[23]. While endorsing the opinion, the Royal Commission had said that most of the agriculturist families were bound to agriculture, only due to the absence of any other occupation. They produced food for their consumption only. The only solution it recommended was that they should be engaged in cottage as well as big industries. Without this second string (rural cottage industry), to his bow, the Punjab peasant proprietor must always be in debt ^[24].

At the same time, some Unionist leaders pressured the Punjab Government to establish co-operative societies. These on the one hand could supply the raw material to the village cottage industries, whereas on the other, purchase the finished goods. ²⁵

These societies were necessary to make the cottage industries profitable. These were required for most of the craftsmen to purchase the raw materials on credit required. They had to pay interest up to 37% annually ^[25]. Efforts of the Ruling Party were responsible for setting up the Marketing Board. It was to promote the sale of the products of the cottage industries. Its head office was at Amritsar, with its branches at Hoshiarpur and Multan ^[27]. As a result, the Government recommended the setting up of the industries for producing rope, Nivar, socks, baskets, leather, etc., for they promised much profit with less investment. It was also pleaded that cottage industries like cheese making, tailoring, dying, calico printing, carpentry, pottery, poultry farming, etc. should also be introduced in the rural areas of the province ^[28]. Though the Government made a sincere effort for the progress of industry in the province, it did not want the industrialists should betray the government. That was the reason why it raided figures on the same provisions of the State Aid to Industries Act in 1935, and suggested a few amendments in the proposed Act ^[29]. Though the industries minister, G.C. Narang, turned down Chhotu Ram's proposals, his basic principles for the process of industrialization of the state, that should have been adopted, can be summed up as follows:

1. There was no provision for giving representation to the peasants and workers on the proposed Board of Industries, provided in the bill ^[30].
2. The bill was quiet on the question that while deciding help to the industries, preference would be granted to those industries that were agro-based and consumed the other raw material available in the province ^[31].
3. This bill assured a minimum net return instead of a gross return on the capital invested by the industrialists. Thus, there was sufficient scope for the misuse of this provision ^[32]; and
4. The bill did not determine the limit of profit to the shareholders from the government-assisted industries during normal times ^[33]. Had the last provision been suitably amended, it would have

reduced to a large extent the Government's responsibility for its security to minimum return. It is pertinent to point out that the Development Minister of the Province of Punjab from 1937 to 1940, amended the above Act. Most of its drawbacks were removed.

He implemented his industrial views, and while doing so, he had to see one thing i.e. if the additional funds available were to be spent on the expansion of the cottage industries, both rural and urban, or on big industries. Regarding the additional resources, he said in the Punjab Legislative Assembly on June 22, 1937, "The major share of the additional resources required for any serious program of expansion and development will have to be found from fresh taxation. Their burden will have to be put on the prosperous section of the society, for levying new taxes on the poor and the farmers will make the problem of poverty even more acute ^[34]." He, therefore, mobilized additional funds through the Punjab Urban Immovable Property Tax (1941), etc. ^[35] So far as the distribution of funds was concerned the Punjab Government made it so that it could not favor the big industries in the Public Sector over the village cottage industries. He admitted that the Government could not save more than Rs. 2 crores yearly even after drastically reducing its expenditure and making deductions from the employees' salaries. The amount was much lower than needed for the fullest industrialization of the province ^[36]. The Punjab Government invited the industrialists to invest in industries of free or big public sector. It promised necessary technical know-how and legal protection to them ^[37]. The ideas on capitalism that existed can properly be followed only in this context. The unionist Government in 1937 again assured the industrialists that the Punjab State Aid to Industries Act would be implemented liberally. The Punjab government employed many people in the factories. The efforts of the Punjab Government resulted in the rise in the number of factories every year tremendously in the province as depicted in Table 1.

Table 1: Showing the Progress of Factories during 1936-39

Year	1936	1937	1938	1939
No. of factories registered	71	98	47	81
No. of factory Unregistered	23	22	22	51
No. of factory registered	802	862	887	917
Industrial Progress	7.3%	10.6%	14.3%

Source: Punjab Legislative Assembly Debates, vol. XI-A, 1940

The Industrial progress of Punjab during Unionist Government tenure drew the attention of other state governments. For example, the industry minister of Bombay had also expressed his views that "There was no doubt about it that the Punjab Government had played an important role in industrial progress." Thus, it may be concluded that the efforts of the Unionist Government were admired not only by the people of Punjab but by some other states also. This too showed the significance of the agriculture-based industry that could make the province prosperous.

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