

It must be premised at the outset that in a competitive society the daily transactions of its members, as consumers or producers, are controlled by a price regime. It is production, then, in a price regime that we have to analyse here for our purpose. In the main the modern process of production is captained by the entrepreneur, is guided and supervised by him and is worked out through him. All employers of labour or hirers of instrumental goods are entrepreneurs. His computations run, as they must, in a pecuniary society, in terms of price-outlay as over against price-product, no matter whether the prospective product is offered for sale or not. The entrepreneur, in producing for gain, apportions his outlays in varieties of investments. These investments, the same as factors of production or costs to the entrepreneur, have by tradition been confined to wages (labour) profits, rent (land) and interest (capital). Industrial facts do not support this classification. There are many other factors, it is contended, which as they share in the distributive process must have functioned in the productive process, in some way immediate or remote. But it is immaterial how many factors there are and whether they differ in kind or degree. What is important for the purpose of production is the process of combining them.

This combination of necessary factors of production is governed by a law called the law of proportion. It lays down that disadvantage is bound to attend upon a wrong proportion among the various factors of production employed in a concern. Enlarged, the principle means that as a certain volume of one factor has the capacity to work only with a certain volume of another to give maximum efficiency to both, an excess or defect in the volume of one in comparison with those of the others will tell on the total output by curtailing the efficiency of all. Having regard then to this interdependence of factors, an economically efficient combination of them compels the producer if he were to vary the one to vary the rest correspondingly. Neither can it be otherwise. For, the chief object of an efficient production consists in making every factor in the concern contribute its highest; and it can do that only when it can co-operate with its fellow of the required capacity. Thus, there is an ideal of proportions that ought to subsist among the various factors combined, though the ideal will vary with the changes in the proportions.¹⁷

These proportions it must be acknowledged are affected by the principle of substitution chiefly brought into play owing to variations in the prices of the factors. But this principle of substitution is too limited in its application to invalidate the law of proportion which is the law governing all

17. This description of the process of production is pieced together from the remarks of Prof. H. J. Davenport in his masterly treatise "The Economics of Enterprise" New York. Macmillan, 1913, In this connection see also the able paper by Prof. Henry C. Taylor on "Two Dimensions of Productivity" read before the 29th Annual Meeting of the American Economic Association held in December 1916 and the remarks on the same by Prof. A. A. Young. Both these will be found in the American Economic Review for March 1917.

economic production and which no producer can hope to ignore with impunity.¹⁸

Bringing to bear the above remarks regarding production on the definition of an economic holding, we can postulate that if agriculture is to be treated as an economic enterprise, then, by itself, there could be no such thing as a large or a small holding. To a farmer a holding is too small or too large for the other factors of production at his disposal necessary for carrying on the cultivation of his holding as an economic enterprise. Mere size of land is empty of all economic connotation. Consequently, it cannot possibly be the language of economic science to say that a large holding is economic while a small holding is uneconomic. It is the right or wrong proportion of other factors of production to a unit of land that renders the latter economic or uneconomic. Thus a small farm may be economic as well as a large farm ; for, economic or uneconomic does not depend upon the size of land but upon the due proportion among all the factors including land.

An economic holding, therefore, if it is not to be a hollow concept, consists in a combination of land, capital and labour, etc., in a proportion such that the *pro rata* contribution of each in conjunction with the rest is the highest. In other words to create an economic holding it will not do for a farmer solely to manipulate his piece of land. He must also have the other instruments of production required for the efficient cultivation of his holding and must maintain a due proportion of all the factors for, without it, there can be no efficient production. If his equipment shrinks, his holding must also shrink. If his equipment augments, his holding must also augment. The point is that his equipment and his holding must not be *out* of proportion to each other. They must be *in* proportion and must vary, if need be, in proportion.

The line of argument followed above is not without support from actual practice. It is happy from an economist's point of view, to find it recognized and adopted in India itself by the fathers of the Survey and Settlement System in the Bombay Presidency. The famous Joint Report (1840) contains an illuminating discussion of the problem. The question before the officers deputed to introduce the Survey System in the Deccan was how to levy the assessment. Was it to be a field assessment or an assessment to be placed on the whole lands of the village or on the entire holdings of individuals or co-parceners, whether proprietors or occupants. That after

18. Some economists who hold that it is the law of Diminishing Returns that governs agricultural production will demur to the universal applicability that is claimed for the Law of Proportion. Briefly stated the Law of Diminishing Returns asserts that additional 'doses' of capital and labour administered to a given piece of land will be responded to by a less and less yield. This means that if only the *non-land* expense of production is doubled there results less than a doubled product. But if this is the fact that is intended to be generalised by the Law of Diminishing Returns then there is nothing in it that is peculiar to agricultural production. If the expense to the land be doubled but the land not doubled it is certain that the extra return will fall short of the increased expense. This is simply another way of saying that if the returns are to grow all the factors must be increased in proportion. But so stated is not the Law of Diminishing Returns a confused version of the Law of Proportion?

much deliberation the system of field assessment was finally adopted is known to many. But as the reasons that led to its adoption are known only to a few the following explanatory parts from the Joint report will be found to be both interesting and instructive:

“Para 6. That one manifest advantage of breaking up the assessment of a village into portions so minute [as indicated by a survey number] is the facility it affords to the cultivators of contracting or enlarging his farm from year to year, according to the fluctuating amount of agricultural capital at their disposal which is of incalculable importance to farmers possessed of so limited resources as those of the cultivating classes throughout India.

“Para 7. The loss of a few bullocks by disease or other causes may quite incapacitate a ryot from cultivating profitably the extent of land he had previously in village and, without the privilege of contracting his farm, and consequent liabilities on occasion of such loss, his ruin would be very shortly consummated.”¹⁹

Judging in the light of this conclusion the proposal to regulate the size of holdings appears ill-considered and futile. For as Prof. Richard T. Ely observes²⁰ :

“Obviously no simple answer can be given to the question [as to what should be the size of a farm]. The value of land or the rent it will bring is perhaps the most important factor.....In addition to the factor of rent the amount of capital that he can command, the kind of farming in which he is most skilled, the character of the labour he can secure, the proximity of markets, and the adequacy of transportation facilities, all must be taken into account by the farmer in determining how large a farm he will attempt to manage and how intensively he will farm it.

“This question is primarily one of private profit which the individual must decide for himself, but the legislator and the scientific student can be of some assistance in helping to develop that most difficult branch of commercial science—farm accounting—and in keeping the farmer alive to those charges in prices, wages, and transportation charges to which the farm organization must adjust itself.”

To those who have the temerity to fix the size of a holding Prof. Ely’s well-considered opinion will bring home that in spite of good intentions their vicarious mission will end in disaster; for none but the cultivator can decide what should be the size of his holding. They would do well to remember that the size of his holdings will vary in time. Consequent to

19. Survey Settlement Manual Bombay Presidency, 1882. p. 3.

20. Outlines of Economics, pp. 531-32 (Italics ours).

the changes in his equipment with which he has to adjust the size of his farm, at one point in time he will decide in favour of a small, as at another he will decide in favour of a large holding. He would therefore be a poor economist who would legally fix the size of the holding which in the interest of economic production must be left to vary when variation is demanded. By fixing the size of a holding he can only make it a large holding but not an economic holding. For an economic holding is not a matter of the size of land alone but is a matter of the adjustment of a piece of land to the necessary equipment for its efficient cultivation.

V

CRITIQUE OF THE REMEDIES

The proposal to enlarge the existing holdings which is brought forward as a cure to the ills of our agriculture can be entertained only if it is shown that farms have diminished in size while the agricultural stock has increased in amount. Facts regarding the size of farms have already been recorded. It only remains to see if the agricultural stock has increased- Mr. K. L. Datta in his exhaustive survey says²¹ :

“178. Most of the Indian witnesses, whom we examined, appeared to be under the belief that there has been a decrease in the supply of agricultural products, owing to the inefficient tillage of land. It was said that land is not now cultivated as carefully and efficiently as before, owing to the *scarcity and dearness of plough, cattle and labour*. In order to effect, a saving in the cost of cultivation, cultivators do not also plough their lands as often as they did before, and manuring and weeding, as also the amount of irrigating where wells are used for the purpose, have all been reduced.”

“179. As regards the scarcity of plough cattle..... (the) figures bear testimony to the deplorable effects of famine, the inevitable result of which has always been to reduce the number of cattle, though the deficiency is generally made good in a few years if otherwise favourable. The number of plough cattle in the latest year (1908-09) included in the statement was lower than in the commencement (1893-94), in some of the circles namely Assam, Bundelkhund. Agra Provinces—North and West, Gujarat, Deccan, Berar, Madras-North and Madras-West. Although great reliance cannot be placed on these statistics, they can be accepted as showing that in some areas at any rate there has been a dearth of plough cattle.”

Regarding the existence of capital Mr. Elliot James says :

“The ryots have a keen eye to the results of a good system of farming as exhibited on model farms, but they cannot derive much good from

21. Report on the Enquiry into the Rise of Prices in India, 1914, Vol. 1, pp. 66-67, (Italics ours).

the knowledge though they may take it in and thoroughly understand that superior tillage and proper manuring mean a greater out turn in crops. Their great want is *capital*.”²²

The farmer knows, says the same author, that his agricultural equipment is inefficient and antiquated but he cannot substitute better ones in its place for :

“A superior class of cattle and superior farm implements mean to him so much outlay of what he has not—Money.”

Similar facts for the Baroda State have been collected in another connection by Mr. M. B. Nanavali, Director of Commerce and Industry. But unfortunately he did not bring his knowledge of such facts to bear upon the conclusions of the Committee for the consolidation of holdings in the State of which he was also a member, apparently thinking that the size of a holding bore no relation to the instruments of production. He bemoans that:

“The farmers are not fully equipped with draught-cattle. They have today (1913) 8,34,901 bullocks, etc., for use on farms, that is one pair for 36 bighas of land. On an average a pair of good bullocks can cultivate 25 bighas of land. But the present breed has much deteriorated and one pair is supposed to cultivate 20 bighas at the most, while the present actual averages comes to about 36 bighas. Under the circumstances it is not likely that ploughing can be deep. It must be like scratching the surface. The small cultivators do not possess any draught-cattle or at the most a single one and cultivate land in co-operation with their friends similarly situated. As for farm implements there are 1,54,364 ploughs in the State, i.e., one for two Khatedars. It must be understood here that the number of cultivators and tenants is much more than three lakhs. Every one of them needs full equipment. Therefore actually the average must be much smaller than shown above.”²³

In fact the equipment for agricultural production in the State has considerably deteriorated since 1898 as shown by the table below :

Year		Plough	Carts	Plough Cattle	Other Domestic
1898	..	1,75,989		4,15,089	5,70,517
1910	..	1,51,664	68,946	3,34,801	5,09,416

Given, this state of affairs can we not say with more propriety that not only the existing equipment is inadequate for the enlarged holdings but

²² Indian Industries, p. 6.

²³ Report on Agricultural Indebtedness in the Baroda State, 1913, para. 35.

that the existing holdings, small as they are, are too big for the available instruments of production other than land ? *Facts such as these interpreted in the light of our theory force upon us the conclusion that the existing holdings are uneconomic, not, however, in the sense that they are too small but that they are too large.* Shall we therefore argue that the existing holdings should be further reduced in size with a view to render them economic in the sense in which we have used the term ? Unwary readers might suppose that this is the only logical and inevitable conclusion— a conclusion that is in strange contrast with the main trend of opinion in this country. Contrary, no doubt, the conclusion is ; but it is by no means inevitable. For, from our premises we can with perfect logic and even with more cogency argue for increase in agricultural stock and implements which in turn will necessitate enlarged holdings which will be economic holdings as well.

Consequently the remedy for the ills of agriculture in India does not lie primarily in the matter of enlarging holdings but in the matter of increasing capital and capital goods. That capital arises from saving and that saving is possible where there is surplus is a commonplace of political economy.

Does our agriculture—the main stay of our population—give us any surplus ? We agree with the answer which is unanimously in the negative. We also approve of the remedies that are advocated for turning the deficit economy into a surplus economy, namely by enlarging and consolidating the holdings. What we demur to is the method of realizing this object. For we most strongly hold that *the evil of small holdings in India is not fundamental but is derived from the parent evil of the mal-adjustment in her social economy.* Consequently if we wish to effect a permanent cure we must go to the parent malady.

But before doing that we will show how we suffer by a bad social economy. It has become a tried statement that India is largely an agricultural country. But what is scarcely known is *that notwithstanding the vastness of land under tillage, so little land is cultivated in proportion to her population.*

Mulhall's figures for the year 1895 clearly demonstrate the point.

Acres per inhabitant in 1895

Great Britain	Ireland	France	Germany	Russia	Austria	Italy	Spain and Portugal	U.S.A.	India
0.91	3.30	2.30	1.70	5.60	2.05	1.75	2.90	8.90	1.0

That since 1895 the situation, however, has gone from bad to worse figures eloquently bear out:

				1881	1891	1901	1911
Bengal	..	..	..	1.5	0.8	1.12	
Bombay	..	..	..	1.7	1.6	1.41	1.3
Madras	..	..	..	1.3	0.3	.68	.79
Assam	..	..	..	...	0.5	.78	.85
Punjab	..	..	..	1.2	1.3	1.05	1.11
Oudh	..	..	..	.81	0.7	.73	.75
N. W. P.	..	..	..		0.8		
Burmah	..	..	..		1.5	1.08	1.09
Central P.	..	..	..	1.67	2.4	1.8	1.79
B. India	..	..	..	1.04	1.0	0.86	0.88

Now, what does this extraordinary phenomenon mean ? A large agricultural population with the lowest proportion of land in actual cultivation means that a large part of the agricultural population is superfluous and idle. How much idle labour there is on Indian farms it is not possible to know accurately. Sir James Caird who was the first to notice the existence of this idle labour estimated in 1884 that,

“A square mile of land in England cultivated highly gives employment to 50 persons, in the proportion 25 men, young and old, and 25 women and boys. If four times that number, or 200, were allowed for each square mile of cultivated land in India, it would take up only one-third of the population.”²⁴

Out of the total population of 254 millions in 1881 nearly two-thirds were returned as agricultural. Allowing, as per estimate, one-third to be taken up, we can safely say that a population of equal magnitude was lying idle instead of performing any sort of productive labour. With the increasing ruralization of India and a continually decreasing proportion of land under cultivation, the volume of idle labour must have increased to an enormous extent.

The economic effects of this idle labour are two-fold. Firstly, it adds to the tremendous amount of pressure that our agricultural population exerts on land. A quantitative statement will serve to bring home to our mind how high the pressure is:

Mean density per square mile in 1911

	Oudh and N. W. P.	Bengal	Madras	Punjab	Bombay	Assam	Berar and C. P.	Coorg	British Burma
of Total Area	427	551	291	177	145	115	122	111	53
of Cultivated Area	829	1162	785	453	444	766	360	792	575

24. India, the Land and the People, p. 225.

Such high pressure of population on land is probably unknown in any other part of the world. The effect of it is, of course, obvious.

Notwithstanding what others have said, this enormous pressure is the chief cause of the subdivision of land. It is the failure to grasp the working of this pressure on land that makes the law of inheritance such a great grievance. To say that the law of inheritance causes sub-division of land is to give a false view by inverting the real situation. The mere existence of the law cannot be complained of as a grievance. The grievance consists in the fact that it is invoked. But why is it invoked even when it is injurious? Simply because it is profitable. There is nothing strange in this. When farming is the *only* occupation, to get a small piece of land is better than to have none. Thus the grievance lies in the circumstances which put a premium on these small pieces of land. The premium, is no doubt, due to the large population depending solely on agriculture to eke out its living. Naturally a population that has *little else to prefer to agriculture* will try to invoke every possible cause to get a piece of land however small. It is not therefore the law of inheritance that is the evil, but it is the high pressure on land which brings it into operation. People cultivate the small (piece not because their standard of living is low as Prof. Jevons seems to think²⁵ but because it is the only profitable thing for them to do at present. If they had something more profitable to do they would never prefer the small piece. It is therefore easy to understand how the universal prevalence of the small farms or *petit culture* is due to this enormous pressure on land.

In spite of the vehement struggle that our agricultural population maintains in trying to engage itself productively as cultivators of a farm however small, it is true that judged by the standard of Sir James Caird a large portion of it is bound to remain idle. Idle labour and idle capital differ in a very important particular. Capital *exists*, but labour *lives*. That is to say capital when idle does not earn, but does not also consume much to keep itself. But labour, earning or not consumes in order to live. Idle

25. Opt. cit. Introduction. The Impression that Prof. Jevons leaves on his readers is that agriculture suffers in India because of the low standard of living. That a higher standard of life once established will necessitate a large holding because people with a high standard of life will prefer to migrate rather than accept a small holding. As his argument that holdings and standard of life are related is likely to mislead his less thoughtful readers, a word of comment is necessary. A standard of living is merely a level of consumption fixed in habit. But what determines the depth of a particular level of consumption? Undoubtedly the level of production. We may grant the truth of the statement that a rise in the standard of living works as a stimulus to higher production but it is foolish to expect mere wish to be father to the deed. It is *actual* production alone that can support rise in the standard and not wish, generated though it be either by "travel or education". If Prof. Jevons means that an opportunity for increased production, leading to a higher standard of life, will disfavour small holdings we are one with him. But he can make himself more intelligible by dropping standard of living and only arguing for increased production; that increased production leads to a rise in standard will be granted by all; but the reverse cannot be maintained Prof. Jevons seems to do, for it may lead to production or predation. To speak of raising the standard of life without speaking of increased production is to give expression to a pious wish, if it does not lead to mischief.

labour is, therefore, a calamity ; for if it cannot live by production as it should, it will live by predation as it must. This idle labour has been the canker of India gnawing at its vitals. Instead of contributing to our national dividend it is eating up what little there is of it. Thus the depression of our national dividend is another important effect of this idle labour. The income of a society as of an individual proceeds (1) from the efforts made, and (2) from possessions used. It may be safely asserted that the aggregate income of any individual or society must be derived either from the proceeds of the current labour or from productive possession already acquired. All that society can have today it must acquire today or must take out of its past product. Judging by this criterion a large portion of our society makes very little current effort; nor does it have any very extensive possessions from which to derive its sustenance. No doubt then that our economic organization is conspicuous by want of capital. Capital is but crystallized surplus ; and surplus depends upon the proceeds of effort. But where there is no effort there is no earning, no surplus, and no capital.

We have thus shown how our bad social economy is responsible for the ills of our agriculture. We have also proved how our entire dependence on agriculture leads to small and scattered farms. How a large portion of our population which our agriculture cannot productively employ is obliged to remain idle has been made clear. We have also shown how the existence of this idle labour makes ours a country without capital. This being our analysis of the problem, it will be easy to see why the remedies for consolidation and enlargement under the existing social economy are bound to fail.

Those who look on small holdings as the fundamental evil naturally advocate their enlargement. This, however, is a faulty political economy and as Thomas Arnold once said "a faulty political economy is the fruitful parent of crime". Apart from the fact that merely to enlarge the holding is not to make it economic, this project of artificial enlargement is fraught with many social ills. The future in the shape of an army of landless and dispossessed men that it is bound to give rise to is neither cheerful from the individual, nor agreeable from the national, point of view. But even if we enlarged the existing holdings and procured enough capital and capital goods to make them economic, we will not only be not advocating the proper remedy but will end in aggravating the evils by adding to our stock of idle labour; for capitalistic agriculture will not need as many hands as are now required by our present day methods of cultivation.

But if enlargement is not possible, can we not have consolidation? It can be shown that under the existing social economy even consolidation is not possible. The remedy for preventing sub-division and fragmentation

of consolidated holdings cannot be expected to bring real relief. Instead it will only serve to be a legal eyewash. This becomes easy of comprehension if we realize at the start what the one man rule of succession means in actual practice. For this we shall have to note the changes it will introduce in the survey records. At present according to the Bombay Land Revenue Code Chapter I, Section 3, clause (6).

“Survey Number” means a portion of land of which the area and other particulars are separately entered, under an indicative number in the survey records of the village, town or city in which it is situated, and includes a recognized share of a survey number. Again by clause (7).

“Recognized share of a survey number” means a sub-division of a survey number separately assessed and registered.

After the adoption of the one man rule of succession a survey number will be made to cover a piece of land which will be of the size fixed for an ideal economic holding. Secondly, it will be necessary to refuse separate registration to any sub-division of such a survey number ; i.e., in order that a piece of land should be registered with a separate and a distinct survey number it must not be below the economic limit. Then too this survey number covering a piece of land large enough to be styled economic will be registered in the name of one person. This is precisely what will happen if we put into practice the project of the Baroda Committee. Mr. Keatinge instead of having one survey number covering a large and compact holding will have in the name of one person many survey numbers covering a unit of land composed of small and scattered fields. Abandoning Mr. Keatinge's scheme as serving no practical purpose *the one man rule of succession to a consolidated holding means in practice refusal to recognize legally a piece of land if it were below a certain size.* Now this refusal to recognize smaller pieces of land, it is claimed, will prevent the sub-division of a consolidated holding. Sub-division of land may be due to many causes the operation of which is rendered economic or uneconomic by the nature of the occasion which evokes it. Not to allow sub-division on any ground, as does Mr. Keatinge, is to cause a serious depreciation of the value of land. But if sub-division is needed as when the stock has depleted, not to grant it is to create an uneconomic situation—a result just opposite of what is intended to be achieved, apart from this to prevent sub-division legally is not to prevent it actually, if necessitated by the weight of economic circumstances. Granting the pressure of population on land and the scanty agricultural equipment—evils to which the authors of consolidation and enlargement have paid no attention—we must look forward to the sub-division of holdings. If we legislate in the face of this inevitable tendency and refuse to record on our survey roll holdings below a certain limit required for a separate survey number we will not only fail to cure what we must know

we cannot, atleast by this means, but will help to create a register that will be false to the true situation.

This being our criticism of the means for preventing sub-division and fragmentation it will not take us long to state our view as regards the project of consolidation. Consolidation and its conservation are so intimately connected that the one cannot be thought of without the other. Now if we cannot conserve a consolidated holding, is it worth our while to consolidate, however feasible the project may be? This work of Sysiphus will not fail to fall to our lot unless we make effective changes in our social economy.

As the evils of this surplus and idle labour which will be added on to by the consolidation and enlargement of holdings are likely to outweigh their advantages', the proposals do not find much favour at the hands of Prof. Gilbert Slater.²⁶

As against Prof. Slater we hold that the evils are avoidable and it is because we are anxious to avoid them that we wish to advocate different remedies for bringing about the enlargement of holdings. Consequently, we maintain that our efforts should be primarily directed towards this idle labour.²⁷

If we succeed in sponging off this labour in non-agricultural channels of production we will at one stroke lessen the pressure and destroy the premium that at present weighs heavily on land in India. Besides, this labour when productively employed will cease to live by predation as it does to-day, and will not only earn its keep but will give us surplus; and more surplus is more capital. In short, strange though it may seem, *industrialization of India is the soundest remedy for the agricultural problems of India*. The cumulative effects of industrialization, namely, a lessening pressure and an increasing amount of capital and capital goods will forcibly create the economic necessity of enlarging the holding. Not only this, but industrialization by destroying the premium on land will give rise to few occasions for its sub-division and fragmentation. Industrialization is a natural and powerful remedy and is to be preferred to such ill-conceived projects as we have considered above. By legislation we will get a sham economic holding at the cost of many social ills. But by industrialization a large economic holding will force itself upon us as a pure gain.

26. "The village in the Melting Pot" Journal of the Indian Economic Society. Vol. 1, No. 1, p. 10.

27. Prof. Jevons does speak of removing the surplus agricultural population to towns. The author is happy to note that Prof. Jevons had recognised that there is the evil of surplus population. What he has failed to recognize is that this evil is the faithful parent of all other evils that affect our agriculture. When it is recalled that industrialization of India is the one theme against which Prof. Jevons never fails to argue with all the aid of his knowledge and influence, his remedy of removing the surplus population to towns sounds strange; for migration to towns is simply euphemism for the industrialization of India. On the other hand Prof. Jevons has forgotten that there are few towns in India. If we believe, as does Prof. Jevons, that there is the evil of surplus population the only logical and inevitable conclusion, however unpalatable it be, is the creation of more towns i.e., industrialization.

Our remedy for the enlargement as for the consolidation of holdings as well as the preservation of consolidated holdings reduces itself to this: We prefer to cure agriculture by the reflex effects of industrialization. Lest this might be deemed visionary we proceed to give evidence in support of our view. How agriculture improves by the reflex effects of industrialization has been studied in the United States in the year 1883. We shall quote *in extenso* the summary given by the London Times:

“The statistician of the Agricultural Department of the United States has shown in a recent report that the value of farm lands decreases in exact proportion as the ratio of agriculture to other industries increases. That is, where all the labour is devoted to agriculture, the land is worth less than where only half of the people are farm labourers ; and where only a quarter of them are so engaged the farms and their product are still more valuable. It is, in fact, proved by statistics that diversified industries are of the greatest value to a State, and that the presence of a manufactory near a farm increases the value of the farm and its crops. It is further established that, dividing the United States into four sections or classes, with reference to the ratio of agricultural workers to the whole population, and putting those States having less than 30 per cent of agriculture and of agricultural labourers in the first class, all having over 30 and less than 50 in the second, those between 50 and 70 in the third, and those having 70 or more in the fourth, the value of farms is in inverse ratio to the agricultural population, and that where as in the purely agricultural section, the fourth class, the value of farms per acre is only \$ 5.28, in the next class it is \$ 13.03, in the third \$ 22.21, and in manufacturing districts \$ 40.91. This shows an enormous advantage for a mixed district. Yet not only is the land more valuable the production per acre is greater, and the wages paid to farm hands larger. Manufactures and varied industries thus not only benefit the manufacturers, but are of equal benefit and advantage to the farmers as well.”

This will show that ours is a proven remedy. It can be laid down without fear of challenge that industrialization will foster the enlargement of holdings and that it will be the most effective barrier against sub-division and fragmentation. Agreeing in this, it may be observed that industrialization will not be a sufficient remedy for consolidation. That it will require *direct* remedies may be true. But it is also true that industrialization, though it may not bring about consolidation, will facilitate consolidation. It is an incontrovertible truth that so long as there is the premium on land consolidation will not be easy, no matter on how equitable principles it is proposed to be carried out. Is it a small service if industrialization lessens the premium as it inevitably must ? Certainly not. Consideration of another aspect of consolidation as well points to the same conclusion : That

industrialization must precede consolidation. It should never be forgotten that unless we have constructed an effective barrier against the future subdivision and fragmentation of a consolidated holding it is idle to lay out plans for consolidation. Such a barrier can only be found in industrialization ; for it alone can reduce the extreme pressure which, as we have shown, causes subdivision of land. Thus, if small and scattered holdings are the ills from which our agriculture is suffering to cure it of them is undeniably to industrialize.

But just where does India stand as an industrial country ? :

	England and Wales		Germany		U. S. A.		France		India	
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
1790	..	..	..	..	87.5	..	..	..	..	..
1840	..	..	..	..	77.5	..	75.6	24.4	..	..
1851	49.92	50.08	..	..	..	..	..	..	..	..
1871	38.20	61.80	..	36	47.6	..	..	..	..	..
1881	32.1	67.9	..	41	44.3	29.5	..	..	..	..
1891	27.95	72.05	..	47	39.2	36.1	..	..	64.4	..
1901	23.00	77.00	..	54	35.7	40.5	..	..	67.5	..
1911	19.9	78.1	..	..	33.3	46.3	57.9	42.1	71.5	..

(The figures for the various countries do not correspond with the years. The range of variation is 3 years),

Sir Robert Giffen after a survey of the economic tendencies of various countries concludes that;

“The wants of men increasing with their resources the proportion of people engaged in agriculture and mining and analogous pursuits, in every country is destined to decline, and that of people engaged in miscellaneous industry—in other words in manufactures using the latter phrase in a wide sense to increase.”²⁸

Figures for India, however, run counter to this dictum illustrating a universal tendency observed by an expert. While other countries like the U.S.A. starting as agricultural are progressively becoming industrial, India has been gradually undergoing the woeful process of de-urbanization and swelling the volume of her rural population beyond all needs. The earlier we stem this ominous tide, the better. For notwithstanding what interested persons might say²⁹ no truer and more wholesome words of caution were ever uttered regarding our national economy than those by Sir Henry Cotton when he said **“There is danger of too much agriculture in India.”**

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28. “Essays in Finance” 2nd Series, p. 240.

29. Prof. Jevons in his paper on the “Capitalistic Development of Agriculture” read before the Indian Industrial Conference, held at Bombay in December 1915 argues against industrialisation. It can however be maintained against Prof. Jevons that it is industrialisation only that can make capitalistic agriculture possible. As a needful corrective to his paper *cf.* Sir Robert Giffen’s Essay IV in his *Essays in Finance*, 1st Series.

