

THE LAW OF DIMINISHING RETURN.

(ITS BEARING ON INDIAN ECONOMICS.)

The Law may be stated thus : " An increase in the capital and labour employed in the cultivation of land causes *in general* a less than proportionate increase in the amount of produce raised, unless it happens to coincide with an improvement in the arts of agriculture. "

To grasp the full meaning of the law it requires certain modifications on the following considerations :—

(a) In the first stages of cultivation land may be under-cultivated and then extra capital and labour will give an increasing return until a maximum produce has been reached, after which it must diminish again i. e. the law of diminishing return comes into operation.

(b) Improved methods of cultivation (such as the application of manure, use of agricultural machinery &c.) may enable more capital and labour to be profitably applied and thus the operation of the law of diminishing return may be suspended for a while.

Therefore, the Law should be finally stated thus : Although an improvement in the arts of agriculture may raise the rate of return which land generally affords to any given amount of capital and labour, and although the capital and labour already applied to any piece of land may have been so inadequate for the development of its full powers that some further expenditure would give more than a proportionate return, yet these conditions are rare in an old country and except where they are present the application of increased capital and labour will add a less than proportionate amount to the produce raised, provided there has been in the meanwhile no increase in the skill of the individual cultivator.

Again, whatever may be the future developments of the arts of agriculture, a continued increase in the application of capital and labour to land must ultimately result in a diminution of the extra produce which can be obtained by a given extra amount of labour and capital.

Let us now examine carefully how this Law affects the cultivation of our country. India we all know is an old country and her

civilisation has come down to us from a very remote past. It may even be safely asserted that civilisation reached its zenith in India when the forefathers of modern western nations were steeped in ignorance.

Further, in India agricultural improvements had been attained to a certain extent. But these were of purely indigenous character. Foreign improvements have as yet remained un-introduced, for the people are too poor to adopt them and also for fear that they may not have their immediate effects on Indian soil. [So we propose to eliminate this element from the present consideration]. We may then take for granted that in India agricultural improvements have been attained to a fairly high standard.

Therefore, if there be, under these circumstances, any increase in the application of capital and labour, the law of diminishing return will come into operation.

It is natural that if there be any proper means other than land for earning livelihood, men will not voluntarily thrust themselves on land, causing thereby loss not only to other labourers of the same profession but to themselves, as this will invariably be followed by a less than proportionate return. Here, however, we find labour to be continually increasing on land.

India from the remotest period was not purely an agricultural country. Her industry of various description was not unknown in the markets of the world. Corroboration of this statement can be had in history which bears testimony to her commercial prosperity and extensive trade with foreign nations by sea. Now that her industries are all crushed to dust, the workers in those industries are thrown out of employment. They now try to live by turning docile cultivators. This is the cause of the continual increase of labour on land.

The East India Company was primarily responsible for this. At present the *free trade* policy of the British Government is responsible for the retrogression of India's infant industries which are "however now trying to heave their heads from the ashes of the old ones.

It may be interesting to note the words of an eminent historian to show how even the military races of India are continually being

converted into docile cultivators and peaceful citizens of the Empire. Thus goes the historian triumphantly.—“It is no little triumph to have been able to turn swords into ploughshares and yet the examples of the Mahrattas, the Sikhs and many other classes are examples which admit of no denial.”

In the face of these facts, it is impossible to deny the full operation of the law of diminishing return in Indian cultivation. The more the capital and labour on land under the present circumstances, the less is the average individual income. Pinching poverty and frequent famines are the inevitable results of this. If any one wants to have the conditions of the Indian ameliorated, let him work head and heart to set up new industries and open up new sources of livelihood. Such a measure will act in the way of withdrawing surplus labour from land and nothing but such a withdrawal can better the condition of the poor Indian ryot.

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THE NEW REGULATIONS.

GENERAL FEATURES.

Space will not permit us to dwell at length on the many and varied features of the Regulations. We therefore briefly advert to those alone that strike us as important.

(1) There is ample provision made for an efficient control of the University over colleges (and schools) and through them over the character and conduct of students. For this purpose the post of a University Inspector of Colleges has been created. He shall be a man of high academic standing and his pay, leave and pension shall be exactly the same as those of the wholtime Registrar. He shall be assisted in his work of inspection by specialists in Arts and Science. A College Register as well as a University Register will have to be kept in which will be recorded every stage of the progress of the student, his conduct and character, his transfers to and from different colleges &c., thus furnishing a continuous history of every