

Tilak : The Economist

by

T. V. PARVATE



**MAHARASHTRA STATE BOARD FOR
LITERATURE AND CULTURE, BOMBAY**

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PREFACE

Maharashtra State Board for Literature and Culture deems it, its privilege to publish, on the occasion of Congress Centenary, a book on the economic ideas of late Lokamanya Tilak. The book is an evidence that like Dadabhoy Naoroji, Justice Mahadeo Govind Ranade and Gopal Krishna Gokhale, Lokamanya Tilak also had very carefully studied the economic problem of our country and had linked it with Swarajya or the political problem of India.

The Board is grateful to Shri T. V. Parvate, the veteran thinker and journalist of the hoary tradition, for writing this book for the Board, at this very opportune time.

42, Yashodhan,
Bombay-400 020.
26th November 1985.

S. S. BARLINGAY,
Chairman,
Maharashtra State Board for
Literature and Culture.

ACKNOWLEDGEMENTS

I am much obliged to the Maharashtra State Board of Literature and Culture for having accepted my study of Lokamanya Tilak as an economist as one of their Indian National Congress Centenary publications.

I am also immensely indebted to Dr. Bipin Chandra and his book, *The Rise and Growth of Economic Nationalism in India*, for it helped me readily to lift a number of quotations from the writings and utterances of such exponents of Indian economic nationalism as Dadabhai Naoroji, Romesh Chandra Dutt, G. V. Joshi, Ranade and others. Indeed, I have made a generous use of this book for my study of Tilak as an economist among other sources. His industry and research have been a veritable boon to me.

Tilak's own writings in the *Kesari* and the *Mahratta*, the Quarterly Journal of the Sarvajanik Sabha and his speeches in the Bombay Legislative Council, on the Congress platform and elsewhere have been the main source for establishing that he was no less an economist than his contemporary economists from Dadabhai Naoroji to Gokhale.

Dr. P. R. Brahmananda, Director of the Economics Department of the University of Bombay has done me a great favour by contributing his foreword to my humble effort. I can never be sufficiently grateful to him for this favour.

—T.V. PARVATE,

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FOREWORD

DURING the century spanning the middle of 19th century and the middle of the 20th century, the region of Western India and in particular the Bombay-Pune region, was habitat to a galaxy of distinguished patriots, scholars and statesmen who could be deemed to be outstanding in the annals of the history of any country. Beginning with the Tarkhadkars, Bhaskar and Atmaram and ending, let us say, with Mahatma Gandhi, a host of great leaders in thought, courage and action, held aloft the banner of a resurgent, renascent and rousing nationalist movement.

Comparable only to Mahatma Gandhi was the great Lokamanya Bal Gangadhar Tilak, a truly Himalayan leader, in the expanse of his interests, the height of his idealism, the snow-whiteness of his purity, and the immensity of his faith in the inevitability of India's freedom from bondage. Tilak towered in a period when the entire Bombay-Pune region was in ferment everywhere. Bhaskar Tarkhadkar, Dadabhai Naoroji, Gopal Krishna Gokhale, Mahadev Govind Ranade, Ganesh Venkatesh Joshi, (as also R. C. Dutt, B. C. Pal, Lata Lajpatrai, G. Subramanya Iyer and others) had together developed the main elements of the economic argument against the British Rule and for Indian Independence.

Tarkhadkar, as has been pointed out by Professor J. V. Naik, and Naoroji highlighted the consequences to India of the ceaseless annual drain of surplus from India to Britain. Naoroji provided a proof, if a proof was required, that Britain's economic ascendancy and India's economic decline were two faces of the same coin. G. V. Joshi drew attention to the enormous amount of disguised unemployment in agriculture, accumulated over a long period due to the above decline and to a deficiency of growth in education, crafts, and industry. The deficiency itself was due to the absence of a positive economic policy in India's interests. Joshi also pointed out the secondary consequences of the drain, reflected in the form of markets for, and profits to, British-produced industrial, public utility and financial services.

The annual drain was thus *more* than what Naoroji had visualised. Whatever little of final demand growth that occurred in India had secondary multiplier effects in Britain and not in India. Joshi helped Gokhale to develop before the Welby Commission, the thesis of the excessive and improvident public expenditures by the Government of India leading to excessive tax burden on the poor people of India. At the same time Indians were treated as second class and third class citizens, since they were largely excluded from their own country's higher administrative and technical services.

Mahadev Govind Ranade, one of the noblest and purest of scholars anywhere, drew attention to the stagnation in the Indian economy which was characterised by over-population, diminishing returns, supply rigidities, social inelasticities and philosophical fatalities. British political economy was not suited to the Indian institutional and historical setting. The Indian system required a benevolent, positive and paternistic Government taking initiation in development of industry, education, training and social reform. While others mourned and cursed the pervasive darkness caused by foreign rule, Ranade quietly started lighting little, little lamps here and there. Numerous movements in the socio-economic sphere outside of the Governmental processes were initiated.

The situation required a dynamic political leader of the stature of Tilak to politicalize the various elements of the case against the British rule and galvanize the people with the spirit of faith in their history, religion and quest. Tilak, no mean scholar himself, turned all the debates into a single tirade against the British Government. Everything that the British sought to do in the country was in their interests and was bad for India. With this thorough and probing angle, he homogenized all discontent in the form of a huge furnace of seething discontent against the foreign rule. The thesis that self-rule or Swaraj is the inborn right of human beings, stirred Indians all over the land in the same manner that the slogan of equality, liberty and fraternity had stirred the French people.

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Tilak's historic role in the preparation of the seed-bed on which Mahatma Gandhi's powerful, all pervasive movement for Hind Swaraj blossomed has been recorded several times. It is a matter of great satisfaction to scholars all the world over that Tilak's economic ideas have now been brought together in their setting by Shri Parvate who is well known to scholars as the inimitable biographer of Ranade, Tilak and Gokhale. Parvate has taken the trouble to translate from Marathi to English Tilak's views presented in topical papers on important economic issues of his time.

What is revealing from Shri Parvate's presentation is the unified perspective with which Tilak looked at economic issues. At every stage Tilak was on the look-out for perceiving the debilitating effects of foreign rule on the Indian economy. He believed passionately with Naoroji on the drain; he upheld with Ranade and Joshi the theme of protection for the benefit of Indian industrialisation; he sided with Gokhale on the need for economy and for proper priorities in public expenditure; he favoured irrigation against railways.

With the Indian economists he perceived that Indian land revenue was not a portion of Ricardian rents which by definition were *not* elements in the process of fixation of subsistence wages and of profits. The ryot had to bear the land revenue by reducing his outlays on maintenance of land, subsistence of labour and of himself and cutting down investment on further development. Land revenue was, therefore, hurting current production and growth.

With R. C. Dutt he espoused the cause of skilled artisans and native handicrafts. Parvate points out that Tilak himself took the initiative in recognising the absolute advantage of Maharashtra in the sphere of sugar production. Tilak saw the evil in the Indian currency and exchange system which was based on the sterling exchange standard. He saw the British interest in the depreciation of the rupee which made Indian raw materials cheaper for Britain.

There is no doubt that in Tilak's writings (what a lion of a journalist he was!), the economic issues became the warp and woof of the system of political domination of Britain over India. Tilak realized that without the exit of the British from India, the economic decay could not be arrested. This, one must recollect, is the central standpoint in Mahatma Gandhi. Gandhi took the *total* case against the British from Tilak but brought in the positive element of parallel and ongoing constructive work in a number of spheres. In this respect he seems to have imbibed Ranade's approach. While the fight against the British was going on, numerous positive and constructive movements set in motion would bring the people together and would revive the faith of the people in a decentralised self-reliant struggle.

However, Gandhiji was sufficiently perspective to rule out a solution to the economic issues *independent* of political freedom. This particular angle, is what I submit in the light of Parvate's researches, the torch of Tilak which Gandhiji carried with him. Gandhiji's *Hind Swaraj* echoes the great Shivaji's concept of 'Hindavi Swaraj' and Tilak's own concept of 'Swaraj'. Tilak had perceived that a mere attack on foreign rule would not be adequate; the foreign rule had to go in order to establish an *identity* for the Indian ideas through the ages India's uniqueness could be asserted through India becoming an independent nation. Gandhi realized the value of this sort of an identity.

Both Tilak and Gandhiji, in their own ways, strongly felt that the fount of India's economic, political and social progress had to draw sustenance from the conservable elements in India's long religious, spiritual and philosophic tradition. In such a tradition, in the context of Indian physical and natural environment, the Western model of socio-political economy did not seem to fit in. My own hunch is that though Gandhiji found himself more at home with Gokhale, he absorbed a great deal more from Tilak. Tilak had shown how the freedom struggle could become a mass movement and further that the concept of an Indian identity had to be a pole star to keep this struggle going. One may note that Jawaharlal Nehru himself seems to have been inspired more by Ranade than by Tilak and of

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course, Gandhi. Ranade before Nehru was the intellectual father of a concept of confluence of the East and the West.

There is, however, one aspect of Tilak's contribution to which I might make a mention since Parvate has touched on it only briefly. Scholars like Ranade strongly felt that there was an underlying 'fatalism' in the typical Indian temperament. (A similar view was maintained by Marx and has been repeated by Galbraith in our own day). Ranade's studies in Indian history and Indian social and economic development seemed to have given effect in him to a thought that the basic Indian tradition was non-action oriented. It emphasized renunciation, withdrawal and abandonment from worldly endeavours, activities and pursuits.

The spirit of ceaseless activity for improvement in one's material lot and an abiding concern for improving the economic and social conditions of fellow beings were generally absent in the Indian scene. People had no confidence in themselves. They tended to be inactive, even negative and quiescent. In the above context, enterprise, initiative and activity, which are necessary for economic development were either non-existent or not in sufficient evidence. That is why Ranade wanted the State to take an innovatory leadership and pioneering role.

Tilak's outstanding contribution to the history of our times in India is his powerful re-interpretation of the main classical text of our country. His great *Geeta-Rahasya* knit together, in a powerful plea for disinterested action, the philosophy of detachment, action and faith. To surrender one's self in ceaseless activity for a great cause without calculating the costs and benefits and with the full awareness of even failure was the call of the great classic.

This interpretation, which in many respects Gandhi also took over turned the freedom movement into a fight of Right against Wrong. To Gandhiji, the fight for Right became the struggle for Truth. India represented Right and Truth and British Rule symbolised Wrong and Untruth. Actions therefore became holy, moral and ethical.

Thinkers who thought along Ranade's line like Prof. D. R. Gadgil often felt that after Independence India would be weak in enterprise, initiative and technical skill, all so necessary for industrial development. It is amazing, in the light of the pessimism of Ranade and Gadgil, how India has grown in industry, agriculture, commerce, and technical and general education. The phenomenon of the 'reverse drain' with thousands of trained skilled and expert Indians working in foreign countries is an ample disavowal of the pessimistic streak noted above. The very growth of India after Independence in the background of 200 years of stagnation under foreign rule, justifies in retrospect, if such justification is necessary, the faith that leaders like Tilak and Gandhi imbibed the Indian people with.

It is this reservoir which has been nourishing India's struggle in the economic sphere in the post-Independence period. What Tilak believed was his undying faith in the immortality of the free and soaring spirit of India. If only we could recapture a few sparks from his life and teachings, how much easier our task of economic development can become. In our own day Japan has brought down the flag of U. S. dominance in the world of materialism. This achievement has been a great deal due to the tremendous patriotism of the Japanese. We learn from Tilak that patriotism and nationalism are qualities which are required as much under freedom as under bondage.

May I share with the readers my great admiration for this labour of love and of scholarship by Shri Parvate, who with this work completes a magnificent trilogy of the three great political and economic leaders of modern India.

May I at this stage, since I happen to be a professor and a professor's mind can fill itself with useful and useless speculations, raise a query? Suppose the British had governed India in the latter's

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interests and India had considerable economic progress under the British rule, would there yet have been a case for the Independence movement? On strictly Utilitarian principles which may get support from Reason, the case might have been weak or even non-existent. But *this* is the differentia *species* of the contributions of Tilak, Gandhi and their followers.

To have Freedom is one's birth-right, material progress before, thereafter or not. Parvate records how the greatest analytical Indian economist of his times, G. V. Joshi, preferred to part company with Ranade and to join Tilak. Economics is not the be-all or end-all; one supposes Tilak as an economist, like Gandhi, knew fully well the weight to be placed on economics. That is why we continue to remember them. Freedom is a value though after being free we all may even perish.

P. R. BRAHMANANDA

I. WAS TILAK NO ECONOMIST?

Lokamanya Bal Gangadhar Tilak was one of those clear-headed, perspicacious and far-seeing patriots like Dadabhai Naoroji, Mahadeo Govind Ranade and Romesh Chandra Dutt who realised quite early in their careers that the imperialist domination of Britain over India was as much economic as it was political. There are numerous passages in Tilak's writings and speeches extending over a period of nearly forty years which testify to an awareness on his part that the economic exploitation of India by Britain was much more insidious than political domination, both of which led to the stunting of the growth of India's manhood and prevented it from rising to its full stature.

I realised this conspicuously enough while I was studying as much literature concerning Tilak as was possible for preparing his biography to celebrate his centenary in 1956. A fair indication of this realisation on my part is discernible to the inquisitive, in Chapter XX entitled 'Advocate of Swadeshi' in that biography. That treatment was necessarily sketchy and scrappy. I have been keenly feeling since then that Tilak's ideas and practical efforts for the economic i. e. agricultural and industrial uplift and material prosperity of India demanded a fuller and more extensive consideration in the form of a specialised exposition. No such effort has been made till today.

Indian patriots, whether of the moderate persuasion or militant, were of the well-considered and mature opinion that industrial domination of India by England was the most deplorable result of British rule. The early days of the East India Company's rule were as bad as they could possibly be from the standpoint of India's industrial system. Deliberate steps were taken by the East India Company to destroy the industries of the people to make room for western manufacturers. This was England's policy not only towards India, but America and Ireland also. America got rid of it by shaking of England's domination altogether. Ireland struggled to do the same but did not succeed for a very long time and India suffered the most under the operation of this policy.

The object aimed at by the East India Company was to reduce India to the level of an agricultural country producing raw materials without factories to manufacture the same. This was the first stage in the industrial decay. The second stage began when England forced on India the policy of Free Trade. England's own policy for centuries had been that of Protection and with the help of that policy, she had built up her vast industrial system. But after it had done its work, she decided to give up that policy in the forties and fifties of the last century, mainly to set right the abuses to which the policy of protection had given rise. England has always depended on foreign countries for most of her raw materials and she had been supplying manufactured articles practically to the whole world.

This was the situation in spite of Germany and America and Japan having become her close competitors later in the present century. It was, therefore, to the advantage of England that there should be no import or export duties as the result of such duties was to add to the cost of the articles supplied to foreign countries. But forcing this policy of Free Trade upon a country circumstanced as India, was bound to produce results of a disastrous character. Our products were all hand products. We did not have anything like the organization, skill or enterprise of the West. Steam and machinery and electric power were unknown in the country. Our industries were, therefore, bound to perish as a result of competition to which they were exposed and as a matter of course, the introduction of Free Trade in India was followed by rapid destruction of such small industries as had existed in this country and the people were steadily pressed back, more and more, to the one resource of agriculture.

No need to deplore this destruction of such small, indigenous industries would have arisen, had the Government of India followed the policy of starting others in their place or assisting the people of this country by encouraging the growth of factories. Because as Frederick List preached in Germany, the destruction of handicrafts was an inevitable stage through which an industrially backward country must pass before such a country could take its rank with those which used steam power, electric power and machinery of a highly developed character. What happened in Germany

was that the State intervened, adopted a policy of protection by erecting tariff walls, giving subsidies and employing other judicious measures with the result that Germany soon became a manufacturing country and entered into rivalry with England for the capture of world markets. This is what America also did with similar results. The result of England's policy of Free Trade in India was quite the opposite and whatever industrial progress India made during the British regime, as for instance in the textile industry of Bombay and Ahmedabad, was achieved in spite of this policy. In the absence of the State doing anything in India for her industrial progress, it became the duty of the people themselves to afford such protection and adoption of the Swadeshi cult, therefore, became a patriotic duty for all in the absence of political power to regulate tariffs, give subsidies and bounties and take similar other measures for the promotion of industrial development.

All who gave any thought to matters of India's trade, commerce, agriculture, mineral, marine and forest wealth and industry were unanimously of this view. Ranade was the most authoritative and acknowledged exponent of this thought and Dadabhai Naoroji, Romesh Chandra Dutt, Dinshaw Wachha, G. V. Joshi, Gokhale, Surendra Nath Banarji, Ganapati Subramanya Iyer and others were of the same view. They wrote and spoke in the same strain and Tilak, it is needless to say did the same holding as he did the same opinions. The difference between Tilak and all these leaders was that while they restricted themselves to the English language to give expression to their thoughts and appeared to be addressing the Government more than their countrymen. Tilak used his mother tongue, Marathi for the same purpose and had the people as his audience and target. For him, therefore, his Marathi journal, the *Kesari* became a powerful and effective vehicle for propogating his views which were also the views of other Nationalist leaders. Of course, he used his other English mouthpiece, the *Mahratta* for the same purpose, but he knew full well its limitations as far as the education of his countrymen was concerned.

Whenever required to do so, Tilak stated his profession as that of an author and a journalist, as for instance, during his many appearances in the Courts of Law, but he had really become a full-time politician and a public man after he resigned his membership of the Deccan Education Society and took over complete charge of the *Kesari* and the *Mahratta* as proprietor and editor in 1890 and for forty years of his public life he exploited the press and the platform to the utmost for the purpose of achieving political and economic autonomy for his country. No better appreciation of what he did for his country and his people can be cited than the words Mahatma Gandhi used while writing his obituary in 1920. What Gandhiji wrote in *Young India* after Tilak passed away may be quoted here and no apology need be made for the length of the passage:—

'Lokamanya Bal Gangadhar Tilak' is no more. It is difficult to believe him as dead. He was so much part of the people. No man of our times had the hold on the masses that he had. The devotion that he commanded from thousands of his countrymen was extraordinary. He was unquestionably the idol of his people. His word was law among thousands. A giant among men has fallen. The voice of a lion is hushed. What was the reason of his hold upon his countrymen? I think the answer is simple. His patriotism was a passion with him. He knew no religion but love of his country. He was a born democrat. He believed in the rule of majority with an intensity that fairly frightened me. But that gave him his hold. He had an iron will which he used for his country. His life was an open book. His tastes were simple. His private life was spotlessly clean. He had dedicated his wonderful talents to his country. No man preached the gospel of Swaraj with the consistency and the insistence of the Lokamanya. His countrymen, therefore, implicitly believed in him. His courage never failed him. His optimism was irrepressible. The Lokamanya had hoped to see Swaraj fully established during his life-time. If he failed, that was not his fault. He certainly brought it nearer by many a year. It is for us who remain behind, to put forth redoubled effort to make it a reality in the shortest possible time. For us, he will go to the generations unborn as a maker of modern India. They will revere his memory as of a man who lived for them and died for them.

That British rule over India connoted economic exploitation in the main and all that followed this firm conviction constituted the foundation of Tilak's political activity is clear from his writings in the *Kesari* and the *Mahratta* as well as his utterances on the public platform including that of the Indian National Congress. In order to buttress this foundation, he made judicious and generous use of the well-considered and eminently established views of Dadabhai, Ranade, Digby, Dutt, Joshi, Wacha, G. S. Iyer and others expressed in their writings or elsewhere as well as a number of reports, registers and returns published by the Government. He did not fail to note that as early as in the days of Dr. Bhau Daji, under the auspices of the Bombay Association founded by Jagannath Shankarshet, Bhaskar Pandurang, younger brother of the late, better known Dadoba Pandurang, had contributed a series of articles to the *Bombay Gazette* in which he had ably put forward the thesis that British domination over India was in essence and intent economic exploitation all round. He wrote over the pseudonym 'A Hindoo' and made it quite clear that British rule over India meant ever-increasing and never-ending impoverishment of India. [Bhaskar Pandurang Tarkhadkar challenged British writers to prove him wrong of any of the following charges he accused them of in his contributions to the *Bombay Gazette* in English and presumably in *Prabhakar* of Bhau Mahajan (Kunte) in Marathi under the pen-name 'Ek Hindoo':— (a) treachery in politics, (b) deceit in trade, (c) undue exhortation of the ryots, (d) ruining indigenous industry, (e) draining the country of its wealth "thereby reducing her to poverty and wretchedness, "(f) racial discrimination, (g) withholding high appointments from Indians, (h) partiality in the distribution of justice, (i) utter disregard to the education of the natives, (j) hypocrisy in regard to religious tolerance, (k) political treachery in dethroning the Raja of Satara, (l) unjust war with Kabul, (m) unwarranted expedition against China and above all, (n) lack of objectivity in the writings of historians of India.]

Tilak as an active and watchful journalist seized every opportunity to expose the hypocritical professions of British administrators and politicians about their civilising mission in India. In the latter half of the 19th century the British statesmen and the bureaucracy in India never tired of laying stress on the White Man's Burden and proclaiming that under the British sway India had made all round progress, thereby justifying imperial domination. The apologists of British rule harped on the values of peace, new western education, and above all the alleged resulting prosperity of the country represented by the extension of railways, roads, post and telegraph and such public works. There is no doubt that the people were initially dazzled by these amenities and believed that affluence had come in the wake of British rule. Dadabhai Naoroji made the initial and important contribution to explode this belief and expose the reality of British rule. Other public men followed his lead.

Tilak was one of these patriots and public men. He was not known as an economist in the sense that he did not produce any systematic treatise on any of the aspects of economic problems affecting the life of the people, but he was enough of an economist who ably studied current economic, material, industrial, agricultural and related topics as they cropped up, made their root-going study and made suggestions for their treatment in the best interests of the country. He criticised official tariff, trade, transport and taxation policies as obstructing instead of promoting the growth of industry and as bringing about ever-increasing de-industrialisation of the country. He was opposed to large-scale import of foreign capital in railways, plantations and industries and the facilities afforded to them by the Government.

In his attacks on the expenditure on the army and the civil service he challenged the very material bases on which British Supremacy rested. He condemned the use of the Indian army and revenues for the purpose of British expansion in Asia and Africa as being only another form of economic exploitation. He questioned the propriety of placing on Indian revenues the entire burden of British rule itself. He knew well the economic condition of his people and he could formulate policies and prepare prescriptions to improve the same. This is clear from the various constructive suggestions he often made. He fully exploited the press and the platform for this purpose.

How he kept on doing this actively and incessantly is to be followed in this study of Tilak the Economist. His two journals, the *Kesari* in Marathi and the *Mahratta* in English were quite serviceable to him for this purpose. Bearing this in mind, the late Prof. D. R. Gadgil justifiably observed in one of his appreciative tributes to Tilak that he was as much of an economist as any other Indian Nationalist leader like Dadabhai, Dutt, Ranade, Joshi, Gokhale and G. S. Iyer. For this well-considered observation, Prof. Gadgil relied on the writings of Tilak, principally in the *Kesari*.

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II. INDIA'S POVERTY—ITS CAUSES AND REMEDIES

"Without self-Government, Indians can never get rid of their present drain and the consequent impoverishment, misery and destruction. No palliative of any kind whatever no mere alteration and tinkering of the mechanical machinery of administration, can and will do any good at all. The drain can only be stopped by the Government by the people themselves.....Self Government is the only remedy for India's woes and wrongs" —Dadabhai's message to the Banaras session of the Indian National Congress (1905).

The indication of extreme poverty is so appalling that in any other country the Government would have been forced to take up this question into its serious consideration under the penalty of a revolution —Journal of the Poona Sarvajanic Sabha.

Dadabhai Naoroji was the first prominent national leader to proclaim the existence of absolute poverty in India. In 1876, he declared in his essay 'Poverty in India' that "India is suffering seriously in several ways and is sinking in poverty. The masses of India do not get enough to provide the bare necessities of life". He made poverty of India his special subject and toured all over England for years to fulfil his life-long mission of awakening the British public to the true condition of India. As he grew older, the Grand old Man became more and more denunciatory instead of mellowing and began to indulge in strong, even violent language. In 1881, he spoke of 'the wretched, heart-rending, blood-boiling condition of India' and said that 'to talk of oriental wealth now, as far as British India is concerned, is a figure of speech, a dream'. In 1895, he declaimed that the Indian 'is starving, is dying off at the slightest touch, living on insufficient food' and in 1900 he came out with the declaration: "The fact was that Indian natives were mere helots. They were worse than American slaves, for the latter were at least taken care of by their masters whose property they were".

The Indian National Congress took up the question in 1886 and soon made the existence of extreme poverty in India an article of its faith. In the introduction to the Report of the Congress for 1886, it is pointed out that no single delegate doubted or questioned in any way the fact of the extreme poverty of the masses; delegate after delegate from every single province and sub-province of the Indian Empire testified to the great destitution which prevailed amongst the lower classes in their own portions of the country. At its eleventh session in 1891, the Congress passed a resolution affirming "that full fifty millions of the population, a number yearly increasing, are dragging out a miserable existence on the verge of starvation and that, in every decade, several millions actually perish by starvation".

Ranade wrote in 1890 that "the existence of this poverty needs no demonstration and that the poverty of the country is phenomenal". G. V. Joshi spoke of this poverty as "crushing and degrading in the case of millions and millions in the lower strata of the population the appalling amount of misery and suffering that already exists all the country over. "R. N. Mudholkar while seconding the resolution on poverty in India at the 1891 session of the Congress said, "The India of today presents a most mournful and abnormal spectacle". Romesh Chandra Dutt wrote in 1901, 'The poverty of the Indian population of the present day is unparalleled in any civilised country'. C. Y. Chintamani wrote in 1902 'Famines and pestilence have become the normal condition of the land and millions upon millions of my innocent and peaceful countrymen are dying of starvation and the effects thereof.'

The *Kesari* published in 1896 verses entitled 'Shivaji's Utterancys' in which Shivaji was depicted as complaining about the condition of the country under British rule as follows: "Alas! Alas! I now see with my own eyes the ruin of my country..... What desolation is this.....Plenty has fled and after that health also. The wicked Akabai (misfortune personified) stalks with famine throughout the whole country."

The existence of stark and abject poverty was denied by most British administrators, officials and non-officials. They drew a rosy picture of a happy and contented peasantry. Under the pressure of the repeated Indian Nationalist charge that the people of India lived in extreme want, Lord Dufferin, Viceroy of India from 1885-88 ordered in 1887 a confidential inquiry into the condition of the lower classes of the population. The inquiry reports were never made public, but the Government of India published in 1888, a resolution based on the provincial reports and in Appendix 'A' to the resolution presented a *precis* of the reports. The provincial reports were unanimous in holding that there was no general insufficiency of food, that the condition of even 'the lower classes of the agricultural population is not one which need cause any great anxiety at present and that 'in normal years the people seem to enjoy a rude plenty. 'Reviewing the provincial reports on the material condition of the people of India from 1881 to 1891 it announced that the country was 'in a prosperous condition'. Non-official British writers conformed to this official view and gave even more unrestrained expression to it. Indian Nationalist leaders followed the practice of quoting from the writings of British Indian administrators themselves to prove the existence of poverty in India. The two repeatedly quoted extracts were those from Sir William Hunter's book *England's work in India* that 'forty millions of the people of India habitually go through life of insufficient food' and Sir Charles Elliott's remark that "I do not hesitate to say that half the agricultural population never knows from one year's end to another what it is to have a full meal".

Indian leaders were chiefly interested in proving the existence of extreme poverty and not in legalistic or statistical quibbling. Leaders like Dadabhai, Joshi. G. Subramanya Iyer and Surendranath Bannerjea knew full well that the word average, being an economic fiction, concealed a multiplicity of defects and that the poorer sections of the population did not get a full share of the average income. The average per capita income, whether according to the figure of Dadabhai or Lord Curzon included the incomes of the foreign capitalists and the highly paid foreign civil service, the big zeminders, the city merchants and the rural and urban middle and upper middle classes. Therefore, for the lower strata of the population, the real income must be a great deal below the average and the struggle for life much more difficult than the per capita figure would indicate.

Above all, it was the regular and devastating famines which, in the nationalist view threw a flood of light on the problem and served as conclusive evidence of the abject poverty and the chronic starvation of the masses. They indicated "a greater evil — the permanent poverty of the Indian population in ordinary years, revealed the complete exhaustion of the nation, provided additional proofs of the prostration, the utter destitution and helplessness of the bulk of the population in this country; conclusively demonstrated beyond all other facts and all other statistics, the existence of the poverty of India, and were but the outward signs of poverty". As a result of nationalist agitation, independent inquiries and frequent visitations of famines which affected vast areas and large populations, the nationalist view about the prevalence of widespread poverty was almost universally accepted i.e. both by the people and the rulers.

The Government resolution on the Economic Inquiry of 1888, admitted that there was evidence to show that in all parts of India there is a numerous population which lives from hand to mouth and that it was not an exaggeration to say that over greater part of the Indian continent, the small cultivators and labourers lived from hand to mouth. In 1898, the Lyall Famine Commission found that the lower strata of the agricultural population were all steeped in extreme poverty and did not have enough food even in normal years. Lord Curzon frankly confessed that there was 'enough and far more than enough of poverty' in India. For years, Indian leaders had taken the position that not only was India poor but that she was growing poorer day by day. They continuously emphasised the point of ever-growing, ever-deepening poverty of the Indian masses.

Gokhale made this the key-note of his famous budget speech of 1902 and after examining the question from all angles, came to the conclusion that the material condition of the mass of the people in India was steadily 'deteriorating' and that the phenomenon was 'the saddest in the whole range of

the economic history of the world.' At the very second session of the Indian National Congress in 1886, a resolution stated as its conviction that the 'increasing poverty of vast numbers of the population of India was a stern reality. This conviction was repeated in session after session of the Congress. The nationalist press both in English and the Indian languages supported the Congress and described poverty as an established fact'. Among these were the *Hindu*, the *Native Opinion* and the *Mahratta*.

One of the most important causes of India's poverty was the drain of wealth to England. A great deal of nationalist agitation was based on the belief that a part of India's national wealth or total annual product was being exported to England for which India got no adequate economic or material returns. In other words, India was being compelled to pay an indirect tribute to the English nation. The universally acknowledged theoretician of the drain theory was Dadabhai Naoroji who stuck to it throughout his long public life. Dadabhai Naoroji started propagating it in 1867, about 20 years before the Indian National Congress was founded but acquired almost complete acceptance for it among the nationalists when the Congress stood in support of it. The publication of Dadabhai's *Poverty and Un-British Rule in India*, Digby's *Prosperous British India* and Dutt's two-volume *Economic History of India* set the seal of approval on it in an official way as it were.

It was in his paper, *England's Duty to India* read before a meeting of the East India Association. London on May 2, 1867 that Dadabhai first put forward the idea that Britain was extracting wealth from India 'as the price of her rule in India', that 'out of the revenues raised in India, nearly one fourth goes clean out of the country and is added to the resources of England, and that India was consequently 'being continuously bled.' He suggested that the least that the British people could do was to lend back to India the wealth derived therefrom in order to develop her resources. Dadabhai reiterated his views regarding 'the material and moral drain from India in his papers 'The Wants and Means of India' and 'On the Commerce of India' read before the Society of Arts, London in 1870 and 1871 respectively.

While condemning the economic consequences of the drain, Dadabhai believed in the political association between England and India and of the resultant drain. He advised England to adjust her financial relations with India in an equitable manner and to increase the production of the country so that it would be enabled to meet the cost of British rule and bear the drain without impoverishment. He asked the British 'to repair the impoverishing effect of a foreign rule by the importation of large foreign capital and expressed the opinion that 'if sufficient foreign capital is brought into the country and carefully and judiciously laid out, all the present difficulties and discontent will vanish in time'.

By 1876, the drain theory took complete shape and form in Dadabhai's mind. His draft of *Poverty of India* was concluded with the emphatic statement that "owing to this unnatural policy of the British rule of ignoring India's interests and making it the drudge for the benefit of England, the whole rule moves in a wrong, unnatural and suicidal groove." From now on, Dadabhai wholly dedicated his life to the propagation of the drain theory and launching a soaring and raging campaign against the drain which was declared by him as the fundamental evil of British rule in India. Through innumerable speeches, letters to British newspapers, journals, correspondence with officials, evidence before official commissions and committees and private correspondence he tried to concentrate public and official attention on the only question of drain. As years went by, his passion and anger increased. Unrighteous, despotic, plundering, unnatural, destructive were some of the adjectives he used to describe British policy which in his opinion was leading to the draining of 'the life-blood' of India and her wealth.

Almost simultaneously with Dadabhai, two other Indian leaders Ranade and Dutt came forward to point out the evils of the drain. Ranade delivered a lecture in Poona in 1872 on Indian trade and industry in which he criticised the drain of capital and resources from India and observed 'that of

the national income of India, more than one-third was taken away by the British in some form or other'. Later in his address on 'Indian Political Economy' delivered in 1892, Ranade remarked that to "Old legacies and inherited weaknesses" which acted as depressing influences on economic development must be added the economic drain of wealth and talents which foreign subjection has entailed on this country. Romesh Chandra Dutt also stressed the drain theory and propagated it through his writings and other public activities.

In a speech, delivered at the Conference of the Committee of the National Liberal Federation in England, on February 27, 1901, he declared the drain from India as 'unexampled in any country on earth at the present day and asserted that 'if England herself had to send out one half of her annual revenues to be spent annually on Germany or France or Russia, there would be famines in England before long'. In the preface to the first volume of *The Economic History of India*, Dutt pronounced that one half of the net revenues of India 'Flows annually out of India' and added 'Verily the moisture of India blesses and fertilises other lands'. Elsewhere in this book he remarked, "So great an economic drain out of the resources of a land would impoverish the most prosperous countries on earth; it has reduced India to a land of famines, more frequent, more widespread and more fatal, than any known before in the history of India or of the world." Similarly in the preface to his second volume, he criticised England 'as the richest country on earth for stooping to levy this annual contribution from the poorest' and emphasised that this contribution 'drains the life-blood of India in a continuous, ceaseless flow'. Many other Indian leaders including G. V. Joshi, P. C. Roy, Madan Mohan Malaviya, Dinshaw Wacha, G. K. Gokhale, G. Subramanya Iyer and Surendranath Banerjea similarly, condemned the drain from time to time.

Indian leaders considered the drain as not only loss of wealth but also as loss of capital. The drain theory as propounded by them was not limited to the narrow concept of export of money or goods, but was based on wider economic reasoning and considerations. The concept of direct loss of wealth or of physical transfer of a part of the national product or of the actual diminution from the means of subsistence of the people was of course inherent in the very definition of the drain. This was the sense in which the popular mind understood the terms and the meaning that was also propagated, implicitly or explicitly, by many of the economists among the national leaders, who pointed out that even if the drain had no other economic effect, the sheer reduction of national product was large enough to be a major evil. Some leaders also felt that the transfer of national wealth abroad had a harmful impact on income and employment within the country. They pointed out that the drain represented not only the spending abroad of a certain portion of national income but also the further loss of employment and income that would have been generated inside the country, if that amount had been spent inside it.

Thus, R. C. Dutt remarked in 1903 'when taxes are raised and spent in a country, the money circulates among the people, fructifies trade, industries and agriculture and in one shape or another reaches the people. But when the taxes raised in a country are remitted out of it, the money is lost to the country for ever, it does not stimulate her trade or industries or reach the people in any form.'

This point also brought out the distinction which Indian leaders made between old despotic rulers of the country and the British. Thus, Surendranath Banerjea observed in 1902 that 'the conquerors of old soon made the conquered country their own and returned to the people money which they had wrung from the people. They thus stimulated the springs of domestic industry and contributed to the material prosperity of the people. 'In the preface to the first volume of his *Economic History of India*, Dutt made this point quite clear. After protesting that 'taxation raised by a King, says the Indian poet, is like the moisture of the earth sucked by the sun, to be returned to the earth as fertilising rain, but the moisture raised from the Indian soil now descends as fertilising rain largely on other lands and not on India.' He averred that this had not happened even under the worst of Afghan or Mughal emperors. He even claimed, 'the gorgeous palaces and monuments they built as well as the luxuries and displays in which they indulged, fed and encouraged the manufacturers and artisans of

India'. His assertion therefore was that "under wise rulers as under foolish kings, the proceeds of taxation flowed back to the People and fructified their trade and industries".

The economists among Indian leaders recognised quite clearly that the drain was harmful precisely because it deprived India of its productive capital. Dadabhai always kept this uppermost in his analysis of the drain. In most of his pronouncements, he brought out this aspect of loss of capital. Indeed it formed the core of his drain theory. Many other leaders also were consciously of the view that the drain was injurious mainly because accumulation of capital in the country was being prevented by the removal of a large part of its currently accumulated capital to a foreign land. In his speech in the House of Commons on February 25, 1875, Dadabhai complained that "as a result of the drain, capital was withdrawn from India and the natives were prevented from accumulating it, in fact, this compulsorily obtained benefit to England, crippled the resources of British Indians who could never make any capital and must drag on a poverty-stricken life".

During his cross-examination before the Welby Commission, Dadabhai constantly tried to focus the attention of the Commission on the loss of capital due to the drain and striving to meet his critics half way, observed that Indians would not object to the payment of 'a fair tribute' provided it 'could be brought within such dimensions as would enable India to make capital'.

G. V. Joshi also looked upon the drain as loss of capital. In his article 'The Economic Situation in India' he said, "The full measure of this drain is not the ratio it bears to the gross annual income of the country — which is about six per cent — but its proportion to the net income after defraying the necessary expenditure of the year's maintenance of the natives. And this proportion is nearly one-third. Full one-third of our national income going out of the country to meet our foreign liabilities and bringing no economic return — this is certainly, a heavy loss to the country and goes a long way to account for the small accumulation of capital it has to show". Several other national leaders including Dinshaw Wacha and G. S. Iyer also expressed similar opinions concerning the annual drain, representing a substantial amount of capital taken out of the country.

It is interesting to discover that in their criticism of the drain, Indian national leaders found themselves in very distinguished company. In *The Wealth of Nations*, Adam Smith described the early British rulers of India as 'the plunderers of India'. Similarly, Karl Marx used words identical with those used by Dadabhai to describe the drain. In 1857, Marx wrote: "These pensions (to retired British servants' of the Government of India) with the dividends and interest on debts due in England consume some fifteen to twenty million dollars drawn annually from India and which may, in fact, be regarded as so much tribute paid to the English Government indirectly through its subjects. Those who annually retire from the several services carry with them very considerable sums of savings from their salaries which is so much more added to the annual drain on India".

In 1881, Karl Marx observed: "What the English take from them annually in the form of rent, dividends for railways, useless to the Hindus, pensions for military and civil servicemen, for Afghanistan and other wars etc. etc. What they take from them without any equivalent and quite apart from what they appropriate annually within India — speaking only of the value of the commodities, the Indians have gratuitously and annually to send over to England — it amounts to more than the total sum of income of the millions of agricultural and industrial labourers of India! This is a bleeding process with a vengeance! Some of the protagonists of the drain theory believed that India would never be economically brought into its own so long as the drain remained. If India could once get out of this ditch of the 'drain' the rest will all follow in the natural course of things".

Some others adopted a less sweeping attitude and considered reduction of the drain to be only one of the essential conditions for the removal of poverty and famine. Even Dadabhai was conscious of the fact that some drain had to be there as a necessary concomitant of foreign rule and that it could not wholly be removed without overthrowing foreign rule of which Dadabhai never even thought.

Dadabhai and Dutt tried to convince the British people that reduction in this drain would also result in considerable benefit to them by increasing their exports to India. In trying to achieve this objective, Dadabhai did not hesitate to take advantage of the differences that were cropping up between different classes of the British people. Appealing to the British working class in 1893 and again in 1896 he alleged that it was only some people of the higher classes that then drew all the benefits from India while if the drain was removed or even reduced, an enormous market for British goods would arise in India that the United Kingdom would not for long hear anything about her unemployed.

How was the drain to be reduced? The nationalist answer was simple: remove the causes of the drain. The most important of the remedies suggested was Indianisation of the civil and military services and the consequent reduction of the European element in them to reasonable proportions. For this purpose simultaneous examinations of the civil services in India and England were always suggested by the early Congress sessions. Curtailment of the Home Charges was another suggestion always made by Indian national leaders. These charges could be reduced in several ways. The most popular method was that Britain should assume a large share of this burden. There could be a good deal of curtailment by reducing the burden of interest payments on India's public debt held in England by reducing the rate of interest on it by obtaining an Imperial guarantee for it, by raising the public debt in India and not in England, also by reducing the burden of railway debt by cutting down the speed of railway construction, by purchasing Government Stores in India, by promoting Indian industry so that unnecessary imports might be eliminated and by checking the increasing import of private capital. Fair apportionment of charges between India and England was also one of the suggestions. Included among such suggestions was the salary of the Secretary of State for India and maintenance of the India Council and its expenditure should be placed on the British estimates and India may not be compelled to meet it.

In their evidence before the Welby Commission, Dadabhai, Wacha, Gokhale, Surendranath Banerjea and G. S. Iyer resolutely stuck to the drain theory and the economic and moral injury the drain was continuously inflicting on the Indian people. The evidence given by them and the cross-examination in which all of them, particularly Gokhale, came out with flying colours, were fully supported by the Nationalist press. The *Kesari* and the *Mahratta* were quite prominent and steadfast in their writings in this behalf. Tilak agreed wholly with the presentation of Gokhale and others and extended full support to them with understanding and enthusiasm. The drain presentation by the nationalist leader was an earnest assessment of the official policies towards industry, railways, foreign trade, foreign capital, currency and exchange, land revenue, labour, taxation and expenditure. The theory was intimately and intricately linked up with nearly every aspect of the economic policies of Indian leadership. Nationalist newspapers like the *Hindu*, the *Amrit Bazar Patrika*, the *Bengalese*, the *Native Opinion* and the *Mahratta* took in the entire range of economic issues and used the drain theory to bring into clear light the exploitative character of British rule in India.

One passage from Gokhale's evidence before the Welby Commission may be quoted here without making any apology for it as it emphasises the moral evils resulting from foreign domination. Gokhale said: "The executive coastliness of the foreign agency is not, however, its only evil. There is a moral evil which if anything, is even greater. A kind of dwarfing or stunting of the Indian race is going on under the present system. We must live all the days of our life, in an atmosphere of inferiority and the tallest among us must bend, in order that the exigencies of the existing system may be satisfied. The upward impulse, if I may use such an expression, which every schoolboy at Eton or Harrow may feel, that he may one day be a Gladstone, a Nelson or a Wellington and which may draw forth the best efforts of which he is capable, is denied to us. The full height to which our manhood is capable of rising can never be reached by us under the present system. The moral elevation which every selfgoverning people feels cannot be felt by us. Our administrative and military talents must gradually disappear, owing to sheer disuse, till at last our lot, as hewers of wood and drawers of water in our own country is stereotyped".

The conclusions emerging from a pursuit of the drain theory slowly began to colour Dadabhai's understanding of and his attitude towards the nature and purposes of British rule in India. While generally proclaiming the almost Providential character of British rule, he began to speak a different language when dealing with the drain. Slowly and almost against his own wishes, he began to feel and also announce publicly that the beneficial, benevolent and philanthropic nature of British rule was really a myth. The responsibility for the lack of industrial growth and the poverty of the people lay entirely on the drain and the policy of the rulers, resulting in such a drain. He denied that the other supposed benefits of British rule viz. law and order, security of life and property, protection against foreign aggression and protection against famine were of any avail to the Indian people when accompanied by the drain.

In so far as anti-famine measures were concerned, he opined in 1880 that the rulers of India could not claim any real credit for them since they themselves were mainly responsible for the famines for it was 'the drain of India's wealth by them that lay at their door the dreadful results of misery, starvation and deaths of millions.' Nor did India derive any real benefit from the security that British rule provided against external aggression for the English rulers stand sentinel at the front door of India, challenging the whole world, that they do and shall protect India against all comers and themselves carry away by a back-door the very treasure they stand sentinel to protect. "As a matter of fact, far from protecting the country, British rule was 'an ever-lasting, increasing and every day increasing foreign invasion' that was 'utterly, though gradually destroying the country'. England was in fact the worst foreign invader she has had the misfortune to have".

In his famous speech in the House of Commons on February 12, 1895, Dadabhai declared that "British India' was indeed British India and not India's India. In a way a great mass of the Indians were worse off than the slaves of the Southern States (of America). The slaves worked on their masters' land and resources and the masters took the profits. Indians have to work on their own land and resources and hand the profits to the foreign masters." Similarly in a letter to Lord Welby dated 31st January, 1897 Dadabhai pleaded: "They (the British people) call us fellow citizens and they must make their word a reality, instead of what it is at present, an untruth and a romance — simply a relationship of slave-holder and slave." Dadabhai had nothing but hard and harsh words to describe British rule over India.

In his speech at the International Socialist Congress held at the Hague in August 1904, he described the British rule as barbaric. The following are the words he actually used "What did barbarity mean? Did it mean that when a savage knocked down a weaker man and robbed him, an act of barbarism had been perpetrated? The same applied to nations and this was the way in which the British Government was treating India. This must end. Imperialism of brute force was barbarism".

The Report of the Welby Commission, particularly the Minority report and the evidence given before it by Indian Nationalist leaders, particularly that of Gokhale and his cross-examination constitute to this day excellent material for studying the Indo-British economic and political relationship. The Indian Nationalist view-point on economic and financial matters has been presented with great ability and understanding in the Report. Needless to say that the presentation received whole-hearted approval from the *Kesari* and the *Mahratta* as also most Indian newspapers in English and the Indian languages. Tilak was wholly in agreement with fellow nationalist leaders and therefore propagated the views expressed in the Report in his two papers from week to week as also on the platform whenever he had an opportunity to do so. His presentation of the same case was typical of the mass leader that he was. This was Nehru's discriminating compliment to him. Speaking in a Ganesh Festival at Belgaum in 1906 and commenting on certain observations of Lord Morley Tilak remarked "Lord Morley's statement that in Sind people have thrown away their earthen pots and replaced them by copper ones, but how many people have done so is not revealed by him. It must be only a very few persons who improved their economic condition by acting as agents of big European merchants. Besides, Lord Morley does not take note of the fact that some people in India once used

silver and gold utensils and they have now disappeared altogether and earthen pots have replaced them. Similarly only a few people have placed tiles as roof for their houses and a very large majority still live in thatched huts. Lord Morley's presentation is altogether deceptive, misleading and mischievous. The stark fact which emerges from Government's own statistics is that India's poverty has increased beyond endurance due to the drain that has continued from 1858 to 1906, and that amounts to three hundred crores.

Tilak illustrated graphically what he was driving home to his listeners by saying "Let us take the case of a peasant proprietor who earned Rs. 500 annually as a result of labour in his field and garden in which all members of his family joined. Some time later an outsider offered to guard his field and garden and began to take Rs. 300 as his annual remuneration. Let us also assume that as a result of the protection of the outsider his income increased from Rs. 500 to Rs. 600. But out of this the protection-manager continued to take his Rs. 300. So what remained for the peasant proprietor was only Rs. 300 even though his income had increased from Rs. 500 to Rs. 600. India's case under the British rule is exactly like this and that is why we describe it as exploitative".

In support of the statement that Tilak was making he also quoted Mr. Brayon, an American statesman who toured the whole of India and met officials and non-officials and after a close study of the economic condition of India concluded: "There is no doubt that there is peace and order in India under the British rule but she is paying a very high price for it and her utter poverty is an inevitable result". Tilak said it is no wonder that those Anglo-Indian journals that were showering encomiums on Mr. Brayon as an impartial and a worthy gentleman are now attacking him as a scamp and a scoundrel! That was Tilak's way of educating the common man on economic and political matters which other learned leaders could not or did not follow and remained satisfied with writing and speaking in English only although the substance of what they said and Tilak said was the same.

Tilak seized every possible opportunity to expose the claim of the British bureaucracy in India and its defenders in England that India had prospered under British rule. He took the opportunity of proving to the hilt by referring extensively to Digby's *Prosperous India* in an editorial of the *Kesari* on January 14, 1902, Digby showed that in 1850, the daily income per head in India was two pennies or two annas, in 1880 one and a half penny or one and a half anna and in 1900 it came down to three pice or three fourth penny and for doing this he had relied on Government reports and figures alone. Tilak pointed out that when Lord Dufferin was Governor-General of India he ordered an inquiry to find out the condition of the peasantry in Bengal, Madras, Bombay, United Provinces, Central Province, Burma and Assam and a report of that inquiry was prepared but it was confidential and guarded as a secret. But on the initiative of Sir Charles Bradlaugh M. P. it had to be kept on the table of the British Parliament and a copy was given to this M. P. Digby relied on this copy for writing his book '*Prosperous*' India by which he really meant Unprosperous India, because in the title of the book the word prosperous was put between inverted commas. Tilak pathetically but angrily remarks. 'It has now been clearly proved that officials like the Secretary of State even suppress true information and mislead members of Parliament and the people of England'. He then proceeded to pay a tribute to Dadabhai's life-long efforts to expose British intentions as hypocritical and insincere and admired men like Bradlaugh and Cotton and Caine for their honesty, fairplay, truth and justice.

III. INDUSTRIAL DEVELOPMENT — KEY TO MATERIAL PROSPERITY

"No prudent and far-seeing Government worthy of its position and conscious of its responsibilities in this matter would have permitted such a disastrous, radical change to come about in the industrial organisation of the country under its sway without strenuous efforts to resist it. A transition from hand industries to steam power industries is, of course, an inevitable change and cannot be stayed in any country; but in backward and undeveloped countries like India, it lies in the power as it evidently lies within its legitimate province of their Governments to so control and direct such transition by timely and temporary intervention as to make it a beneficial change". — G. V. Joshi.

The early days of the East India Company's rule were as bad as they could be from the standpoint of India's Industrial system. The age-old union between agriculture and hand industries was totally broken. Destruction of the town handicrafts and village artisans was the result. Deliberate steps were taken by the East India Company to destroy the industries of the people to make room for western manufacturers. The object aimed at by the East India Company was to reduce India to the level of a wholly agricultural country producing raw materials without factories to manufacture the same. This was the first stage of India's industrial decay. The second stage began when England forced on India the policy of free Trade. England's own policy for centuries had been that of protection and by that policy, she had built up her vast industrial system. But after it had done its work, she decided to give up that policy in the forties and fifties of the last century. England had always depended on foreign countries for most of her raw materials and she had been supplying manufactured articles practically to the whole world. This was the situation in spite of Germany, America and Japan having become her close competitors later in the present century. It was therefore to the advantage of England that there should be no import or export duties as the result of such duties was to add to the cost of the articles supplied to foreign countries.

But forcing the policy of Free Trade upon a country circumstanced as India, was bound to produce results of an extremely disastrous character. From time to time, India's public men who devoted their attention to India's economic problems pointed out that India was once a manufacturing country whose industrial products had supplied for centuries the needs of Asian and European markets and that spinning and weaving and other handicrafts had been whole-time or part-time employment to lakhs of men and women. All this gradually disappeared as the British established their domination and India not only lost her foreign markets but also her domestic markets. As Ranade said "India once clothed herself with her own manufactures and now she is clothed by her distant masters. The same is the case with wool, silk and other textiles, with oils and hides ... This is our condition and when the whole situation is taken in at one view, we feel that we are standing on the edge of a precipice and the slightest push down will drive us into the abyss below of unmixed and absolute helplessness".

According to Romesh Chandra Dutt, this displacement of Indian manufactures by foreign products formed one of the saddest chapters in the history of British India, for it indicated that the sources of wealth in India have been narrowed and the livelihood of the people had been made more precarious. Indian leaders agreed with the opinion of the Famine Commission of 1880 that, "at the root of much of the poverty of the people of India and much of the risks to which they are exposed in seasons of scarcity, lies the unfortunate circumstance that agriculture forms almost the sole occupation of the mass of the population". The worst effect of the loss of traditional industries combined with the failure of new industries to substitute them was that the country's economic life came more and more under the foreign economic domination and India came to be considered as "a plantation growing raw produce to be shipped by British agents in British ships, to be worked into fabrics by British skill and capital and to be re-exported to the Dependency by British merchants to their corresponding British firms in India and elsewhere".

The writings in the *Kesari* and the *Mahratta* continuously echoed the opinions, sentiments and observations of Ranade, Joshi, G. Subramanya Iyer and Dutt because Tilak was totally in agreement with the views expressed by them in their writings, mostly done in the English language.

Industrialisation of the country on modern lines was considered to be the only way of preventing further ruralisation. Industries were regarded as the only agency through which the pressure of the evergrowing population on the soil could be reduced. As Ranade wrote in 1890, factories and mills could far more effectively give a new birth to activities of the nation than schools and colleges. By the end of the nineteenth century, demand for rapid industrialisation of the country along modern lines assumed national proportions. Not a single important newspaper or public worker of this period denied the advantages and desirability of starting and promoting western industries and western technique in India. They welcomed western industrialism with all its faults and weaknesses like unequal distribution of necessities of life resulting therefrom and concentration of wealth and property in a few hands and legalised slavery of labour to capital. They believed they could be removed later. Industrialism had already become a world system and could not be held back from India. As the *Mahratta* dated February 13, 1881 said, "We must become capitalists and enterprisers — a nation of traders, machine-makers and shopkeeper."

The plantation industries of indigo, tea and coffee were the first to be introduced in India, but they were exclusively owned by Europeans and did not attract much of Indian attention. It was the factory industry with which Indian leaders were primarily concerned and their promotion claimed their attention. The introduction of railways marked the entry of modern machines in India and by the middle of the 19th century, textile, jute and coal mining industries were started. Out of these, jute and coal mining industries were owned by European Capital so that Indian enterprise had scope to develop only the cotton textile industry. As Prof. D. R. Gadgil has recorded in his admirable work *The Industrial Evolution of India*, in 1879 there were only 56 cotton mills employing nearly 43000 persons. Nearly 75 per cent of these mills were situated in the Bombay Presidency. In 1882 there were just 20 jute mills, most of them in Bengal, employing nearly 20000 persons. This means that by 1880, the extent of modern industry in India was very small. But that encouraged the feeling among the far-sighted that there was reason to hope for progress on the same lines. There was continuous expansion thereafter.

It would be quite appropriate to point out here with what great admiration, appreciation and earnestness Tilak devotes the *Kesari's* leading article to welcome the first — and till to-day — The only one textile mill in Poona on 28th February, 1893. He noted that it was then proved that even lower middle class people could put their scanty savings together and organise a joint stock company by collecting capital by shares and start a textile mill to produce cloth of fine counts. He congratulated the promoters of what is known at present as the Raja Bahadur Shivalal Motilal Mills for doing this. Capital to the tune of 6.4 lakhs of rupees was raised by shares, each share being of the denomination of Rs. 500. People from Pune, Sholapur, Belgaum and neighbouring princely states were the subscribers. Machinery purchased was new and modern in contrast to the old machinery of Bombay Textile Mills, most of which produced coarse cloth for export to China, Japan and Iran and some of it for consumption in the country. Among the promoters were his close friend M. B. Namjoshi, Ramnarayan Amarchand, Sheth Shivalal Motilal and Sheth Balmukund Hindumal. Giving all details about this mill, he hoped there would arise several such factories around Poona.

Tilak's expectation was never fulfilled during his life-time, but after the attainment of complete political independence, Poona did become an important industrial centre, next only to Bombay in the State of Maharashtra, with the rise of the Kirloskars, the Garwares and some activities of the Tatas like the Telco plant, besides the Central Government's Anti-Biotics Factory at Pimpri among others. Tilak always felt that the necessary State aid to modern industrial development would be available only when a national State with complete political autonomy would come into existence.

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Till then he continuously preached resort to Swadeshi and self-dependence on the part of the people, the Indian princes and commercial and industrial potentates. He also pleaded for technical educational institutions and training of young Indians abroad. He appealed to the Indian princes to take a hand in such activities because he considered that they would not be objected to by the Paramount British Power.

Tilak's view was that even if the whole State machinery operated in the interests of foreign merchants and industrialists, their native counterparts could considerably retrieve this position of disadvantage by recourse to Scientific training of their work-people and unity among themselves. They could send deserving men abroad for training in various crafts and arts and encourage them to start new lines of production.

Tilak the Economist has embodied many of his ideas regarding industrial development on modern lines, in an obituary article on Jamshetji Tata, founder of the Tata House. It appears in the *Kesari* dated May 24, 1904 and deserves to be substantially reproduced. Tilak said: "How generous the late Jamshetji Tata was when it was a matter of encouraging scientific research is indicated by the fact that he has donated a sum of Rs. 30 lakhs for the establishment of the Tata Institute of Science and Research at Bangalore. But no one should get away with the idea that his greatness ends here. Tata never pushed himself in any political activity, perhaps because he was not inclined toward politics or he considered other activities more important than political activity. We do not hold that this was his shortcoming nor do we agree with a Bombay contemporary of ours in holding that it was a specially commendable characteristic of his. We hold that well-travelled, intelligent and wealthy businessmen and princes have different duties and functions to perform from those of the leaders of the Indian National Congress and our view is strengthened by the study of the late Jamshetji Tata's career. On account of this, we further hold that he has left an illustrious example for all wealthy businessmen and princes to copy. It is true that if a few people in India could be described as rich, they are such businessmen and princes. We fully realise that their number is not very large, but the matter for extreme regret is that those few who are in a position to do something in the best interests of the country are not conscious of or alive to their duties in this behalf as the late Jamshetji Tata was."

Proceeding Tilak says, "There are a good many people in Bombay who have amassed fortunes by their import and export trade by pocketing only the middlemen's profits. But among them, men are rare who think in terms of their country's interests. If making money is your only objective you need not devote any attention to what commodities you are importing and exporting and whether by particular imports and exports, your country is being enriched or impoverished. You are worried only about your commission and profits. Most businessmen carry on trade and commerce with utter unconcern towards everything else and thus become merchant princes. The late Jamshetji Tata did possess all the acumen of such merchants but what entitles him to the country's everlasting gratitude and respect was one extraordinary quality of his. He did not carry on trade as a middleman like others. He was always absorbed in thoughts as to why there were more imports of foreign goods from year to year; he was anxious to find out whether some of the imported goods could not be manufactured in this country and if there were any obstacles in our way, how they could be removed. Over and above all this, he was prepared to spend from his private purse for removing such obstacles. This was his great and uncommon characteristic and if this is imbibed by other wealthy businessmen and princes, the days of penury and adversity through which this country is passing will soon end. It is the duty of educated and learned men to find out what has led to India's economic deterioration and put down their findings in tracts, monographs, and books and educate public opinion in that behalf. But men who have enough intelligence to follow these findings and who have the necessary means should not merely indulge in talk but do something useful in deed."

"If there is anything that men of means should learn" says Tilak, "from the career and life of Jamshetji Tata, it is this. The first thing is that he travelled all over the world and closely observed the

conditions obtaining in the advanced nations and gathered correct information about their institutions and economic condition. Tata did not merely depend upon books written by others; all his knowledge was personal and not second-hand. All his undertakings unmistakably show that the seeds and roots of all of them are to be found in the deep and close studies he had made while travelling in the countries of Europe and America. He visited them with open eyes and an open mind and did not go out as a mere pleasure tourist. Take for example the case of cotton spinning and weaving mills. Many manufacturers have imported textile machinery from England in India, but there are none among them who have devoted part of their earnings to find out why long-staple cotton does not grow in India and what must be done to make its growth possible. He devoted much attention to find out whether the Egyptian variety of cotton could not be grown in the Indus valley in Sind. Had his efforts met with success, crores of rupees at present pocketed by Lancashire and Manchester mill-owners would have remained in India and used for further growth of the textile industry or some other industry. It is one thing merely to carry on business, it is another to find out how business itself could be made more prosperous, more helpful to all concerned. It is no exaggeration to say that the former kind of success has been achieved by most Hindu, Muslim and Parsee businessmen but it is only Jamshetji Tata who can claim the latter achievement as singularly his own."

Tilak also points out that it was only Jamshetji Tata who made efforts to start iron and copper mining in the Central Provinces or Madhya Pradesh as it is now called. He was ready to raise one crore of rupees for that purpose but it is a misfortune of the country, says Tilak, that in either of these enterprises, he received no encouragement whatever from the Government. Jamshetji Tata had also the Western Ghats surveyed with a view to erecting a net-work of hydro-electric schemes by American engineers. Only one of them was carried out after his death. It was to come into execution with the help and co-operation of British capital and although Tilak was opposed to the investment of foreign capital in India, he did not object to this particular scheme because he thought that on the whole this half-British, half-Indian scheme was calculated to serve India's best interests, inasmuch as hydro-power would have replaced the use of coal in Bombay's textile mills and made for Bombay Citizens' better health.

In Tata's day, some British Shipping Companies were engaged in carrying grey piece-goods and yarn to China and Japan for which they charged very high freight rates. Indian mills were therefore, unable to sell their products to China as cheaply as they wanted. When Tata discovered this, he got in touch with Japanese Shipping Companies and tried to get easier freights and showed that the British Companies which held mail contracts in India and became rich by the money earned from the Indian ryots were working against the interests of their own patrons. Tata had to spend two lakhs of rupees for this purpose but eventually the European Companies came to terms and they did reduce their freights.

Admiring Tata for his courageous and stubborn stand, Tilak says business leaders and industrial captains must be possessed of the same kind of enthusiasm, cleverness, shrewdness, sincerity, courage, patriotism, patience, selflessness and generosity as the political leaders must have; perhaps they require it in a greater measure than the political leaders do. Tata had all these qualities and if he did not succeed in carrying out all that he was intent upon, the fault did not lie with him but with the insurmountable circumstances, said Tilak and added that in any other country, he would have wrought an industrial revolution. Our misfortune is that his talents, his efforts and his genius were only very partially utilised for the benefit of India.

There was an irrepressible urge to industrialise the country on modern lines all over India by harnessing internal sources of capital particularly during the days of the Swadeshi movement. One such eminent example from Maharashtra was the Paisa Fund. The main idea of the fund was to utilise the savings of the poor and middle classes to finance modest industrial undertakings. In 1899, Antaji Damodar Kale, a young school teacher resigned his job and started collections for the Paisa Fund, to which each person was expected to contribute only one paisa per year and which was to be used for

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establishing and popularising modern industries. In this venture, Kale was encouraged and helped by Tilak and his followers all over Maharashtra. Kale's determined and hard work soon succeeded and in 1908, a glass factory and a training centre were established at Talegaon with the help of the Paisa Fund. Eventually more such factories came into existence, like the Ogale Glass Works, for instance.

Industrial associates were formed, conferences held, exhibitions organised to promote the spirit of industrialism, swaken interest in industrial and commercial development, arouse the spirit of interprise and supply information regarding the scope and opportunities were bought into being. Pioneering work in this field was done by Ranade. He was one of the chief organisers of the Industrial Association of Western India formed in 1890 and the Industrial Conference which first met at Poona in the same year. His colleagues in these activities were G. V. Joshi and M. B. Namjoshi. From 1890 onwards, the Industrial Conference was held annually for many years and was rendering service by evoking systematic thought on Indian industrial and economic questions. Tilak took active steps by promoting Swadeshi industrial activity by associating himself with such ventures as the Swadeshi Co-operative Stores, Paisa Fund Glass Works, Match Factory at Karad run by Messrs. Shiralkar and Karandikar and another at Ellichpur in Berar. He took interest in the manufacture of paper also. Essentially, the Swadeshi Cult was a cult of self-reliance, self-help and self-respect, directed towards industrial regeneration of the country. At least in Maharashtra, there was nothing new in the Swadeshi movement. Lokahitavadi *alias* Gopalrao Hari Deshmukh who was even Ranade's senior by many years, was the first to awaken people in this behalf. His exhortation was: "No foreign article should find entry into this country. Only such goods as were produced here should be purchased and consumed. We should use only such cloth as is made here, however coarse it may be."

In the *Kesari* for 8-1-1907 we come across a reference to the effect that in 1846 Shankar Shastri Gokhale and one Baburao Wadekar of Pune had published a book on the revival of indigenous industries, but the credit for giving a strong impetus to the spirit of Swadeshi goes to Ranade. He delivered two lectures on the subject, one in December 1872 and another in February, 1873 in which he expounded how British trade and administration were exploiting India's wealth in various ways. At least one heart was moved to action by the impressive addresses of Ranade and Ganesh Vasudeo Joshi *alias* Sarvajanic Kaka formed a company to promote Swadeshi products. He himself used clothes made out of yarn spun by himself and woven by Swadeshi handlooms in his own house. He was a practising pleader and appeared in the law courts clad in those coarse clothes and attended Queen Victoria's Durbar in the same apparel. In the same spirit, a notable public man of those days, Rao Saheb Vishwanath Narayan Mandlik is said to have attended the Bombay Governor's Council in similar khadi clothing. Ranade's greatness lies in advacating a policy of protection to Indian industries by the Government and as long as this demand was not conceded, the adoption of the swadeshi religion by Indians.

When the countervailing excise duty on cloth produced by Indian textile mills was imposed to protect the interests of British piecegoods manufacturers, in spite of the protest of the Industrial Conference annually passing resolutions and submitting representations demanding help to Indian Industries, there were protests from everywhere in India. The Industrial Conference was also the fruit of Ranade's great interest in it with which R. N. Mudholkar and C. Y. Chintamani were closely associated. The *Kesari* dated 4-2-1896 has recorded the protests against the countervailing excise duty at a number of meetings held in Bombay, at Pune, Satara, Ahmednagar, Nasik, Amraoti, Talegaon, Sholapur, Jalgaon, Murhol and several other places. The Sarvajanic Sabha published and distributed hundreds of printed forms of a pledge whereby a signatory agreed to use Swadeshi cloth and other Swadeshi goods also as far as possible. For some time Gokhale did this propaganda work under Ranade's guidance. Quite many people gave up the use of sugar as Swadeshi sugar was not available.

In the wake of the Partition of Bengal, the Swadeshi movement greatly flourished in Maharashtra. The credit for this chiefly goes to Tilak and Shivram Mahadeo Paranjpe and their papers, the *Kesari* and the *Kal* respectively. The agitation that Tilak carried on was fully in

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conformity with his insistence on the adoption by the people of the Swadeshi cult, *even at a sacrifice*. He fought for the inclusion of these words at the Congress and he carried the day with President Dadabhai's approval. He did not merely preach. In his case precept and practice went together. Personally he always used only Swadeshi cloth. He gave up sugar at Banaras having taken a vow. He used Swadeshi paper for the *Kesari* and the *Mahratta* as far as possible. The *Mahratta* was invariably printed on Swadeshi paper in his life-time. Candles, soap, match-boxes and other sundry articles were Swadeshi in his household. Such was his absorption in the Swadeshi movement.

One Mr. Sahasrabuddhe from Ellichpur once went to see Tilak. They fell to talking about India's industrial development. He was a proprietor of a match factory. Tilak told him that in our country, it would be better if small industries are started and scattered over the whole country. Manufacture of match-boxes, for instance, must be undertaken in all provinces and the product must not be made more costly by incurrance of transport charges. After the Franco-German war, he said, Germany recovered her position industrially within fifty years by starting small industries everywhere. We have become dependent on others even for such small things as pencils, penholders, pins, needles etc. Why should Government not start technical schools and train our young men to manufacture these things? England would lose nothing by doing so since she does not manufacture these articles. But Government does not desire to impart technical education to us. Match manufacturing must be possible on a large scale with our forest wealth and other raw materials. He pointed out that there were only five or six match manufacturing factories in India at Vyara, Kota, Telhara, Ahemadabad, Ellichpur and Karad. They should all combine and by forming an association procure their common requirements. Capital on a large scale was necessary and those who had money to invest would naturally look for security, but even they must come forward in a patriotic spirit to show a little enterprise and originality, he said. He insisted on his *Geeta-Rahasya* being printed on Swadeshi paper which was supplied by the Reay Paper Mill of Poona and Padamji paper mill in Bombay.

Tilak strongly held that the sugar industry had excellent chances to prosper in India, particularly in Maharashtra. The Deccan Soil was quite suitable for growing sugarcane with the help of irrigation works and building up sugar plantations and factories. He had placed an order for machinery to carry on an experiment in the production of sugar. He strongly held that if Indians made up their mind to encourage Indian Sugar quite earnestly, India could be soon in a position to do without foreign sugar altogether and even export it, if the Government co-operated with the people in raising the necessary tariff wall and procuring expert help for sugar factories. He referred to the subject more than once but on one occasion, he devoted an exhaustive article to fully expound the sugar question. In the *Kesari* for July 17, 1906, Tilak has compared the Mauritius Island with Maharashtra and has conclusively proved that the latter's potentiality to provide all the sugar India needed with the least little doubt. He pointed out that Mauritius with 36 miles length and 23 miles breadth had an area of only 713 square miles so that it was not even half an ordinary Indian district and yet it exported three crores worth of sugar to India while the Mahratta Deccan which produced better quality sugarcane and had immense land at its disposal for multiplying sugar plantations was unable to produce the sugar it needed, simply because the Bombay Government and the Government of India were indifferent towards building up this industry that had excellent prospects to grow. But he wanted his countrymen to be self-dependent, come together, bring experts from sugar producing countries like Java, Phillipines, Mauritius and Cuba and machinery also from there, get their own men trained and thus raise this industry in spite of Government's discouragement and want of sympathy just as the textile industry was raised without any backing from the Government. Tilak's estimate was apparently correct since when India became politically free and began to organise its economy without any restraints, the sugar industry has prospered both in the private and co-operative sectors, not only in Maharashtra, but also in other States.

The *raison d'etre* of the Swadeshi movement was in the expectation that it would help in reviving and improving the economic and industrial condition of the country by giving protection and

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encouragement to Indian industrial development. This point was clearly formulated by most of the supporters of Swadeshi. For instance, Surendranath Bannerjea, in his Congress Presidential address in 1902 said, "If however, protection by legislative enactment is impossible, may we not, by the fiat of the national will, afford them such protection as may lie in our power?" The *Mahratta* wrote on April 1896. "The movement is calculated to create a patriotic sentiment which may serve as a keen incentive to the advance of cotton industry in India, the vast demand for indigenous native cloth getting vaster every moment, must before long, give rise to mechanical improvement and encourage investment of capital in this line."

All these developments did follow in due course, but, it must be said to the discredit of the business world in India that it did not always respond patriotically to the Swadeshi sentiment that had enveloped the masses. Tata firmly held that the three basic ingredients of economic progress and stability were steel, electric power and widespread technical education combined with constant research. Tata was snatched away by death before the steel works at Jamshedpur and the hydro-electric power plants in the Western Ghats as well as the Institute of Science at Bangalore came into being. After the attainment of complete political freedom, India has made many strides in the industrial field notably with the help of U. S. S. R. so as to be recognised as an industrial country in the world. This incidentally vindicates Tilak's firmly held opinion that only a national government could really take effective steps to achieve the country's economic progress in every possible way.

India's nationalist leaders always held that the policy of Free Trade was most unsuitable to Indian conditions and adoption of protection was the right policy. As early as 1877, K. T. Telang said in a paper, "It is a subject so intimately connected with the whole future of our country — no less in its social and political than in industrial aspects — that it is impossible to exaggerate the importance of having correct views upon it" and proceeded to assert that the agency employed to destroy our indigenous manufactures was this very protection and claimed that all that Indians asked for was that "the same instrument which was used as a sword against us should now be used as a shield for us." Romesh Chandra Dutt lamented bitterly. "But in India the manufacturing power of the people was stamped out by protection against her industries and then free trade was forced on her so as to prevent a revival." He substantiated this statement at length in both of the volumes on *Economic History* of India and his numerous speeches and articles. G. Subramanya Iyer put down in 1903, in the following words the policy that would save India, "To bring into existence a variety of non-agricultural occupations is the most paramount want of the country and this can be done by the adoption of a policy of protection. So long as the present so-called policy of free trade and unequal competition continue, India has no hope of a future which will be distinguished by material prosperity. To preserve the foodgrains and raw materials that she produces for consumption in her own domestic markets, by taxing their exports, and to prevent the import of competitive manufactures by protective duties in view to the growth of indigenous industries — this is the policy that above all will save India."

IV. LAND — AGRICULTURE — PEASANTRY

The country's emancipation can only be achieved by removing the clouds of lethargy and indifference which have been hanging over the peasant who is the soul of India. We must remove these clouds and for that purpose, we must completely identify ourselves with the peasant — we must feel that he is ours and we are his. — Bal Gangadhar Tilak.

Whatever were the primary causes that fastened crushing hard work and slavery on one section of the society and gave perfect leisure and exemption from manual work to the other, it is now perfectly clear that the tendencies of modern civilisation and the growing sense of equality would not permit those unequal and unjust relations between them to subsist for long. The day of re-arrangement must come sooner or later and we must be prepared to welcome it without grudging and grumbling. —The Mahratta, October 21, 1883.

In the last two decades of the nineteenth century and the first decade of the 20th, Tilak continuously drew public attention to the land problem of India and its various aspects. These were India's agriculture and its stunted growth, land revenue assessment, periodical revenue settlements, famines and scarcity years, inadequacy of relief and so on. Of all the problems of Indian Agriculture, the national leadership attached the greatest importance to the system of assessment and the pitch of land revenue. The land revenue policy of the Government of India was considered to be the main cause of the poverty and destitution of the peasant and of the backwardness of agriculture. In the course of a series of articles contributed to the Journal of the Poona Sarvajanik Sabha, Ranade initiated this indictment of official policy and leaders from all parts of India followed his lead. In 1879, in his article on the 'Agrarian Problem and its Solution' he pointed out that the operations of the Bombay Revenue Department had 'pauperised the country'. In the article 'Land Law Reform and Agricultural Banks' published in 1881, he contended that no other agrarian reform would 'lead to any permanent beneficial result as long as the pressure of land revenue under the existing system of assessment continues unabated' and laid down that 'the state monopoly of land and its right to increase the assessment at its own descretion are the two pre-eminent obstacles in the way of the growth of our material prosperity'.

The Indian National Congress took up this cry and the condemnation of the Government policy at once became a representative national condemnation. The Nagpur session of the Congress held in 1891, proclaimed by a resolution that the prevalence of poverty and starvation in the country was largely due, among other causes, to the 'short-sighted system of Land Revenue Administration whereby not only all improvement in the agriculture of the country, on which nine-tenths of the population depends for subsistence is rendered impossible, but gradual deterioration of that agriculture assured'. Every year this condemnation formed part of the Congress programme from 1888 to 1903. Under the spur of the devastating famines during this period, the nationalist criticism of the land revenue policy became a whirlwind campaign led by R. C. Dutt who wrote his famous open letters 'to Lord Curzon besides writing a two-volume *Economic History* of India. Dutt received most able and weighty support from G. V. Joshi, that much esteemed western Indian economist, who castigated the Bombay Land Revenue Administration in a number of letters contributed to the *Times of India* under the pseudonym "J". The *Kesari* and the *Mahratta* naturally echoed the utterances of Ranade, Dutt and Joshi because Tilak was wholly in agreement with them as indeed the entire body of national leadership from all provinces was.

Indian leaders maintained that the first major evil of the Indian Land Revenue system was the high pitch of assessment which was enhanced at each recurring settlement to the maximum paying capacity of the cultivator, transforming it in this way into a veritable rack-rent that impoverished and crushed the cultivating classes. Actual land revenue demand in several parts of the country was much higher than half of the rental or net produce that had been accepted by the Government as the utmost limit of its demand. In the case of inferior lands and subsistence economic holdings, the Government

demand touched upon the wages of the cultivator. As Ranade said in 1879, "As on all inferior lands the cost of cultivation and of the ryots' subsistence approaches very nearly the whole value of the crop, no profits are earned by him as he subsists only because he works on his field. The ryot pays the Government land-tax either with borrowed money or else from income derived otherwise than from his land.' The consequence was that such heavy assessment sometimes amounted to confiscation of private property in land and transformation of the peasant proprietor into a virtual serf of the state. Some Indian leaders suggested that the undue pressure that had to be exerted to collect land revenue from cultivators, the large number of holdings sold for arrears of land revenue and the increasing number of distress sales and mortgages of land were all indications of the excessively high pitch of land assessment. Among these were members of the Bombay Legislative Council like G. K. Parekh and D. A. Khare.

The second important evil of the land revenue system was that the Government demand on land was uncertain and fluctuating in its incidence because of periodical revisions and that its enhancement was not limited by definite and specific rules. It was increased fitfully on 'vague, shadowy, unreal, capricious and insufficient grounds.' They could never be intelligible to the cultivator and provided ample opportunity to over-enthusiastic and ultra-loyal revenue officials to exercise arbitrary power at the time of settlement since there was no judicial or independent agency to act as a deterrent on them. Tilak's outspoken and forthright writings in the *Kesari* and the *Mahratta* are full of such criticism. These writings also condemned the rigidity and stringency shown at the time of collection and pointed out that crop failures and scarcity conditions were of no moment to the tax gatherers. Attention was also drawn from time to time to the fact that the incidence of the burden of land revenue on different regions and classes fell altogether unequally with Bengal contributing much less than its due share.

The deleterious and depressing effects on Indian agriculture were: (1) A large part of the cultivator's possible savings deprived the countryside of its capital, hindered capital investment in land and checked expenditure on agricultural improvements. (2) Heavy assessment increased the intensity and frequency of famines by producing resourcelessness in the countryside. The peasant was unable to save anything in good years as insurance against bad years and so fell an easy prey to famines and death. (3) Constant revision of assessments, short settlements, uncertainty about the grounds of enhancement tended to make land revenue uncertain and took away from the cultivator all motive to save, to exert himself to effect permanent improvements in land and to increase agricultural productivity. It was the spirit of general uneasiness which surrounded the land revenue system that tended to make the Indian ryot indolent and unthrifty and was responsible for the general absence of enterprise and initiative in the countryside. The result was general poverty and decay of Indian agriculture. A general charge against the Indian peasant was that he was idle, improvident and lacked energy. This charge was made by the bureaucracy. The reply to this by the Indian leadership was that to the extent to which it was valid, it was wrought by the land revenue system; by nature the ryot was thrifty, industrious and provident. (4) The high pitch of revenue and its uncertainty made impossible any investment of private capital in land and prevented improvement of land. (5) Enhancement of land revenue by Government encouraged the Zamindars and other superior holders to increase rentals and further oppression of the tillers of the land was the result.

Such in brief is the statement of the critique of the land revenue administration. This shows that without a proper reform of the land revenue system, Indian agriculture would not come into its own. In the words of Ranade all that the cultivators demanded was freedom from the oppressive dead-weight of revenue settlements, that paralysed their energies and dissipated their strength in the hopeless struggle to better themselves in the social scale. He said, "Let the weight of the heavy hand be lightened and the inner springs of activity and elastic power will surge up in an upward movement of material well-being which will heal all past sores." The remedy was to provide security of tenure by making the cultivators independent proprietors of land. G. V. Joshi gave clear expression to this view when he wrote in 1890: "Self-interest is the one effective motor force which leads to self-

improvement all over the world and even in this 'land of the lotus' — indoctrinated though it be with altruistic Vedantism — the law of human nature and human work cannot be otherwise. Give a man the secure possession of a black rock and he will turn it into a garden — it is as true of India as it is of France or Norway: and we can conceive of no more efficacious correction of the ryot's present indifference to his own interests than such secure possession of the acres he tills and assurance of the full fruits of his toil."

In his fifth and last open letter to Lord Curzon, Dutt said, "The happiness and well-being of an agricultural nation largely depend on some clear, intelligible and workable limits placed on the land tax." In his campaign, Dutt put forward the demand that the assessment should be limited to a maximum of one-fifth of the gross produce. While Dutt said this in 1900, Ranade had recommended in 1879 that one-sixth of the gross produce should be the utmost limit of assessment for the Deccan. Joshi made the suggestion that uneconomic holdings should not be taxed at all as they did not yield any surplus or rent out of which revenue might be paid. He said that the Government demand in their case could be tantamount to a "deduction from what is not enough for the ryot's subsistence — a substantial portion sliced away from his scanty and precarious foodsupply which ought never to be touched."

It was also suggested that Government should grant a permanent settlement of revenue in the temporarily settled parts of the country. This suggestion was most widely supported by the Indian nationalist press and on the platform. Pending the adoption of a permanent settlement in these areas the Government was asked to secure the ryot against arbitrary enhancement during the resettlement operations. Clear and definite grounds, limits and procedure of enhancement had to be laid down for this purpose and they must be incapable of being evaded or altered by the whims and fancies of the settlement officers by scrupulously adhering to the principle of non-taxation of improvements carried out by the cultivators. Lal Mohan Ghose, Sankaran Nair, Telang and Ranade were among those who made these suggestions. Pherozeshah Mehta, Parekh, Khare, Chandavarkar and Gokhale wanted the land revenue system to be made flexible enough by spreading payments of revenue over several instalments on convenient dates and by promptly granting, as a matter of principle rather than as an act of administrative grace, large and liberal suspensions in cases of scarcity and famine, so that the suffering cultivators would be able to gain their strength in the post-famine years. The *Mahratta* even suggested payment of revenue in kind or some revised version of it as a way of providing relief to the ryot. G. K. Parekh was also in favour of it but nobody pressed it very much as it was most unlikely to be accepted.

All these suggestions were in the nature of palliatives. The real and lasting solution of the revenue problem lay in the permanent settlement of the Government demand on land. The case in favour of this demand was cogently argued by Ranade in most of his writings on the agrarian problem contributed to the journal of the Sarvajanic Sabha. The Indian National Congress demanded in 1889 by a resolution that Government do take the subject of permanent settlement once more into consideration in view of practical action thereon, so that fixity and permanency may be given to the Government Land Revenue demand at least in all fully populated and cultivated tracts of the country. Then, it became a hardy annual on the Congress platform. What sort of permanent settlement it was to be may be unequivocally stated in the words of Ranade. He said, "We have never asked for subversion of the Rayatwari tenure or substitution in its place of a Zamindari settlement. The Rayatwari system has obtained in this Presidency (Bombay, from time immemorial and it is the only one suited to the democratic constitution of our rural society. We have agitated for a permanent settlement of the assessment of the Ryot's holding only." The *Mahratta* of February 17, 1884 dealt with the question in a decisive manner by clearly laying down that "If permanent settlement is desirable, Government must sacrifice something, but it should go to the ryots and not be absorbed by middlemen or the Zemindars. By creating a landlord, instead of encouraging industry and thrift, Government simply leaves the ryot in the hands of Zemindars. Zemindari in Bengal is certainly not the peasant proprietorship of the economists. The system which would most correspond to the peasant

proprietaryship will be the permanent ryotwari system. This is the system for which we have been fighting." Supporting the resolution on permanent settlement at the 1893 session of the Indian National Congress, Tilak made it clear that he was speaking not for the Zemindars but for the ryots and pointed out that the resolution spoke of the necessity of fixity and permanence of the land revenue demand without reference to the method of assessing the settlement or the Government revenue.

The permanent settlement of 1793 effected by Lord Cornwallis had left the Bengal ryots entirely at the mercy of the Zemindars. The Bengal Tenancy Bill of 1883 aimed at helping the tenantry out of their plight and therefore it received support of radical nationalists all over the country. The *Mahratta* wrote a number of articles in which its radical agrarian outlook became clear. On October 1883, it said "A small beginning of that equal distribution of physical comforts which the advancing world seems to be destined to possess at some remote date" is being made by this Bill and asked Government to stand firm in its 'righteous work'. The counsel of this editorial was "Interested parties will try to cry down a noble measure, but a far-sighted statesman should not yield to the threatening attitude assumed by the losers of power, wealth and patronage." It declared that even if the Zemindars had held their proprietary rights from the beginnings of the world they would have to be modified to suit the march of time. "Moreover", the *Mahratta* said, "The Government was bound to maintain the vested rights of the Zemindars only so long as they might be compatible with the general welfare of the society. When that is threatened modifications of the sacred rights must be made. When circumstances are ripe for them, changes will find their way into society and force themselves upon it, whether some of its members do or do not wish to welcome them." Again in its editorial dated October 21, 1883, the *Mahratta* dealt with the objections raised by the Zemindars against the Bill and said "Those who are immediate losers can never concede that the time ever comes for circumscribing their priveleges."

When restrictions on the alienation of land were sought to be removed by the Government in the Punjab and Bombay provinces, there was a general protest against them as it was considered that the Government sought to encroach upon the ownership rights of the peasants. Most of the Indian leaders were convinced that in the matter of non-alienation legislation the practical effect of the means adopted would fall short for the fulfilment of the end in view. The basic approach of the Indian leaders to the problem of rural indebtedness was that emphasis should be placed not so much on anti-moneylender measures as on the more positive steps which would remove the causes that compelled the ryot to go to the money-lender and which would replace the latter by better agencies of rural credit. This view was pithily put forth by the *Mahratta* dated October 8, 1899 in the following words: "So long as want will continue to create a craving for borrowing money, the agriculturist and the money-lender will put their heads together and hatch out a plan for evading the wholesome object of these money-lending Acts. Government must do what it can, either to lessen the burden of assessment and thus reduce, in part at least, the cause of indebtedness or be themselves money-lenders and thus meet the proper wants of the agriculturists, saving them from the clutches of the unscrupulous and heartless private moneylenders." Needless to say that this was Tilak's view of the matter.

Similarly, in the course of his speech on the Land Revenue Amendment Bill, Gokhale challenged the Government to select a small area, take over the debts of the ryots from the money-lenders there, start agricultural banks to provide for their ordinary needs and then declare their lands inalienable. He asserted that "This would be facing the question in the only manner in which it ought to be faced. Many of our countrymen will support Government in such a policy." *Kesari* welcomed the suggestion and implored Government to make the experiment in one or two districts. Indian leaders all over the country laid stress on the provision of easy and cheap credit facilities for the agriculturists in addition to suggesting eradication of rural poverty by opening out new avenues for labour and industry and surplus capital and the relaxation of the land revenue demand as remedial measures. While it was necessary to save the ryot from the rapacity of the money-lender, it was equally necessary to provide him with facilities for borrowing the necessary funds at low rates of interest. To stop the functioning of the money-lender without providing alternative sources of credit would be tantamount to leaving the ryot at the mercy of the money-lender but on much worse

conditions than before. Agricultural banks was the remedy proposed and when therefore the Government of India brought forward the Co-operative Credit Societies Bill, it was welcomed as the right measure. Ranade, Joshi, Gokhale and Tilak maintained that the old debts of the debt-ridden peasantry must be compounded and liquidated before they could be expected to be self-reliant with the help of the agricultural banks to be started under the auspices of the Co-operative Department.

The close inter-dependence between agricultural and industrial progress was stressed every now and then by the *Mahratta* and the *Kesari*. The *Mahratta* wrote on 4th September, 1881 "There is superfluity of agricultural labour in the agricultural labour market and unless that is removed from it and employed elsewhere, no remedial measure to improve the wretched condition of the agriculturist will be productive of permanent good results. The development of agricultural and mechanical industry must be simultaneous." Similarly in its issue of February 12, 1882, the *Mahratta* argued that "no mere legislation, no banks, not even the permanency of land tenure would go to improve the condition of the peasantry without the introduction of several industries since no merely agricultural country could ever prosper." The problem of development of agriculture and the economic condition of the peasantry was viewed by many Indian leaders in the wider context of Indian economy and their conclusion was that progress of agriculture was inevitably connected with industrial development and that unless the tendency towards ruralisation of the country was reversed all other efforts were bound to be found short of the real requirement. Ranade was the foremost in propounding this view who said that "a country consigned for ever to dependence on agriculture would be condemned to remain poor and grow still poorer since agriculture had to work under the law of diminishing returns and in India under the disadvantage of uncertain rain fall." According to Joshi's calculation more than half of the rural population was without proper work. He asserted that so long as India remained dependent on the single industry of agriculture "the root or our economic difficulties will remain untouched". The *Kesari* compared America and India in their economic settings in detail and affirmed the contentions of Ranade and Joshi. The issues of the *Kesari* for June 1901 and November 11, 1902 are noteworthy in this connection. In his *Some Economic Aspects of British Rule in India*, Ganapati Subramanya Iyer of the *Hindu* also gave unequivocal expression to this view. This book was published in 1903. The *Kesari* concentrated on discussing all possible questions and matters concerning land, agriculture and peasantry from 1892 to 1903 with unparalleled earnestness and authority in a well-informed manner. This campaign entitles Tilak to be designated as an agricultural economist. This campaign also included his treatment of the famine and scarcity conditions and his leadership of the movement of resistance to the extortionate demand of land revenue assessment. The movement arose out of Tilak's advice to the peasants to refuse to pay the assessment if the crops had totally or substantially failed according to the rules framed under the Land Revenue Code. This was the beginning of his way of awakening the people for constitutional and lawful, yet militant resistance to unsympathetic and inactive authority for a socio-economic end. He had a clear recollection of how, in his undergraduate days in the Deccan College, people died like flies in the famine of 1876-77 and he was determined to see that there should be no repetition of the same incidents. It is this kind of action on his part that distinguishes him from other leaders who remained content with only stating their views and imploring Government to take them into sympathetic consideration.

In the famine of 1876-77, Government had no well-thought out plans of giving relief to the people, but the experience of those days had led the Government under pressure from Ranade who guided the Sarvajanik Sabha, to the preparation of the Famine Code. Tilak naturally turned to this Code and drew Government's attention to it and asked for practical application of the provisions of the code to relieve the peasantry's distress in the 1896-97 famine. Week after week, articles appeared in the *Mahratta* and the *Kesari* which dealt with famine conditions in this or that district and respectable and responsible public men were sent out on behalf of the Sabha to visit afflicted areas and prepare people to demand what was legally and rightfully theirs. He also appealed to the Indian National Congress and its provincial organisations to take up this work. Reviewing the proceedings of the Bombay Provincial Conference held at Karachi in May 1896 Tilak said, "We must make the ryots understand what their rights are in regard to land revenue, forests, salt etc. The ryots must come as delegates to our conferences and tell us about their grievances. They should be witnesses to what we

demand in their name. The more we penetrate among them, the better it is for the good of all. We must feel that they are ours and they must feel that we are theirs."

This extract from the *Kesari* is a clear reflection of Tilak's mind. The *Kesari* refers to the impending famine for the first time on September 29, 1896 and expresses concern at the many forebodings of famine. Newspapers reported about the failure of crops, but no mention was made in Government reports. One of the critical articles in the *Kesari* referred to the Viceroy's tours in the Indian states as extremely inopportune. It was extraordinary the *Kesari* said, that Lord Elgin should be given dinners and cocktail parties in the midst of illuminations and fireworks and that Indian Princes should spend lakhs of rupees on this when people were in the midst of a severe famine. An assurance was given in the Viceroy's Council that if actually scarcity or famine conditions prevailed, Government would resort to the customary measures of relief. But there was no such hypothetical situation in Bombay Districts and the *Kesari* roared on October 20, 1896 that people must take their stand on their rights given by the Famine Code and demand implementation of relief measures. The *Kesari* also appealed to the people to co-operate with Government in stopping looting of food-grains and requested rich merchants to start cheap grain shops. It warned unscrupulous tradesmen against profiteering when large masses of people were facing a life and death struggle. Tilak's papers explained the provisions of the Famine Code and appealed to the educated people in the District and Taluka towns to take the lead in forwarding petitions. They called upon Collectors, Deputy Collectors, Mamlatdars and Forest Officers to do their duty by the people in terms of the Government's own laws and regulations, resolutions and orders and advised the people to keep knocking at Government's doors till they opened. The Queen's proclamation and the Government's own Famine Code constituted the basis on which the structure of their demands was built.

Tilak himself contributed an article to the Quarterly Journal of the Sarvajanik Sabha in which he suggested suitable amendments to the Famine Code in order that it should become a more useful instrument of giving real relief to the people in times of famine and scarcity. Among the agents of the Sabha who went from district to district to collect information and address public meetings to explain to the people their rights and duties were such eminent persons as Daji Abaji Khare, Vishwanath Kashinath Rajawade, Chintaman Vinayak Vaidya, Shivram Mahadeo Paranjpe, Achyut Sitaram Sathe, Narasinha Chintaman Kelkar, Krishnaji Prabhakar Khadilkar, Dattatraya Vishnu Apte and others. Their meetings were often attended by Government Officers. Tilak prepared a Marathi translation of the Famine Code and had its 6000 copies freely distributed from place to place. Packets of these copies were also sent to Collectors and their subordinate Revenue Officers. In this way Tilak was doing everything that Ranade did in essence twenty years ago but in addition he was organising the active resistance of the people in support of what was a just and legitimate and rightful demand. While Ranade relied on the good intentions of the Government, Tilak wanted translation of good intentions into action and so devised pressure measures to that end. The booklet prepared under the auspices of the Sarvajanik Sabha contained a gist of the Famine Code, a summary of the Government's resolution regarding relief work and information of such works, rules under the Takavi Act and conditions under which postponement and remission of Government dues could be obtained under the Land Revenue Code.

Government was requested to distribute this booklet in all villages through the Mamlatdars by their subordinate Officers and it was stated that more copies would be supplied on demand at the rate of 100 copies for each Rs. 2-8-0. But Government's reply was that it did not wish to distribute a private publication, even though it related to famine relief. Collectors either destroyed these copies, treated them as waste paper or returned the packets to the sender! Memorials and representations still continued to be sent, though without getting adequate response. One such memorial contained a reference to a certain secret and confidential order given by the Collector of Poona to his subordinate Revenue Officers to be as cautious and niggardly as possible while granting postponements and remissions. This shot hit its target quite accurately and Mr. J. Monteath I. C. S. who was then Secretary to Government demanded of the Sabha how it got access to the order of the Collector

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instead of dealing with the points that the memorial had raised. The Sabha, in its turn said, without disclosing the source of its information, that it was immaterial how it got the information so long as it was correct and innocently entreated Government once again to withdraw those unjust and wrongly conceived orders and do justice and show mercy to the people by removing the distinction made between a genuine agriculturist and an absentee landowner, a tenant and a Khatedar and so on, when the distress of all was appalling. Government had either to acknowledge that such an order was issued through misunderstanding or stand by it and inquire departmentally how the public came to know about it when it was confidential! But by merely asking the Sabha how it got scent of it. Government gave a tacit admission of having passed such an order. This exposure of the Government which pretended that it was capable of doing all that was required by the famine-stricken people was a great triumph for Tilak who never relied on the Government's good intentions but courageously questioned them by demanding their translation into beneficent measures.

How comprehensive and radical Tilak's conception of India's agriculture and its improvement was may be gathered from the following extract from his article in the *Kesari* dated 22-9-1903. It says: "There have been efforts to improve plantations of tea, coffee, cocoa and indigo but the agriculture of the common Indian peasant has remained wholly neglected. Improved methods of cultivation improved seeds, manures and fertilisers are all Greek and Latin to him. Rural schools have no agricultural bias. Survey settlements have taken place twice since the establishment of British rule and assessment has increased every time, but nothing has been done to grow two blades where grew only one. Taking the case of money crops, there is a complaint that long-staple cotton is not grown in India, but that does not mean that it cannot be so grown in Sind where the soil resembles the soil in the Nile Valley in Egypt. If long-staple cotton could be grown in India and it can be grown according to expert opinion, piece-goods of finer counts, now imported from England will be a thing of the past, because our Bombay and Ahmedabad mills will do the job. There is, however, reluctance on the part of the British Government to encourage the cultivation of long-staple cotton. The same is the case with sugar. India must be able to grow all the sugar-cane she needs and manufacture all the sugar she requires. But, this is a matter of planning and pursuing a well-considered policy of encouragement and protection to the sugar industry. A national Government alone will consider it its duty to achieve this objective. Similarly, rubber plantations must have at hand factories to produce rubber goods. Agriculture and industrial policy must work hand in hand. Industrial and tariff policy also must complement each other."

Such was the working of the mind of Tilak the Economist and Tilak the politician, and the statesman and above all Tilak the patriot, who saw the personification of the Almighty in the people. Hundreds of epithets have been used to describe the omniscience and omnipresence of God but the one Tilak has used in his dedication of the *Geeta-Rahasya* is altogether original and novel. He described God as Janatama. That means that the people are the soul of God.

V. RAILWAYS — IRRIGATION — LABOUR

"There are investors, company promoters, bankers, iron masters, coal owners, railway engineers and directors and above all, retired Anglo-Indian officials, looking out for a decent addition to their pension, who are all interested in pushing forward the construction of railways in India. The European merchants, who command the whole of India's foreign trade and whose business is no longer confined to the principal towns on the coast but penetrates the villages also, are similarly interested in extending the net-work of railways, covering the surface of the country." Indian Politics, Page 181 — Ganapati Subramanya Iyer.

"It is impossible to exaggerate the importance of canals for a purely agricultural country like India. But then, the country is hardly governed in the interest of the people. English merchants required more railways in the country for extending their markets and Government is providing these for their benefit." — Induprakash, November 30, 1904.

"We have become so accustomed to the poverty, squalor and degradation of these unfortunate classes that we have become callous and our rulers, as well as ourselves, have no qualms of conscience at their condition which is truly the result of the neglect and oppression of the higher classes of the community and of the State, during centuries." — G. S. Iyer.

During the initial period of British rule over India, it was a general belief that it had conferred many benefits on the people of this country like the establishment of peace, reign of law and order, introduction of western education, post and telegraph and construction of trunk roads and railways. Whatever may be said about these items, the railways at least was not quite an unmixed blessing. Nobody questioned the actual and potential benefits of railways like cheap and quick transport, promotion of national solidarity, opening of new markets, creation of new opportunities of employment, encouragement to internal and external trade, prevention, of famines, encouragement to agricultural production and engineering industries and workshops etc. But it did not take long for the leaders of opinion to realise that the 'economic results of railways in India were very detrimental to the varied growth of the nation's industrial activity' as observed by Rao Bahadur Ganesh Vyankatesh Joshi in 1888. He condemned 'their tendency to prevent in a country like India a healthy material advance on normal lines.' Dinshaw Wacha stated before the Welby Commission in 1897 that 'from the financial and economic point of view there are (from the railways) certain disadvantages to the people.' Ganapati Subramanya Iyer asserted that the railway policy had proved to be a many-sided evil. Romesh Chandra Dutt held that the overall economic effects of the railways 'had not been beneficial'. Bal Gangadhar Tilak was of the view that appliances like railways, telegraphs and roads were of little benefit to India and they were just like 'decorating another's wife.' Ranade also concluded that whatever other benefits railways might have conferred, they had not cured the particular weaknesses which had crippled the growth of the nation and Gokhale told the Welby Commission that "the Indian people feel that this (railway) construction is undertaken principally in the interests of English commercial and moneyed classes and that it assists in the further exploitation of our resources".

The general British view was that the railways in the country had been entirely beneficial. The Parliamentary Select Committee of 1884 had recommended rapid expansion of railways on the plea that they would give protection against famines, stimulate internal and external trade, open up fertile tracts and coal fields and in general improve the economic condition of the people. In 1896, Lord Elgin the Governor-General declared that the construction of railways was 'the method by which, we can materially improve the condition of the vast population dependent upon agriculture most surely and most steadily' and he expressed the hope that 'the great railway system of India could be made an all-powerful agent in the promotion of the material and social advancement and political tranquillity of the people'. Indian leaders were never opposed to railways as such but to their mode of operation in practice. After weighing the impact of railways on the Indian economy, they found out

that contrary to early expectations of the people and the hopes held out by the official spokesmen, the railways were not an unmixed blessing, that their total effect was mostly negative, tending to perpetuate and extend the existing backwardness of the Indian economy and that whatever benefits did accrue were mostly reaped by foreign business interests. They, therefore, came to the conclusion that the railways were not worth the financial burden they were throwing upon the Indian exchequer and these financial resources could be better diverted in other fields like irrigation works. They realised that the most important reason promoting railway construction in India was the British rulers' desire to open up the vast and so far untapped market in the interior to the products of British industry and to facilitate the export of Indian raw materials and food stuffs to the hungry machines and mouths in Great Britain. That is to say to transform India into an agricultural colony of Britain.

According to unanimous nationalist opinion the first deleterious effect of railways was the harm done to industrial activity. In the absence of a simultaneous industrial revolution, the transport revolution had only ruined the existing carrying trade and enabled the cheap machine products of England to under-sell and destroy the native handicraft industries. India had been increasingly ruralised and transformed into an agricultural colony of Britain. G. V. Joshi said in 1884 that the railway policy of Lord Dalhousie and his successors had had the effect of 'stamping out' the native industries 'in an astonishingly short space of time.' Ranade also said "the railway policy had only made competition with Europe more hopeless over larger areas and facilitated the conveyance of foreign goods to an extent not otherwise possible; it had except in a few Presidency towns exterminated local indigenous industries and made people more helpless than before, by increasing their dependence and pressure on agriculture as their only resource". G. S. Iyer said. "Every additional mile of railway constructed within the country drove a fresh nail into the coffin of one industry or another and in this manner the Railways have to answer for a good deal of the poverty which makes the lot of the Indian poor miserable."

Joshi's well-considered observation was that in reality the Government expenditure on guaranteed interest on railways acted as a subsidy to the foreign trader. "India is thus asked to make room for the foreign trader by paying him or his countrymen a bounty to facilitate his competition with the native producer." Railways in India had created primary employment for miners in the coal mines and steel and machine makers, not in India but in England and the benefit of the widening internal market went only to manufacturers of England and not those of India. Some industrialisation along modern lines, particularly in the field of plantations was fostered by the railways, but its gains were chiefly gathered by foreign enterprise. This type of economic development in effect amounted to exploitation of the country by foreign capital.

Another harmful effect of the railways was the increase in the drain of wealth from India. Due to the fact that the railways in India were built with foreign capital and administered by mostly foreign employers, the remittance of a large amount of money in the form of interest and profit, payments for the imported materials and the services of the European staff and expenditure on the establishments in England was a natural consequence. As a result of this increased drain, all the other benefits brought about by the railways were very much diminished. That is why Dadabhai exclaimed as early as 1876: "Let us have railways and all other kinds of beneficial, public works by all means, but let us have their natural benefits or talk not to a starving man of the pleasures of a fine dinner." Yet another evil was that the railways facilitated the export of food-grains, leading to insufficiency of food supply in normal times, depleting the country of its normal surpluses and making it an easy prey to recurring famines.

G. S. Iyer and G. V. Joshi were inveterate critics of the policy of extension of railways. Iyer pointed out that the railways favoured export and import of goods, but had completely neglected and even hampered internal trade and industrial development. G. V. Joshi commented as far back as 1888 on the tendency of the rates policy of the Indian railways to push up imports and exports. He said, "Whereas the goods rates on our Indian lines are much too low, in fact lower than even in England

and several continental countries, they were unable to meet their working charges and interest payments and the deficit had to be made good by the exchequer under the guarantee system." His conclusion was that "these payments, on account of the low traffic rates maintained for the promotion of the country's foreign trade, do really operate as a bounty on that trade paid by the State." Besides, the Government never thought of training the natives of this country by making suitable arrangements for their technical education and association in the management, taking up in course of time in their own hands this new sphere of industrial activity. The foreign rulers never had this object in view while pushing on railway construction. On the contrary, both the state-managed and company-managed railways had studiously kept the Indians off high grade and technical positions with the result that "after 25 years of continuous state direction, the natives of this country are as unfitted to take up this work of railway construction or management as ever they were when Lord Dalhousie first sanctioned the proposal of covering India with a network of railway lines" as observed by Iyer in his *Indian Politics*.

According to leaders of Indian opinion like Dadabhai and Tilak, the most important reason prompting railway construction in India was the rulers' desire to open up the vast and virtually untapped market in the interior to the products of British industry and to facilitate the export of raw materials and food-stuffs to the hungry machines and mouths in Britain and transform India into an agricultural colony of Britain. As Joshi said, "It was Lord Dalhousie's dream to strengthen the domination of not only English rule but of English trade and commerce in India and the permanent interests of this country were subordinated to this all-engrossing ambition. The contemporaneous rise of the school of Free Trade in England and the great reputation its apostles enjoyed furnished the metaphysical ground-work for this essentially selfish and grasping policy. The value of India to the British nation was measured by the quantity of the raw-material which the resources of Indian agriculture enabled it to export for the feeding and maintenance of the Lancashire manufacturers. India was to devote all her energies to raise the exports and canals, railroads and improved communications were to be pushed on at any cost to facilitate the export of raw articles and the import of English manufacturers. India's own industrial needs were of no consequence. The annexation of the resources of India was to be completed at all hazards and at any sacrifice.

While pointing, with admirable insight, to the role of foreign trade in the formulation of railway policy, several Indian critics brought to public notice some other purposes and pressures that went into the making of this official railway policy. One of these was the need to provide an outlet to the steel industry of England through the export of railway stores viz. steel rails, engines, wagons and other machinery and plant. Railways also provided profitable employment to innumerable Englishmen from directors to ticket-collectors. Some of them perceived that railways, both company-owned and state-owned were designed to serve and did serve as a channel for safe and profitable investment to surplus British capital and Joshi did not fail to discover and record that the railways were also intended to strengthen the alien political grip over India. After having shown that the railway policy of the Government of India was dictated by the needs of Britain, some Indian leaders felt it necessary to lay down their own criteria for determining the speed of railway development and the priority to be assigned to the task.

Railways must be seen in the context of their contribution to the economic development of India. As between transport and industry, of primary importance was industry and transport was of secondary importance, because industrialisation alone was some real economic development. Joshi wrote in 1884, "Industrial progress after all essentially rests on the basis of increased production much more than on that of increased facilities for international exchange. Infact normal co-ordination of industries is the very life-blood of a nation's well-being."

G. S. Ayer also stressed this point in the following words: "The revenues of Government, instead of being spent in the stimulation of wealth production are spent for the purpose of merely transporting goods from place to place. It is obvious that to produce fresh wealth is an object more

important than the movement of what little already exists." The railways could not by themselves give rise to industry and lead to economic expansion. Nationalist economists noted that Indian experience in this respect had been different from that of the United States of America, where railways had pushed forward the industrial revolution. In India, railways had helped the movement towards industrial prostration and aided foreign trade and enterprise in exploiting India's natural resources. Joshi drew the moral from all this that in the absence of rapid industrial development, it was sheer madness to press on railways. "In this country a too exclusive policy of pushing on railways at American speed, beyond the resources of Indian finance, will, unless accompanied by other economic measures of far greater importance, only end in national impoverishment."

The Indian view was that the resources of the country were very limited and they could not be made to cover a wide area and it was clearly held by all economic thinkers that industry must receive precedence over transport. The nationalist demand therefore was that the state aid that was being given to railways should be diverted to more productive endeavours viz. industry and irrigation. The Indian railways construction was undertaken by private companies only after five per cent fixed interest was guaranteed to them. This being no incentive to economise. Ranade put forth the case against and its discontinuance was urgently demanded. It encouraged careless and wasteful expenditure on the part of the companies, there being no incentive to economise. Ranade put forth the case against guaranteed railways system in 1881 in an article in the *Sarvajanic Sabha Quarterly*, though this article appeared anonymously. He said, "the fixed guaranteed rate of interest being high (much higher than the average return on capital in England) it was found that the companies were not sufficiently economical in the construction of their works or in their management when constructed. It was their interest to keep their expenditure at as high a figure as practicable, in order to secure the guaranteed interest on the maximum amount that would be laid out."

Private companies of foreigners could not be expected to work with that complete unity of purpose and in that responsible way which would protect the general interests of the country, to secure which private interest has sometimes to be sacrificed. Financially, the State railways had many advantages over the guarantee system, because of its high credit, the Government was always able to raise loans at a lower rate of interest. In no case this rate was as high as 5 per cent guarantee. Moreover the profits of state railways, after paying the interest on borrowed capital, were retained in the country and by the Government instead of being appropriated privately and sent out. The *Mahratta* dated February 3, 1884 even suggested that the difference between the interest on the state loans and the 5 per cent guarantee could be used to liquidate the original debt itself and thus both the interest and the profits might be retained in the country. Joshi supported in 1886, a proposal 'to convert and consolidate the existing guaranteed stocks into a general railway debt on Government account and observed that apart from a larger share of profits' the preference given to our Government securities over those of the guaranteed companies alone would produce a net saving of Rs. 816,000 a year. G. S. Iyer objected to private companies as managers of State lines. He wrote in 1903 that they would add to alien vested interests in the country which are already powerful enough and which often operate to the detriment of those of the people.

Serious objection to company management was on the ground that they were foreign. The profits made by them were therefore exported and did not remain in this country. Formation of native companies with native capital was also advocated. The *Mahratta* dated January 14, 1883 published an article in which the demand was voiced that 'it ought, therefore, to be now the policy of Government to construct railways in India through native management and by the means of indigenous capital, stores and labour' and on December 7, 1902, the *Mahratta* demanded "If railways have to be built, it must be done as far as possible with Indian capital". Several organs of public opinion regretted that there was almost no native capital in railways (except perhaps a few shares taken by a public man of the stature of Jagannath Shankarshet) and they blamed Government for making no attempt to attract native capital in the field. But realising that in spite of their best wishes, private companies with large enough capital resources was only an empty dream, they favoured the system of state monopoly. The

objection remained that State construction and management of railways made for overcentralisation and beaurocratisation. Joshi's remedy for this was decentralisation of railway management and handing over to the different provincial and local authorities, the power of initiation and management. The *Mahratta*, dated February 3, 1884 recommended public boards and trusts for working the lines.

Railways and Irrigation have figured as kind of rivals of each other as could be easily inferred from the way they were dealt with by the Government of India and the leaders of the people. The claims of each were advanced by the Government and the people as agencies for fighting famine and scarcity. Expenditure made on railways and canals was found to be quite disproportionate, although Lord Curzon claimed in his speech on the budget for 1901-1902 that 'side by side with railways in India we always consider the subject of irrigation.' The total capital expenditure by the Government on major works of irrigation upto the end of 1902-3 amounted to nearly 43 crores of rupees, but the total outlay on the State and guaranteed railways had amounted (by June 30, 1904) to 359 crores. After the grave famine of 1896-97, criticism of this state of things became prominent among Indian patriotic circles. In 1898, R. M. Sayani raised the matter in the Viceroy's Legislative Council and complained that while railways claimed so large a measure of Government attention, irrigation canals, which are far more protective against famine are allowed only three quarters of a crore of rupees or about one-thirteenth of the amount spent on railways. Dutt was one of the most severe critics of the Government on this score. "When we turn to the subject of irrigation works from that of the railways, we turn from unwise extravagance to equally unwise niggardliness."

The *Mahratta* dated February 17, 1884 asserted. "It is the true interest of the Chambers of Commerce to fight under the banner of railways whereas it is our interest that we should fight for canals and extension of the irrigation system."

Why did Indian public spokesmen prefer irrigation to railways? Because, irrigation was a far more effective and reliable remedy against famines than railways. Railways were only a palliative that could at the most mitigate the worst effects of a famine while irrigation went to the root of the trouble and could prevent a famine. Railways could only lead to more equitable distribution of the existing quantity of foodgrains between the different parts of the country. Irrigation on the other hand could increase the production of foodgrains itself. Irrigation works were financially remunerative. They yielded a profit of 6 to 9 per cent while railways had been continuously showing deficits. Some writers even pointed to the possibility of using the canals as a cheap means of transport. Some even observed that money spent on irrigation created employment opportunities for Indian people as most of it was spent on digging canals, wells, etc. while most of the expenditure incurred on railways benefited foreign countries which supplied the equipment.

Lord Salisbury declared 'we must not look to irrigation as an extensive remedy against famine'. A Select Committee of the Parliament emphatically rejected in 1878 the idea of large-scale irrigation in India. There was even a certain complacency in official circles that the problem of famines had been solved as a result of rapid expansion of the railways. This complacency was of course shattered by the series of famines that occurred between 1896 to 1901. Lord Curzon appeared to be pronouncing a final word on irrigation when he said in 1900-1901 budget speech that "the fact remains that the majority of the irrigation works that were more feasible or most urgently required as protective measures against famines, have now been carried out and that there is not in irrigation that prospect of quite indefinite expansion with which the popular idea sometimes credits it." But matters did not rest with this seemingly final pronouncement. In the very next year's speech on the budget Lord Curzon pleaded "It is no use flogging a wilting horse. Now Government of India has been more profoundly impressed with the importance of encouraging irrigation than this." He also appointed a Commission to review the whole question of irrigation and its latent possibilities.

Dinshaw Wacha did not want to miss this chance to blame the Government for its delay in grasping the truth. In his presidential address to the National Congress Session of 1901 he remarked, "In these matters it would seem that the Government has been far behind the march of enlightened Indian opinion." The Irrigation Commission which reported in April, 1903 recommended an additional expenditure of 44 crores of rupees, spread over 20 years, in order to increase the irrigated area by 6.5 million acres. Lord Curzon accepted the programme outlined by the Commission but commended "It is yet the maximum programme open to human agency and to finite powers, and it is one that may appeal either to the enthusiasm of the individual or to the organised ability of the State." Indian reaction to the recommendations of the Commission was mildly favourable, the only criticism being that they were still niggardly and that a much higher expenditure, spread over a shorter period of time, should have been recommended. The long and short of it all is that nationalist Indian opinion sub-ordinated the needs of trade to the needs of industry. The aim was to encourage Indian industry and not to promote wider imports, to encourage the production of more food-stuff and not their larger export. This policy was not in the interests of the growing merchant capital which was being enabled by the railways to penetrate and hold sway over the country side which was certainly very strongly in favour of the rapid expansion of the railways. Nationalist Indian opinion wanted a proper railway policy to be such as would promote Indian industry and a proper public works policy to be one that gave priority to irrigation and agriculture. In his evidence and cross-examination before the Welby Commission, Gokhale very ably maintained this position in regard to railway expansion and firmly stated as his deliberate opinion that no money should be spent upon the extension of the railways until other and more urgent needs of the country had been satisfied.

What is known as the industrial working class began to emerge with the development of mechanically worked factories, mines, transport and plantations in the second half of 19th century. Upto 1880-81, the size of this class was negligible. In that year cotton textile mills, jute mills and coal mines employed 47,995, 35,235 and 11,969 workers respectively. In 1905-6, the cotton mills, jute mills and coal mines employed 2,12,720, 1,44,879 and 89,995 persons respectively. Nearly 7,00,000 workers were employed by modern factories worked by mechanical power alone.

With the advent of modern industrialism accompanied by the capitalist system, arose all the evils that had earlier enveloped the lives of generations of British workers. Early generations of Indian men, women and children working in modern factories were subjected to the same or similar ruthless exploitation as in Britain. The worst features of early factory life in India was the long hours put in by mill operatives; there was no limit whatever on the number of hours a factory should be kept working. In the beginning, a factory worked day-light hours i.e., about 11.5 hours a day and in cold weather 14 hours a day. By 1887 when electric light was introduced in the factories daily hours of work extended from 12.5 to 16 hours. The worst sufferers were the weavers in the Calcutta jute mills who worked from 15 to 16 hours a day. There were no proper rest periods, they being 15 minutes to 30 minutes only. Nor was such incessant toil relieved by regular days of rest or holidays.

What was even worse, women worked the same long hours as men until 1891 when the maximum hours of work for them were fixed at eleven. Children were not treated better. Until 1881 they had to work as long as men with the result that they 'not uncommonly dropped down from exhaustion between the alleys and passages of the machines'. The Factories Act of 1881 limited the hours of work for children to 9 per day, defining a child as between seven and twelve years of age. There were, however a number of violations of this limit in actual practice. The Factories Act of 1891 further reduced the working hours of children to seven per day and raised their minimum and maximum ages to nine and fourteen respectively. From the beginning, conditions of work in seasonal factories and small factories like cotton gins and presses, were quite horrifying. The Bombay Factory Labour Commission of 1885 remarked that on an average, only 15 holidays are given throughout the year in Indian factories while in England besides ten holidays there are 52 Sundays and 52 half Saturdays, making a total of 88 days altogether. The result was that due to complete exhaustion, the workers sometimes fell fast asleep on the mill floor directly they had thrown the strap off the

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machines and before some of their fellow workers were able to get out of the mill doors. The Commission pointed out that in the ginning and press works of Khandesh, in which the majority of workers were women and children, the usual working hours were from 4 or 5 a. m. to 7, 8 or 9 p. m. but when working at high pressure they work sometimes day and night for eight days consecutively until the hands are tired out and they lose their health.

The situation was made intolerable by the fact that the wages for such long hours and excruciating labour were poor and wholly inadequate by any standards. The wages of men and women working in the cotton factories of Bombay ranged between Rs. 7 to Rs. 20 per month during most of the period. In the smaller cotton gins and presses the wages ranged between three to four annas a day for nearly 18 hours of work. Besides, it must be noted that "with the growth of industries and rise in labour productivity, there was practically no change in real wages even when industries were quite prosperous, several mills having paid back the whole of their capital in four years" according to a report by James Jones, a Factory Inspector.

Curiously enough, the Indian nationalist leaders completely ignored the sufferings of their fellow countrymen employed in the modern industrial factories. Among these were not only the senior patriots like Dadabhai Naoroji, M. G. Ranade, V. N. Mandlik, K. T. Telang and Pherozechah Mehta, but even the younger patriots like Tilak, Agarkar and Chandavarkar. Among the newspapers only *Rastgoftar* consistently stood by the cause of the factory workers. There was one philanthropist and humanitarian social reformer, known as Sorabji Shapurji Bengalee who was moved to action in favour of the industrial workers. He was a member of the Governor-General's Council. When he brought forward his draft factory bill in 1878, Bombay's nationalist press opposed it. Among them was the *Mahratta* which in its issue of March 13, 1881 entered a strong protest against the Factories Act of 1881. Many of the critics of factory legislation advanced strange arguments to prove the needlessness of this legislation. One such argument was that no demand had come up from the sufferers themselves. Surprisingly enough, philanthropically minded humanitarians and textile manufacturers in England joined hands to demand statutory protection for the health of women and children in Indian factories. Due to their pressure the Government of Bombay appointed on March 25, 1875 a Commission to investigate the conditions of work of the factory labourers in Bombay and suggest steps for their improvement. The Commission did not arrive at any unanimous conclusions. The report was signed only by its Chairman and one member Dr. Blaney. Their recommendation was that a simple law should be passed, providing for a working day of 12 hours including one hour's rest for adults, a weekly holiday, prohibition of children under 8 from working in factories and the limiting of the hours of work for children between 8 and 14 to eight hours a day. Other seven members of the Commission six of whom had financial stakes in the cotton industry were opposed to any interference in the working of the factories. This was enough for the Government of Bombay to remain totally inactive in the matter.

At the back of the nationalist opposition to factory legislation was the fear or belief that it would retard the growth of the cotton textile industry by increasing the cost of its production and thus reducing its capacity to compete with Lancashire and Manchester.

The *Mahratta* for March 13, 1881 said, "Our factories are now ruined. The infant industry is doomed." Some other newspapers and leaders did not even hesitate to say that in view of the need for industrial development the interests of factory workers may be sacrificed. The *Amrit Bazar Patrika* of September 2, 1875 went to the extent of saying that 'A larger death rate amongst our operatives is far more preferable to the collapse of this rising in industry..... We can after the manufacturers are fully established, seek to protect the operatives.' Practically all Indian writers expressed the view that powerful and irresistible, although unjust pressure of the jealous Lancashire magnets was being brought to bear on the Government of India to handicap their Indian competitors by making the Indian cloth dealer. The *Indian Spectator* of March 20, 1881 said, "It seems the lachrymose wails and philanthropic denunciations of a few shortsighted enthusiasts, worked up by the saints of Manchester

have been too much for a hysteric Government to resist." The *Mahratta* angrily commented "This plainly indicates what we have all along held viz., that India is not governed for India's sake but in the interests of England. In fact, Indian people should know that we are a conquered nation and we are to be governed only as a conquered nation." The *Mahratta*, therefore, appealed: "Let us unite and resolve that no Manchester cloth will be worn..... If we do this, hundred factory legislations cannot affect a whit our industries unless Government makes bold to shut them. Let Manchester merchants have no cotton from India."

When the Indian Mines Act was passed in 1901, the Nationalist attitude was the same viz., that of opposition to any interference with the working of the coal mines. A special feature of coal mining in India was that women and children were extensively employed in them and working conditions in the mines for all were very bad. There were no proper precautions for the safety of life and limb and accidents were of frequent occurrence. When some of these abuses were sought to be removed by this legislation, Nationalist India rose against it, the Indian National Congress itself having passed a resolution in 1900, suggesting omission of those provisions from the Bill which imposed 'restrictions on the employment of labour.' The mover of this resolution Bhupendra Nath Basu admitted that the resolution was being moved at the request of the Mining Association of Bengal, an organisation of Indian Mine owners. Ranade, Dadabhai, Joshi, Dutt, Subramanya Iyer and Gokhale were all mute on the sufferings of factory or mining labour and its interests. The Indian National Congress never adopted any resolution expressing concern over the lot of the industrial workers in the mills or mines. But when the question of British-owned tea plantations came up, the Indian national leaders were roused and expressed concern about the woes and miseries of plantation workers. They condemned the heartless foreign capitalists and expressed much sympathy for the voiceless and defenceless workers. P. Ananda Charlu, President of the Indian National Congress in 1891, while speaking on the Assam Labour and Emigration Bill in the Legislative Council in 1901 spoke as follows: "Such legislation may perhaps not be insisted upon when the employer and the employees are part and parcel of the same nation and where on that ground in particular, much less friction and much greater fraternal feeling are to be met with. When conditions for such congenial mutuality and for such hearty 'give and take' do not exist, or rather are at a discount, there is a *fortiori* case for periodical intercession to conceal unconscious excess of unilateral proclivities." Another factor that influenced the judgement of Indian leaders was the fact that Assam tea labour was largely indentured and its conditions of work were extremely unwholesome.

In course of time, the cause of the Assam tea plantation workers was taken up by the Indian National Congress. The nationalist press and publicists attacked the systems of recruitment and transport vehemently. They pointed out how, in violation of the law, ignorant and illiterate persons were kidnapped and forced into bartering away their freedom by false hopes and deceitful promises. Once a worker arrived on the plantation, he was mal-treated and oppressed by the planters. He was forcibly and legally kept on the plantation and arrested and punished under penal laws if he tried to escape. The Indian leaders also drew attention to the high rate of mortality in the tea-plantations as a true indication of the state of affairs there. Extremely low wages paid to the labourers was another important grievance. The question of the tea plantation workers again came up for hot discussion as a result of Indian leaders' agitation and constant efforts of Henry Cotton, Chief Commissioner of Assam. The Government of India decided to pass a new law on the subject. The Assam Labour and Emigration Bill was moved in the Legislative Council on 13th October, 1899 and enacted on 8th March 1901. The new measure tried in a half-hearted manner to improve the system of recruitment. Even though the Bill was condemned as designed to serve the planters and perpetuate forced labour, the clause in it relating to enhancement of wages was supported as doing a bit of tardy justice to these helpless beings. The enhancement too was quite niggardly. But even here, the plantation workers were cheated for the Government accepted an amendment moved on behalf of the planters by I. Cunningham, suggesting postponement of the operation of the wages clause of the Act for two years. Lord Curzon himself had in an earlier intervention in the debate suggested to the planters to ask for this concession. He even publicly rebuked Sir Henry Cotton, the Commissioner of Assam when he

opposed the amendment on the ground that it would stultify the inadequate concession that had just been extended to the plantation workers. Lord Curzon came in for much adverse criticisms. The *Bengalee* wrote on March 10, 1901 "The primary object of British rule in India is to benefit the European capitalist and merchant, even if necessary at the sacrifice of justice and humanity." Henry Cotton was complimented by the Nationalist press for his integrity and courage. The *Kesari* for March 19, 1901 and the *Mahratta* for March 17, 1901 wrote in the same vein. The Madras Planters' Labour Act of 1903 based largely on the Assam model was similarly condemned.

The reformed Legislative Councils were found to be totally ineffective in responding to Indian Nationalist aspirations as the Government had ridden rough-shod over the wishes of the Indian members. This led G. Subramanya Iyer to exclaim: "Never was a system of legislation a more solemn farce than the Indian system at present." The faith of even the most moderate sections of Indian leadership was shaken in the sense of justice of alien rulers. For instance, the *Kaiser-I-Hind* for March 8, 1903, writing on the enactment of the Madras Planters' Labour Act, said: "We ask if these be the impartial legislators who call themselves paternal but who at the behest of a most selfish class, not to use a stronger epithet, enslave a voiceless and helpless people? Who will deny that here is another solid proof of that decadence not only of British politics, but of British righteousness. Verily, there are ominous signs all round of decay of men and morals throughout the vast British Empire, which bode no good to it. Heaven defend the British nation from coming disasters." The *Kesari* for March 10, 1903 saw the entire problem in a wider perspective of economic imperialism on a worldwide scale. After observing that 'In the present age of fierce competition, European nations are striving hard for material prosperity and exploiting the material and mineral resources of uncivilised countries under the pretext of carrying the blessings of civilisation there.' It complained that 'wherever the Europeans go for purposes of trade or colonisation, they make the native population work as slaves' and that 'the treatment of Kaffirs in South Africa and of Indian coolies in the tea gardens of Assam are instances of such oppression.' In conclusion, the *Kesari* expressed sorrow at the thought "that one portion of mankind should roll in wealth and that the rest of their fellow-beings should be forced to toil for their sake."

In the first week of May 1899, over 800 signallers of the G. I. P. Railway went on strike when their demands relating, among others, to non-reduction of salaries, systematisation of promotions, limitation of hours of work and provision of regular holidays were rejected by the management of the railway company. The strike hit the railway hard, the goods traffic was generally curtailed and suspended in certain cases. The passengers traffic too suffered from heavy dislocation and frequent and long delays of the trains. The signallers had a regular organisation with headquarters at Sholapur and its own firm of solicitors. Before the strike was declared the organisation had carried on agitation and presented a charter of demands and also an ultimatum. Most nationalist journals supported the strike including distant *Amrit Bazar Patrika* and the *Hindu*. Tilak's journals, the *Mahratta* and the *Kesari* enthusiastically took up the cause of the strikers and agitated for their demands in their columns. They declared that the signallers were quite right in going on strike since they had been ill-paid for long, worked hard and yet they were inequitably treated. Their demands were considered quite legitimate, fair and reasonable and worthy of sympathy and support. The signallers were forced to go on strike as the management had persistently refused to redress their grievances. Such was the argument of the *Kesari* and the *Mahratta*. The *Mahratta* admired the strikers for having set an example of union and self-sacrifice for similarly placed people to follow. The strikers were exhorted to remain firm even if they lost their jobs and denounced as traitors all those who had joined service.

Indian journals strongly condemned the outlook and action of the railway management towards their employees. The plea of the management that there was breach of discipline and great inconvenience was caused to the public was dismissed as mere cant. They urged the company to come to settlement with the strikers by removing their grievances and by agreeing to the proposal of the strikers that an arbitrator should be appointed to decide the dispute. The Indian journals also urged the Government to intervene and compel the railway management to accept the reasonable demands of

the strikers. They pointed out that apart from consideration of humanity, the Government was under an obligation to do so because the G. I. P. Railway was a guaranteed railway and the loss suffered by it on account of the strike would have to be borne by the Government, that is to say, ultimately by the native tax-payer. The *Mahratta* for May 28, 1899 wrote. "It is obviously unrighteous to make the people pay the cost required to defeat and disappoint a section of their own for whom they feel profound sympathy. The nationalist papers also maintained that the Government had a moral right, as well as a duty, to intercede in the strike since the railways were a public utility service, and dislocation or mismanagement of whose administration affected not only trade and public comfort and convenience but also the very safety of the passengers.

Altogether, the signallers were quite lucky in getting not merely sympathy and support in words. Appeals were made to public bodies to raise funds in support of the strikers. Public meetings were held in Ahmednagar, Amraoti, Dhulia and Nagpur to collect funds in their aid. In Bombay, a gathering of leading citizens and merchants was held on May 19, 1899 in Pherozeshah Mehta's Chambers and it was decided to start a fund for the benefit of the strikers. A sum of Rs. 2,500 was subscribed on the spot. An equal amount was promised the next day. Similar effort was made in Calcutta. After the failure of the strike and dismissal of nearly 700 signallers, a public fund on their behalf was started in Bombay of which Dinshaw Wacha was one of the treasurers. In its issue of July 16, 1899, the *Mahratta* lent its full support to the endeavour and the *Amrit Bazar Patrika* from far away Calcutta appealed on July 4, 1899 to the Zamindars and merchants to give employment to the dismissed men. All this was due to the fact that the strikers were Indians and their employers British. The *Mahratta* sarcastically said on May 21, 1899: "But perhaps the Manager felt that a black nigger has no right to earn anything more than a bare living which would be left to him for his sustenance in order that he may cheerfully bear the white man's burden when the latter was carrying out the civilising mission imposed upon him by God by a skillful exploitation of the tropics whereby he would obtain all the profits and nothing would be left to the nigger but just enough for sweating and breeding to the advantage of his master." The *Amrit Bazar Patrika* held that the whole dispute had racial undertones. The journal said, 'The Bombay Government cannot now escape from the humiliating position that it helped the railway company and threw the signallers overboard simply because the latter were natives and the former were members of the ruling race.' The *Gujarati* of May 14 and the *Jame Jamshed* of May 16 recounted in this connection that two years earlier when European guards of the same railway had gone on strike, both the Railway Company and the Government had adopted a very different attitude and had actually accepted their demands.

With the emergence of conflicts between the ever-increasing industrial working-class and the textile and other capitalists, there developed a school of thinkers among the ranks of the nationalists which looked favourably and kindly at the condition of the workers. On March 11, 1899, at a meeting of the Bombay Mill-owners' Association, D. E. Wacha who was himself a mill-agent expressed the view that cost of production could be reduced in two ways viz. by improving the quality of the raw cotton used and by improving the physical and sanitary conditions of the textile operatives. Wacha asserted that long hours, low wages and taxes on the food of the people had always led to the crippling of industrial development; on the other hand shorter hours, higher wages and provisions of cheap food and housing facilities had inevitably resulted in energetic growth. Wacha repeated this and pleaded for a working day of ten hours. He warned the mill-owners against profiteering and the policy of killing the goose that laid golden eggs and observed that the labour question was going to be a very vexing problem for the mill-owners and that it would be in their own interest to start tackling it themselves sympathetically rather than leaving to be settled by Government or some other party on behalf of the workers.

Leaders were coming up from the ranks of the workers themselves to counsel the workers to start unions, initially for humanitarian and welfare work like anti-drink agitation and younger Congressmen began to see the need of spreading trade unionism. The awakening among Bombay's textile workers found demonstrative expression when they resorted to a six-day, spontaneous strike to

protest against Tilak's being sentenced to six years imprisonment and transportation to Mandalay for having been found guilty of sedition. Tilak himself had started addressing workers' meetings since 1905-6 and exhorting the workers to unite and fight for proper living conditions and fair wages. After release from jail in 1914 and his visit to England 1918-19 in connection with the Chirol Libel Case and the Montford Reforms and his contact with leaders of the British labour party, he began to take more interest in trade unionism. He was even elected as representative of Indian Labour to attend the Geneva International Labour Conference, but when Government asked him to go there as adviser to N. M. Joshi who was the Government nominee, he declined to go as such. But on the request of Baptista and Chaman Lall he had agreed to be Vice-President of the Indian Trade Union Congress. Had he lived a little longer he would, in all probability, found himself serving the cause of Indian Labour and Peasantry in company of Baptista, Lajpat Rai, Chaman Lall and others.

Bipin Chandra Pal was another nationalist leader who began to recognise the significance of the emergence of the industrial working class on the Indian scene as his writings in the *New India*, a weekly newspaper that he edited for some years. But it must be said that a systematic study of the labour question was continuously carried on by G. Subramanya Iyer in his book *Some Economic Problems of India*.

After his return from England, Tilak was presented an address of welcome by the textile workers of Bombay on November 29, 1919, Replying to the same he observed that after forty years' agitation, the working class people had attained the position of an opposition party in England and were looking forward one day to become the ruling party. The workers in India would also attain the same position if they worked in union and pressed their demands for better living conditions as equal citizens. When the veteran labour leader and wellknown Communist of world fame, S. A. Dange called on him about this time, Tilak advised him and his young compeers to devote themselves to work among the workers in all industries, railways, mines and docks and build up a strong trade union movement. This shows the trend of the working of his mind after his return from England. It is interesting to recall here that George Bernard Shaw presided over one of the working class meetings he addressed in England. In *Aspects of British Rule in India*, published in 1903, he pointed out that the labour problem was beginning to emerge in India as it had earlier arisen in the Western countries. This was obvious, he said, from the frequent strikes which had occurred in Calcutta, Bombay, and Madras. In his opinion, the fundamental factor in the situation was the condition of the labouring classes and 'the poverty and misery that characterise their lot.' Their condition was made worse by the fact that their ignorance and lack of education and 'intelligence' made them helpless whenever their interests got in conflict with those of their powerful and educated employers. Iyer strongly reprovved the Government and the Indian National Congress and other many political associations and conferences for neglecting the welfare of modern workers. In this context, he vehemently rejected the doctrine of *laissez faire*. In his opinion, the law of competition was not the right principle to apply to this case since 'the competition was most unequal; and the labourer, though free nominally was a slave of the imperative requirements of his daily life. Starvation or the sale of his labour at any price was the only alternative. In fact, it was the relentless law of competition or supply and demand, by which the rich became richer and the poor poorer that had reduced the Indian labourers to this pass. Iyer recognised that a possible remedy could be the 'spontaneous development of a feeling of generosity or charity on the part of the employers towards the helpless poor.' But he was sceptical about the efficacy of this suggestion because the development of such a feeling was 'uncertain and indefinite and its practical operation must be spasmodic and capricious.' This left the only way out. The state was the one agency that could and should take up the responsibility of protecting the weaker side in this really unequal competition, erroneously called free. At the same time, Iyer observed that the workers must combine and form their own organisation in order to protect their interests against the encroachments of employers. He pointed out that workers in other countries like the English workers learnt to combine and won the legal right to so combine in 1824 and they began to assert themselves. He urged the Indian workers to organise themselves into unions and resist what they found to be violation of their rights on the part of the employers. He also appealed to the public to give every help to the

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workers in undertaking the task of organising themselves. Iyer was also the first and only nationalist economist to study the problem of agricultural labour. After describing their utterly miserable lot, he pleaded for increase in their wages and warned the Government against yielding to the pressure of the landowning class to exploit agricultural labour all over India.

Satish Chandra Mukerjee, editor of the *Dawn* had a better understanding of the functioning of the industrial system of the West than any other Indian nationalist economist. His claim was that he was primarily guided in his economic thinking by the welfare of the worker and the ryot. But his analysis of the labour problem is important for this reason that it was the first expression of the outlook of the growing class of petty bourgeois intellectuals, professionals, clerical employees etc. who were opposed to the rising class of capitalists but who could not identify themselves with the new class of the proletariat. He realised that "with the advent of modern industry, the labouring population that had so long for some (previous) centuries experienced the evils of domination by the great landowning class, now fell into an equally depressed condition at the heels of the capitalist employer..... though in that sense (politically) emancipated, now became more and more dependent upon their capitalist employers." Taking his facts from the well-known work of Frederick Engels *State and Working Classes in England in 1844*, Mukerjea depicted the extreme poverty and poor condition of British workers. He pointed out that if the industrial system of the West was introduced in India, it would result in the creation of 'a small highly organised minority of a capitalist class, foreign or native or a combination of both, the growth of whose power and influence would not mean the growth of happiness of the masses.' The labouring population would be reduced to mere human machines, hewers of wood and drawers of water, lost to all sense of self-respect, helpless and liable to be dominated over by their masters.

VI. TRADE, TAXATION AND PUBLIC FINANCE

I have always held the opinion that all taxation in India bears most heavily on the poor and most lightly on the well-to-do classes. Those whose life and property require the greatest protection from Government have the least to pay for it, while those who have nearly nothing to lose, even by a change of Government, have often to forego their meals to pay the dues of Government. — Jamsheji Tata.

To place India's trade on a natural basis, the basis namely, that the large and unlimited market supply of her teeming population should be mainly reserved for the products of her indigenous industries and that what may remain as surplus should be exported to foreign countries in exchange for what cannot be produced or manufactured here; to do this is the only means of averting the disaster that threatens to work India's complete economic ruin in the near future. — G. Subramanya Iyer.

Mere increase in international commerce was never regarded by Indian nationalist leaders as of any benefit whatever. In their view, foreign trade was important only in so far as it affected the central economic problem of India viz. poverty, industrialisation and foreign economic exploitation. So they did not commend or condemn the expansion of foreign trade in abstract or on theoretical considerations of its salutary or baneful effects. British India authorities regarded the growth of foreign trade as very beneficial to the country and frequently pointed to it as a visible proof of the advancing prosperity of the people. Indian leaders disputed this view. Some of them even questioned the belief that India's foreign trade was in a prosperous state or was growing fast, especially when contrasted with the size and population of the country.

Dadabhai Naoroji pointed out as early as in 1887 'how wretched British Indian trade was when compared with the trade of other countries of Europe or even with the trade of other parts of the Empire of Britain. Dutt, Wacha and Iyer were of the same view. They held that expansion of foreign trade was not in itself a sign of prosperity or a cause for jubilation. They were of the opinion that the significance of foreign trade for a country could be truly adjusted only by analysing its character. The nature of goods internationally exchanged and the impact of this exchange on national agriculture and industry were much more germane to the determination of the usefulness or otherwise of foreign trade than its gross volume. They sifted the trade statistics and drew attention to the overwhelming and destructive bias of export towards manufactured goods and to the consequent degradation of the country being reduced to a mere agrarian appendage of Britain.

On the whole, the beneficial character of the foreign trade was rejected by Indian Nationalist leaders. They pointed out that this excess of exports over imports was not a true export surplus i.e. a favourable balance of trade that would lead to an increase in imports of bullion or goods and commodities. They held that it was really a strange economic phenomenon — a favourable balance of trade which had no impact on the balance of payments, an excess of exports over imports for which the country did not receive any return in any form.

In his statement submitted to the Indian Currency Committee of 1898, Dadabhai angrily stated, "Now to call this a 'balance of trade in favour of India, is the grossest abuse of language. It is neither any trade nor balance of trade..... Not a pie of this tremendous amount, Rs. 400,000,000 every year, will India ever see back as its own." According to Indian leaders this excess of exports was needed and destined to pay increased interest on the growing foreign indebtedness of India and to meet the fast-multiplying home charges or expenses of the Government or India in Britain, as also to enable the British administrators, merchants, planters and capitalists to remit home their savings and profits i. e. the increasing fruits of economic exploitation of the country.

In brief, the difference between the exports and imports represented the increasing tribute of India to its foreign rulers. Far from being an addition to national wealth, the excess of exports was the particular form taken by the drain or transfer of wealth from India to England. As bullion was not available, this unilateral transfer of funds had to take the form of goods. So a favourable balance of trade had to be maintained by India. Commenting on this Dadabhai said in 1895: "It is mostly only the form in which the increasing crushing tribute and the trade profits and wants of foreigners are provided by the poor people of British India."

Other economists expressed themselves similarly. Joshi pointed out that the total was represented in part only by *excess exports* and that the necessity of making these annual, large payments to England in the shape of excess exports tends to give a compulsory character to a large portion of our exports. Dutt also emphasised the latter point when he wrote that "the economic drain from India for Home Charges compelled that country to export more than she could import." One aspect of foreign trade was the export of foodgrains. It was a subject of much comment, because, it was believed that it was one of the causes of poverty and famine. India did not send out its surplus of foodgrains but what was required to meet daily needs. In reality Indians were starved in order to make trade in food-stuffs possible.

R. C. Dutt said that "under the cheering appearance of a brisk grain trade lies concealed the fact that the homes and villages of a cultivating nation are denuded of their food to a fatal extent." But if the people had no true grain surplus why did they sell and export their produce? The answer was that the entire export trade was forced and unnatural. The necessity of paying to the state or the landlord, excessive land revenue or rent at fixed periods and that too in money compelled the cultivators to sell their grain and the problem of marketing it continued with the need to maintain an export surplus forced the country to sell this grain in foreign markets.

Indian leaders viewed foreign trade from the stand-point of its relation to and its effects on national income, national industries and employment. They did not think that all foreign trade was harmful but they wanted it to be based on the industrial and welfare needs of the country. They objected to the undesirable, colonial character and the forced nature of Indian foreign trade. They wanted the needs of industry to determine the extent, nature and direction of foreign trade. This was well explained by G. S. Iyer in a speech before the Congress Session of 1901. He said, "To place India's trade on a natural basis, the basis namely, that the large and unlimited market supply of her teeming millions should be mainly reserved for the products of her indigenous industries and that what may remain as surplus should be exported to foreign countries in exchange for what cannot be produced or manufactured here; to do this is the only means of averting the disaster that threatens to work India's complete economic ruin in the near future."

That taxation in India was a crushing and unbearable burden beyond the capacity and resources of the country and that it had reached its uttermost limits before the first world war broke out was the general and firm opinion of India's nationalist leaders, could be substantiated from their writings and utterances very easily. At the very first session of the Indian National Congress in Bombay, taxation was the subject of much bitter comment. Dadabhai accused the rulers of 'screwing out more and more taxes, like squeezing a squeezed orange — inflicting suffering and distress.' The *Kesari* in its issue of January 31, 1888 remarked that 'No article in India has escaped taxation. Even the foliage of trees has been taxed. There are, however, some things which are yet to be taxed so that the triumph of the English may be complete. Among these may be mentioned the skin of the Indian people and their atmosphere.'

When budgetary surpluses began to appear, they advanced as yet another proof of the fact that more taxes are wrong from the people than are right, necessary or advisable. Gokhale who made an analysis of the recurring surpluses the central theme of his budget speech in 1902, started his onslaught on the financial policy of the Government of India, by declaring that 'these surpluses

illustrated in a painfully clear manner the utter absence of a due correspondence between the condition of the people and the condition of the finances of the country.' It was obvious that 'the weight of public taxation has been fixed and maintained at an unjustifiably high level' and thus 'the apparent paradox of a suffering country and an overflowing treasury stands easily explained.'

Some of the Indian nationalist economists paid special attention to the question of the incidence of taxation and its distribution among various classes of the people. A detailed inquiry conducted by the Finance Department of the Government of India in the early 1880's had shown 'most conclusively' that the major burden of taxation in India fell mainly on the poorer classes. G. V. Joshi discussed the question at length in April 1888 in his essay, 'The Burmah Deficit and the Enhancement of the Salt Duties.' Condemning the Finance Member for following the policy of taxing the poor while letting off rich Zamindars and his rich friends the tea-planters, Joshi bemoaned the inequity of a system of taxation under which the richer few who profited most by British Administration, British Justice and British Peace, paid least while the poorer millions who profited least, paid most. He also pointed out that the inequality of the burden of taxation existed not only as between one class and another but also as between the classes in the cities and the masses in the country.

As a guide to future all action, Joshi advised the Government to accept as its first duty, the rectification and removal of the inequalities in the distribution of public taxation. Earlier in 1886, he had laid down the following principle of taxation: "In all financial discussions, the one question for the practical financier is not whether the total burden of taxation is heavy or light on the general population — which is a point of practical politics — but whether, taking the whole body of public burdens it is equally and equitably distributed..... and the weight of it falls on all classes in just and equitable proportion in their ability to pay."

Pleading for an enhancement of the income tax in place of an increase in the salt tax, the *Swadeshmitran* said on February 18, 1888, echoing Joshi's thoughts that 'In every country administered by a just Government, it will be considered proper to impose taxes on the rich to a greater extent than on the poor, for only the rich are benefited by the organisation of the police, the establishment of judicial courts, the railways, the telegraph etc. But if the Government of a country is in the hands of the upper classes, will they be so foolish as to impose taxes upon themselves?' In its next issue, dated February 25, 1888, the same journal expressed the view thus, 'that only can be called a just Government which relieves the poor classes from their distress and derives its revenues by taxing the upper and middle classes.'

In his budget speech in 1903, Gokhale expressed the opinion that any proposed relief in taxation should go to the poorer classes, because they contributed to the exchequer 'much more than they should, relatively to their resources.' The case for low taxation was lucidly put by Gokhale in his speech on the budget for 1905-06 in the following words: "In all countries, it is an accepted canon of finance that the weight of public burdens should be kept as light as possible. If this is so in rich European countries, it should be much more so in India, where the revenue is raised from a poor, helpless population and its larger part is contributed by a broken and exhausted peasantry and where owing to the special circumstances of the case, the character of public expenditure is such that a great portion of it has to be spent on object unconnected or but remotely connected with the moral and material advancement of the people."

Among the sources of revenue of the Government, land revenue, salt tax, opium, revenue, excise revenue, customs revenue and the income tax were the chief heads. Imposition of the income tax, previously called the licence tax levied on professionals and salaried persons was a question of much controversy in the 80's and 90's of the last century. But once it became apparent that new taxation was inevitable, the nationalist leaders of India generally favoured the imposition of the income tax. At the 1888 Congress Session, Pandit Madan Mohan Malaviya declared that the Congress approved and desired the imposition of the income tax on the rich or those who could afford to pay it. In 1902, C. Y. Chintamani condemned the agitation for the abolition of the income tax and the

Congress President for the year, Surendranath Banerjea also expressed his lack of sympathy for such a demand.

Dadabhai Naoroji condemned in a letter dated 26th April, 1889 to S. M. Malbari, the Indian Member of the Viceroy's Council for voting for a salt duty and against an income tax. In 1888, Joshi put in a vigorous plea for the extension and enhancement of the income tax in place of the enhancement of the salt tax. Among the nationalist newspapers *Amrit Bazar Patrika* and the *Hindu* expressed the opinion that 'the income tax should be foremost permanent source of Indian taxation.' The *Mahratta* of May 29, 1904 wanted the tax to be retained in spite of the budgetary surpluses; its proceeds, it suggested, should be taken on trust and spent on education, particularly industrial education. Some other Indian nationalist journals, too, took a similar stand against the repeal of the income tax and in some cases in favour of the enhancement of its incidence.

As regards the manner of the imposition of the income tax, some Indian leaders criticised from the beginning the exemption from the tax of Zamindars and landlords. Joshi argued at length for the extension of the tax to the Zamindars, Talukdars and the planters. The *Hindu* also made a similar plea. A few leaders commented on the absolute lack of progression in the Indian income tax. Objecting to all incomes above Rs. 2,000 a year being grouped together for the purposes of this tax, the *Hindu* asserted that 'the principle of graduated taxation holds good in India as well as in any other country.' It also opined that 2.5 per cent was too low a rate of taxation for those drawing high salaries.

Several other Indian leaders demanded a well-graduated income tax. Why did Indian leaders support the income tax and its extension to salaried and professional classes? The most important reason seems to be that this was the only important tax through which the Europeans in India, whether bureaucrats, employees of private firms, merchants or professional men could be made to contribute their legitimate share of the cost of the governance of India. The *Amrit Bazar Patrika* expressed this sentiment in the following words: "An income tax in the India touched the pockets of 100 Europeans in a 100, while it touched the pocket of one native in a 1000." Some of the newspapers even pointed out that to oppose the income tax is to play into the hands of the Europeans.

Another reason why the nationalist leaders supported income tax was that it denoted justice and equity in taxation. The *Amrit Bazar Patrika* was quite emphatic on this point. It said, "The real point at issue is not whether direct taxation is suited to India or not, but whether or not, the wealthiest members of our society should be made to bear their fair share of the burden. If they should, there is no other way of reaching them but by direct taxation. V. G. Joshi pointed out that the burden imposed on the 'upper and upper middle classes' by the Income Tax Act of 1886 had not been in any sense or degree, adequate and sufficient or proportionate to the burdens laid on the poorer classes. On the contrary it was plain that the new measure of taxation did not go far enough towards an equitable re-adjustment of public taxation. The fact remained that even after the taxation of 1886, the "classes" paid less and the "masses" more than their due share."

The tax on salt was the next important tax which was very strongly opposed by the Nationalist leadership. The mode of taxing salt was different in different parts of British India. In Bombay it took the form of an excise duty, in Bengal it was chiefly levied as a Customs duty on imported salt and in Madras, Northern India and the Punjab, it was included in the price fixed by the Government on its own production of salt as a monopoly. Between 1882 and 1888, teachers expressed themselves against taxation of salt. To G. V. Joshi goes the credit of having initiated this campaign. In his paper on 'ways and means of Meeting Additional Army Expenditure' published in 1886, he made a detailed analysis of the salt tax and its effects on the life of his countrymen. He protested vigorously against the proposal for enhancing the salt tax, condemned 'the fatal disposition in some quarters' to look upon it as a financial reserve and deprecated 'its being maintained as a part of permanent taxation of the country.'

At the very first session of the Indian National Congress in 1885, held in Bombay, S. A. Swaminath Iyer and V. S. Pantalu protested strongly against any attempt to enhance the salt tax and urged the Congress and the people to raise their voice against it. Leading nationalist journals including the *Hindu*, the *Swadesamitran*, the *Kesari* and the *Mahratta* pleaded for reduction in and preferably the abolition of the tax on salt.

What the *Kesari* said in its issue of January 31, 1888 shows the temper of the people in regard to the tax on salt. It wrote: "there are no people so miserable as those of India. If a sinful man is to be punished he should be sent to India..... These thoughts have been suggested by the recent order of the Government of India on the subject of the salt duty..... This inhuman action could be taken only by him who was unmindful of the utterly distressful condition of the people of India. The present is the time when such men as hold the opinion that the country conquered by the sword should be preserved also by the sword are in the ascendant. The cat is naturally meek, but when hard-pressed, it is likely to turn to bay and to become irresistible. Such a contingency is possible in the case of the Hindu and it is worth remembering that there is fear of a permanent possession being lost by shrinking from a little burden of taxation on the English people."

This strong condemnation of the salt tax was continued in later years too and a persistent demand for its reduction and eventual abolition continued to be pressed. The Congress fully supported this demand. Gokhale made the salt duty question a favourite issue on the platform and the legislative floor. In this context what an English merchant, R. D. Rusden by name, said in a letter contributed to the *Mahratta* is worthy of note. Advising the Indian leaders on July 21, 1889 he asked them to tell the Government that "a large proportion of what is called death by famine is really murder by salt tax; the whole thing is hateful and shameful and scandalous and we insist upon sweeping away of the tax; and if you do not repeal it, we will try and make it so hot and disagreeable for you that before long, you will have to drop it whether you like it or not." He counselled the Indian leaders "to advise your people to avoid the tax by preparing your own salt and you can encourage them to do this by raising funds for their protection and defence in case of need."

Indian leaders declared that it was one of the basic canons of good finance and fair taxation that a prime necessity of life should not be taxed. They then questioned the basic formulation of the administrators that even though the tax yielded such rich returns, its burden was not felt by the people to be at all oppressive, since it was spread over a large part of the population. They pointed out that its incidence should not be gauged in the abstract but in the context of and with reference to the stark poverty of the people of India. When the low level of the income of the people was taken into consideration, even the tax burden of a few annas per head could be seen for what it was in reality — back-breaking. Explaining this line of argument G. V. Joshi observed that "the salt tax would not have been so mischievous if among other things, there had been a steady, advancing improvement in the condition of the poorer classes, so as to leave them a larger and larger margin of income for their necessary expenditure."

The main ground of the nationalist attack on the salt tax was its 'unjust and vicious character arising out of the fact that it fell most heavily, oppressively and cruelly on the poorest of the poor of the land who could not afford to pay any taxes and whose income barely sufficed - and in many cases failed to suffice - to maintain body and soul together. Another charge levelled against the salt tax by the nationalist leaders was its tendency to injure agriculture by starving land and cattle of sufficient quantities of an essential commodity such as salt. Joshi and Gokhale condemned the salt tax for being a tax on an industry - the salt industry - and because it resulted in a system of monopoly which affected India's growth in an essential and vital particular. They alleged, besides, that various factors emanating from the imposition of the salt tax, like the Government monopoly of salt, equalisation of the salt tax in different provinces and high rates of the tax had been responsible for restricting and destroying a flourishing local industry in large parts of the country and particularly in Bengal and for driving the indigenous producer out of the field.

Many Indian leaders recognised that the budgetary deficits which had made the Government levy and maintain the salt tax at a high rate, had somehow or other to be covered and they were, therefore, obliged to suggest other ways and means, less objectionable than the salt tax, of raising the necessary additional revenue. The first alternative they recommended was the re-imposition of import duties. Another alternative measure was enhancement of the income tax and its extension to those who had so far been exempted from it. Some of them also felt that the scope for retrenchment of the civil and military expenditure should be exhausted before deciding to levy and increase the salt tax. All nationalist journals in Bombay Presidency suggested that the financial deficit might have been better met by reducing the salaries of European Government servants by about 25 per cent. Indian leaders were angry at the Government's refusal to adopt any of the suggested alternatives and so they accused the Government of cowardice and partiality for yielding before the pressure of the British manufacturers, the British officials and influential richer strata of the Indian population while bullying and burdening the helpless and speechless people of the land.

The *Kesari* for January 24, 1888, for instance, made the following sarcastic comment: "If his Lordship had resorted to import duties on cotton piecegoods from Manchester, it would have created consternation among the manufacturers of Manchester..... Will the being British Government prove faithless to those who render good assistance during the elections for Parliament? If the income tax be increased, its burden will mostly fall upon the high European officials and businessmen and the rates of exchange being already high, they will find it very crushing and will rise in rebellion..... Will a wise man like Lord Dufferin ever venture to have his fair reputation sullied by rousing such opposition? In short, Lord Dufferin was wise in rejecting both these alternatives and in having recourse to an increase in salt duty, remembering that the disarmed and the loyal people of India will not, as long as they are alive, say 'no' to any demand and that they need not be very strong in body as Government has graciously undertaken to protect them." The *Mahratta* dated January 22, the *Hindu* dated January 25, the *Amrit Bazar Patrika* for January 26 and the *Bengalee* dated January 28 also passed similar comments. Joshi, too, passed a similar judgement on the motives lying behind the Government's action in the matter. The *Mahratta* for March 18, 1888 even claimed that the real question involved in the issue of the salt tax was whether India existed for Indians or for others.

Another indirect tax and an important source of revenue was the excise imposed as duty upon the manufacture and as fees for licenses for the sale of intoxicating spirits, hemp drugs and opium. The Government of India's policy was to raise maximum revenue from a minimum of consumption of spirits i. e. to increase the rates of duty and restrict the number of places for the sale of liquor to such an extent that its consumption was minimised while at the same time illicit manufacture of liquor was kept within bounds. Indian nationalist leaders attached a great deal of importance to the question of consumption of intoxicating liquors and their taxation. They were decidedly anti-liquor and against the spread of the drinking habit among the people. Drinking was considered a deadly evil and a terrible scourge. It was morally corrupting, vicious and economically impoverishing and physically weakening. They blamed the Government for the spread of drinking among the people and censured it for deliberately or unintentionally encouraging drinking in order to maximise excise revenue. Whatever the Government's professions, actual experience was that the drink habit was on the increase and with it the excise revenue. But there was no doubt whatever that liquor brought ruin, destitution and misery to its imbibers and their families.

In Western India, Ranade, Phule, Tilak and Gokhale were wholly against drink. In a speech made at Sholapur on March 2, 1908, Tilak said even the British Government declared that it was against drink but its professions and practices were wide apart. He drove the point home by pointing out that Mountstuart Elphinstone, the first Governor of Bombay Presidency after the Mahratta regime had come to an end, reported in 1820 that the annual excise revenue of the Mahrattas was only Rs. 10,000 for the ten Mahratta districts and included revenue from the coastal districts where the palm trees abounded. On an average, the excise income was Rs. 1,000 per district which increased to about

six lakhs per district when Tilak was addressing this Sholapur meeting. Giving these figures Tilak asked was it not clear from these figures who was teaching our people to drink?

Tilak also made a demand for complete prohibition. He asserted that if Government abolished drink altogether people would be morally better, materially more improved and happier. He laid the charge against Government that for the Sake of revenue of about ten crores of rupees from all Over India, Government was encouraging people to get inebriated. Finally he said, "Why we want Swaraj is that we want to enforce complete prohibition in India. We can do it in about seven or eight years from the time we get power."

Since this was not possible immediately, he advocated the method of universal boycott of drink and of all human agencies associated with the drink traffic. He was well aware that this was not easy to do. It would involve resistance to Government orders and consequent going to jail. Yet he seemed to be intent on organising an active campaign of civil disobedience for that purpose as his speech on the resolution on prohibition in the Poona District Conference held at that time under the presidentship of G. V. Joshi made clear. Subsequently peaceful picketing of liquor shops was organised. The boycott of drink movement had spread in several districts of Maharashtra and the Government had passed orders under various sections of the Indian Penal Code prohibiting peaceful picketing and proceedings against those who deliberately broke these orders became the order of the day. A public meeting was held under the auspices of the Temperance Association of which Gokhale was President, Dr. R. G. Bhandarkar presiding. As Gokhale was leaving for England the next day, he was unable to preside over the meeting or take an active part in it. He, however, had sent a letter to the President of the meeting expressing full sympathy and lending full support to the resolution that was proposed to be passed at the meeting. He had recorded his protest against Government's undue interference with the anti-drink movement and appealed to the meeting to take a resolute stand in defence of their legitimate right and addressed a letter to the Governor of Bombay on the same lines.

Tilak, G. V. Joshi, H. N. Apte, Rev. Mac Nicol, Shaikh Usman Daud and many others spoke at this meeting. A deputation appointed by this meeting waited on the Governor of Bombay who sympathised with the objects of the Temperance Association but expressed the fear that a campaign on a wide scale was undesirable as it might lead to rioting and disorderliness as a result of conflict with the police. Tilak was already placed under arrest for his second trial for sedition and what promised to develop into a civil disobedience campaign with Tilak as its leader was nipped in the bud.

Opium like drink was another source of revenue to which Nationalist leaders were opposed. It was derived from export of Bengal opium which was produced under a system of state monopoly in Bihar and the North-West Provinces which were under the jurisdiction of the Bengal Government and from a levy of a heavy export duty in Bombay on Malva opium. Most of the export opium was sent to China. In 1880, Dadabhai indignantly proclaimed, 'the opium trade is a sin on England's head and a curse on India for her share in being the instrument.' Writing in the same spirit, the *Mahratta* of August 7, 1881 protested against the Indian people being made to carry on their head "the curse of being poisoners of 400 million human beings." Dadabhai who was a consistent opponent of opium trade made an attempt to utilise the opium debate then going on in England to propagate the cause of Indian nationalism.

Denying that opium trade benefited India in any manner, he claimed that the profits of this trade in reality went to meet the drain in England. Indians received only 'the curses of the Chinese race.' Addressing a conference called by the Society for the suppression of the opium trade in London in 1886, Dadabhai urged the Society to see the problem of opium in the over-all context of the main problem of India viz. that of poverty. If India was allowed to keep what she produced and freely to develop her material resources, it could yield a large enough revenue, easily to enable the Government 'to dispense with the curse of the opium revenue.' Even in Tilak's opinion Government's only concern appeared to be to augment revenue whether from excise or opium. In the course of a

conversation with one Mr. Iyengar, a Madras Government official, Tilak dismissed his pretentious for the Government being anti-drink and antiopium and told him that far from it being so, Government was making efforts to popularise India's opium in China and making the Chinese opium-addicts.

Indian nationalist leaders knew very well that there was much difference between tax revenue which was spent for the benefit of the tax-payers and the tax-revenue that was spent unproductively, wastefully and against the best interests of the tax-payers. As Tilak said the chief difference between the official and non-official views was in regard to the channel of expenditure. He had in mind when he said this the appalling growth of military expenditure. Indian leaders, first of all, took exception to the fact that a large part of Indian revenues was spent not inside but outside the country. As far back as 1880 Dadabhai Naoroji maintained that the real question, the most important of all questions, was not how to spend 60,000,000 or 100,000,000 for the matter of that but how to return to the People what was raised from them. In a letter written in September 1887, he was even more explicit. He said, "It is not the incidence of taxation that is India's evil. It would still be of no consequence if as much land revenue as Akbar's were taken. The evil is the drain of a portion of the revenue out of the country." Secondly the Indian leaders found the expenditure to be extravagant and its nature and distribution unsuited to and unconnected with the needs and condition of the people and the country's economy.

Thus, *the Amrit Bazar Patrika* expressed the opinion on March 30, 1882 that in any examination of the financial system of the country the real question to be asked was 'how much of the amount raised is spent 'on the country and how much simply thrown away' In its view the remedy was that 'taxes must be applied for the good of those from whom they are raised.' While conceding that India had to pay for the maintenance of British rule in India, the journal protested against the use of Indian revenues to satisfy "the claim of all parties — Cheshire, Manchester, London, Civil Service, Military Service, the Office seek and the adventurer or 'to aid' England in her excursions of aggression and spoilation."

During the course of his first budget speech in the Bombay Legislative Council in 1895, Tilak laid down the principle that the proper criterion for evaluating the budget should be "how far the revenue has increased during the last 25 years and what portion of it has been devoted to the material development of the Province." In 1896, G. V. Joshi, after analysing statistically in his essay on 'The present Financial Position', the growth of expenditure since 1883-4 opined that, 'if this enormous extra expenditure' had been 'properly applied to its legitimate purposes in promotion of internal progress and development, ' it might have resulted "in a large increase in the happiness and contentment of the teeming millions of the land."

All the same, it was left to Gokhale to put the nationalist point of view in a clear, theoretical form and then to present almost his entire analysis of Indian Finance before the Welby Commission and later in his budget speeches in the Viceregal Legislative Council. Arguing before the Welby Commission in 1897, that 'an increase in expenditure, taken by itself as a feature of national finance is not necessarily open to any serious objection, ' he laid down the principle of public finance that "Everything depends in this matter on the nature of the purposes for which the increase has been incurred and the results produced by such outlay of public money".

Gokhale acknowledged that national expenditure in nearly all European countries had been increasing for many decades But the increases in their expenditure, differed 'in a most fundamental respect' from the increase in Indian expenditure. Whereas increased expenditure in other countries had brought increased strength and security to the nations and increased enlightenment and prosperity to the people,' India's continually increasing expenditure had 'under autocratic management, defective constitutional control and the inherent defects of foreign domination, only helped to bring about a constantly increasing exploitation of our resources, has retarded our material progress, weakened our national defences and burdened us with undefined and indefinite financial liabilities.'

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Another basic difference between the public expenditure of India and that of other countries, said Gokhale, was that while the latter was administered solely in the interests of the tax-Payers, in the case of the former 'other interests are often deemed to be of quite equal importance and sometimes, indeed, they are allowed to take precedence over the interests of the Indian people'. Thus for example, the Indian revenues had to meet the standard claims of the British Supremacy, they had to look after the interests of the extension of British domination in the East and the interests of the European civil and military services in India. Moreover, 'the interests of British Commerce and of British commercial and moneyed classes often prevail over the interests of the Indian tax-payers.'

Pandit Malaviya declared in 1889 that in view of the poverty and low taxable capacity of India, the tax burden imposed was beyond the capacity resources of the country. Explaining that the tax burden was ultimately carried by the poor ryot, Pherozechah Mehta pronounced his firm belief that the necessity of expenditure was after all a relative term for however great the necessity for a particular item of expenditure, the necessity must be controlled by the ways and means for incurring it. Retrenchment in public expenditure and particularly military expenditure was constantly pressed by the Indian leaders as one of the remedies. Co-relation between public expenditure, poverty and famine and retrenchment was repeatedly stressed by the Indian National Congress in 1892, 1896, 1897, 1899, 1901 and 1904. The Congress recorded 'its firm conviction' that reduction in expenditure was the only remedy for the embarrassed condition of the finances of the country. Dadabhai did not pay much attention to retrenchment. This was probably because of the fact that he always placed emphasis on production of wealth as a means of removing India's poverty. He believed that India could meet any amount of necessary expenditure provided national production was increased. He, therefore, laid emphasis on the need to stop the drain of wealth and not on the need to reduce high expenditure.

Indian leaders attacked with vehemence military expenditure and carried on a regular, intense and unanimous campaign on this issue. Although, military expenditure was condemned by them in all its aspects, they concentrated their attention mainly on the financial aspect of the question; for instance the problems of military organisation and efficiency and of military policy were more or less ignored by them except in so far as they had financial implications. Yet they always stressed the need of indianising the army. From its very first session, the Indian National Congress protested against the increase in military expenditure. Dinshaw Wacha was the chief nationalist spokesman on this question. He asserted that 'no question presses on this country with such urgency as this question of military expenditure which was eating away the vitals of people.' G. V. Joshi examined the disastrous influence of the expanding military expenditure on the finances of the country in his essays on 'A Note on Retrenchment' and 'The Native Indian Army' as also in his paper on 'The Present Financial Position'.

Gokhale kept up a campaign against excessive military expenditure throughout his life. Needless to say that all nationalist journals echoed their utterances and supported them. It was not only the size but also its disproportionateness that the Indian leaders took into their earnest consideration. Many of them pleaded that there was no stronger stricture on military expenditure than the fact that poor though India was, she was spending a larger position of her annual revenue on her army than did most other more advanced, richer and militarist nations of the world including Britain and Russia. They also cited the fact of the military expenditure eating up the whole of the net land revenue of India as another proof of India's incapacity to afford the costly defence expenditure. As Dinshaw Wacha remarked, "the ryot is bled in order that the military tax-eater may thrive and gain stars and medals."

The direct and perhaps the worst consequence of military expenditure being beyond India's economic capacity was that while the Government spent too much on the army, the nation-buildings departments were starved, thus retarding healthy domestic progress and economic development. Wacha exclaimed in 1891 'How contended, how prosperous, how progressive India might have been

today, had she been saved the huge extraordinary extra expenditure of 54 crores in five years! 'Ten years later, he asserted that military expenditure was the principal obstacle in the way of all other domestic reforms of vital importance to the welfare of the masses.

The *Kesari* in its issue for April 15, 1902 expressed the opinion that 'the growing military expenditure of India is the real cause of the indifference of Government to the welfare of the people in matters of internal administration.' Noting the fact that nearly 80 crores of rupees out of the additional revenue of Rs. 120 crores that the Government had collected from the people between 1885-1898, the paper said, "were swallowed up by the army, whereas the share that fell to the lot of public education out of this vast sum was represented by less than a crore of rupees." Gokhale asserted in 1903 that no well-sustained or vigorous effort by the state on an adequate scale for the material advancement or the moral progress of the people is possible while our revenues are liable to be appropriated 'in an ever-increasing proportion for military purposes.'

Indian leaders examined the factors that were responsible for the rise in military expenditure and offered corresponding remedies. Most wars in which Indian forces participated and a number of large-scale expeditions undertaken by the Government of India were a major source of military expenditure. Extra-ordinary charges incurred on their account alone amounted to nearly 22 crores during the period 1876-77 to 1902-3. Indian leaders condemned the participation in these wars and expeditions mainly for financial reasons but also on grounds of political morality and as really involving not Indian interests and purposes but British schemes of territorial and commercial expansion.

All these military activities were declared to be unwarranted and the products of British greed. The Indian leaders also criticised the unjust and unfair manner in which the cost of these wars and expeditions was apportioned between England and India. So that while the benefits accruing from them were reaped by England, the charges arising on account of them were thrown on the shoulders of Indians and they invariably demanded that Britain should bear their entire cost. Among the wars and expeditions so condemned were the Afgan War (1878-80), the Egyptian expedition (1882), the Sudan expedition (1884-5), Annexation of Burma (1885-6), the Sikkim expedition (1888), the Chitral expedition (1895), the Egyptian expedition (1896) and the Tibet expedition (1903-04).

The large size of the Army also caused high military expenditure. In the opinion of the Indian leaders it had increased yond legitimate requirements of the country and they pleaded for its reduction. When large contingents of Indian troops were sent to assist the British army in Sudan in 1896 and to South Africa in 1899-1900 and China in 1900-1, they asserted that the fact that a large number of troops had been sent out of the country without any adverse effects on its internal or external security showed that the army could be safely reduced. All this meant safeguarding and promoting British imperial interests in general and maintaining the supremacy of British power in the *East* in particular. This was co-gently and forcefully propounded by the Indian National Congress at its sessions in 1903 and 1904.

In one of his communications to the Welby Commission, Dadabhai stated it 1896 in the following words: "The whole European part of the Indian Army is an integral part of the British Army, India being considered and treated as a fine training ground for the British Army at any expense, for English gain and glory and prestige and as a hunting ground for 'our boys' and as a point of protection for British Imperial and European position, leaving Indians the *helotry* or the proud privilege of paying for everything to the last farthing without having the slightest voice in the matter." Similarly, Gokhale asserted that the British policy was to use India's resources 'for engaging in a race with European powers to absorb. Asiatic kingdoms.' Many other Indian leaders wrote and spoke in the same strain. They demanded that Indian forces should not be employed nor should Indian revenues be spent for military purposes beyond the natural frontiers of India or in the service of British imperialism.

In any case, they said, the British Government should pay for the maintenance of that portion of the Indian Army which was earmarked for Imperial purposes and which should, in fairness, be looked upon as a reserve force of Britain stationed in India, as well as for the actual use of the Indian army in imperial wars. They naturally became very angry when, in violation of the principle recommended by them, the British Government announced in 1903, a scheme to charge to the Indian revenues a portion of the cost of the maintenance of a garrison of British troops in South Africa. They condemned the scheme as a flagrant attempt at saddling India with the cost of maintaining peace in far-off South Africa. This was an obvious effort to utilise the Indian exchequer for the needs of the Empire. The *Kesari* wrote more than once on this topic from 1900 to 1905, in severe condemnation of the move.

In his evidence before the Welby Commission in 1897, Gokhale subjected to trenchant criticism the Indian staff corps system. Condemning 'This extraordinary system of promotions and pensions according to which every officer could rely on getting a colonel's allowance if he lived and clung to the service till he had served 38 years and which had resulted in the upper ranks of the service being filled with officers for whom there is no work.' Gokhale sadly remarked that the system of promotions in the army was regulated not in accordance with the needs of the services, but in the interest of the officers, as if the Army was for the Officers and not the Officers for the Army. In fact, he felt the Officers of the Army were over-paid both while in service as well as after retirement.

In the opinion of some leaders, the high cost of the army in India was due to the high proportion of the costlier British troops in it. For this, among other reasons, they pressed for Indianisation of the army. They also criticised the denial to Indians of the opportunity to become Officers in the army and this was considered objectionable among other reasons, on the ground that European Officers were costlier. Joshi and Gokhale also criticised the policy of maintaining the army merely as a standing army which in the absence of a system of volunteers, national militia and reserves, meant keeping it perpetually on a war footing. It was the frontier expeditions and the preparation for them that were responsible for the existence of a large army and for the burdensome military expenditure. If it was not possible to abandon the Forward Frontier policy, England should bear the entire cost for it or at least a considerable share of the financial burden.

Presiding over the session of the Indian National Congress in 1893, Dadabhai asked, "With all such deep, vast and great interests and the greatness and prosperity of the United Kingdom, essentially depending on the eastern Empire and indissolubly bound up with it, is it reasonable is it just and fair, is it British, that all the cost of such greatness, glory and prosperity of the United Kingdom should be entirely, to the last farthing be thrown upon the wretched Indians, as if the only relations existing between the United Kingdom and India were not of mutual benefit, but of mere masters and slaves as Macaulay pointed out to be deprecated? "While criticising the employment of British troops on a large scale, the exclusion of Indians from higher ranks of the army and the reliance upon a standing army in the absence of a system of reserves, some of the Indian leaders were aware of the fact that these tendencies, taken together with the general disarming of the people of India, sprang not from any error of judgment but from a deep-seated fear and distrust of the Indian people.

The *Mahratta* of March 29, 1891 wrote that the only reason why India's military expenditure was increasing was that 'the British rulers are becoming more and more unpopular and distrust is increasing with the result that the work of forcing contentment upon the people as also that of creating a neutral Zone round about is vigorously pushed on. Dadabhai under the cross-fire of questioning before the Welby Commission gave sharp expression to this view. He maintained that the high ratio of one British soldier to two Indians in the Indian army was kept up on account of the fear that is entertained that the soldiers cannot be depended upon. Is it the fear of the people' 'of the soldiers?' he was pointedly asked and he replied, 'I mean the Indian soldier. It is the fear of the Indian soldier.' He again came back to this point while answering the next question and stated. 'If you say that a certain amount of European troops is necessary, it is always from fear that the Indian army will not behave

properly.' Distrust of the people and heavy military expenditure had to yield before a policy of trust and placing the defence of the country on a national basis by trusting the people.

The Indian leaders do not appear to have been as critical of the civil expenditure of the Government of India as they were of the military expenditure. The chief criticism in this respect was that the administration was very costly, especially for a poor country like India. Dinshaw Wacha neatly summed up this view when in 1897 he wrote that 'to carry on a system of Western administration in an Asiatic country like India, with its Asian poverty, is indeed the very reverse of financial statesmanship.' The costliness of the administration chiefly arose from the high salary structure at the top of the administrative pyramid. The measure of retrenchment of civil expenditure that was frequently suggested was Indianisation of the superior posts in the administrative service — civil, railway, engineering, medical, postal, telegraph, police, public works, customs etc. and in particular the great Indian Civil Service which was practically monopoly of British citizens and carried handsome salaries, pensions and allowances.

To bring about the Indianisation of the civil services, it was suggested in addition to a direct increase in the number of Indians, the adoption of some indirect administrative steps like the holding of simultaneous examinations in England and India for I. C. S. and other services and raising the age-limit for the competitive examinations. Indianisation was urged, among other grounds on the ground of economy. In other words employment of Indians to higher and superior posts would be cheaper. At the same time, the principle, 'equal pay for equal work' was advocated in 1886 before the Public Service Commission by Mandlik, Pherozeshah and Tilak., Gokhale also objected vehemently to any discrimination between Europeans and Indians in regard to salaries. A measure of retrenchment that was popularly received was 'the exodus to the Hills' in April and October on the part of big officials and their staff. It was urged that it was a heavy outlay that a poor country like India could ever afford.

One more remedy suggested by Indian leaders for reducing India's financial difficulties was that Britain should give it a fairer treatment in financial matters by contributing towards the cost of maintenance of the British Empire. Dadabhai succeeded in getting appointed in May 1895 the Welby Commission to inquire into "the apportionment of charges between the Governments of the United Kingdom and of India for purposes in which both are interested." The Indian National Congress had also demanded a similar inquiry in 1894. This demand of a more equitable arrangement was made on two grounds. Firstly, that India was sacrificed to the exigencies of British estimates and was unjustly and wrongfully burdened with expenses which should have been legitimately borne by the British exchequer, as they were primarily incurred in the interest of Britain.

Such were the expenses of wars in and out of the country in which India had participated, part of the expenditure on the Indian army, expenses of the India Office in London, expenses of embassies and naval stations in various countries of Asia, Afghan Prince Nasarullah's visit to London and expenses of the Indian contingent at the coronation and the Viceroy's tours in the Persian Gulf. Secondly on the more important ground that since British Supremacy in India and the maintenance of law and order and an efficient administration immensely benefited, British Commerce, industry and capital and provided employment to a large number of British citizens, the British Government should willingly pay for this supremacy and meet part of the normal expenses of the Government of India. The Report of the Welby Commission was met with dissatisfaction by Indians because of scant justice made to India but they welcomed the minority report made by Dadabhai, Wedderburn and Caine.

Indian leaders continuously demanded retrenchment in public expenditure, but they did not oppose every kind of expenditure. They wanted reduction in expenditure on army, civil administration and railways but pressed for expenditure on primary, high and technical education, industrial and agricultural progress, development of agricultural banks, the co-operative societies, sanitation and public health, a popular and efficient police service and administration of justice. In his speech in the Imperial Legislative Council on the budget of 1895, Pherozeshah Mehta complained that the chief evil

of high military and administrative expenditure was that very little was left for the most necessary purposes such as education and police reform.

In his very first speech on the Bombay budget in 1895, Tilak deprecated the fact that of the 5.5 crores of additional revenue raised by the Bombay Government since 1870 only a few lakhs had been spent on various administrative departments while what the country required was more expenditure on the nation-building activities such as education, industrial, technical and liberal — village sanitation, roads, canals etc. Speaking on the budget for 1896, he pointedly drew special attention of the Government to the fact that 'the chief difference between the official and non-official view in regard to the channels of expenditure.' Similarly, in his evidence before the Welby Commission in 1897. Dinshaw Wacha made the clear recommendation that 'adequate civil expenditure of a productive character is much to be desired.' He defined productive expenditure in a scientific way, as the expenditure that gave the tax-payer a fair *quid pro quo* such as education for the masses, more efficient administration of justice, greater village and town sanitation and all works of public utility which contribute to the expansion of provincial resources and prosperity of the people.

VII. CURRENCY-COINAGE-EXCHANGE

"It would seem from the action (closing of the mints to private coinage) by the Government of India as if India existed for the convenience of the Government of India and for the convenience of foreign traders. It would seem as if the happiness of the Indian nation was a negligible quantity and the opinion of representative was superfluous" — R. C. Dutt.

"The fact seems to be that India is the vile body upon which any quacks may perform any vivisection and try any cruel, crude or rash experiments. What matters what is done to it? India is our helot, she can be made to pay for everything..... The Government here (Great Britain) dare not play such pranks with tax-payers. In India, the Government only thinks of the foreign interests (official and non-official) first and of the subjects afterwards, if it ever thinks of the subjects at all when foreign interests are concerned." — Dadabhai Naoroji.

As a missionary journalist, true to his creed of educating his readers and the general public on all matters of public importance, as far as he possibly could, Tilak did not omit even the rather complicated and patently controversial subject of currency, coinage and exchange from the columns of the *Kesari*, in his broad mass education campaign. Quite many Indian nationalist leaders left this subject alone for being dealt with by experts like Dinshaw Wacha, Dadabhai Naoroji and Gokhale. Particularly, Wacha was regarded as the main spokesman of the Indian industrialists, no less than the Indian peasantry on what was called 'his own subject'.

But Tilak did not do so. In 1892-93 Tilak devoted a series of seven leading articles of the *Kesari* to explain the rudiments of this subject as also to shed light on the then current controversies pertaining to it in quite simple Marathi. He turned to this subject later from time to time as required. While one reads these articles, one realises that he was doing his best to make his intellectually moderately equipped readers of the *Kesari* understand this rather complicated subject, in the spirit of an earnest teacher talking to his pupils in a class.

Thus, in his initial article in this series entitled 'Gold and Silver coins', he first explains the function of money, whether minted pieces of the various metals or paper and makes it clear that money is not wealth but it is only a means of exchange for all kinds of consumable goods and marketable commodities. This article is published in the *Kesari* on August 30, 1892 when he at once proceeds to say that whereas formerly it was enough to pay Rs. 10 to secure one British gold sovereign for the purchase of same article from England, it has now become necessary to find 16 rupees and nobody knows where this upward trend will end. Previously a rupee was equal to two shillings and two pence, but now it is regarded as equal to one shilling and two pence. The Government of India is required to remit the pensions of its retired civil and military servants in terms of the British gold sovereigns to fulfil the terms of the contracts made with them. Similarly the interests on whatever loans the Government of India had taken in England, had to be paid in sovereigns.

If a District Collector's son was being educated in England he had to send him money in terms of the British pound; if he was previously required to find ten rupees to secure a sovereign he is now compelled to find fifteen or sixteen rupees. So the Government, their European servants and the import merchants have begun to clamour against this rising rate of exchange. All those who are adversely affected by this situation have started a body called the Currency Association to get relief in this matter. Its chief promotor was a planter called I. Macay who later became Lord Inchcape, a shipping magnate.

For coins, gold and silver were chiefly used in most countries in the world. In some, both were recognised as legal tender. This system is called bimetalism. In India also in pre-British days both were in use, but chiefly it was the silver rupee that was most common. Since 1835, Indian

currency was put on the silver standard and the Coinage Act of 1870 made it obligatory on the Government to mint rupees on private account in exchange for silver bullion. By this arrangement the value of the rupee was determined by the market price of silver and its exchange value with the countries on the gold standard by the gold price of silver. Since the gold price of silver remained more or less stationary until 1873, the exchange value of the rupee also remained stable during this period in the neighbourhood of two shillings. But the gold price of silver began to decline all over the world and consequently the rupee which was freely minted in exchange of silver bullion also began to depreciate in relation to the currencies based on gold with the result that the rupee could be exchanged for 14.5 d in 1893-94.

Tilak clarifies this position as follows: — "Because the European countries adopted only the mono-metallic gold standard, silver became cheap and gold became costly. Although one rupee still secures for the purchaser the same measure of rice or wheat or cotton, still it gets lesser gold than it used to get and the rupee has depreciated in terms of the sovereign. That is to say in order to send ten pounds to England, formerly 100 rupees were sufficient but now Rs. 160 are required. This state of things will immediately improve if the European countries agree to make use of both gold and silver for coinage as before. But the British Government and the people are not willing to do so and Germany also has adopted the gold standard. Therefore, the rest of the countries must take care of themselves,. How that is to be done is the big problem before all. From the viewpoint of the Science of Economics, it will be the best arrangement, if a single metal is adopted for coinage all over the world and gold is adopted for that purpose, but enough gold is not available for that purpose and silver does not meet with the approval of all. Another alternative is permanently and finally to fix the price ratio of gold and silver but neither Germany nor England is ready to take the step, even though India is so vitally related with England."

In another article which appeared in the *Kesari* dated November 29, 1892 entitled "The battle between gold and silver" Tilak urges the Indian National Congress to take up the question of Indian coinage for serious consideration and points out that India stands to gain nothing by the adoption of the gold standard as suggested by the Currency Association. Government's European servants will of course benefit by it. Their salaries will remain the same only ostensibly, but every rupee that passes into their pockets will appreciate so that every officer who earns Rs. 1,000 nominally will really earn Rs. 1,425 if every rupee is made equivalent to 20 d. In other words he will get an increment of 43 per cent. This will make it clear why they are so anxious to get the value of the rupee fixed in terms of the British pound.

"How to recover this indirect increment in the salaries of the European officials in the employ of the Government? Of course, it is to be recovered from the tax-paying people in an indirect way. Anybody can see that what is the gain of the salaried servant is the loss of the tax-paying peasant. Supposing a peasant proprietor pays Rs. 100 or 1400d. as assessment. He will continue to pay Rs. 100 as before but the value of this Rs. 100 will be 2000 d. i.e. Rs. 142. This means he has to find Rs. 42 more to pay Government dues. Wherefrom will he find this amount? Obviously by selling grain. This means that if formerly it was necessary for him to sell grain worth Rs. 100, he will have to sell grain worth Rs. 142. If he sold 25 bags of wheat before he will now have to sell 35 bags. In this way the burden of indirect taxation on the head of every peasant will increase.

"But the tale of his woe does not end here. If the rupee appreciates, the prices of all commodities must go down. If the price of the rupee appreciates by 50 per cent, the grain purchasable by the rupee will be two-thirds of the former. So the increase in the price of the rupee by law amounts to cutting down the market price of the peasant proprietor's produce and reducing his income. In fine, by appreciating the price of the rupee in an artificial manner, the Government forces the peasant to pay increased tax and receive lesser income. No one seems to have thought of how he should take care of himself and his family. The peasant is unlettered and tongue-tied and he is unable to place before Government his grievances. Our learned pandits are not inclined to do anything about this.

How then Government is to know the real condition and how could the impending burden on the peasantry to be set aside?

"The white bureaucracy clamoured and the Secretary of State was compelled to do something and he appointed the Herschell Committee to go into this question. But we are immobile and only watching what is coming. Once the gold standard or rupees in terms of it become current in this country we shall awake, but that would be too late and a case of trying to lock the stable after the horse has fled away. Only the Industrial Conference Committee has despatched a petition to the Secretary of State, but otherwise there is all quiet everywhere. We have still to learn to be awake and guard our legitimate rights in time."

Tilak wrote the final article in this series in the *Kesari* on July 4, 1893 when the Government of India had finally decided on the steps to be taken on this much-debated Currency-Coinage-Exchange question which was referred to a Committee presided over by Lord Herschell. In pursuance of the recommendations of the Committee, the Government of India enacted on June 26, 1893 Act No. VIII of 1893 closing the Indian mints to the unrestricted coinage of silver on private account. Government also made a declaration to the effect that one shilling, four pence is fixed as equivalent to a rupee. Rupees or notes would be supplied to the public in exchange for gold coins and bullion and sovereigns and half sovereigns would be received in payment of public dues. These measures were intended to culminate in the introduction of a gold standard in the country. The purpose of this action was the enhancement of the gold value of the rupee to one shilling four pence by reducing the quantity of rupees in circulation. In this way, the value of the rupee was divorced from and raised above the value of the silver contained in it. The rupee lost its natural or intrinsic value and acquired an artificial and increased value. The result was that the purchasing power of the rupee went up and internal prices fell as a result of the reduction in internal currency.

Tilak as well as other Nationalist leaders held that the Home Charges were at the bottom of the currency difficulties of the Government of India. Had India been politically independent the currency problem would not have arisen at all. But once it had arisen, it ought to have been considered in consultation with Indian leaders. In spite of nationalist opinion as expressed by the Indian National Congress mints were closed to free coinage of silver and steps were taken to introduce the gold standard in India, Indian leaders drew the conclusion that India was not at all ruled in the interests of the people but as the *Mahratta* said in its issue of March 12, 1892 "On the principle, Government of officials, by officials and for officials."

Romesh Chandra Dutt said in 1898, "It would seem from the action taken by the Government of India, as if India existed for the convenience of the Government of India and for the convenience of foreign traders. It would seem as if the happiness of the Indian nation was a negligible quantity." In this statement submitted to the Currency Committee, Dadabhai Naoroji said: "The fact seems to be that India is the vile body upon which any quacks may perform any vivi-section and try any cruel, crude or rash experiments. What matters what is done to it? India is our helot, she can be forced to pay for everything. The Government here (in England) dare not play such pranks with the tax-payers. In India, the Government only thinks of the foreign interests (official and non-official) first and of the subjects afterwards, if it ever thinks of the subjects at all when foreign interests are concerned." What Tilak had to say on this topic is well contained in the last article referred to above.

Since it contains his well considered say on the matter, it is better to translate the whole of it for the reader's convenience. The article bears the comprehensive heading 'Silver, Rupees and the Pound.' Tilak says:—

It was not necessary for the Government to indulge in such hot haste to decide this question. Had the Herschell Committee Report not been published for another few days, nothing very shocking would have happened in the market. The Government should at least have waited till the non-official

members of the Imperial Legislative Council reached Simla. Since the matter has been decided, all we can do is to watch how the decision will affect the life of the people. Sir David Barbour has admitted in his minute that in order that the price of gold and silver should stabilise as before all nations in the world should agree to use both gold and silver for making coins and if England had agreed to do so there would have been no difficulty whatever in India.

"But the British Government and the British people will not entertain any such idea and therefore the Government of India is compelled to act on the recommendations of the Herschell Committee and burden the poor Indian people with fresh taxation in order to cover the deficit in its treasury. The Herschell Committee holds that the Indian people have lost nothing on account of whatever difference there may be between the price of gold and silver; it is only the Government of India and its high officials who have been sustaining losses. It is difficult to understand for any impartial person why on account of these parties, the Indian people should be directly or indirectly taxed.

"We need not say why our currency and exchange system is being arbitrarily handled so that the treasury of the Government of India should be filled and its European officials should be enabled to send money to their families in England in a generous manner."! No Government on earth would have dared to make changes in their currency and exchange system with almost no big effort as the Government of India has done.

"Since the new arrangement will hereafter last for a fairly long time, we must think of the gains or losses resulting therefrom. Since silver became cheap and gold became dear, a sovereign could be had only after paying 15 or 16 rupees instead of ten as before. Sir David Barbour himself has admitted that the rise in the exchange rate is not due to abundance of silver in India but it is due to gold price having gone up. On reading the Herschell Committee's report, we find that the Committee does not positively commit itself to the adoption of one course or the other, because the Secretary of State had asked the Committee whether he should accept the arrangement proposed by the Government of India or not; the Committee naturally said that the crisis was grave, the Government of India knew its responsibility and so the Committee could not say that what the Government suggested should not be accepted.' This lends credence to the belief that the Committee was sharply divided as to what course should be adopted and so it made a non-committal report. It is really most venturesome on the part of the Government of India that it should be guided by such a view of the Committee and should transform its currency system in hot haste just to get relief for itself and its big officials, no matter what it may mean to the people in India.

"Sir David Barbour has clearly said that if the gold currency is adopted, gold price will rise and it may not be possible to get sufficient gold for turning it into coins and it may be necessary to provide sufficient silver rupees for every day transactions of the people and also gold coins of the value of ten or fifteen rupees. If there cannot be gold coinage in India as a practical measure what should be done? The Government of India have hit upon the device of having the gold exchange standard in place of the gold standard.

That is to say we will only use the rupee but its value will be measured in terms of the sovereign. Until now the value of the rupee depended on its silver content. One rupee meant 180 grains of which 165 grains was pure silver and 15 per cent alloy. If the price of the rupee went up, people took their silver bullion to the mint and had it transformed into rupee coins, so that both silver bullion and the rupee reached the same level.

"If the rupee price went down and it became less than 165 grains of pure silver new rupees ceased to be minted and the rupee price became as before. The normal position was that a rupee was equal to 165 grains of pure silver. At present one hundred *tolas* of silver can be purchased for Rs. 75 and the gold rate per tola has also gone down by a rupee or two." The Government of India has now laid down by law that the rupee should not be measured by its silver content; how it should be done

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will be decided by the Government from time to time. This price will, henceforth, be measured in terms of gold and the British sovereign will be the standard. In England, a sovereign is equal to 240 d. Our Government has decided that 240d. will be equal to 15 rupees. That means that a rupee will be equal to 16 d. Government desires that the price of the rupee should some time later go up to 18 d. If that happens, a sovereign will be equal to 13.5 rupees or 40 rupees per three sovereigns.

"How many rupees will be required between 40 and 45 rupees will be decided by Government from time to time. This is, of course, altogether arbitrary. It has already been said that a rupee contains 165 grains of pure silver but in the market it is not 16 d. But because on the authority of Government we regard a ten rupee note as equal to ten rupees, we will have to regard the value of a silver rupee as equal to 16 d. Hereafter, the mint is closed for coinage of silver so far as private parties are concerned. Scarcity of a commodity leads to its price going up. Similarly, the price of the rupee will go up whatever the amount of silver there may be in the country.

"The intention of the Government is to make the rupee worth 18 d. eventually. The present enactment enables us to take gold bullion to the mint and get rupees in exchange at the rate of 7.53344 grains of gold for a rupee. If we take a sovereign anywhere we shall get Rs. 15 in exchange, but if we take the same amount of rupees to the mint we shall not get a sovereign. Many people will think that this is a deceitful or fraudulent practice but Government is helpless in the matter. Government is out to stock gold because it has planned to introduce the gold standard in this country.

"As the Government have thus divorced the rupee from silver bullion, the prices of gold and silver are being seriously affected. The British sovereign in England does not consist of pure gold. One half of it is alloy (Copper). One ounce is equal to 480 grains. For coining 623 sovereigns 160 ounces of gold is made use of. In England any one can have his gold turned into sovereigns, so that there never is any difficulty in equating gold and the sovereign prices. One ounce of gold with alloy or 440 grain pure gold is priced at £ 3.17 shillings and 10.5 pence i. e. 934.5 pence. According to this measure, 180 grains or one tola pure gold price is 382 13/14 d. and this is now finalised. If the Government makes a rupee equal to 16 d. one tola gold price will be Rs. 24 and if it is fixed at 18 d., it will be Rs. 21.5 or Rs. 21.25.

"It has been resolved that the rupee will not be appreciated beyond 18 d. Therefore, the price of one tola of pure gold will never go below Rs. 21 or above Rs. 24. But the case of silver is different. Every year, silver worth from six to seven lakhs of rupees was required, but now there is no customer for that silver. The reason is that the price of a rupee is now measured in terms of pence or sovereign. A penny here means 240th part of a sovereign.

"As the mints are now closed to free coinage of silver, the metal stocks will be idle in the market. Some of that bullion may be used for making ornaments, pots and utensils but most of it was previously required for turning it into rupee coins. The Herschell Committee's estimate is that of all the silver produced in the world one-fourth was required in India for making rupee, which was worth about seven crores. At the moment of writing silver bullion worth one crore is on its way to India and it will enter Bombay harbour right now. But according to the new dispensation, it cannot reach the mint for being turned into rupee coins. What is to be done with this huge stock of silver now? The Bombay banks are now telling the Government that so much silver bullion was ordered by them relying on the old coinage law; the Government must therefore make their loss good. But if the Government is to compensate the banks for their loss, why should it not compensate all citizens of India for the depreciation of their silver pots and ornaments?

"Even supposing that Government accepts the present shipment of silver bullion, Government ceases to be the time honoured customer of the white metal. The United States of America also used to purchase silver on a big scale like India and if that country also stops purchases of silver, there will practically be no buyer left for it. More than half the silver produced from the mines all over the world

was consumed by India and America. But both will stop taking it and it may be that the silver mines will be closed.

"As at present one ounce or 480 pure silver can be purchased for 44 d. and it may go down still. At present 100 tolas or 18,000 grains of silver is available for Rs. 77 only. This valuation is made on the basis that a rupee means 16 d. If the rupee is eventually made equal to 18 d. it will be still less. In fine, how cheap silver will become cannot be predicted. If silver is no more mined for some time, its value may go up. It has already been said that every rupee contains 1/12 of alloy. At this rate 75 rupees will yield 68-75 tolas pure silver. Therefore the meaning of silver being sold at the rate of 100 tolas for Rs. 75 is that 68 to 69 tolas of the rupee coins will fetch 100 tolas pure silver.

"The rupee will appreciate to this extent by a Government enactment. This will lead to false rupee coins coming into circulation, because any scheming person will make 30 per cent profit in such a transaction. Sir David Barbour says that a similar arrangement obtains in France, but no one resorts to making false coins. Why the same should not be the case in India? But Sir David Barbour appears to be innocent enough to make no difference between France and India. Sir David also says that even if some false coins circulate, it will not matter, very much; such activity is difficult on a large scale. Indian rupees are in use in Iran, China and Siani and they will find their way here because of the appreciation of the queenimprint rupee disc. Such is the position in regard to gold, silver and the rupee. Now we shall turn to examine how the enactment will affect our internal common transactions. If there is abundance of coins, consumer goods become costlier and *vice versa*.

"The new enactment seeks to make the rupee scarcer and dearer. With the increase in trade, there has to be increase in the quantity of coins, but the enactment will stop minting rupees and trade will continue to expand. With the expansion of trade and lesser supply of coins lower prices for farm produce will result and other consumer goods will also get lower prices. The peasant proprietor will get Rs. 8 instead of Rs. 10 for the same measure of wheat or *jowar*. He has to pay the same assessment but the price of his farm produce will be less. Lower price for his produce and stable land revenue assessment amounts to so much burden of indirect taxation.

"For the purpose of defraying Government dues, most peasants have to take loans from the money-lenders and pay them back after the crops are harvested but when the rupee coins themselves became scarce, how can the money-lender also have ample supply of the same? Naturally, his rate of interest will rise and again the peasant is the loser. The Government treasury will give rupees only against gold and the peasant has hardly any gold even in the form of ornaments. Silver ornaments would not fetch even half of their former price. In this way, the peasantry will come in difficulties from all sides. And all this because, Government is anxious to accommodate their European officers and enable them to find less rupees to secure British gold coins. It will have been much better if the Government had levied some new tax instead of devaluing the rupee in the manner it has done.

"We shall now see how the new Currency Act will affect our foreign trade. One third of India's trade is with China, Japan and such other countries which have a silver currency. By making the rupee equivalent to 16 d. trade with England has been disposed of in the way Government wanted for its own convenience and that of their European officers but what about our trade with China? It is obvious that the Chinese will not pay the same old price for our cloth that they paid hitherto. But the silver coins that China will send us here will not fetch the same amount of rupees. Why? Because it will pass off as only silver bullion and it has now become cheap. We shall, therefore, lose to the extent of 30 per cent in our Chinese trade.

"To reduce expenses in our Cotton mills is impossible. Will the textile workers accept three annas instead of four because the rupee has appreciated? So, for selling our goods, we have to make them more costly or sustain loss. If they are made costly their supply will be reduced or the Chinese will start producing the goods in their own country. Whichever way we look at the question, our trade

with China will suffer. Not that the Herschell Committee was not aware of this, but it has tried to persuade us to believe that an ancient country like China will not think of taking to new lines of production. The China trade is mostly in the hands of India's natives, so why should the Herschell Committee bother about what effect their recommendations will have on them? The whole trouble has been undertaken in the interest of the Government, its white officers and the white merchants.

"Lastly, we shall consider how this new legislation will affect the Indian States and be done with it. Hyderabad, Gwalior, Baroda and other states have their own rupee currency. But the rupees they make are not of the same weight or the silver used for them of the same fineness. Besides, they are rather crude and not much difficulty is met with by them in making new coins. So long as the British Indian rupee depended on its silver content there was no trouble about exchanging it with the Native states rupee, the discount could be easily calculated according to the pure silver content. Now the British Indian rupee is equal to 16d. But the new currency legislation is not applicable to the Indian States and so their rupees will be assessed according to their silver content. If the Indian princes enact legislation on the lines of the one in British India, they will have to take the help of the Government of India and conduct-themselves exactly like that Government. This will ultimately lead to their mints being made over to the Government of India. Otherwise their rupee coins will be valued according to their silver content. If the Government decides to compensate the loss of the bank, why should it not compensate the loss of the princely states also?

"Paucity of rupees, loss that the peasantry will have to put up with, loss of Chinese trade, reduction of the price of the gold stocks of the people, loss to be suffered by the Indian Princely states and fear of false coins coming into circulation are the troubles that will follow in the train of the new currency legislation. Besides, it is not quite certain that there will be no change in the value of the rupee and the silver bullion. The only difference is that it will not be less than 16 d and more than 18 d. In the meantime, Government reserves the right to alter the price according as it finds convenient. It may be pointed out that the rupee is now reduced to the position of a paper note. For the currency note, paper is used and for the coin metal is used; that is the only difference.

"No Government of any other country in the world would have dared to inflict such loss on its citizens by such an artificial currency arrangement and ruined its peasantry and trading community as the Government of India has done. No member of Parliament in Great Britain will be so venturesome as to suggest such a measure in the House of Commons, but here everything is done for the Government and its officers and only to serve their interests, no matter what happens to the crores of their black subjects. In the speeches of the Viceroy and Sir David Barbour, it has been made clear that the new currency measure has been taken deliberately and fully knowingly. Subsequent steps will be taken in the light of the experience of whether the peasants and tradesmen of India are able to bear the new burdens imposed upon them."

On the closure of the mints to free coinage of silver in 1893, the nationalist newspapers contended with almost a unanimous voice against the measure and condemned it as being inimical to the interests of the Indian people particularly of the manufacturers and the agriculturists. The Indian National Congress passed a resolution in its annual session at the end of 1893 condemning the action of the Government. Introducing the resolution Dinshaw Wacha said that the Currency Act of 1893 was 'a total jump in the dark' and 'a huge and inexcusable blunder'. Speaking once again he called it 'the crime of 1893'. This denunciation continued for many years afterwards. When the Government of India proposed the establishment of the gold standard in 1898, Dadabhai Naoroji denounced the closure of the mints as being 'illegal, dishonourable and a despotic act' and asked for the giving up of the gold standard. Romesh Chandra Dutt criticised the Government's attempts at artificially raising the value of the rupee as 'unnatural, desperate and dangerous' and warned against the introduction of the gold standard. The Congress also once again expressed its disapproval of "any artificial device" for meeting the loss on account of exchange by changing the currency at a heavy cost or contracting the internal currency".

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This is the same line that Tilak had taken in his writing in the *Kesari*. Wacha held the currency Act of 1893 responsible for all the economic evils from which the people at large and the banking and mercantile communities suffered since that event. Dadabhai and Dutt pressed for the reopening of the mints and for letting the rupee go down to its silver bullion price. The recommendations of the Fowler Committee and the Currency Act of 1899 that followed them were again criticised by the Indian Nationalist leaders but by this time their fervour had diminished because the currency transformation had to be accepted as a firmly settled fact. Yet the Congress continued to register its protest. At the 17th session in 1901, the Congress pointed out that the artificially enhanced value of the rupee was over 30 per cent. Gokhale pointed out in 1902 that the price of silver bullion had gone down while the prices of other commodities had not. In this connection, Tilak's *Mahratta* made the suggestion that in order to put right the great wrong done. "The Government should purchase all the silver from the people at prices which prevailed before the closing of the mints and pay them in gold."

Romesh Chandra Dutt pointed out that the peasantry was always in-debt and to increase the value of the rupee was tantamount to increasing their indebtedness. He said, "To add to the profits of the prosperous classes who feed on the distresses of the poor and to add to the weight of the millstone which the indebted classes carry round their necks" is the result of increasing the value of the rupee. If the agriculturists and industrialists suffered as a consequence of the Government's currency policy who were the people who benefited? In this particular instance, the interests of India had been sacrificed not only to save the Government from the necessity of imposing fresh taxation or retrenching its expenditure but also to help the European merchants. The appreciation of the rupee was designed to result in an unearned increment in the salaries of Government officials, particularly British civil and military personnel. The convenience of the foreign merchants was given precedence so that "a handful of Englishmen may carry on their golden trade with serene equanimity and without any of those risks which traders undergo in every other part of the civilised globe" as observed by the *Kaiser-e-Hind*. One of the underlying aims of the new currency legislation was to facilitate the influx of foreign capital in India.

When the British officials initially put forward the demand for an Exchange Compensation allowance, there was vehement opposition to it from the Indian nationalist leaders. When the demand was accepted by the Government, even bigger storm of protest followed. The Sarvajanic Sabha of Poona sent a memorial to the Government protesting against the measure. An emphatic protest was made by the National Congress also at the end of 1893. Resolutions demanding discontinuance of this allowance were repeated for ten years more from the Congress platform. By granting this allowance, the Government of India agreed to pay in 1893 to its non-domiciled European and Eurasian officers in order do away with the hardships suffered by them in their remittances to England on account of the fall in the gold value of the rupee. The allowance was granted up to such amount as would enable an officer to send to Europe half the salary, subject to a maximum limit of £ 1000 a year, at the privileged rate of one shilling six pence per rupee.

The allowance was paid, no matter any remittance was actually made or not. This was tantamount to a virtual increase in the salary to these officers. The total expenditure on this account from 1893 to 1898 was about five crores of rupees. Surendranath Bannerjea described the allowance as 'a crime and an unutterable shame' and exclaimed, "Call this a civilised, a Christian and a Righteous administration!" Dadabhai Naoroji called it as 'a heartless, arbitrary and cruel exaction from the poverty of India.' Tilak's condemnation has already been referred to. Gokhale's manner of condemnation of this allowance is noteworthy. Calling it an unnecessary and wasteful measure, he complained, "While the miserable pittance spent by the Government on the education of the people has stood absolutely stationary for the last five years on the ground that Government has no more money to spare for it, here is a sum larger than the whole educational expenditure of Government, given away to its European officials by one stroke of the pen!"

What had happened in actual practice was that although the rupee was equal to one shilling six pence i. e. one-fifteenth part of the gold sovereign, there were no gold coins in circulation and the rupee was the legal tender to any extent. So what was prevalent in India was not a gold standard but a Gold Exchange Standard. Tilak was not in India to make any comments, because he was in Mandalay Jail, serving his six years imprisonment sentence. But public opinion in India was expressing itself in favour of a real gold standard and minting of gold coins in India, as recommended by the Fowler Committee. The authorities who managed the Indian currency system had in a few years made the pleasing discovery that they had unconsciously as it were, established in this country a scientifically perfect and practically faultless system of currency and exchange, rightly or wrongly called "the gold exchange standard". Under that system gold is the nominal standard of value, and though gold coins i.e. the sovereigns are legal tender, they do not form an essential feature of the system. The principal currency is the token silver rupee which is unlimited legal tender and in which there is no obligation on the part of the state to redeem in the standard metal i.e. gold. The relation of the rupee to gold is fixed independently of its intrinsic worth as silver and the coin is just a note printed on a disc of silver but not legally redeemable in gold. Currency notes are encashable only in token rupees.

Gold and silver have been preferred by mankind for the material of their currencies and gold in particular has a certain fascination for man. That the precious metals are in use for artistic purposes and currency may be unfortunate in view of their limited supply. The use of paper money must admittedly be encouraged as a more economical and convenient instrument of exchange. After the Fowler Committee had recommended the adoption of a gold standard and a gold currency, the Government of India took up seriously the question of starting a gold mint in Bombay and in his financial statement in 1900, Sir Clinton Dawkins announced that everything was ready for it. But all possible imaginary difficulties having been raised by the Mint authorities in London and the British Treasury, the project was abandoned. The enthusiasm of the Government for the policy recommended by the Fowler Committee steadily declined. The efforts to put gold coins into circulation were half hearted; and as soon as the stability of exchange at a high level was attained, everything else which contributes to the soundness of the currency system was forgotten.

But public dissatisfaction with developments during the first decade of this century grew with the self-complacency of the Government. The question of the gold mint and gold currency, was raised again in 1912 by Sir Vithaldas Thakersey by moving a resolution in the Supreme Legislative Council and Gokhale accorded his support to the suggestion that gold should be coined in the Indian mints. He wanted an automatic and self adjusting currency in India. He observed: "The Fowler Committee and other authorities have advocated a gold standard and a gold currency, not a silver currency, as the permanent arrangement for the country. The time has come when we should consider whether we should not enter on the next stage of our currency policy and go in for the coinage of gold pieces, admitting silver, however, for the present, to unlimited legal tender. But a time must come when silver will have to be restricted in amount as legal tender and gold then will have to be the principal coin of the Country."

This question was subsequently discussed by the Chamberlain Commission on Indian Finance and Currency, but it did not feel that a gold currency was at all needed for India. The matter was for long under discussion between the Government of India, the Secretary of State and the British Treasury. The Government of India supported the coinage of sovereigns or a ten-rupee gold coin in the Indian mints, but the proposal was not favourably received by the Treasury and the question awaited the recommendation of the Chamberlain Commission. Gokhale was asked and he intended to submit his views on the whole currency problem to the Chamberlain Commission but he was not able to do so on account of his illness and want of time. But it is obvious what he would have said from what he said while supporting Sir Vithaldas Thakersey's resolution. Had Tilak been free to express his opinion, he would have done it likewise. As a matter of fact, Tilak and his journals, the *Kesari* and the *Mahratta* always, almost invariably, supported all the suggestions and proposals that he made on the

floor of the supreme Legislative Council from 1902 to 1912 (1915). They were thus proved complementary to each other though they were regarded as political opponents of each other during their life-time. The reality was different. They differed in their methods while dealing with public and political questions. One was aggressive and the other was 'sweet, reasonable', yet no less frank and outspoken. Although Tilak was behind the bars, his *Kesari* and the *Mahratta* supported the proposal of a gold standard and gold currency. The papers were then edited by the late Mr. N. C. Kelkar.

Appendix I

WASTEFUL ADMINISTRATIVE EXPENDITURE

The following is a free translation of Lokamanya Tilak's leading article in the *Kesari* dated 2nd August, 1892 on the Government of India's manner of spending its income collected from the tax-paying citizens:—

"Nobody will be in doubt that the prosperity and happiness of the people depend upon the administrative expenditure. When the rulers and the ruled belong to different countries and races, economy and retrenchment are conspicuous by their absence in the administrative arrangements. Our country is administered by the British and they have practically excluded the natives of this country from the administrative area and this has led to unexampled spendthrift tendencies in the Government of India by the British. No estimate can be made as to where we shall ultimately reach in this situation. This has made some plain-speaking inevitable and we are hazarding an attempt to record briefly what wasteful ways are being followed.

"The condition of the Indian people is not what it was twenty or twenty-five years ago. The people, the land and their trades and advocations have reached a very low ebb. If in such a situation the Government follows its traditional wasteful ways, very serious consequences will follow and both the rulers and the ruled must beware of it. The wealth of the country is being annually taken away without everybody's apparent knowledge and comprehension. The administration is spreading on all sides and there is no appreciable benefit as its result. If blood is continuously squeezed from the human body and no effort is made so that fresh blood may be produced, the body will perish. There is no doubt whatever that the condition of our country at present is not far different from such a human body. Therefore, the Government should wake up betimes and learn to cultivate the virtues of economy and retrenchment and improve its system. Before the Government does it, we shall illustrate how wastefulness is being resorted to.

"The first item of such wastefulness is exchange. In England there is gold currency while in India, there is silver currency. The Indian coins have to be remitted to those officers of the Government of India who are posted in England as also retired civil and military personnel, the bankers who give loans to the Government and railway companies and others who have started industries and factories in this country on guarantees given by the Government. In order to do that Government has to resort to exchange which did not remain stable because both the gold and silver coin rates constantly went up and down. If nations in Europe make alterations in their currency, the exchange rate in England goes up or down. That compels the Government to bear lower or higher expenditure in terms of rupees. During twenty years, sixty crores of rupees had to be spent on account of exchange. This means that without getting anything in return our treasury was put to such a great loss.

"This must be considered as super-excellent use of the money raised by taxes on eatables and edibles, industrial production, extortionate tax on agricultural land collected from poor peasants and cultivators and making addicts of many by selling them intoxicants like wines, opium, ganja and what not! What inexcusable injustice it is to spend three crores of rupees annually in this way! Rs. 3 crores is by no means a small sum. If the Government thought that to suffer so much loss every year was bad enough, this exchange would have been put a stop to long ago. But the difficulty is that nobody gives any thought to it. Does the Government think that once the people have paid the taxes imposed on them, they should not bother about how the tax proceeds are dispensed with? If it does not think so, how does it allow this wastage for years together?

"The root of this wastefulness on account of exchange lies in what are known as Home Charges which means the expenditure incurred in England on account of the British Administration in India. This year (1892-93) one crore and seventy lakhs of pounds i. e. twentyfive crores fifty lakhs of rupees were provisionally sent to England and it is estimated that about three to four crores rupees will have to be sent sometime later. On what heads, this huge amount is spent is worth examining for then we understand how the Government goes on robbing Peter to pay Paul. The Home charges are not met with in cash but by Council Bills which the financial authorities encash on firms trading with India. We shall now consider the items on which the money sent as Home Charges is spent one by one:—

(1) £ 2,20,906 on account of the Secretary of State for India and his establishment.

(2) Travelling expenses of the civil and military personnel, on furlough leave in England; £ 2,69,961 for civil servants and £ 2,67,101 on military servants.

(3) £ 277101 on account of ships built for the journeys to and fro of the military personnel on the outlay of £ 1118780.

(4) £ 500000 for the recruitment and training of white soldiers. If a soldier does some meritorious work and if he is employed in Indian military service the expenses of the award are debited to India's account. This may be in order. But if a battalian in England on account of India is despatched somewhere to fight for Great Britain, the expenditure is debited to India's account. Great Britain does not consider it fair that it should bear its expenses for this purpose.

(5) The Government is generous beyond limits in granting pensions to their retired servants; £ 3508407 are spent every year on this account. Temporary servants were appointed to purchase for the Irrigation Department of the Government of Madras and a sum of £ 14742 was sanctioned to give them gratuity. Retired servants are again re-employed for some purpose or other on fat salaries and if they are found inefficient, compensation is granted to them by increasing their pension amounts at the expense of India.

(6) £ 44237 is the annual expenditure on account of the British ships cruising on India's East and West coasts.

(7) British envoys are posted in China, Iran and Jedda and their maintenance costs £ 25366 every year. Why India should be made to pay this amount? There are quite many other miscellaneous items of expenditure, besides. Other British colonies do not pay for such expenditure, but India is made to pay. When all these items are taken into consideration it becomes obvious that India has nothing to do with them and yet she is burdened with expenditure on their account. Gibraltar, Malta, Cape Colony, Natal, Mauritius, Ceylon, Hongkong, Canada, Bermuda and West Indies are other British Imperial outposts and armies 24500 strong are maintained there at the expense of India. How is India concerned with them? Why should she bear the expenses of the protection of these places? Which Finance Minister has instituted this extraordinary system? Is it because the Indian people are ignorant and therefore they are deceived in this way? Is it not a fraudulent practice? There should be no objection to remark that so truthful and so powerful a nation like England is showing such niggardliness and meanness towards India. It is necessary to point out how such practices obtain even in quite minor and insignificant matters. They are the following:—

(1) A college has been founded in England to train engineers. The expenses on its maintenance comes to £ 8000 every year and India is made to pay for it. There are 27 professors in this college. Whenever they have a desire for drinks, it is satisfied at the expense of India. Engineers trained in this college are employed in England also, but England does not see its way to pay them.

(2) There is a mental hospital at Illing. Its maintenance comes to £ 5000 a year. All the inmates there are from Great Britain but India pays for their maintenance.

(3) If a British prince desires to visit India, his trip to and fro is a burden on India's account.

(4) £ 3514 have been spent to encourage scientific and ancient learning.

(5) Honours and titles are conferred on people by the Government of India but expenses on that account even are not paid by the British Imperial Government.

(6) If some eminent person in England wants to study and appreciate the skill of Indian artists and workmen, the Government of India is eager to pay the expenses of his excursion. In fine, India's money is so wastefully spent in England. When the Government of India is required to raise a loan, it is inevitably raised and subscribed in England and we spend four lakhs of rupees to see that interest on it reaches the givers of the loan in England.

"There is no end to such things. Even while robbing others, should you not be even slightly considerate? No regard is shown to our limited income and limited resources. At present, the India Government's loans amount to 250 to 300 crores of rupees. Six to seven crores are paid as interest charges. So what is in store for us?"

Rightly did Sir George Clarke, (later Lord Sydenham) Governor of Bombay Presidency in whose reign Tilak was found guilty of sedition and was sent to Mandalay to serve a six year's term of imprisonment, observe in a letter to Lord Morley, then Secretary of State for India that 'He (Tilak) has carefully studied the weaknesses of British rule.' This article in the *Kesari* from Tilak's pen even before he was elected as additional member of the Bombay Legislative Council amply establishes the correctness of the observation of Sir George Clarke, later Lord Sydenham.

Appendix II I

ECONOMIC THOUGHT OF TILAK

Prof. N. V. Sovani writes as follows on Tilak's economic thought and ideas:—

He (Tilak) had not much economic thought which could be identified as his own, or as peculiar to him as distinguished from his contemporaries. Unlike his contemporary leaders in Maharashtra like Ranade, Agarkar, Gokhale and G. V. Joshi, Tilak was not trained in economics. As a political leader of eminent stature he had occasions to write on economic problems of India and in such writings, he, on the whole, shared and endorsed the economic views generally prevalent in the nationalist invisible college. Thus he endorsed the Drain Theory of Dadabhai Naoroji and advocated Permanent Land Revenue Settlement following Romesh Dutt. His writings on economic problems of India were much more numerous before 1904 when he was laying down the foundations of his own leadership. But as his political stature grew in the context of India as a whole his writings seemed to be exclusively devoted to politics or to political problems of India.

In the earlier part of his life before 1904 he extensively wrote on currency, famine and famine relief in Maharashtra, on regulation of money-lenders' activities, land ownership regulation laws, the Khoti system, co-operative movement, Swadeshi, etc. His writings on specific economic problems are very few and far between in the period after 1904. In all these writings again he was writing as a journalist aiming at educating the public and mainly concerned with the bearings that these problems had on political affairs and he generally echoed, as I have remarked earlier, the views of his colleagues in the nationalist camp.

Would Tilak have embellished Indian economic thought if he had been a student of economics and if he had the time and the inclination to devote his time and energy to that subject? This is of course in the realm of speculation but there are a couple of his writings on economic problems of India that are capable of giving us a glimpse of the possibility of that nature.

During August and September of 1892, Tilak wrote a series of articles on the problems of Indian currency that was then bedeviling the Indian economy, under the title *Gold and Silver Coinage*. The articles were mainly expository in nature aimed at making it easy for the general reader of *Kesari* to understand the economic issues involved. The first three essays in this series were devoted to the exposition in simple terms of monetary theory. They dealt with the institution of money, metallic currency, currency standards, price level and its relation to money, etc. He explained this with great lucidity and clarity in Marathi like a trained economist and perhaps a little better than he. Even today this writing is a model of clarity.

The other occasion (1895) on which he had to and did write as a trained economist was when he wrote the concluding article in a series of essays on "Decentralization of Finance". Justice Ranade had started writing earlier in the *Journal of the Sarvajanic Sabha*. As is well known, in 1895 Tilak wrested the leadership and control of the Poona Sarvajanic Sabha out of Ranade's hands and, as a result, Gokhale resigned as the editor of the *Quarterly Journal of the Sabha*. Another editor of Tilak's choice was appointed but the crucial test for Tilak at the time was to convince the public that the journal as well as the Sabha would be run equally ably under his leadership. And by completing the series of articles written earlier by Justice Ranade, by a concluding article, as good as the earlier ones, Tilak demonstrated beyond doubt that he could be as effective and efficient a student of economics as Justice Ranade was. This was no small feat and Tilak passed the test with flying colours. That only showed the extraordinary calibre of his intellectual endowment.

Professor D. R. Gadgil has pointed out that Tilak, like all his political contemporaries, was the victim of a somewhat contradictory attitude towards the institution of Government. All of them naturally felt that there were innumerable things that the Government of the land should do which the (foreign) British Government of the day was not doing. So, while advocating and pleading for Government action in several spheres, they at the same time were profoundly distrustful of British Government itself and so criticised almost everything that the Government did. This ambience produced, what might appear to be almost contradictory opinions and writings.

Thus they opposed the regulation of hours of work for factory workers in India because that legislation was induced by Manchester interests and not by the anxiety of the government for the welfare of the factory workers. On the other hand they supported the legislation for the regulation of the money-lenders' activities because it arose mainly from indigenous considerations. It may be remarked that this kind of ambience seems to characterise Indian politics as an abiding trait because it also seems to be prominent even in the present day politics in India.

Nowadays one does not think of economics without thinking about ideology and a brief, though not enlightening, attempt can be made to assess Tilak from that angle. The current practice in this regard is to try to identify the class interest of a writer, if any. That Tilak was familiar with socialist thought is attested to by his favourable reference to that line of thought in the series of articles he wrote on 'The Necessity of Adoption' in *Kesari* in 1883-84. But on the whole, his writings indicate that he sided with landlords (being himself a Khot, though only in name) and opposed, to a certain extent, to any regulation of land ownership, protection of tenants, etc. though he did support legislation for the regulation of money-lenders' activities.

This, together with his advocacy of the Permanent Land Revenue System may be taken to indicate, if it serves any purpose, that he identified himself with a feudal landless class. But I do not think that, that throws any penetrating light on the subject.

It may be perhaps more fruitful to try to surmise from his general philosophy and the overall mode of his thought as to what kind of economic and social development he could have visualised for independent India in the future. He believed that one of the principal causes of Indian poverty was British rule and the imperial system that articulated it, and consequently the end of British rule was the first precondition of ending Indian poverty.

He, however, on one occasion, enumerated the benefits that India had derived from the British impact and had said further candidly that these benefits could not have come from any other rulers than the British. This was high praise from the 'father of Indian unrest'. He had also remarked, surprising for his time, that one of the causes of Indian underdevelopment in recent times was the rapid growth of population and the vast extent of the territory of India. He further remarked that the other-worldly attitude of the Indian people together with their passive attitude also had its own share to contribute to this underdevelopment.

A further cause was the necessity during the past 700-800 years of spending a large part of their energy maintaining political independence.

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