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AN ESSAY

ON

# INDIAN ECONOMICS

And its relation to Social, Psychic, Political and Linguistic conditions in India, and on the laws of economic evolution, and on the acceptability of socialistic measures and the future outlook.

BY

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THACKER, SPINK & Co

CALCUTTA,

1914.

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PRINTED BY DAS GUPTA AND CO., CALCUTTA.

## PREFACE.

When Adam Smith published his famous work on *The Wealth of Nations*, England and some other countries in Europe were already nations. In England especially the democratic government had already gained apace, and the notion that kingdoms were something like the private properties of the rulers was an idea almost dead. The people had become a power, and they were considering as to how their joint interests would be promoted. Some writers like Thomas Mun had contributed their knowledge to the study of special topics, like the foreign trade, relating to economics, and some works exploiting the theoretic aspects of the science had also appeared. The work of the great revolutionizer Adam Smith in the history of economic science is that he expelled some wrong notions regarding what is profitable for a country. In his study on the subject he was required to do a considerable analysis of the economic phenomena, and in doing so he laid a foundation to an inquiry into the universal economic laws. The further development of the economic study which took place in England has been that a greater study to discover the universal economic laws has been made and this situation has led to the creation of a special school of Economics.

The social back-ground of this school was very simple — one country, under one ruler, speaking one language, uniform in civilization, without the presence of a tributary prince or a potentate, and without the strong influence

of any philosophy diverting the attention of man from economic to non-economic pursuits. Almost all the political problems had already been fought out.

In Germany, the social and political conditions were different. For a long time the country was not a unity, but consisted of a large number of principalities and of some republics. The attention of the people was naturally drawn towards the methods making the dominions of the princes rich. Thus "Kameral science" came into being, and this science afterwards developed into a *National Economy* different from that of the English. The social, political and economic problems are so much mixed that when the Germans attempted to solve their own economic problems they had to pay attention to the larger social problems also. Their social and political structure was far more complicated than the English one.

If we begin to consider the ways and means to improve the Indian economic conditions, the great difference between the Indian and the English social conditions presents itself. There are by far too numerous social and political imperfections which are retarding the growth of the Indian economic development, and, as long as those conditions are not attended to—as long as no thought is given to discover the relationship between the social, political, and psychic conditions on one hand, and the economic conditions on the other, an effort to improve the economic conditions is merely a cry in the wilderness. An attempt to improve economic conditions ignoring their bearing on the social and political conditions is something like patching little holes and leaving large holes unattended. If we begin to build any plans merely on the knowledge

of the very scanty economic laws which British and other Western intellect have discovered so far, we shall find to our sorrow that the schemes will have but little success, and thus the bankruptcy of the British scientific achievements in economics will easily be seen. In fact, with all the teaching of political economy which the British teachers have given here, the country is still in a very low economic condition. The gravest social and political imperfections are not even suspected. Foreign capital has poured in, the railways have been built, but the condition of the people in general has not much improved. The destruction of millions of people in the famines is in itself a sufficient comment on the existing British economic wisdom. If we leave aside the theoretical discussions from the British economic literature, and concentrate our attention to glean therefrom the knowledge of laws by which nations may improve their economic conditions we shall find that there is very little that will be of any use to the people who may still be in a "semi-civilized" condition like ourselves, but be trying for their economic uplift. We have to formulate the thought for the country's economic development by our own observation and then have to try to get that thought accepted by the government. We have at present some drawbacks in this work. The teaching institutions at present are filled with Englishmen who are expected to teach subjects like Indian history and economics. Very little progress is expected in the country under the intellectual leadership of these foreigners. Men of sound scholarship and philosophical ability are not wanting in England but such men rarely come to India to teach, and the methods of teaching economics in India as dictated by

our Universities are such, as the task of teaching in the Indian Colleges has been found extremely unpalatable by the real scholars. The curse of examinations and the ass-loads of text-books which characterize the teaching in our Universities will sap out any originality that may yet be lurking in a student and will prevent the teachers from giving their best. If philosophical Englishmen had come to teach here they would have discovered how great the differences between the social and political background of India and England are and that how little really are the achievements of the economic science of the Western world.

To develop such economic science as will really be useful to the country, what is really needed is a fervent desire to improve the social and economic conditions, and this desire must be coupled with philosophical intelligence. A desire to solve practical questions often leads to scientific knowledge. The whole career of Pasteur will stand as a witness for the assertion. In building up the economic system of a country, a statesman must have scientific economists to advise. The economists of the British race whom we find in the Indian colleges are entirely unfit to perform such a task, because they do not have the required keen interest in the Indian problems. Moreover to solve our economic problems a good knowledge of Indian society politics and anthropology, of the Indian intellectual traditions, of the history of Indian civilization and also of Indian literatures, is necessary and it will take an Englishman a period of over thirty years to learn all these to become really of any use to us, and there are no fools among Englishmen who will strenuously apply their intellect for such a purpose when they are assured of a good



income in India without troubling themselves with any of these.

The Indian economic science ought to have been an organic development. The economic ideas which existed in the country at the beginning of the nineteenth century ought to have been given a scope to develop themselves, and by their correction and systematization the science ought to have been evolved. But the stamping out of the Indian intellectual tradition by the superposition of the Western culture, made the birth of Indian economics impossible before this. Now a fair number of Indians are given to think about the economic problems before the country and it is the expectation of the writer that they, in the future, will do work of great value, provided they do not enslave their minds by the British system of thought. I recommend that they should be asking to themselves one question, namely, "what is good for my country." They should begin to devote their attention to the large questions before the country, whether social, political or economic, and should indulge in independent speculation on the subjects, and after the knowledge accumulates some body may systematize the thought at leisure.

If I have any motives in bringing forth this little booklet they are these. First of all, I want to call attention of the students between the economic and other social phenomena—the word *social* used in its widest sense. When the relationship is properly realized any discussion which we often see, as to what kind of reform—whether economic or political or social—is needed first in India, will be found absurd. All the different social phenomena are inter-connected, and if you begin your campaign

for reform from one direction you shall have to reform also the other phases of life. My other motive is to destroy the spell of unnecessary pessimism that has taken possession of the country.

The book has its limitations. In fact, the treatment of anything a writer may desire to explain will be conditioned by the energy he may have to expound all his ideas in a systematic manner by the extent of his knowledge of the unwillingness of the reading public to read large books of serious thought, and by the amount of spare money a writer may possess to lose in a publication.

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