

THE INDUSTRIAL EVOLUTION OF INDIA IN RECENT TIMES

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PREFACE TO THE FOURTH EDITION

It will appear from former prefaces that the core of this work was written some nineteen years ago as a research thesis. After publication it attained, unfortunately for the author, the status of a textbook. Unfortunately, because this has entailed on him the responsibility of constantly bringing the work up-to-date. The problem thus created has been met with in different ways at different times. In the first instance, a long new chapter was written to cover the period after 1914 ; at the second time, this chapter was revised and added to to keep it abreast of the times. When a fresh need for reissue was felt, the problem was merely shirked and a reprint of the third edition went forth. This time the publishers hold that some reference to recent years is urgently called for, and their opinion appears reasonable. At the same time it was felt that it would be inadvisable to try to recast the existing chapters and it was also not possible to write a full new chapter. The solution to this difficulty has been found by putting in this long preface to the fourth edition of the work. The process of constantly bringing up-to-date a book which was initially written as a single whole can hardly ever be satisfactory. It becomes all the more unsatisfactory when the author finds that he would like today to put a number of things in a manner a good deal different from the way in which he presented them twenty years ago. The heroic way of dealing with the situation would, of course, be to write a new book. Lacking both the time and energy to do this, I have refrained from interfering with any part of the older book and have confined myself in this preface to offering certain general observations on recent trends in the economic history of India with particular reference to the history of the past decade.

The two events which seem to dominate the economic history of India during the period 1929-39 are (i) the world depression and its aftermath and (ii) the emergence of provincial autonomy. The effects of the former are a familiar theme all over the world, and they do not show any considerable variation in their incidence on India. The latter represents a definitely new factor whose effects, however, are difficult to evaluate, and they also vary considerably from province to province. A brief look at the condition of the agriculturist during the decade will bring out well the importance of both these factors. The world depression had a twofold effect on agricultural prices. It lowered them absolutely, and it also lowered them relatively to prices of other types of goods.

The absolute money income of the agriculturist fell to an enormous extent; it also fell in terms of non-agricultural commodities. Some idea of the extent of this fall may be obtained from the calculations put forward in the annual *Review of the Trade of India* regarding the decline in the value of agricultural produce in different provinces of India during the years of the depression. (See Table No. 1 at end of preface.) A measure of the latter phenomenon can be had from the spread between the prices of agricultural and non-agricultural products during these years. The most convenient index in India of this spread is the difference between the index numbers of exported and imported commodities. (See Table No. 2 at end of preface.) The statistics make it clear that the agriculturist must have suffered very severely during the period. The absolute fall in money income has relation to the debt, interest, revenue and other fixed money burdens on the agriculturist; the relative fall is related to his requirements of non-agricultural commodities. The exact extent to which, in a region, any group of agriculturists suffered during the depression would depend upon these two sets of relations. Where the agriculturist was, before the depression, not much in debt, where the burden of the land revenue and other taxes was light, where his crops were diversified and his economy largely self-sufficient, the severity of the crisis would be considerably mitigated for him. In the contrary circumstances he would feel its fullest force. It is unfortunate that for no part of India have we a full account of the incidence of the depression on any group of agriculturists. (For a summary of the results of certain inquiries and estimates especially in relation to the debt position see Sivaswamy, *Legislative Protection and Relief of Agriculturist Debtors in India*, Note I, pp. 16-24.¹) We have, therefore, little knowledge about the manner in which the Indian agriculturist lived through it, and its ultimate effects on his economic position. One thing alone seems certain. It is that India was perhaps the one important country in the world in which the State did almost nothing to help the agriculturist through the crisis. On the question of price policy—which, under Indian conditions, may be said to constitute the one major positive instrument for combating the depression—the Government of India which ruled it was swayed by considerations very remote from those of the welfare of the agriculturist. That policy, therefore, bore no relation to the needs of the agriculturist. As regards controlled production—which of course

¹ SIVASWAMY, K. G., Gokhale Institute of Politics and Economics Publication No. 6.

was much more difficult—an abortive Crop Planning Conference could arrive at no helpful conclusions. In the provinces, which almost till the lifting of the depression remained under the older constitution, the action taken differed in character and extent in a very considerable measure. The two neighbouring provinces of Bombay and C. P. present, for example, a sharp contrast in this respect. In Bombay nothing whatever was attempted till 1937, while in the Central Provinces the policy adopted was perhaps more comprehensive than in other parts of India.

Government action might be divided into three classes. Firstly as to the revenue demand of Government, it was only in the United Provinces that a radical step was taken to meet the situation created by the depression. In this province an immediate grant of remissions on a large scale was made and Government went so far as to specially consider whether it was possible to adopt a permanent scheme of fluctuating assessments and rents to meet major variations in prices. In most other provinces, the older system of suspending or remitting revenue demand was retained with a greater or less allowance being made for the price situation. The next and perhaps the most important aspect of Government policy everywhere is that relating to the debt situation. In most countries the preliminary measure was the declaration of a moratorium. In no province in India was any step taken in this regard. The nearest approach to a moratorium was the U. P. notification regarding sales of agricultural land (1932). The next step is the adjustment and scaling down of debts. Here the only steps taken during the period of the depression proper were by two provinces in two different directions. In U. P., automatic scaling down, in some cases, was brought about by the U. P. Agriculturists' Relief Act (1934). In the Central Provinces, the method of voluntary conciliation was adopted and enforced by the C. P. Debt Conciliation Act (1933). Nowhere else was anything done at this stage to deal with the depression as such. Acts to regulate money-lending were passed or thought of in certain other provinces. It will, however, be realised that the general regulation of the structure of rural credit is a long-range problem which is not specifically raised by the depression, though perhaps rendered acute by it. The depression proper may be said to have lifted by about 1936-7. It was just at this period that the popular ministries under the new scheme of provincial autonomy began to function. As was inevitable, most of these ministries addressed themselves to the acute agrarian problem. The policies they adopted were, however, dominated by the plans and concepts evolved elsewhere during the depression to meet

that specific phenomenon. Thus we find a number of attempts at moratoria and scaling down legislation which might perhaps have been useful five years earlier, and for which the time had mostly passed when they were thought of or enacted. And this dominance of concepts born at the time of the depression rendered the new popular ministries unable to visualize the long-range problem—with which chiefly they should have concerned themselves—in its proper perspective. Further in a large number of provinces these ministries were short-lived. They were, therefore, unable to follow up administratively or suitably modify their legislative programme of relief. Thus while for the period from 1936 to 1939 the emergence of provincial autonomy created a great deal of stir and raised legitimate hopes, in actual result the relief obtained by the agriculturist was very small. All that has been said regarding debt control legislation applies equally to the third type of Government action, the positive measures for helping the agriculturist. During the depression, provincial Governments were for the most part indifferent; and the later popular Governments had ordinarily not got beyond the stage of framing schemes when the war brought their life or their activities to an end. This may be illustrated by the instance of the action taken in regard to the marketing of agricultural produce. This had, during the thirties, come to be greatly helped and regulated by Government action in most countries of the world. It was also a direction in which more was perhaps done in India than in any other. Yet even here the positive work accomplished was comparatively small. The Imperial Government helped in the planning and conduct of all-India surveys of the marketing of important commodities—a work which is still under progress. With the advent of provincial autonomy certain measures of marketing legislation were contemplated or passed, and in some provinces a Government organization was set up to bring about more orderly marketing of agricultural produce. But this organization had nowhere reached the stage of doing anything active at the outbreak of the war.

It is again the joint effect of the depression and the extension of popular Government that tenancy legislation came to the fore in this decade. Tenancy legislation, in its origin in British India, was directed towards maintaining inviolate the older system of rights and usages which had presumably been disturbed during the early stages of British occupation. Gradually the scope of this legislation had been extended so as to bring within its protection a larger and larger class of the more stable tenantry. The method adopted in these extensions was still the older one of giving protection against

eviction or enhancement of rent to those who had been in cultivating possession of the land for a fixed period of time. The more direct method of protecting the actual cultivating-tenant as such, adopted in the C. P. Tenancy Act (1898), was nowhere else imitated. The older approach had, in some provinces, led to very considerable sub-infeudation and had left in all areas the problem of the sub-tenant untouched. So that in those parts of the country in which sub-leasing was common, the actual tiller of the soil remained at the mercy of superior holders. During the thirties, tenancy legislation in zamindari provinces such as U. P., Bihar and Bengal was largely concerned with the protection of the sub-tenant. Attention was also paid for the first time to the problem of tenant protection in the rayatwari provinces of Bombay and Madras. Bombay took the lead in passing the first tenancy act for rayatwari areas in 1939. The dominance of the older concepts is shown by the fact that in this new Bombay act, the mode of protection adopted was still the one evolved in the 19th century in the zamindari provinces even though the problem was clearly that of guaranteeing security and justice to the cultivating tenant and not that of maintaining a system of established rights.

The Co-operative Movement in India was very severely tried by the impact of the depression. Even in countries where it had previously been organized on very sound lines, co-operation experienced some setback during this period. It was, therefore, not surprising that the movement should suffer specially severely in India. An added consideration was that while the agriculturist and co-operative societies were almost everywhere else helped by the State to weather the storm, in India no such help was forthcoming and everybody was left much to his own devices. The result was that, especially in those provinces in which the organization had previously been built up in a defective manner or where its financial strength was low, the movement virtually broke down. Such, for example, was the case in Berar. Where the movement had always been under considerable official surveillance or where its financial assets were large, the results were not so disastrous. Everywhere, however, a number of the weaker units had to be liquidated, the recoveries declined and the overdues increased in alarming proportions.

The depression and its aftermath emphasize some lessons in respect of co-operation in India. Firstly it indicated that over large areas the initial defect of the movement—not being properly interwoven with the pattern of rural life—still persisted. It was looked upon as and largely remained an external force. As such it was not adequately equipped to

meet the crisis or help the agriculturist. Secondly it was also made clear that in spite of this partial failure it remained the only hope of the people. Thus when the popular Governments began to investigate the problem of agencies in carrying out their programmes of rural development, they decided in the large majority of cases to depend upon the nucleus of the co-operative organization already in existence. Thirdly it was found that even in the provinces in which the movement was strongest, its existing strength and scope were too small for it to carry out the work of a widespread or comprehensive reconstruction programme. The problem was thus to develop the existing organization at a pace rapid enough to meet adequately the needs of a national rural policy. The problem had only just begun to be appreciated in that form on the eve of the war, and the movement was then on the brink of a crucial experimental stage. Whenever normal life is resumed, it is at this point that the problem must be taken up.

In respect of the production of the factory industry, the depression did not have the same effect in India as in many other industrial countries. During this period, industrial production in the major industries in India did not contract but, on the contrary, increased in some cases. In interpreting this feature of the history of the Indian factory industry during the period of the depression and after, a number of considerations have to be borne in mind. In the first instance, the statistics relating to the production of the factory industry in India do not reveal the entire position regarding industrial activity in the country. Small-scale industry plays a large part in India though it has not been possible yet to determine how considerable it is or has been. No statistical series, not even connected qualitative information, is available regarding the size and activity of Indian small-scale industry. The comparative insensibility to depression denoted by the statistics of factory production may not, however, be a general feature of all industrial activity in India, and it is likely that the fall in the purchasing power of the agriculturist was felt immediately and to a marked degree by the country and the town artisan rather than by the modern machine industry. Secondly Indian factory industry worked throughout this period behind the shelter of either avowedly protective duties or high revenue duties having a variable degree of protective effect. High levels of production or its growth in the factory industry are, therefore, to be interpreted not as due to a high or increased total demand but rather as the result, mainly, of the displacement of older imports. This is illustrated by the production of sugar or of finished steel during the depression and after. This was, of course, a feature of indus-

trial history which India shared with many other agricultural countries which sought to increase their industrial equipment during the depression.

The sugar industry falls in a class by itself. The depression coincided with the grant of a large measure of protection to this industry, leading to a rapid growth in new installations of factories and in internal production. The pace of this increase was rapid and so was the consequential fall in imports. But during depression years the total quantity of sugar available for consumption per year within the country was markedly less than the average of the pre-depression years. (See Table No. 3 at end of preface.) Thus while, due to a special circumstance, the industry grew phenomenally, the consumer of sugar in India did not escape the effects of the depression. Instead of declining *pari passu* with prices elsewhere, the price of sugar in India was maintained at a comparatively high level throughout these years. Again, while in most other countries no marked decrease in sugar consumption took place, the decline in India amounted to from 20 to 25 p.c. of the pre-depression average for the years 1931-2 to 1934-5. The course of development of the sugar industry need thus cause no surprise, but the increased production of cotton textile factories is apparently against the general trend. The production of Indian factories is mostly consumed within the country. Their increased production cannot, therefore, be explained by reference to the growth of external markets as in the case of Japan. It is true that during this time Indian production displaced imports to some extent, especially from Lancashire, from their position in the Indian market; but statistics show that not only the total production of factories but also the estimated production of handlooms and even the estimated per capita consumption of cloth in India during the period remained at a higher level than the pre-depression average. (See Table No. 4 at end of preface.) A possible explanation is that this was the result of the fall in the prices of cotton manufactures. This fall was larger than in the prices of most other manufactured products, and might have helped to maintain the consumption of cloth in the country. It is to be noted that even after 1936-7, the prices of cotton manufactures did not rise appreciably but remained at a low level.

A very sharp drop during the depression and a low level during the subsequent period also characterized the prices of jute manufactures. The most important feature of the history of the jute industry during the thirties was the lengthy breakdown of the regulation of hours of work which had for many years become established in it. This was due to the increase in

the number of mills outside the Indian Jute Mills Association, which was the organization originating and enforcing the regulation. The internal regulation of the Jute Mills Association had, therefore, to be supplemented for some years by agreements with these outside mills. The depression considerably worsened the situation for the Association. While on the one hand severer internal regulation was thought to be indicated, such regulation increased the comparative advantage of the position of the non-Association mills and so made the regulation more irksome to members. Consequently the Association found that at all times of acute crisis during this period, it became increasingly difficult to obtain an agreement among members as to regulation and also to come to terms with the outsiders. The strict regulation of the earlier period had not been associated with a policy of regulating the increase of establishments or of looms, and had thus created a permanent state of excess capacity whose results were now specially severely felt. The good offices of the Government of Bengal were sometimes obtained to secure agreements and to enforce regulations. Finally, however, when even these failed, the provincial Government promulgated a temporary ordinance (September 1938) for the regulation of hours of work and for the control of machinery, and threatened to enact a permanent measure if no voluntary agreement had, meanwhile, been reached. This had the desired effect and it was expected that the voluntary agreement reached in 1939 had a sounder basis than the previous arrangements and might lead to a satisfactory permanent solution of the difficulties.

As a producers' goods industry, iron and steel experienced a heavy fall in production in the world as a whole. In India, however, the decline was both small and temporary. (See Table No. 5 at end of preface.) A distinction should be made between the production of pig-iron and steel products. While the production of pig-iron, a part of which was destined for export, suffered the expected decline, the production of finished steel continued to expand steadily throughout the depression. For steel products, the Indian industry had a sheltered market throughout the period; for though the period for which protection had been extended in 1927 ended in 1934 it was continued for a further period on the ground of possible dumping by continental producers. After 1935 the Indian industry shared in the general prosperity ushered throughout the world by the rearmament programmes of all countries.

It is not necessary to refer in detail to other industries such as cement, paper, matches etc. The progress of these

industries was even and comparatively unaffected by the depression. The principal mineral industry, coal, on the other hand suffered a good deal in the depression. (See Table No. 5.) It should be remembered that the production and consumption of coal in India is only partially dependent on industrial activity in the country. A large part of the demand for Indian coal is for bunker coal, by railways and for export. The fortunes of the coal industry are, in this manner, bound up to a considerable extent with internal and external trade. The Indian coal industry was, therefore, in a comparatively depressed condition till 1936-7 and recovered only with the general trade recovery which took place in and after that year.

Barring a general expansion in industrial production, no special features in the history of the various Indian industries call for comment. The cotton industry progressed along lines indicated in the earlier decade as also did the iron and steel industry. The cement and the sugar industries which early occupied the whole home market raised problems regarding the control of prices and of production. Control of locational distribution was also brought to the foreground as a result of the expansion of the latter industry. But the lack of a positive policy on the part of the Government of India delayed the tackling of these problems in any systematic manner. Indeed this non-emergence of a positive economic policy might be considered the most striking feature of the economic history of the decade 1929-39. While in all countries of the world old prejudices were rapidly thrown over and an enormous amount of experimentation in the direction and control of economic life was undertaken, India alone marked time.

Though no new economic policy was evolved, certain important all-India measures were passed during the decade. These were the Companies Act (1937) (which covered also the Banking Companies), the Insurance Act (1938) and the Motor Vehicles Act (1939). These acts were mainly concerned with bringing about a more detailed regulation of the establishment and working of the various types of concerns on lines recognized in most other countries of the world, modified in the light of Indian experience. In the case of company regulation, in only one important matter was there need to pay special attention to Indian conditions. This was the regulation of the 'managing agency' system. The most important change brought about in this regard was the limitation of a term of 20 years put to all future managing agency agreements, and the automatic termination of all past agreements at a date 20 years after the passing of the Act if they had not terminated earlier. Certain other restrictions have also been placed on the managing agency agreements

in the Act but these are not expected to bring about a material change in the working of the system. The Motor Vehicles Act dealt with the new problem of rail-road competition and, by setting up a system of regional licensing, mostly followed the principles of regulation evolved elsewhere. Another important piece of all-India legislation was the Factory Act (1934). This implemented to a large extent the recommendations of the Royal Commission on Labour, its important provision being the reduction of the maximum daily and weekly limits of the hours of work from 11 and 60 to 10 and 54 in the case of perennial factories.

During the first part of the decade, the depression kept the labour movement in the country in an inactive state. After 1936-7 the greater profits obtained by industrial companies and the advent of the popular ministries changed this situation materially. A very large number of labour disputes took place in 1937 and 1938 and attempts were made with varying success in the different provinces to settle the more important of these by *ad hoc* tribunals, committees, etc. A number of provincial Governments also appointed committees to review general or particular labour problems. In almost no case, however, has any action been taken on the recommendations of these committees. Two innovations in the regulation of the relation of labourers and employers may, however, be noticed. Both these were introduced in the province of Bombay. The first was incorporated in the Trades Disputes Conciliation Act (1934) which initiated the system of the appointment of Government labour officers to look after the interests, especially, of unorganized labour. The second was the elaborate attempt to regulate the initiation and course of disputes and the introduction of the principle of compulsory conciliation in the Bombay Industrial Disputes Act (1938).

It might seem as if in the sphere of foreign trade this decade was more eventful than in any other. The depression led naturally to a very considerable contraction of international trade and this, together with the general political situation, led to a new orientation of Government policy on this subject. The definite adoption of Imperial Preference and the official and non-official bilateral trade agreements (e.g. the cotton agreement with Japan and the Mody-Lees Pact) indicate a very considerable departure from former conditions. Here again the policy had reference mainly to external forces and to interests other than those of India. The period between this change of policy and the declaration of the war was too short to reveal whether it would affect the character of India's foreign trade in any material manner. Indeed a statistical survey over a 25-year period shows no change in the main

pattern of this trade. A comparison of the averages of three appropriate three-year periods (1911-12 to 1913-14: 1926-7 to 1928-9: 1936-7 to 1938-9) will make this clear. (See Tables Nos. 6 and 7.) Of these periods the last does not include Burma and is, therefore, not strictly comparable with the first two. The chief difference made by the exclusion of Burma is the increase in the importance of grain, pulse and flour, oils and wood and timber in the list of imports to India and the diminution in the importance of grain, pulse and flour in the list of exports from India. Allowing for these differences made by the exclusion of Burma, it will be observed that over all the three periods, while individual commodity groups change places, the pattern as a whole remains the same. In exports, apart from the main changes noticed elsewhere in the composition of the jute and cotton raw and manufactured groups and the oil-seeds group, there is little that invites comment. In imports, the important changes are the extinction during the last period of sugar imports and the great diminution in the value of the imports of cotton manufactures. The changes in the direction of trade are perhaps more remarkable, but they do not equally affect general economic conditions.

In the economic policy of the British in India three phases may be clearly discerned. The first was the phase of acquisition. During this phase all means were adopted to conquer and bring under political subjugation one part of the country after another. At this stage no other aim could command attention. The second phase was that of consolidation. In this period the basis of military control was strengthened and a suitable administrative machinery evolved. This stage, though peaceful, was one in which were experienced the difficulties of the transition from indigenous rule under traditional ideas and an older technique to a foreign rule and conditions progressively influenced by a newer technique. The third stage was that of exploitation. This was the stage in which the British attempted with the help of the newer technique to exploit the natural resources of the country. In this connexion it is well to bear in mind the difference made by foreign rule to the aims and the degree of this exploitation. The nature of policy was dictated by the conditions of its inception and administration, and the aims were not influenced by the larger social or regional factors. The extent and scope of the activity were limited by the fact of a superimposed foreign administrative machinery. A centralized bureaucracy was, in the main, both the planning and administering organ. Hence the policies necessarily lacked the human and the local touch, and the measures devised were chiefly such as could

be simultaneously applied over large areas. The element of unity in the economic history of India, for the last 100 years, is thus one which is the result mainly of external factors. It is the unity imposed by the fact of an all-embracing foreign rule. The economic policy of the state, owing to the circumstances of its origin, was largely negative; that is, it relied almost entirely upon private agency of the appropriate type for exploitation. The positive element was reflected only in such activities as famine relief programmes or the building of large irrigation works or railways. This classification of stages of economic policy applies to the period up to the beginning of the first World War of this century. The period 1919 to 1939 is essentially one of transition. In it the specific Indian point of view began to have some influence. Some new positive policies, notably that of fiscal protection, were adopted; the administration of these policies, however, as in the case of protection, still remained negative in spirit. Moreover till the advent of provincial autonomy the detailed problems of regional development and adaptation were visualized only sporadically and in some areas. And even where beginnings in this direction were made, the general prejudices and the financial limitations imposed by the political and administrative structure made it impossible to visualize an integrated policy of reconstruction. The second World War is expected to mark the end of this transitional period. A positive economic policy might henceforward become not only a desideratum but an imperative necessity, and in this case the larger social and the regional elements will have to be emphasized. It might thus become increasingly more difficult to write of the general economic history of India.

TABLE NO. 1

VALUE OF TOTAL PRODUCTION OF THE PRINCIPAL CROPS IN EACH PROVINCE
(In Lakhs of Rupees)

Provinces	1928-9	1931-2	1932-3	1933-4
Madras	1,80,78	1,01,25	99,33	83,17
Bombay	1,20,52	66,56	83,86	60,52
Bengal	2,32,59	1,06,71	90,54	95,56
United Provinces	1,40,52	92,21	91,01	85,65
Punjab	76,78	37,49	48,53	40,11
Burma	63,38	29,20	29,45	23,26
Bihar and Orissa	1,35,17	71,05	56,55	54,63
Central Provinces	68,77	32,42	35,40	30,33
Total	10,18,51	5,36,89	5,34,67	4,73,23

TABLE NO. 2

INDEX NOS. OF PRICE LEVEL FOR EXPORTED AND IMPORTED COMMODITIES

Year	Exports	Imports
1927-8	100.0	100.0
1928-9	97.5	96.4
1929-30	90.2	93.2
1930-31	71.5	80.0
1931-2	59.2	71.7
1932-3	55.3	65.2
1933-4	53.5	63.5
1934-5	54.1	63.0
1935-6	56.9	62.1
1936-7	57.2	62.8

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TABLE NO. 3

REFINED SUGAR AVAILABLE FOR CONSUMPTION IN INDIA
(INCLUDING BURMA)

(All Figures are in Thousand Tons)

Year			Production	Imports	Exports	Net retained for consumption
1926-7	...	...	121	827	45	903
1927-8	...	...	120	726	57	789
1928-9	...	...	99	869	48	920
1929-30	...	...	111	940	42	1,009
1930-31	...	...	152	901	43	1,010
1931-2	...	...	228	516	35	709
1932-3	...	...	370	370	32	708
1933-4	...	...	515	261	47	729
1934-5	...	...	617	223	37	803
1935-6	...	...	962	201	29	1,134

TABLE NO. 4

PRODUCTION AND CONSUMPTION OF COTTON PIECEGOODS IN INDIA

Year	Net Imports, Crore Yards	Net Available Mill Production, Crore Yards	Handloom Production, Crore Yards	Net Available for Consumption	
				Total, Crore Yards	Per-Capita Yards
1926-7	176	206	133	515	15.15
1927-8	194	219	131	544	16.00
1928-9	191	174	108	473	13.52
1929-30	190	229	140	559	15.97
1930-31	87	246	139	472	13.49
1931-2	76	288	150	514	14.28
1932-3	120	311	170	601	16.70
1933-4	77	289	144	510	14.17
1934-5	97	334	146	577	15.60
1935-6	97	350	166	613	16.57
1936-7	79	347	149	575	15.54

TABLE No. 5

PRODUCTION IN CERTAIN INDUSTRIES

Year	Cotton Piece-Goods	Coal	Year	Pig-Iron	Finished Steel
	Thousand Yards	Thousand Tons		Thousand Tons	Thousand Tons
1929	1,756,644	23,419	1929-30	1,376	412
1930	1,927,791	23,803	1930-31	1,140	434
1931	2,253,779	21,716	1931-2	1,070	450
1932	2,439,447	20,153	1932-3	880	442
1933	2,257,422	19,789	1933-4	1,109	551
1934	2,551,441	22,057	1934-5	1,343	627
1935	2,756,120	23,017	1935-6	1,541	677
1936	2,726,687	22,611	1936-7	1,557	692
1937	3,078,079	25,036	1937-8	1,644	668
1938	3,368,558	28,343	1938-9	1,576	726

TABLE No. 6

AVERAGE VALUES OF EXPORTS OF IMPORTANT COMMODITIES

(In Lakhs of Rupees)

Serial No.	Average for 1911-12 to 1913-14		Average for 1926-7 to 1928-9		Average for 1936-7 to 1938-9	
	Commodity	Value	Commodity	Value	Commodity	Value
1	Grain Pulse and Flour ...	5231.02	Jute Raw and Manufactured...	8614.74	Jute Raw and Manufactured ...	4205.76
2	Jute Raw and Manufactured ...	4919.48	Cotton Raw and Manufactured	6708.15	Cotton Raw and Manufactured	3993.60
3	Cotton Raw and Manufactured	4430.56	Grain Pulse and Flour ...	3895.45	Tea ...	2257.18
4	Seeds ...	2510.83	Tea ...	2937.57	Seeds ...	1591.60
5	Tea ...	1373.85	Seeds ...	2513.53	Grain Pulse and Flour ...	1086.98
6	Hides and Skins Raw ...	1097.82	Leather ...	858.57	Leather ...	663.12
7	Leather ...	445.30	Hides and Skins Raw ...	851.63	Metals and Ores ...	635.19
8	Wool Raw and Manufactured	274.49	Metals and Ores ...	836.52	Hides and Skins Raw ...	444.06
9	Lac ...	203.10	Lac ...	703.45	Wool Raw and Manufactured	377.07
10	Metals and Ores ...	178.63	Wool Raw and Manufactured	530.79	Oil Cake ...	256.90
11	Oil Cake ...	121.63	Oil Cake ...	317.04	Fruits and Vegetables ...	201.65
12	Oils ...	114.51	Rubber Raw ...	239.03	Tobacco ...	189.25
13	Spices ...	92.53	Paraffin Wax ...	224.20	Lac ...	174.35
14	Coir ...	85.39	Spices ...	184.91	Mica ...	118.86
15	Coal and Coke ...	78.23	Tobacco ...	113.25	Paraffin Wax ...	94.53
	Paraffin Wax ...	59.91	Coir ...	106.62	Oils ...	91.46
	Rubber Raw ...	57.47	Mica ...	97.24	Coir ...	90.47
	Fruits and Vegetables ...	52.43	Fruits and Vegetables ...	97.15	Rubber ...	86.48
	Mica ...	42.58	Oils ...	84.44	Coal and Coke ...	78.48
	Tobacco ...	42.35	Coal and Coke ...	76.53	Spices ...	75.85
	Total Exports ...	235,79.87	Total Exports ...	316,90.57	Total Exports ...	179,94.68

TABLE No. 7

AVERAGE VALUES OF IMPORTS OF IMPORTANT COMMODITIES

(In Lakhs of Rupees)

Serial No.	Average for 1911-12 to 1913-14		Average for 1926-7 to 1928-9		Average for 1936-7 to 1938-9	
	Commodity	Value	Commodity	Value	Commodity	Value
1	Cotton and Cotton Goods ...	6042.43	Cotton and Cotton Goods ...	6971.15	Cotton and Cotton Goods ...	2455.80
2	Metals and Ores ...	1679.03	Metals and Ores ...	2642.21	Machinery and Mill Work ...	1677.88
3	Sugar ...	1372.30	Sugar ...	1656.19	Oils ...	1385.89
4	Machinery and Mill Work ...	581.08	Machinery and Mill Work ...	1597.64	Metals and Ores ...	1131.52
5	Silk Raw and Manufactured ...	428.04	Oils ...	1060.23	Grain Pulse and Flour ...	888.44
6	Oils ...	421.16	Vehicles ...	836.63	Vehicles ...	672.76
7	Hardware ...	386.96	Provisions and Oilman's Stores ...	613.16	Instruments and Apparatus ...	572.60
8	Wool Raw and Manufactured ...	357.33	Hardware ...	518.11	Paper and Paste Board ...	339.74
9	Provisions and Oilman's Stores ...	225.34	Wool Raw and Manufactured ...	495.02	Dyeing ...	335.53
10	Liquors ...	200.62	Silk Raw and Manufactured ...	488.62	Wool Raw and Manufactured ...	327.57
11	Instruments and Apparatus ...	156.11	Grain Pulse and Flour ...	465.07	Chemicals ...	303.43
12	Vehicles ...	146.81	Instruments and Apparatus ...	446.47	Hardware ...	295.95
13	Paper and Paste Board ...	140.37	Liquors ...	359.00	Provisions and Oilman's Stores ...	276.32
14	Dyeing ...	128.53	Paper and Paste Board ...	312.92	Silk Raw and Manufactured ...	240.53
15	Drugs and Medicines ...	108.88	Dyeing ...	253.70	Liquors ...	226.93
	Chemicals ...	97.08	Chemicals ...	252.41	Drugs and Medicines ...	221.24
	Wood and Timber ...	74.42	Drugs and Medicines ...	196.81	Wood and Timber ...	211.32
	Grain Pulse and Flour ...	17.93	Wood and Timber ...	79.64	Sugar ...	29.36
	Total Imports ...	160,94.05	Total Imports ...	244,79.11	Total Imports ...	150,45.20

PREFACE TO THE THIRD EDITION

A NUMBER of statistical tables have been enlarged and some new matter has been added in the last chapter to bring the book up to date. Otherwise no important changes have been introduced in this edition.

PREFACE TO THE SECOND EDITION

ONLY a few changes, mostly of an unimportant character, have been made in the reprinting of the first edition. I have omitted the bibliography as it was already disproportionately long and would have become much longer if I had tried to bring it to date.

It was necessary in bringing out a second edition to continue this sketch of Indian Industrial Evolution to the present; and I have done this by adding a new chapter dealing with all aspects of the period after 1914. I have chosen this course, as to incorporate the new material at various places in the old chapter would have entailed too great an overhauling of the original text. The extent, then, of the modification of conclusions, etc., necessitated by the events of the War and post-War periods, is indicated in the new additional chapter, the main body of the work being still a sketch of evolution up to 1914.

I have to thank many friends for help in the preparation and printing of this edition; amongst these, I must make particular mention of Mr S. R. Deshpande, B.Litt. (Oxon.), of the Bombay Labour Office. He has rendered me invaluable service by bringing to my notice various publications and by making many valuable suggestions and criticisms.

PREFACE TO THE FIRST EDITION

THE work now published was first written as a thesis for the degree of Master of Letters of Cambridge University. It is printed here—except for a few verbal alterations—almost in the same form as the thesis. What has been attempted in the following pages is a sketch of the economic history of India from the fifties of the last century to the beginning of the War in 1914. I have not brought this sketch up to date, mainly

because of the fact that the shock imparted by the War to the economic equilibrium of the world has been very great; and the conditions obtaining even today are not normal enough to enable us to measure accurately the effects of the events of the last decade.

The subject is a wide one; and yet the only dramatic event in this economic transition is, perhaps, the decline of the old handicrafts. The collapse of these was indeed sudden and complete. In other respects the events move on with a slow pace and a dull monotony. The most considerable change has been in the scope and methods of commerce—a change brought about by the great development of the methods of transport, especially since the fifties of the last century. This great development of transport facilities during the latter half of the nineteenth century has, indeed, been put forward as a reason for the slow and one-sided progress of the industrial revolution in India. It might well be argued that a less rapid spread of the means of communication might have given a breathing-space to the old handicrafts in which to readjust their organization and their methods to the new conditions. On the other hand, it might be said that this would have meant only stagnation. In the domain of agriculture the most considerable change has been the commercialization of agriculture. But the really serious aspect of the question is the problem of population. The burden on land seems, if anything, to be increasing, as is evidenced by the steady proportion of the food-grain area in the total area cultivated, in spite of the rapid increase, during the last few decades, in the area of land under the plough. This fact also saliently brings out the close connexion between agricultural and industrial prosperity, and the necessity of a greater impetus to the growth of industries for relieving the pressure on land. The chief progress in the industries was made by two factory industries and one plantation industry. Otherwise the progress is small, disconnected and decidedly one-sided. It must be here pointed out that we have no reason to believe that the economic conditions obtaining in India are very different from those which obtained in the West in former times. I have tried to show, especially in the remarks about the scarcity of factory labour and in the chapter on the organization of urban industries, that the lines of evolution have been the same as have been noticed in most countries of the West. The future is not so rosy as one would like to believe. A sudden growth of industries, such as took place in many European countries during the nineteenth century, seems improbable. The progress will be slow. No big industries requiring complicated machinery or a thorough use of by-products are likely to spring up. The

chief direction of the progress will be that of the accessory industries and industries chiefly connected with agricultural operations or with the further working up of raw agricultural produce grown in the country.

The subject I have chosen is a very wide and a difficult one and I found it impossible to treat it with any fullness within the space usually permitted for a thesis. Consequently, I have had to omit many important aspects, e.g., the growth of banking, from consideration, and also to be satisfied with a mere mention of many other questions. I have attempted to sketch briefly the course of recent economic history, and to estimate the nature and extent of the changes in organization of Indian agriculture and industry. I can lay no claim to any novel views or even originality of treatment. My only excuse for embarking upon such a difficult task is the almost entire absence of any works on the recent economic history of India ; and I shall feel amply repaid if this work induces some abler student to take up this neglected but all important question.

I cannot fully express in words what I owe to Mr H. D. Henderson of Clare College, Cambridge. It was entirely owing to his kind encouragement that I undertook the work, and his criticism and suggestions have always been of the greatest value. I have likewise to thank Mr W. S. Thatcher of Fitzwilliam Hall for some valuable suggestions. My thanks are also due to my friend, Mr J. V. Joshi, for his help with regard to the publication of this work.

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