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Bombay Finance (1921-1946)

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AUTHOR'S PREFACE

THE present study was undertaken in 1938 at the instance of Mr. D. R. Gadgil, and was carried out at the Gokhale Institute of Politics and Economics under his general guidance and supervision. My transfer to Willingdon College, Sangli, in June 1940, caused a good deal of delay in the completion of the study, as I could work only during vacations. It was not till June 1946 that I could hand over my manuscript to the Institute which has kindly agreed to publish it. In the meanwhile I was awarded a scholarship by the Watumull Foundation of Los Angeles (Calif.), for advanced studies in the U. S. A., and I left India in July, entrusting the task of seeing the book through the press to my pupil and friend, Mr. N. V. Sovani.

While I was collecting materials for the present study it was suggested to me that I should present the financial structure and developments in the Province with a view to serving the practical needs of legislators and other public men interested in the financial process. While, however, I have kept this object in view, my approach has been primarily analytical rather than descriptive. Thus, I have attempted to set forth the financial problems and policies of the Provincial Government in their wider economic setting, and have endeavoured, whenever possible, to discover the relationship between the cyclical movements in prices and incomes with the changes in the financial structure. Indeed, in my original plan, I had intended to divide my study into periods corresponding to the several phases of the economic cycle so as to discover, what may be called, the "cycle-sensitivity" of the Provincial revenue-and-expenditure system. But as I proceeded in my study, I found that Provincial Finance did not exhibit any close or direct relationship with the phases of the economic cycle, except perhaps the depression phase (1930-35). Such a relationship could, indeed, be established in the case of the Central Government Finances, since the chief Central taxes, the Income Tax, Customs and Excises are highly sensitive to the cyclical changes in the price-and-income structure. The system of Provincial Finance, however, is not responsive to cyclical fluctuations in an equal degree, its main revenue heads, Land Revenue and Excise, being more dependent on administrative and political policy than upon price changes. Yet, these and other revenue heads such as Stamps, Forest, the Scheduled taxes, etc., show a good deal of influence of the wider economic movements, and it has been my endeavour to exhibit this influence at each period.

The plan of the work is as follows: In Part I, I have given a descriptive account of the financial structure of the Province during the period 1921-22 to 1946-47. It contains a somewhat detailed survey of the financial relations between the Central and Provincial Governments, with special reference to the division of the revenue and expenditure heads. This part also embodies an account of each tax and expenditure head of the Provincial Government.

Part II attempts to trace the financial developments in the Province during the following periods: (i) 1921-22 to 1935-36, the period of the Reforms; (ii) 1936-37 to 1939-40 the period of Provincial Autonomy, during the major part of which the popular ministries were in office; (iii) 1940-41, during which period the administration was carried on by the Governor with the help of his Advisors. In each of these periods, I have set forth financial problems and policies, and have endeavoured to assess the achievements by those who were in charge of financial management.

It is not easy for me to express my intellectual debt to Mr. D. R. Gadgil, who has guided me at all stages in my undertaking. Nor, again, can I thank adequately my friend, Mr. N. V. Sovani, who has helped and encouraged me all along. While, however, I recognise my obligations to these kind friends, they are, of course, in no way responsible for any of the facts and opinions stated herein. I must also thank most warmly Messrs. Dev and Kale, of the Servants of India Society's Library, and Mr. Pendse, of the Gokhale Institute, for their unfailing courtesy and assistance. I should also express my obligations to Mr. Bhide, who, as Assistant Keeper of Records, helped me in every way while I was working at the Government Record Office in 1941.

I thank the University of Bombay for the substantial financial help it has granted towards the cost of publication of this book.

University of Pennsylvania, }
Philadelphia (PA), }
September 13, 1946. }

T. M. JOSHI

*I dedicate this book to my parents and to my uncles,
V. M. Joshi and N. M. Joshi.*

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