

AN INTRODUCTION
TO THE STUDY OF
INDIAN ECONOMICS.

BY THE SAME AUTHOR.

- 1 INDIAN ADMINISTRATION, (Fourth Edition.)
- 2 GOKHALE AND ECONOMIC REFORMS.
- 3 INDIA'S WAR FINANCE AND AFTER WAR PROBLEMS.
- 4 CURRENCY REFORM IN INDIA.
- 5 INDIAN INDUSTRIAL AND ECONOMIC PROBLEMS.

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INTRODUCTION
TO
THE STUDY OF
INDIAN ECONOMICS.

(THIRD EDITION)

BY

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PREFACE TO THE THIRD EDITION.

By some 'Indian Economics' is regarded as a meaningless and an awkward term. The contention that unless you can construct an altogether new economic science out of Indian social phenomena, you can not label Economics as 'Indian' solely on the ground that you are dealing with Indian economic conditions, is full of force and deserves respectful consideration. But a moment's reflection will show that the objection is merely a fight about words. The term 'Indian Economics' enjoys the advantage of having had a long vogue and concisely expresses the meaning it is intended to convey, viz. its being a special study of Indian economic conditions, conducted with a view to discover the working of economic laws and to indicate efficient and beneficial methods of economic progress. Thus understood, Indian Economics has its place well defined and secure, and there ought to be no ground for dispute, at least among economists, as to its scope, purpose and nomenclature until another and a better term is suggested. Political Economy and Economics and several terms used in the exposition of the science, are themselves not free from objection, and there is absolutely no harm in using the well-defined and well-understood term 'Indian Economics.'

With regard to the study of Economics in this country it is stated that the usual teaching of the subject in our Colleges is based upon western conditions and experiences and that it is not properly correlated to Indian social phenomena. Wherever this complaint may be well-founded, it is obviously the fault of the teacher who must illustrate principles by referring to indigenous conditions and evolve conclusions from them. Right educational methods require that in order that the study of Economics may prove stimulating and fruitful, it should be intimately associated with the surroundings and the observations

of the learner. This does not, however, render superfluous a specialized and intensive study of Indian economic conditions and problems, and our University has done wisely in including 'Indian Economics' in its curricula for the B. A. and M. A. examinations. The economic evolution of the Indian communities under the stress of modern developments and the urgent requirements of healthy progress, demand earnest investigation and suitable action; and it is necessary that the number of educated people who can take an intelligent interest in economic problems should steadily increase in India. It is the main object of this book to help the student to observe and interpret the facts and tendencies of Indian life, to assimilate economic principles and to apply them to his own experiences and observations. It is likewise designed to assist the general reader to secure a working knowledge of India's economic position and prospects. The warm reception which the first two editions met with at the hands of students and the general public all over the country, testified to its having satisfied a real want and the author felt encouraged to issue a third edition in an enlarged and a thoroughly improved form.

The opportunity has been fully availed of to give effect to many of the friendly and helpful suggestions that had been received. The text has been revised and rearranged in several places and considerable additions have been made to it throughout. The summaries appended to the chapters have been taken out and the volume of the book has been increased so as to cover a larger field. The effects of the war upon capital, labour, finance, currency, exchange, banking, prices and consumption have been of a far-reaching character and they have been brought out in the appropriate places. The latest facts and statistics have been given everywhere and no pains have been spared to render the book upto-date, instructive and suggestive to different classes of readers.

FERGUSSON COLLEGE,

POONA,

5th August, 1920.

V. G. KALE.

PREFACE TO THE FIRST EDITION.



The following pages have been written with the object of meeting the needs of students who require guidance in the study of economic problems pertaining to India and of general readers who wish to get acquainted with the chief features of the economic organization and development of this country. The book does not presume to deal exhaustively with the subjects discussed—volumes will be required to do so. It only seeks to show briefly how the principles of Economics should be applied to Indian conditions, and to place before the reader the different aspects of Indian economic life. As such, the volume is expected to render material help to College students taking up general Economics, and Indian Economics in particular, as special subjects, and to all others who take any interest in the advancement of this country and specially in the promotion of its economic and social well-being.

The general order of treatment usually found in textbooks on Economics, has been followed with a view to conduce to the convenience of the student, but in doing so, care has been taken to bring into prominence chief among the peculiar economic problems which require careful study and demand a solution, in this country. The elementary principles have been briefly indicated in each place, and their application to Indian conditions has been pointed out. The economic changes which have taken place and which are in progress, have been traced, and the situation in India is compared with the development and position in Western countries. Very few people in India know the nature and working of even the simple laws which govern the production, exchange and distribution of wealth or are acquainted with the modern machinery of trade, currency, credit and finance. This ignorance lands people into curious mistakes when they try to tackle economic problems; and well-directed attempts at the promotion of progress, are rendered difficult. Equally

dangerous is the easy optimism of those who are led away by appearances and draw comforting conclusions both from the contrasts and the analogies presented by Indian conditions when compared with those prevalent elsewhere. This book, it is hoped, will supply a corrective to both these tendencies, and will afford a true insight into the economic situation of India.

The author has freely stated his own views on each question—this was inevitable and even necessary—and has also given reasons why he holds them. He has taken every care, however, to place the pros and cons in each case before the reader so as to stimulate thought and rouse a spirit of enquiry, and to help him to form an opinion for himself. The reader is referred, in each chapter, to the literature he must go through if he wishes to prosecute his studies further, and the student will find the references helpful in acquiring a more intimate acquaintance with the subjects of study. Only very recently has the importance of economic studies come to be appreciated, and the provision made for them is yet far from adequate. The text-books are very few and the information pertaining to different subjects is scattered through a large number of blue books, reports, monographs &c. The purpose of writing this book will be fully served if it satisfies the want which, the author knows, is keenly felt by students and general readers.

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V. G. KALE.

1st June, 1917.

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