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ENGLAND'S DEBT TO INDIA



THE AUTHOR (1865—1928)

CLASSICS OF INDIAN HISTORY AND ECONOMICS

ENGLAND'S DEBT TO INDIA

*A Historical Narrative of Britain's
Fiscal Policy in India*

By

LAJPAT RAI

Author of Young India

*"The toad beneath the harrow knows
Exactly where each tooth-point goes.
The butterfly upon the road
Preaches contentment to the toad."*

Introduction by

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सत्यमेव जयते

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*As a mark of the author's deep respect
and
India's gratitude
this book is dedicated
to
those brave, highminded and honest Englishmen
and Englishwomen who have not hesitated to speak
the truth about the effects of British rule in
India though by doing so they earned the dislike
of their countrymen
and
on whose testimony, principally, this
book is based*

Lajpat Rai

**“India will not remain, and ought not to remain, content to be
a hewer of wood and a drawer of water for the rest of the Empire.”**

—J. AUSTEN CHAMBERLAIN

**Secretary of State for India
in *The London Times*, March 30, 1917**

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INTRODUCTION

Judged by Western standards of the time, Indian economy was in a prosperous state in the seventeenth century. Statistical measurements of national income, rate of capital accumulation, volume of trade and the level of employment at that time are, of course, not available. But there is enough evidence available from contemporary sources and from large number of published accounts of European travellers to show that India in the seventeenth century was economically more advanced than most of the European nations. She had flourishing industrial centres, the products of which were known all the world over for their beauty and quality. The skill of her craftsmen, especially weavers, was legendary in both the East and the West. Traders from all the world over visited her shores for trade in her manufactures. They brought gold and silver, rubies and diamonds and exchanged these with cotton textiles, saltpetre, tobacco, indigo, silk and brocades. The country had always a favourable balance of trade. The gap between exports and imports was made good by import of bullion and precious stones. This feature of her economy attracted widespread notice and was commented upon by almost all foreign observers. According to a modern Indian writer, "India was the respiratory organ for the circulation and distribution of moneys and commodities of the world; it was the sea wherein all the rivers of trade and industry flowed and thus enriched its inhabitants." In the words of a contemporary, Terry, "many silver streams runne thither as all rivers to the sea, and there stay, it being lawful for any nation to bring in silver and fetch commodities, but a crime not less than capital to carry any great summe thence." At a time when mercantilist ideas ruled supreme in the whole of Europe and when the wealth of a nation was identified with the stock of gold and silver that it had, it is not surprising that India was regarded as the richest nation of the world in the seventeenth and even in the early part of the eighteenth century.

It might be objected, as economists since Adam Smith have, that wealth of nations does not consist of gold and silver and that in order to determine the level of economic development and prosperity of a nation we have to take into account the annual flow of goods and services and the standard of living of its people. The earliest estimate of national income of India was made by

¹Bal Krishna : *Commercial Relations between England and India, 1600-1757*, p. 37

²Quoted in Brij Narain : *Indian Economic Life* (Lahore, 1929) p.57

Dadābhai Naoroji and it relates to the year 1867-68. We have no information on the subject for earlier periods. But there is enough indirect evidence to show that in the seventeenth century the *per capita* income in India must have been much higher and the standard of living much better than it was in the mid-nineteenth century. In the first instance the land-man ratio was much more favourable to man and till Aurangzeb's time, labour, and not land, was the scarce factor in agriculture. The holdings were consequently larger compared to conditions two centuries later³ and output per man in agriculture higher. Secondly, there were in existence flourishing centres of industry, and the occupational distribution of labour between industry and agriculture was more balanced than was the case in the nineteenth century. Thirdly, there was a rich class of merchants, bankers and traders in the urban areas⁴ who, for their riches, compared favourably with the merchant class of Europe which pioneered industrial revolution there. Lastly, as Professor Radhakamal Mookerji has shown, the real wages of agricultural and industrial labour were higher in seventeenth than in the nineteenth century.⁵

We have more direct evidence regarding the standard of living in the seventeenth century India. The rich lived a life of ease and comfort. In the big centres of commerce, the merchants lived in great style, building for themselves comfortable and imposing abodes, wearing costly dresses and their women folk possessing a profusion of jewellery. The common man both in the urban and rural areas had more and better food to eat than what he had two centuries later. Even Moreland, who otherwise is critical of the view that the average Indian in Shahjahan's and Jahangir's time was better off than in the British period, admits that fats, that is to say, "butter (ghee) and seeds furnishing edible oils were, relatively to grain, distinctly cheaper than now, and in this respect the lower classes were better off as consumers, though not as producers."⁶ In grains, milk and butter (ghee) which form traditionally the larger part of diet in India, the seventeenth century was marked by conditions of plenty and cheapness. The *per capita* consumption of these commodities must, therefore, have been higher at that time compared to the nineteenth century. The

³See Harold Mann : *Life and Labour in Deccan Village Study I & II* (1917) and Keatings : *Rural Economy of the Deccan*.

⁴For an interesting account of the leading mercantile communities and important trade routes and trading centres in India in seventeenth and eighteenth century, see D. R. Gadgil : *Origin of Modern Business in India* (Mimeographed, Poona).

⁵Radhakamal Mookerji : *Economic History of India, 1600-1800*

⁶Moreland, W. H. : *India at the Death of Akbar*, p. 271

average consumption of cloth, furniture and salt was probably lower in the Mughal period than under the British, but these form a far less significant part of the poor man's family budget than food. It will not, therefore, be wrong to conclude that till the end of the seventeenth century, or shall we say till the death of Aurangzeb in 1707, India was economically better off than she was later under the British rule.

There were several factors responsible for her decline in the eighteenth and nineteenth centuries. In the first place, the political disintegration that followed the fall of the Mughal Empire adversely affected the trade and industry of the country. (Under conditions of political insecurity that followed the extinction of the unifying Mughal Power, the European merchants, who were already on the scene for purposes of trade, jumped into the political arena and took sides in the internecine wars among Indian princes in a bid to wrest fiscal concessions for their trade. The story of the struggle for political supremacy that ensued between the European Powers in India need not be related here, but it is to be noted that the eventual success of the British arms in the battle of Plassey in 1757 and the consequent establishment of British rule in India compensated Britain for the loss, in 1776, of her American colonies which till then were the greatest source of supply of cotton and foodgrains.) It may be interesting to note in this connection that Cornwallis, who laid the foundation of the British administration and launched the policy of Europeanisation of administrative services, trade and industry of the country, was the commander of British forces which were defeated by the Americans in their War of Independence. The task of transforming India into a British colony was thus assigned to the same person who had lost the battle in America.

Secondly, though India's economy was in a prosperous state, the medieval economic organisation lacked elements of progress. When technological inventions occurred in England after 1760, that country had a capitalist class ready to take advantage of the new inventions and it led the way to industrial revolution. India did have a commercial and mercantile class, but it had no industrial traditions. Nor did India experience the technological revolution that England went through in the latter half of eighteenth century. Even if India had not become a British colony, England would have stolen a march over this country in material prosperity. As things turned out, the industrial revolution in England occurred simultaneously with the British conquest of India.

Thirdly, in the early days of the conquest both the East India Company and its employees were interested more in

making profits from Indian trade than in founding an empire. They ruthlessly exploited Indian manufacturers in their eagerness to get rich quick and in the process killed the proverbial goose that laid the golden egg. They instituted monopolies in most of the articles of commerce. They forced the weavers to supply them with goods at prices that were unremunerative. As William Bolts, a contemporary critic of East India Company, remarked in 1767, "the whole inland trade of the country as at present conducted, and that of the country's investment for Europe in a more peculiar degree, has been one continued scene of oppression, the baneful effects of which are severely felt by every weaver and manufacturer in the country, every article produced being made a monopoly in which the English with the *banyas* and black *gomasthas* arbitrarily decide what qualities of goods each manufacturer shall deliver and the prices he shall receive from them."⁷ Added to this was the British fiscal policy under which Indian cottons were subjected to heavy import duties of more than 71 per cent *ad valorem* while the import of Indian silk manufactures for home use was altogether prohibited.⁸ No industry anywhere in the world could have survived the adversity that befell the Indian cotton weaving industry in the second half of eighteenth century and the early nineteenth. What is surprising, therefore, is not the industrial decline of India after the British conquest but the fact that the Indian handicrafts, especially textiles, lingered for such a long time in the face of such adverse circumstances and showed such a resilience. The competition between Western capitalism, which in the early stages of its rise was full of vigour, and the lethargic and static medievalism of the East was unequal in any case; it was made more so by heavy imposts on Indian goods imported into England and by the use of political power by Britain for the oppression of the Indian craftsmen and ruining their industry.

Fourthly, the Indian bankers were unfamiliar with the business practices and methods of European merchants. The Europeans set up their own Agency Houses which in their turn started banks on European models to finance foreign trade of India. An important function of the Indian bankers was money-changing. This was a lucrative business so long as a variety of coins and currencies circulated in different parts of the country. When the British unified the Indian currency by adoption of silver rupee of 180 grains in 1835 as the standard coin, the shroffs finally lost even this important part of their business. They were thus ousted

⁷Bolts, William, *Consideration on Indian Affairs*, p. 191

⁸For details see *Select Committee Report on East India Affairs* (1832) Vol. II, Pt. II, Appendix 5, pp. 592-607.

from their traditional occupation and they turned to purchase of zamindaries in Bengal and Orissa.

A process of ruralization thus started in the country as a result of the decline of Indian trade and industry. The capital released from trade and banking went into the purchase of land; the labour released from manufacturing industry turned to agriculture for getting a living by cultivation of land. Thus at the time when Europe started industrializing herself, an opposite trend began in India. The new trend rapidly gathered momentum so that by 1830 Indian trade and industry was ruined and almost the whole nation came to depend upon agriculture for its livelihood.

Changes in land tenures and land revenue system facilitated the inflow of investments and labour from the urban into the rural sector of the economy. The way to the introduction in Bengal of Zamindari System, which was completely alien to the custom and traditions of India, had been prepared even before Cornwallis took over as Governor-General. Cornwallis put the seal of authority by making a permanent arrangement of what previously was a contract with some individuals for a limited period of three or five years. The revenue farmers, most of whom were no better than bidders at open auctions and land speculators, were recognised as owners of land, while those who were the tillers of the soil and thus had permanent interests in land became mere tenants liable to be dispossessed at any time by the Zamindar. As rents went up, the original tenants found it increasingly difficult to meet the rent demands of their new masters and became landless labourers yielding place to the new urban entrants to agricultural industry. A chain of middlemen, practically all of whom were urban in origin, was thus built up between the Government which collected land revenue and the actual tiller of the soil.)

In Bombay Deccan, and in Southern India where Ryotwari System of land revenue was introduced, the urban element entered the rural economy through another door. An interesting feature of Zamindari Settlement in Bengal was that land revenue demand was permanently settled with the Zamindars. But in the Ryotwari areas the settlement was made for a fixed period of 20 or 30 years at the end of which it was reviewed and revised on the basis of the changes in output, prices, general economic conditions in the area, etc. The result was that not only the revenue demand in these areas was initially pitched very high but it was also periodically revised upward with the result that the peasantry was squeezed to the utmost limit. Not only that. The land revenue was collected with a severity and punctuality that were unprecedented in the revenue history of India. Agricultural

production everywhere in the world was subject to violent fluctuations. It was more so in India where the monsoon played a dominant role in crop production. Fluctuating income and fixed revenue demand did not go well together. In order to pay his revenue demand on time, the cultivator had to seek assistance from money-lender. The petty merchants and traders as well as small bankers, who had lost their traditional source of livelihood on account of changes in trade and industry of the country, flocked to the rural areas with their small capital and set themselves up as petty shopkeepers, graindealers and money-lenders. There was a proliferation of this class in the rural areas in the nineteenth century. This was helped by the new land laws and by the establishment of courts of justice to administer those laws. Land, which hardly ever before had been a commodity for sale, all of a sudden acquired a market value and became a covetable asset.* The credit of the agriculturist increased and the rural debt mounted up. Various enquiries in different parts of the country in the second half of the nineteenth century revealed that the ryot was heavily involved in debt. The Deccan riots in 1870's were a pointer to what might happen in other parts of the country if remedial measures were not taken in time.

¶ Finally, the Indian economy began to be modernized as a result of the British conquest. This meant, on the one hand, the disintegration of the old social order which in the past provided social security to the needy and the poor against destitution in times of scarcity, and, on the other, the increasing hold of the foreign capitalist on the Indian economy.) The village communities received a death blow when the Government began to deal directly with the cultivator in the administration of law and justice, in collection of land revenue and in providing succour and relief in times of distress. In determination of prices, wages, and interest rates, contract and competition took the place of custom. ✓ The rural society was shaken from its roots and new relations based on economic considerations replaced the traditional ties between neighbours and people belonging to the same village. Crops came to be raised more for the market than for domestic consumption and market forces came to exercise a powerful pull on the agricultural production. In the urban sector, foreign capi-

*There is a large volume of evidence available on this point. Thomas Munro, for example, writing about Madras wrote in 1808 : "But nothing can be plainer than that landed property has never existed in India, excepting on the Malabar Coast." *Vide Selection of papers from Records of the East India House*, Vol. I (1820), pp. 94-95. R.W. Cox and H. Tucker in their Report of the Board of Commissioners in the Ceded and Conquered Provinces which is dated 13th April, 1808, make a similar assertion (para 67).

tal began to flow in. It first went into foreign trade and plantations, but it soon found another lucrative field, viz. railway construction. After 1848 there was a steady flow of funds and materials from England into India for the construction of railways. The introduction of the railway and the telegraph revolutionized the economy of the country.

The volume of the country's foreign trade grew steadily after 1860 when railway construction was speeded up. It received stimulus from the opening of the Suez Canal in 1869 which reduced the sea voyage between India and England by 3,000 miles. Soon afterwards, following the depression in the British shipping industry in 1873, there was a sharp fall in freight rates charged by shipping companies. As a result of these developments both the export and the import trade registered a great spurt. This should ordinarily have been beneficial to the country. But as things turned out, the foreign trade of India became a source of impoverishment of the country. It is not necessary to go into all the reasons for this unfortunate result but two or three causes may be briefly mentioned. Firstly, the pattern of the trade was such that exports consisted of raw materials and foodstuffs and imports of manufactured goods so that large imports of machine-made goods not only supplanted Indian handicrafts but also stood in the way of industrialization of the country along modern lines. Secondly, the whole conduct of foreign trade was concentrated in the hands of foreigners and Indians had no share in the employment and profits of the foreign trade. The shipping, insurance and banking companies engaged in foreign trade as well as the large export and import houses were all foreign. Thirdly, India continued to have a favourable balance of trade but a large part of this favourable balance went in payment of interest and dividend charges on foreign loans and investments in India, payment of pensions, leave salaries, etc., of British officers with past service in India, salaries and other expenditure of the Secretary of State for India and his establishment in London and purchase of stores for the railways, government offices and public enterprises. The charges on all these counts came to be known collectively as "Home Charges". The annual payment of large sums of money in foreign exchange out of the current earnings from export trade was a unique feature of Indian economy under the British. The critics of the British Rule dubbed it as an annual "drain of wealth" from India. Many of them placed the major share of the responsibility for the poverty of the country on these unrequited exports of what they called as the "Annual Drain".

The result of all these developments of Indian economy was that the traditionally rich class engaged in trade and industry lost its dominant position in the Indian society and was replaced by

European traders and industrialists. A new middle class forming a microscopic minority of the country's population arose in the country. This class had its origin in the small group of people who gathered around the early European merchants and officers of the East India Company as suppliers of goods, brokers, commission agents, *gomasthas* and personal servants in the eighteenth century. Some of them made fortunes and grew exceedingly rich as a result of their collaboration with the foreigners. Others, though not so fortunate, were better off than the large majority of the country's population. This class was the first to benefit from English education which enabled its members to enter the subordinate administrative services thrown open by the Government to Indians in the nineteenth century. The educated class, *i.e.*, people with English education, came to form the core of the Indian middle class. This class was the first to realise and express dissatisfaction with the treatment of Indians by the foreign rulers. It was this class which led the national struggle for independence.

But numerically it formed a microscopically small portion of the Indian population. The large majority of the Indians, belonging to the labouring classes, led a life of misery and penury, and not only had scanty clothing and miserable dwellings but suffered from insufficiency of food and were constantly threatened by famine. (Hunter estimated in 1879 that one-fourth of the Indian population lived on insufficient diet" and had only one meal of grain per day. Elliot in 1887 came to the same conclusion. According to him: "Half of our agricultural population never knew from year's end to year's end what it is to have their hunger fully satisfied."¹⁰ There is little wonder that famines came in quick succession and out of 50 years, 1860 to 1910, 20 were famine years.¹¹)

It is significant that national discontent and the struggle for freedom took birth and grew rapidly during this period of economic crisis in the country. Outwardly things were going fine for India. The state was constructing the railways and the telegraph with a zeal unprecedented in the history of public works in India. (The opening of the Suez Canal in 1869 had revolutionized the foreign trade of India which was growing in volume and value very rapidly. The country had favourable balance of trade, and despite payment of a large portion of our foreign exchange earnings in payment of "Home Charges" it was annually importing ✓)

¹⁰ *England's Work in India* (Cambridge Lectures)

¹¹ *Madras Christian College Magazine*, October 1887

¹² See present writer's *Famines in India* (Asia Publishing House, Bombay, 1963).

large quantities of gold and silver. New factory industries like cotton textiles and jute manufactures had been established and were showing steady growth. But despite this outward prosperity, there was a seething discontent over the economic situation in the country. The indigo disturbances in Bengal in 1860 and the "Neel Darpan" case had served to open the eyes of the educated Indians to the degradation, oppression and poverty of the tiller of the soil. The Deccan riots in 1873 revealed that the peasantry was living under a crushing burden of debt and that if timely relief was not given, it might burst out in open revolt not only against the money-lender but also against the Government. The Deccan Agriculturist Relief Act and the Punjab Land Alienation Act were inspired not merely by sympathy of the Government for the oppressed peasantry but were motivated by political considerations.¹³

Even before the Indian National Congress was founded, the poverty of India had become the most discussed subject among the Indian nationalists. ✓ Dadabhai Naoroji, who was a pioneer in the national struggle for freedom, after a careful analysis of agricultural output estimated that the *per capita* income in India was Rs. 20 per annum. Many other estimates followed but even the most liberal among them did not put the *per capita* income at more than Rs. 30 per annum. This was enough proof, if a proof were needed, of the existence of extreme poverty in India. The next question to ask was: who was responsible for this? ✓ Poverty? The foreign rule, was the obvious answer.

Dadabhai Naoroji blamed the British Government for the annual "drain of wealth" in the form of "Home Charges" which, he said, was largely responsible for the poverty of India. The main theme of his *Poverty and Un-British Rule* was that England had impoverished India and brought the Indian population to the verge of starvation, through loading the country with unjust burdens of debt and high salaries, pensions and furloughs of European officers in India, which resulted in a large annual drain of wealth from the country. Romesh Chander Dutt in his two-volume *Economic History of India* put his finger on the unjust land settlements and high incidence of land revenue in the Ryotwari areas as primarily responsible for the poverty of the country. Justice Mahadev Govind Ranade and G. V. Joshi emphasised the industrial backwardness of the country to explain Indian poverty. The Indian National Congress, representative as it was of all shades of opinion in the political life, repeatedly passed

¹³ See Debates in G. G. Legislative Council on Punjab Land Alienation Bill 1899-1900, particularly speeches of the mover of the Bill, Sir Charles Rivaz, and the Governor-General, Lord Curzon.

resolutions on poverty, drain, reform of land revenue system and industrialisation of the country.

It was against this background that Lala Lajpat Rai published his ENGLAND'S DEBT TO INDIA OR A HISTORICAL NARRATIVE OF BRITAIN'S FISCAL POLICY IN INDIA. The book was published in New York in 1917 and was written as a companion volume to *Young India*, during the author's stay in the United States of America during the First World War. The import of the book into India was not allowed by the Government and only a few copies found their way to this country. It thus escaped the attention it deserved in India. The author was planning to reprint it in India in 1926 when he was a Member of the Legislative Assembly but because of his untimely death on November 17, 1928, the plan could not materialise.

Lajpat Rai was neither a historian nor an economist in the formal sense. In fact, he did not have the benefit of a formal university education. And yet, he displays such a mastery of facts and grasp over complex economic problems that any one who goes through these pages even today cannot but admire him for his industry and erudition. The book is intended to be a *charge-sheet* against British Rule on economic grounds. As such, it would be wrong to criticise or dismiss it as a piece of biased writing. For one thing, all history is biased and every historical writing reflects the personal views and predilections of the author. In the present case, the author makes no secret of his motives in writing this book. He is not out to provide a school or a college textbook on economic history of India, though there is valuable material in it for the students of Indian economic history. His motives are basically political. He wrote on behalf of and as a representative of the dumb millions of India about the poverty, economic backwardness, famine, ruin of Indian industries and the fiscal injustice perpetrated by Britain in India. The book was primarily addressed to the reader in America and Britain and the author's claim to authority on the subject was based on the fact that:

"The toad beneath the harrow knows
Exactly where each tooth-point goes
The butterfly upon the road
Preaches contentment to the toad."

Only an Indian could see and feel the sufferings and economic ruin wrought by the British rule in this country; the outside world, like the proverbial butterfly preaching contentment to the toad, could scarcely realise the intensity of Indian sufferings from the foreign rule. But since "in politics the laws of nature are reversed" and "in judging of Governments and rulers, it is they whose word is to be accepted and not that of the governed and the ruled".

Lala Lajpat Rai chose "to speak from the mouths of the English themselves". The author consequently made no claim to originality for his work. On the other hand, according to him, it was "more or less a compilation from British publications, government and private".

He drew heavily on two earlier publications on Indian economic history, viz., William Digby: *Prosperous British India* and R. C. Dutt: *Economic History of India*. He freely acknowledges his debt to these two pioneers. (But looking back from this distant time, *England's Debt to India* appears to be a more comprehensive and a more balanced piece of writing than the two earlier works.) Famine and poverty were the central themes of Digby's work while the land question occupied the larger share of attention of R. C. Dutt. Lajpat Rai covered in 223 pages almost every aspect of economic history of India during the British Rule.

The book is divided into five parts. The first part consisting of Chapter I gives in a broad sweep the growth of Indian economy before the British and the condition of the people of India under the Hindu and Muslim rulers. It is intended to serve as counter to the claim made by many British publicists that "England rescued India from a state of widespread anarchy and confusion by conferring upon her, for the first time in her history, a settled Government." No one denies the existence of a state of anarchy, confusion and misgovernment in India immediately before the establishment of British rule. After the death of Aurangzeb in 1707, the fabric of Mughal Empire disintegrated and a number of principalities often at war with one another emerged in this country. Rapacity, oppression, loot and destruction of property and life came to be endemic after the strong hand of the Centre had been removed. But the history of these fifty years or so cannot be regarded as representative of the conditions in India for the whole span of 3,000 years of her economic and political development. Nothing could be truer than what Lala Lajpat Rai had to say on this point: "During her many centuries of political development India was undoubtedly as good, and as bad, as the other evolving nations on the face of Mother Earth. She prospered under her beneficent rulers, and suffered under her bad ones. She had her periods of progress as well as of stagnation. She had times of peace as well as war. Her rulers were by no means immaculate. Her people were not always happy. They faced tyranny and oppression as often as good government and orderly justice. Were a chart of Indian politics for the past three thousand years to be compiled, it might be found that her eras of peace and prosperity perhaps exceeded those of any other country in the world." None but a person who is totally blind

to facts of history would disagree with this statement.

Unlike many other Indian publicists, particularly nationalists, Lala Lajpat Rai did not believe in the pre-British period of Indian history being a Golden Age where milk and honey flowed in the country and where poverty, disease, ignorance and famine were unknown. He freely acknowledged the existence of these things side by side with highly developed culture, knowledge, prosperity and luxury. Of course, India in the sixteenth century was not technologically and economically as advanced as Europe in the twentieth century but it would not only be unfair but absolutely unscientific to "pass judgment upon the India of sixteenth century from the pinnacle of the twentieth century standards."

The title of the book, *England's Debt to India*, forms the subject matter of Part II which consists of three chapters. Like Wilson and the well-known American author Brooks Adams, Lala Lajpat Rai maintains that "industrial revolution" in England was made possible by the influx of Indian treasure into England, which was taken not as a loan but extracted as a tribute from a helpless dependent nation by a strong victorious Britain. Mechanical and technological inventions began to transform the cotton textile industry in England after 1760. Before that "the machinery used for spinning cotton in Lancashire was as simple as it was in India." The newly invented machinery could not, however, be used without the availability of capital. This was made available by the loot in which the East India Company and its servants indulged in the early days of British rule of Bengal. In the words of Macaulay, "Treasure flowed to England in oceans." This helped England not only to revolutionise techniques in industry but also in agriculture, for a "credit system based on Indian metal sprang up in England, and the agriculturists, who could borrow, imported cattle and improved tillage." In the face of these facts, it was clear, according to the author, that "foundation on which England's economic prosperity was built up, was made possible only by the influx of Indian treasure, and that but for this capital not loaned but taken, and bearing no interest, the ascendancy of the steam engine and mechanical appliances for mass production might have remained unutilised. England's gain was India's loss—a loss of treasure more than enough to starve her industries and retard the progress of agriculture. No country, however rich or resourceful, could bear such a drain unharmed." One might argue that to say all this is to take a biased and extreme view of the causes of Industrial Revolution in England. Let it be conceded at once that several factors, economic, social and political, together with physical features of England, were responsible for the beginning of Industrial Revolution in England first of all. But to deny

completely the part played by the flow of capital from India to grease the wheels of machines which had just begun to move in the British factories, and by the British Tariff, before that country turned a free trader in the middle of the nineteenth century, in the industrialisation of that country would be equally wrong: There is something more than a mere coincidence in the fact that industrial revolution in England occurred simultaneously with the British conquest of Bengal. There may be a dispute over the *degree* of the contribution made by India in the making of Industrial and Imperial Britain but the existence of a causal relation between British prosperity-cum-Imperial might and colonization of India by Britain can hardly be denied.

The drain of wealth from India did not stop with the end of the East India Company's rule. It continued unabated over the next ninety years of Britain's rule over this country. On no other aspect of England's relations with India is so much heat generated and so much passion aroused in the debates between the English and the Indians as on the subject of "Drain". Dada-bhai Naoroji, R. C. Dutt and almost every Indian writer on economic history put a large part of the blame for India's poverty on DRAIN OF WEALTH. Most of the present century English writers, on the other hand, strongly repudiate the charge against England of having drained India of her wealth and maintain that whatever payments were annually made by India to England represented merely payment for services and goods supplied by the latter to the former. They were not, according to these writers, an exaction of tribute or an "unrequited export". The controversy appears to be unending for it is waged on ethical rather than economic plane. But in the light of available evidence, two facts can be established which are beyond dispute:

(i) That England burdened India with public debt which originated and grew with the British wars of conquest and expansion in the Indian sub-continent and charged interest which flowed every year to England in an unending stream; and

(ii) that "unrequited export" reduced India's power to save and invest, reduced the rate of capital formation, held up economic progress and impoverished the people.

On the first point there is overwhelming evidence in the statistics of public debt of India and in the writings of Englishmen themselves and a fair amount of that evidence is given in Chapter IV. On the second point, which is discussed in Chapter III, Lala Lajpat Rai did not have access to those sophisticated tools which the modern "growth" economist employs to analyse the effect of unrequited exports on the economy of the exporting country in respect of terms of trade, rate of capital formation and hence

"warranted rate of growth."¹⁴ Dr. B. N. Ganguli, a specialist in International Trade, has recently made a careful study of the subject in his Dadabhai Memorial Lectures delivered at Bombay.¹⁵ After sifting the available evidence he reaches the same conclusion about the adverse effects of drain on the economic condition of the people of India as was reached earlier, without the help of the modern tools of economic analysis, by Dadabhai Naoroji and Lala Lajpat Rai. The latter felt that the facts and figures marshalled by him in Chapter III of this work "established beyond doubt" that "Great Britain does make a huge profit by her political ascendancy in India." He might well have added that this drain impoverished this country and ruined her people but he reserves this judgment till the last chapter which contains summary and conclusions of the preceding fourteen chapters.

Part III of the book deals with India's industrial past and the condition of industry and agriculture in the early years of the present century. The glorious past of the cotton textile industry of India and its gradual decline after the British conquest of this country are brought out with the help of a mass of quotations from various British authorities in Chapter V. Chapter VI deals with ship-building and shipping which were other important industries of the country in the past and which, likewise, suffered a decline with the ascendancy of British commerce and power in the East. In the next chapter he provides a survey of the existing Indian industries like indigo, which is stated to be "not an important industry now. It has been killed principally by the imports of dyes from Germany", jute manufacture which is "all concentrated in Bengal in the vicinity of Calcutta" and "nearly all" mills which "are in the hands of British firms", woollen mills, paper mills, breweries, rice mills, iron, copper, manganese, coal and tea and coffee. The insignificance and the backwardness of India in the industrial field are well brought out in the short narrative of five pages of this chapter.

Chapter VIII deals with land tenures and land revenue. Its title 'Agriculture' is somewhat misleading. For we do not find any discussion of the change in the pattern of crops, the rise of commercial farming in India, the growth of scientific agriculture, the size and division of landholdings, and the methods of farming, etc. All we have in this chapter is a discussion on land taxes. The well-known story of over-assessment in the Ryotwari areas is repeated. Nowhere else does the author appear to be more influenced by the writings of others than he is in this chapter

¹⁴ Cf : Harry G. Johnson : *International Trade and Economic Development*.

¹⁵ *Dadabhai Naoroji and the Drain Theory*, Asia Publishing House, Bombay, 1965.

which not only reproduces in its entirety the views of R. C. Dutt on the subject but does so more or less in the very words of that author. It is now widely recognised by the Indian economists and historians that land revenue settlements of the first half of the nineteenth century were unjust and oppressive for the ryot. It is also acknowledged that even after the adoption of Saharanpur Rules, excesses were committed and that land revenue demand often bore no relation to the landowners' capacity to pay. But it is not only unjust but even incorrect to lay all the blame for poverty, famine and backwardness of Indian agriculture on land settlements. A permanent settlement on the lines of Permanent Settlement of Bengal as demanded by R. C. Dutt could not have saved India from famine and poverty. The causes of India's poverty and agricultural backwardness lay deep rooted in the industrial backwardness and lack of opportunities for employment of Indians outside agriculture, the pressure of population on land and consequent fragmentation and subdivision of holdings, primitive production techniques and lack of capital. The problem was one of low production rather than distribution of that output between the state and the producer. Among the leaders of public opinion in India of those days, only Ranade fully grasped that point and publicly emphasised it.¹⁶ Lala Lajpat Rai makes only a passing reference to pressure on land, rural indebtedness and opening of agricultural banks in Chapter X which deals with famines.

In the next two parts of the book, Parts IV and V, the author traverses the familiar ground of the existence of mass poverty, famine, illiteracy and the ruinous public works and fiscal policies of the Government. Both Chapters IX and X are largely based on Digby's *Prosperous British India* and the author freely acknowledges his indebtedness to Digby by reproducing long extracts from Digby's *Magnum Opus*. Digby had access, through the good offices of Charles Bradlaugh, Member of Parliament, to the papers connected with the confidential enquiry, conducted in 1888 under the orders of Lord Dufferin, into the economic conditions of agricultural classes in India and he made free use of that material in writing his book. Lajpat Rai had no such advantage, for the results of the enquiry, except for a short resolution, were never published.¹⁷ He had, therefore, to fall back upon the printed extracts contained in Digby's work. In the chapter on famines also,

¹⁶ See his address to Industrial Conference printed in his *Essays on Indian Economics*.

¹⁷ The papers connected with this enquiry cover roughly 900 printed pages and contain valuable data which has not yet been fully exploited by economic historians of India. These are to be found in the *Famine Proceedings of the Government of India for December 1888*.

he closely follows Digby's treatment of the subject. The list of famines that devastated the country before the British and of those occurring during the British regime are taken from Digby's book. The discussion of causes of famine also closely follows Digby's treatment of the subject. There was one thing common between Digby and Lajpat Rai—both had personal experience of organising famine relief during some of the biggest famines in India. Digby worked in the famine districts in the South and organised relief during the famine of 1877-78; Lala Lajpat Rai supervised relief operations during the famines of 1897, 1899 and 1907-8. Both the writers had, therefore, first-hand knowledge of the conditions of the people during famine and the working of the relief organisation. Both reached the same conclusions: famine relief was inadequate and miserly. Wages paid to famine labour were piteously low. The whole system of charity had a demoralising effect on the people. In the words of Ramsay MacDonald, whom Lala Lajpat Rai quotes with approval, the relief work tended "to pauperise the people, to make them lose their self-respect; it damaged the status of some; it destroyed the morals of others."

The alarming increase in the frequency of famines during the second half of the last century was the result of a combination of factors such as increase in the demand for foodgrains unaccompanied by an equal increase in production, decline in food reserves in the villages on account of the development of an active export trade in foodgrains, the decline in the staying power of the rural population due to rackrenting, extortionate interest charged by money-lender and unduly high land revenue demand and lack of employment opportunities for the surplus population outside agriculture. The remedy lay in increase in prosperity, diversion of population from rural to urban areas for employment in commerce and industry, industrial development and increase in agricultural production. Instead of attempting any one of these things, the Government sought to meet the situation by laying railway lines and by passing laws protecting the cultivator against rackrenting by the landlord and exploitation by the money-lender. The construction of railways fitted into the imperial designs in India. They promoted British trade in India and provided a safe investment for British capital. Irrigation works could not claim any such advantage. These works were, therefore, comparatively neglected by the British rulers till the beginning of the present century when an Irrigation Commission was appointed. The appointment of this Commission marks a turning point in the irrigation policy of the Government of India. Lajpat Rai, though writing in 1917, failed to take note of this development and discussed the subject briefly at the end of Chapter XI.

The education policy of the Government next comes in for

consideration. The appalling extent of illiteracy in the country is deplored because the modern age is "an age of universal literacy." "In themselves widespread literacy and knowledge in a country are highly desirable at any time but under modern conditions, literacy is the necessary road to economic efficiency." And it is not education in liberal arts and humanities that is so much needed as scientific and technological education for the economic progress of the country. The author pleads for extension of educational facilities in the country in law and medicines, science and technology, industry and commerce, agriculture and arts. He also makes a strong plea for mass literacy and education of girls.

When Indian nationalists charged England for bringing India to the sorry state in which the country found herself in the latter half of the nineteenth century, the English apologists of the British rule published accounts of growing prosperity of the commercial classes, rising prices, rising standard of living in the urban areas, annual import of large quantities of gold and silver and increase in *per capita* income. The Indian publicists like Dada-bhai Naoroji, G. V. Joshi and Dinshaw Wacha returned to the charge and making use of the available statistics proved that India was going down rather than rising in economic scale, and rise in prices or import of gold were not signs of growing prosperity of the country as a whole. They only indicated growing prosperity of a small section of the population while the mass of the rural population was rapidly sinking into a chronic state of hunger and destitution. The Chapter "CERTAIN FALLACIES ABOUT THE PROSPERITY OF INDIA EXAMINED" (Chapter XIII) follows this line of argument and points to the *per capita* income estimates ending with the one made by Digby and concludes with a quotation from an English statesman, Sir D. Hamilton, who in 1916 wrote : "India is . . . weak in education, weak in medicines, weak in sanitation, weak in political power, and weak in all that is due to weakness of finance more than anything else."

Before the book could be published, the proposal of India making a gift of £ 100 million to England to meet war expenditure had been mooted. This enraged Lala Lajpat Rai who wrote a strong note on the subject and put it as a Postscript. Both in this note and the chapter on Public Finance, the point is made that India is overtaxed already and that she is too weak to bear any further burden, that public expenditure in India is wasteful and does not promote the welfare of the masses because instead of being spent on beneficial activities, it is incurred on Army and Civil Services, both of which were largely manned in the higher cadres by British personnel.

The British changed the course of Indian history and economic development. Marx called them unconscious tools of the revolution wrought in the social and economic structure of India during the period of foreign rule. Looking back from the vantage point of the present times, it is difficult to say that the changes brought about by the British in the administrative and economic fields were incidental and not the result of deliberate policy. In the matter of land settlements and land policy, it can perhaps be asserted with some confidence that the earlier British administrators, who carried on a long debate extending over six decades over the merits of different types of land tenures, did not envisage the results that followed the Permanent Zamindari Settlement in Bengal or Ryotwari Settlement in the Madras and Bombay Presidencies. The sub-infeudation of Zamindari rights, the emergence of an absentee landlord class, the growth of rural indebtedness as a result of conferment of property rights on an illiterate and improvident peasantry, were some of the worst features of land system which were not anticipated by the early framers of new land laws in India. But the same cannot be said about exclusion of Indians from all offices of position and profit, the destruction of Indian handicrafts and industries, the transformation of Indian economy into colonial economy, the stranglehold of foreign enterprise and capital on plantation and factory industries and the failure of the country to industrialise herself at a time when the whole of the independent world was marching ahead. India was kept down deliberately by the British because of imperial considerations. It is these considerations which moulded the Indian economy into shape for a period of 160 years from the Battle of Plassey in 1757 to 1919 when fiscal autonomy was conceded at least in principle. The poverty of the Indian masses in the nineteenth and early twentieth century was not the result of any inherent weakness in the Indian social or economic structure. The British must bear a large part of the responsibility for that just as they take credit for giving India an orderly government and peace, and for modernising the Indian economy.

Lajpat Rai was concerned only with proving that India had been pauperized during the British rule and that economic and fiscal policies of the British were responsible for that result. He succeeds admirably in proving that point. The last chapter of the book sums up the narrative and the conclusion that logically follows from that narrative. "Enough has been said to illustrate the point taken," he writes, "that the British subjugation of India was a long process of military and economic exhaustion, a sort of killing by inches which took a century to complete." And "people died by millions; the country was drained of wealth; fields were devastated and manufactures ruined; the seal of

poverty, hopeless, unmitigated, unredeemed, was set upon the land once fabled for its riches." Few will quarrel with that verdict after reading the fourteen chapters that precede it.

But England did in India what any Imperial Power would do to a subject nation. "One nation does not conquer another out of philanthropy and at its best the rule of one people over another can be but benevolent despotism. Domination is always dictated by self-interest, justified by the right of might. The crime of India was her weakness and she expiates it under the heel of Imperialism. Let her grow strong or perish. The world gives no place to senility." The way to economic development for India, according to the nationalists, was, therefore, for the country to grow politically strong, to cast off the yoke of foreign rule and release thereby the energies of the nation for constructive and rapid economic development.

Looking back from the vantage point of today, after nearly two decades of independence and 15 years of economic planning, one might argue that, in the above conclusion, Indian nationalists like Lala Lajpat Rai were being too optimistic and that political independence for a former colony is not enough to bring about rapid economic development. We have also available to us today many more facts and much better tools of analysis in economic history than the author of the present volume possessed. If one were to write today on the impact of British Imperialism on the Indian economy over two hundred years of its rule, the whole treatment of the subject and some of the conclusions might be different. But that is hardly a fair criticism of the author and his work. At the time the book was written, though admittedly polemical in its content and argument, it represented one of the finest pieces of work done by any Indian on the economic history of this country. If the reader goes through its pages, keeping constantly in mind the time of its publication and the aim with which it was written, he will not only find it a stimulating study but also marvel at the knowledge and industry of its author.

B. M. BHATIA

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Dated 20th March, 1965.

PREFACE

THIS book is a kind of companion volume to my other book *Young India*. In *Young India*, I have discussed British rule in India from the political standpoint. In this volume, I have discussed its economic effects. There is not a single statement in this volume which is not supported by the best available British testimony, official and non-official. My own opinions and personal knowledge have been mentioned only incidentally, if at all. Similarly the opinions of other Indian publicists have been kept in the background. It is a sad commentary on the prevailing moral code of the world that those who succeed in imposing their rule upon less powerful nations should also brand the latter as unworthy of credit. Thus every Britisher believes that an Indian critic of British rule is necessarily affected by the "inevitable racial and political bias" of his position, while he in his turn is entirely free from it!

In the ordinary course of nature, the man whom the shoe pinches is the best person to know about it but in politics the laws of nature are reversed. In judging of governments and rulers, it is they whose word is to be accepted and not that of the governed and the ruled.

Consequently to avoid that charge I have chosen to speak from the mouths of the English themselves. Looked at from that point of view the volume lays no claim to originality. It is more or less a compilation from British publications, government and private. The case for India has before this been most eloquently put forth by Mr. Digby in his monumental work ironically called *Prosperous British India*. Particular phases have been dealt with by Messrs Hyndman, Wilson and others from whom I have profusely quoted. My own countrymen, Messrs R. C. Dutt and Naoroji, have done valuable work in this line. The works of the former, *Early History of British Rule, India in the Victorian Age, Famines in India*, and *England and India*, published by Messrs Kegan Paul, Trench, Trübner and Co., of London, are monuments of his industry, research and moderation. Mr. Naoroji's *Poverty of India* is a collection of the economic writings of that veteran Indian nationalist during half a century of his active political life. These works of Messrs Digby, Dutt and Naoroji must for a long time continue to be the classics of Indian economics and no student of the latter can afford to neglect them. My obligations to them are unlimited.

I have made free use of the books of Messrs Digby and Dutt, though I have refrained from quoting Mr. Dutt's own language. At one time I thought of taking up the subject from where

they had left it in 1901; but in developing my ideas I decided that a change of arrangement also was needed to bring the matter within the grasp of the lay reader. Mr. Dutt has arranged his books chronologically, dealing with the same matter in several chapters, scattered all over the two volumes of his *Economic History of British Rule*. I have tried to include everything relating to one subject in one place, thus avoiding repetitions otherwise unavoidable. For example, I have given a complete history of the cotton industry from the earliest times to date in one chapter and so also with shipping and shipbuilding. Similarly, everything relating to drain has been included in one chapter and so on. The book is thus, in my judgment, an improvement on those referred to above. It brings the whole subject up to date and makes it easily understandable by the ordinary lay reader. I would like to have added chapters dealing with finance and currency, famine insurance, banking, railway rates, etc., but the size which I fixed for this volume having already been exceeded, I must reserve these subjects for another volume, if needed.

There is talk of great adjustments being made in the British Empire after the war. India also is on the tiptoe of expectations. The Jingo Imperialists in England and India are already making proposals which, if accepted, are sure to cause further economic loss to India. Some want India to take over a part of the British war debt; others are looking with jealous eyes at India's "hoarded wealth"—the existence of which is known only to them. What will happen no one can foretell; but one of the reasons which have impelled the writer to publish this volume at this juncture is to remind the Anglo-Saxon public how India has so far fared economically under British rule. Any fresh burden might tend to break the proverbial camel's back. We know that the English will do what they please; yet we have dared to say: perchance it may fall on fruitful ground. The book is not written in a spirit of hostility to British rule. It is not my object to irritate or to excite. What I aim at is to give matter for thought and reflection and to supply a reason for the exercise of restraint in the determination of the fiscal policy which British statesmen may decide to follow towards India after the war. Great Britain has suffered huge losses in the war. As soon as war is ended, there will be a cry to make them up. No other part of the Empire offers such a field as India. She has the largest area and the largest population. She has no voice in her government and is helpless to make herself heard. She can neither check nor retaliate. What can be easier than to make her pay for the war? What this is likely to mean to India may be gathered from this volume. What feeling it will create in India may be imagined. The world is anxious to know how Great Britain is going to reward India's loyalty and devotion. If the deci-

sion rests with men of the type of Lord Sydenham, it is already given. He recommends the immediate and final rejection of all the demands made by India for post-war reforms as embodied in the memorandum of the elected members of the Viceroy's council. These demands are extremely moderate. They fall far short of even home rule. Their rejection will be very distressing to India. We hope that wiser counsels will prevail and the statesmanship of England will prove that India did not pin her faith to British justice in vain. India has stood by England magnificently and some of the nationalist leaders have had a hard time in resisting the advances made by the enemies of Great Britain. Let us hope that they were not labouring under vain illusions and that Great Britain was sincere when she professed to stand for right and justice in international dealings. In the meantime British statesmen are very assiduously engaged in impressing on the neutral world that India is happy, prosperous and the most lightly taxed country on earth.

For the benefit of the reader I reproduce the following interview which the Finance Minister of India is said to have given to a correspondent of the Associated Press :

"FINANCE MINISTER DENIES THAT INDIA GROANS UNDER TAX. TOTAL REVENUE, DISTRIBUTED AMONG 244,000,000 PEOPLE, SEVEN SHILLINGS PER CAPITA.

"Simla, India, Dec. 20. (Mail correspondence to the Associated Press.)—So far from the people of India groaning under an enormous burden of taxation, India is one of the most lightly taxed countries on the face of the earth, according to Sir William Meyer, minister of finance for India, in response to the charges of over-taxation preferred by so-called extremists.

"The total revenues, imperial and provincial, for the current year, during which some additional taxation was imposed, amounted to £86,500,000, Sir William said, and this sum distributed among the 244,000,000 people of British India gave a resultant contribution per capita of only seven shillings. He pointed out that in three other Asiatic countries, Japan, Siam, and the Dutch Indies, the rate per head was much higher, being 23 shillings in Japan, 13 shillings 4 pence in Siam and 11 shillings 3 pence in the Dutch Indies.

"The finance minister said the land revenue has been one of the points upon which opponents of the government have been most bitter, it being claimed that the farmer was kept in poverty by taxation. Sir William stated that of the total revenue of £86,500,000 for this year, about £22,000,000 was derived from the

land, India being mainly an agricultural country.

“STATE TAKES UNEARNED INCREMENT

“According to immemorial traditions in India the state has always claimed a share in the produce of the soil, he continued. At the close of the eighteenth century the state share was commuted for a fixed money payment in various tracts, mostly in Bengal, but over the greater part of India we revise the money value of that share every 30 years or so with reference to the increase, or possible decrease, if that should occur, in the value of the agricultural produce. The state thus takes to itself a share of what is known to economists as the unearned increment, a policy that ought to find favour with enlightened socialists. Theoretically, after making liberal allowance for cultivation expenses, the state share is one-half of the resultant net profit, but as a matter of fact our recent settlements have been in practice much more lenient than this, and the amount we take is much less than was exacted by previous native rulers. Liberal remissions are also given when crops suffer from drought, flood or other calamities.”

Let the reader study this pronouncement in the light of the facts disclosed in this volume. We will not forestall his judgment nor point out to him the misstatements with which the interview bristles. Let him only judge of a statesman giving the incidence of taxation without stating the figure of income. The burden of taxation always goes with the capacity to pay. If a man earning \$10 a year pays about \$2 (7s.) in taxes, can he be said to be the most lightly taxed person in the world? Yet it was only last year that this finance minister added to the burden of taxation and raised the tax on one of the great necessities of life—salt. This he did in spite of the universal opposition of the country and the results as reported by the press are most disheartening. The price of salt has risen considerably beyond the means of the people to pay, and there is a general cry of pain.

Will the people of England, with whom the ultimate responsibility for the government of India rests, look up and compel their statesmen to put into practice the principles for which they say they have been fighting this war? We will wait and see.

I tender my acknowledgments to the numerous writers whom I have quoted as also to the publishers of books and magazines referred to by me. The manuscript has been very kindly read for me by Professors E. R. A. Seligman and H. R. Mussey of Columbia University, New York, as also by my friend Dr. Sunderland. Professor H. R. Mussey has also read the proofs. My acknowledgments are due to them for valuable suggestions. The writing of

this book has been made possible only by the courtesy of the librarians of Columbia University, whose uniform kindness I cannot sufficiently admire.

LAJPAT RAI

New York
10th February, 1917

A WORD ON REFERENCES

It will be observed that no uniformity has been maintained in the spelling of Indian names. The reason is that we have not altered the original spellings of the different quotations given. With regard to the following names, use of a single work is indicated when the author's name is used instead of the work by title.

Mill always means *The History of British India*, by James Mill.

Torrens always means *Empire in Asia*, by W. M. Torrens, M.P.

Thorburn always means *The Punjab in War and Peace*, by S. S. Thorburn.

Blunt always means *India under Ripon*, by Wilfred Scawen Blunt.

Loveday always means *The History and Economics of Indian Famines*, by A. Loveday.

Morison always means *Economic Transition in India*, by Sir Theodore Morison.

Baines always means Baines' *History of Cotton Manufacture*.

It may be stated generally that italics in quotations from other authors are ours unless the context shows otherwise.

With regard to Indian currency, it must be kept in mind that a rupee consists of 16 annas, an anna being equivalent to an English penny or two cents in American money. Three rupees are thus approximately a dollar in American money, and fifteen rupees make one English pound sterling.

POST-SCRIPTUM

India's "Gift" of one Hundred Million Pounds to England. Since the above was put in type our worst fears have come to be true. The British Government of India has decided, with the sanction of the Secretary of State for India, to float a war loan in India of an unlimited amount. The idea is to make a "gift" of £100,000,000 (or \$500,000,000) to the British Exchequer. The amount of the loan, or as much as is raised, will be made over to the Government of Great Britain and liability for the rest will be accepted by the Government of India. The British Cabinet have, with the sanction of the House of Commons, accepted this "gift" and in lieu thereof allowed the Indian Government to raise their customs duty on the imports of cotton goods by four per cent. ad valorem. This transaction involves an additional burden of £6,000,000 a year (or \$30,000,000) on the Indian tax payer. It is expected that out of this some £1,000,000 will be recovered by the additional duty on cotton imports and the rest will be raised by additional taxation.

The British statesmen have called it "a free gift of the people of India" and have thanked the latter for their "generosity." The fact is that the people of India or their representatives in the Legislative Council were never consulted about it. The transaction was settled between the Government of India and the Secretary of State for India at Whitehall and then announced to the Indian Legislature as a *decision*. The *Manchester Guardian* and the *London Nation* have exposed it in its true colours. The former says, in its issue of March 15th :

"The great services which Indian manhood and Indian production have rendered in this war we all gratefully acknowledge. But their very magnitude is an argument against the wisdom and justice of adding to them a contribution in money and in financing that contribution mainly at the expense of the poor who have already made the greatest sacrifices. Mr. Chamberlain (the Secretary of State for India) says that the assumption of the £100,000,000 loan was a free will offering coupled with the condition that the Indian cotton trade should be given protection. Mr. Chamberlain obscures one not unimportant circumstance. It is we who govern India and not the Indian people. The initiative in all financial proposals necessarily comes from the government we appoint in India and cannot reach the light of public discussion in the Legislative Council or elsewhere until they have received the sanction of the Secretary of State here. For Mr. Chamberlain to throw upon the people of India the responsibility for originating and devising the £100,000,000 contribution and the protective

duties which have been coupled with it, is as unconvincing a rhetorical exercise as the House of Commons has witnessed for many a long day. The responsibility for the whole scheme from the first to the last is his and that of the Indian Government. We have said more than once and we repeat it, that in our opinion a wise statesmanship would both find better use in India for India's millions and employ India more advantageously for the common cause by using more of her manhood and less of her money."

In a previous issue of the same paper it was observed:

"Why was the matter of a financial contribution from India raised now? For our own part we have the gravest doubts as to the wisdom or justice of taking any financial contribution from India. We believe that this is not the best way for India and the Empire, in which India can serve the common cause and the loss it represents to an extremely poor population like that of India is very much greater than the gain it represents to England. If we really are seriously concerned that India should develop in every way the vast potentialities of her indigenous industries it would be better to spend that £100,000,000 on developing her resources than to take that money from India and in exchange give Bombay a tariff."

The London *Nation* in its issue of March 17th says:

"The people of India have no voice in this or any other act of Government, and, if they had, they would be forced to think twice before contributing out of their *dire poverty* (the italics are ours) this huge sum of a hundred millions to the resources of their wealthy rulers. Nor ought a poor subject people already burdened with large increases of war taxation to be compelled by its Government to make this gift." Further on, the *Nation* characterises the whole transaction as one of "sheer dishonesty" and adds: "India is not self-governing and this particular action is not the action of a body justly claiming to represent the will or interests of the Indian people. It is the arbitrary action of a little group of officials conniving with a little group of prosperous business men and playing on the mistaken economic nationalism of a somewhat larger number of educated natives. It is a bad and a foolish game."

The writer of "a London Diary" column in the *Nation* described it as "merely a case of one official in India signalling to another in England."

The Viceroy of India, making his final speech on the Budget, remarked that the Budget will involve "a sacrifice in a large measure of the necessities of ordered Government" and that "one result must be the arrested progress in education, in sanitation, in public works and kindred subjects which are in other countries the touchstone of civilised life." What this means in the case of India will be made clear in the following pages.

As to how much India has done for England during this war we beg to refer the reader to an article written by Mr. Yusaf Ali, a retired Indian civil servant, in the *Nineteenth Century and After* for February 8, 1917, from which we give a few extracts in an appendix. Discussing the economic effect of the war on India Mr. Ali remarks : "In 1915, the prices broke famine records." And again :

"In India, unfortunately, on account of the war, the isolation of the country, and the local crop having been short by 17½%, the price was very high. . . . The question of high food prices in India affects very materially her further capacity for taxation or for having further financial burdens. The small average individual income of India is mainly spent on the barest necessities of life. When the necessities rise over 100%, it does not mean an inconvenience; it means loss of vitality and efficiency."

According to this writer, "The services of India are estimated at a value of \$240,000,000 for the two and a half years that the war will have lasted at the close of the present financial year." Calculating the pre-war insurance, afforded by India's expenditure on the army of £14,000,000 (or \$70,000,000) a year, at fifteen years' purchase he fixes its value to the Empire at £210,000,000 or \$1,050,000,000. He also explains how India has helped the Imperial authorities by various other financial measures and by a war loan of £4,500,000 and concludes: "The fact is that India, so far from having superfluous capital, was and is urgently in need of capital, and the launching of a more ambitious scheme must hinder, instead of helping, the cause which India is upholding with so much self-sacrifice."

Evidently the raising of this new loan of \$500,000,000 was in the air when he wrote the article and Mr. Yusaf Ali, who is permanently settled in London, with his English wife, thought it was his duty to raise a voice of protest. The fact that the article was published in the *Nineteenth Century and After* shows the high esteem in which the writer is held in journalistic circles in England. Mr. Yusaf Ali has never identified himself with the Nationalist party and his views are those of a loyalist whose loyalty does not necessarily mean his supporting everything, just or unjust, which the Government does. His protest, however, proved to be a cry in the wilderness.

In this connection it might be of interest to add the following extract from the Proceedings of the Government of India, in the Legislative Department: "Replying to the Hon. Maharaja Manindra Chandra Nandi's question regarding contributions to the war by Indian Native States and Indian Provinces the Hon. Sir Reginald Craddock said: 'Complete or detailed figures of the amounts subscribed in all the Provinces of India towards the war and the

charities connected with it, cannot be given. The statement given below gives such information as is immediately available.'” Then follow the details of sums given, aggregating £2,047,375. “In addition to the figures given in the statement, lavish contributions both in cash and kind have been made by the ruling Princes and Chiefs in India. It is regretted that details of these cannot conveniently be supplied.”

All these “lavish” contributions, however, failed to satisfy the British and the Government did not scruple to load an additional burden of \$500,000,000 on the already crushed shoulders of the Indian ryot.

Indian opinion, rather timidly expressed, may be gathered from the following report of a speech made by a Hindu member of the Viceroy’s Legislative Council on the occasion of the discussion on the current year’s Budget. Said the Hon. Mr. Rangaswami Iyengar: “My Lord, the provision of a hundred millions sterling together with its interest, which amounts nearly to double the gift towards the war expenditure of the Empire, is undoubtedly the most prominent feature of the budget of this year. Apart from the consideration, as has been pointed out by our esteemed colleague, the Hon. Pandit Madan Mohan Malaviya, of neglecting to take this Council into confidence before the contribution was made, the burdening to the breaking point of a country, whose poor people are already suffering owing to results of a peculiar economic policy of the Government of India, without leaving a margin for emergencies, should furnish an insoluble problem to the statesman. . . .

“In this connection it has to be pointed out, especially in view of the unmerited complaints brought against India in certain Anglo-Indian organs, that even without this huge contribution India has borne more than her own fair share as compared with other parts of the Empire from the services already rendered by her in her sacrifice of men and money.

“Here is a statement as regards the help in men alone until the end of 1916:

1 : Four expeditionary forces.....	300,000
2 : Wastage and renewal.....	450,000
3 : Transport, Marine, etc.....	50,000

800,000

Increase in units since war..... 300,000

To end of 1916..... 1,100,000

“All these men have been trained in India and not in Salisbury as was the case with the Colonials.

“Again, coming to contributions in money till 1916:

Military stores, services, and supplies £50,000,000

Advanced to Britain from Reserves, etc.....	£27,000,000
Deduct loans from Britain.....	Nil

TOTAL £77,000,000

“Whereas the help the Colonies rendered in this direction partook mostly of the nature of loans. I challenge if any Colonies peopled with richer classes have made a similar sacrifice. Is it fair to strain the resources further?”

How these financial exactions are likely to cripple India where millions have died from famine within the last fifty years; where within the last twenty years, millions have died from plague, where even now thousands die every week from the same fell disease and where the vast bulk of the people are illiterate and so abjectly poor as to excite pity even from the stone-hearted, may better be imagined than described.

For the latest testimony to this effect we may cite from an article that has appeared in *The Quarterly Review* (British) for April, 1917, over the signature of Mr. W. H. Moreland, C.S.I., C.I.E.

“It is a matter of common knowledge that the standard of life in India is undesirably low; that while the masses of the people are provided with the necessities of a bare existence they are in far too many cases badly housed and badly clothed, badly doctored and badly taught, often overworked and often underfed; and that the present income of the country, even if it were equitably distributed, would not suffice to provide the population with even the most indispensable elements of a reasonable life.”

Finally it may be noted that the Indian Budget for military expenditure has, in the current year, been raised to £26,000,000 while before the war it was only £20,000,000. Besides troops fighting in the trenches, India has also supplied England with the following medical equipment :

- 40 Field Ambulances
- 6 Clearing Hospitals
- 35 Stationary Hospitals
- 18 General Hospitals
- 9 X-ray Sections
- 8 Sanitary Sections
- 7 Advanced Depots
- 1 General Medical Store Depot

About 2,327 doctors and nurses, and about 720 nursing orderlies.

These figures are taken from the speech which the Secretary of State for India made in the House of Commons in March, 1917. He also made mention of the fact that India had supplied about 20,000 camp followers. The Government of India is at the present

moment engaged in raising a "labour" army in India for work in England and in other places. Let those, who have been talking so much of how England has protected India, take into consideration these facts as well as those given in the body of the book, and then say honestly, who has been the greater gainer by this connection. India can await patiently and securely the verdict of posterity on this point.

Recent Happenings in England. Rain of Words. In the meantime things have happened in England which we cannot omit noticing in connection with the main theme of this book. The meetings of the Imperial War Conference in March; the participation in it for the first time of delegates from India; the courtesies extended to the latter and the honours conferred on them by the various public bodies of the British Isles, including the conferring upon the delegates of the freedom of the cities of London, Manchester, Edinburgh and Cardiff, and the honorary degrees of some of the universities, have furnished opportunities for some pleasant talk on both sides which, judged by standards of sweetness, politeness and occasional frankness, is refreshing. For the first time since the British connection with India were the Indian delegates allowed to participate in the deliberations of an Imperial Conference; for the first time they were considered worthy of being honoured with the freedom of British cities. For the first time it was conceded that India might look forward to a day when she may be treated as a partner in the Empire, and not as a hewer of wood or drawer of water for the latter. Reading the speeches and assuming the honesty and sincerity of the speakers, an Indian may take comfort in the hope that a day of real freedom was dawning upon his unfortunate country, and that this time at least, the British meant what they said.

If words of sympathy, promises of a future state of autonomy, compliments and acknowledgments could bring happiness and prosperity to the millions of India, she has had a copious outburst of them within the last two months and a half, nay in fact, from the very beginning of the war. If, however, the value of words is to be judged by deeds, an Indian may still be pessimistic about actual realisations.

"Sweet words are now raining upon India," remarks the *Investor's Review*, London (April 28, 1917), "and we trust foreshadow generous deeds." Do they? is the question.

India would be content if even half of what has been said were realised in the near future. The actual behaviour of the Government in India and in England, however, is not at all encouraging. The restrictions on the freedom of speech and the freedom of meeting have not been relaxed in the least. In one province alone, 800 young Indians are rotting in jails without ever having

had a chance of being tried for their supposed offences. The inequalities in the public services, civil and military, have not been removed. The appointments to the executive offices both in India and in England are of the most reactionary type. The solicitations of the Indian Nationalists to get larger appropriations for education and sanitation are still unheeded. The only thing actually done is the increase in the cotton duties, of which we have spoken above.

The Speeches of the Maharaja of Bikanir. The Position of Indian Princes. The speeches of the Maharaja of Bikanir and of Sir S. P. Sinha, the Indian delegates to the Imperial War Conference, have done at least one good. They have cleared the atmosphere somewhat. The Maharaja has made it absolutely clear that the ruling princes of India are in full accord with the people of India in demanding self-government and fiscal autonomy. In the words of the *Investor's Review* : "The Maharaja impressively pointed out that far from being alarmed at the political progress of India, the ruling princes of India rejoice in it. At least 10 per cent. of the more important states already have representative self-government, and every year the constitutional government is being extended. Though 'autocrats', the princes of India are marching with the times. If they are of that mind," asks the *Investor's Review*, "why should we hesitate?"

Those who read the speeches made by the Indian delegates to the Imperial War Conference in London, should bear in mind that neither of them were the spokesmen of the Indian Nationalist Party. One of them, Sir S. P. Sinha, did, no doubt, preside at an annual meeting of the Indian National Congress in 1915, but that was his only connection (first and last) with the movement. Before his election to the office of president of that session, he was a government man, and soon after he again became a government man. He is an official of the Government of India and owes his prosperity, his rank and his wealth to the Government.

The Maharaja of Bikanir comes from an ancient royal family of India, though the state over which he rules is not a first-class principality. By heredity, instinct, and tradition, he is an autocrat. For his elevation to the present position of prominence in Indian political life, he is under obligations to the British Government of India. He comes from a family which has, for the last four hundred years, kept well with the paramount authority, Mughal or British. Personally he is an enlightened and progressive ruler. Under these circumstances, he has rendered signal service to the cause of his country, worthy of the great ancestry from which he has sprung, in making some fairly bold and outspoken utterances about the aspirations of India. At last, in him, the princes of India have found a worthy representative, and the people of India a sincere, though by the limitations of his position, a rather halting,

champion of their rights. Speaking at the luncheon given by the Empire Parliamentary Association, he said that the unrest that exists in India is of two kinds:

"That which the seditionists attempt to spread, happily with small results, has to be faced and is being faced and suitably tackled by the authorities, and it is our earnest hope that it may be possible gradually to eradicate the evil, which is a cancerous growth, not, however, peculiar to India. The other kind of unrest is what has been happily described by a British statesman as 'legitimate.' It is in the minds of people who are as loyal as you or I. (Hear, hear.) I decline to believe that British statesmanship will not rise to the occasion, and it depends on whether Indian problems are or are not handled with sympathy, with imagination, with broad-minded perspicacity, that that legitimate unrest will die out or continue. It is the strong opinion of many who have given the subject thought that if the people of India were given a greater voice and power in directions in which they have shown their fitness we should hear much less of the unrest, agitation, and irresponsible criticism which is certainly gaining ground. Desperation would give way to patience, for India has confidence in the word and good faith of England, and the enemies of order and good government would be foiled. The 'unchanging East' is changing very rapidly and beyond conception." (Report in the *Daily Telegraph*, London.)

The speech has evoked some pertinent comments in the British press. The *Daily Telegraph* remarks (April 25, 1917):

"Every one is aware that at the conclusion of the war not only India expects, but the majority of us at home also look forward to a considerable development along the lines of political reform."

The Prime Minister's Pronouncement. The clearest pronouncement, however, is that of the Prime Minister, who in the speech delivered at the Guildhall on April 27, said with reference to India: "I think I am entitled to ask that these loyal myriads should feel, not as if they were a subject race in the Empire, but partners with us." "These are heartening words," says the London organ of the Indian Congress. "It remains to follow them by deeds." "Unhappily," remarks the same paper (April 27), "those who monopolise place and power in India have still to be converted. There is copious talk of the 'new angle of vision,' but precious little indication of any real intention to quicken the rate of progress. It is idle and also insincere to profess anxiety to help Indians along the road to self-government if the whip hand is perpetually to be held over them."

Coming to the economic side of the question, we observe that there is a great deal of hazy talk of the future economic development of India. Most of the papers and the Under-Secretary of

State for India still think of India as a supplier of raw materials to the Empire. In fact, one paper (*The Contract Journal*) holds out prospects of exploitation to the British investor; on the other hand, the *Stock Exchange Gazette* and the *Investor's Review* are happy over the prospects of the development of Indian powers of self-government. The most authoritative pronouncements, however, in the matter, are those of Mr. Austen Chamberlain, the Secretary of State for India. Speaking at a luncheon given by the chairman of the East India section of the London Chamber of Commerce, he said that the development of India was not only an economic, but a political necessity of the first consequence. Even more pronounced and significant is the speech which he delivered at the Savoy Hotel on March 29, in which he is reported to have said that India would not remain and ought not to remain content to be a hewer of wood and a drawer of water for the rest of the Empire. It was essential to her sound and healthy development that her own industries should progress! We hope Mr. Chamberlain is sincere and earnest.

It has since been given out that in future an Indian will represent India in the Imperial War Cabinet. An Indian nominated by the British Government, however, could not represent India in the same sense as the premiers of the dominions would represent the latter. The concessions, though important in appearance, are thus shadowy in effect. Similarly, the talk of Trade Preference within the Empire is not likely to benefit India.

Says *India*, the organ of the Indian Congress in London, "Mr. Bonar Law informed the House of Commons on Friday last that the Imperial War Cabinet had unanimously accepted the principle that each part of the Empire, having due regard to the interest of our Allies, shall give specially favourable treatment and facilities to the produce and manufactures of other parts of the Empire," that "there is no intention whatever of making any change during the war." Mr. Lloyd George made a similar announcement in his speech in the city on the same day, after the usual preliminary denunciation of the wickedness and folly of adherence to old party systems and policies.

"Nevertheless, the Prime Minister may rest assured that India intends to have something to say on this matter. If she is to embark upon the career of commercial development which is being so confidently marked out for her, she must have protection for her growing industries; and her most formidable competitor is the British manufacturer. The application of the policy of Imperial Preference, which is now foreshadowed, will simply mean that India must take Lancashire goods at Lancashire's prices, while shutting out Japan and the United States from her markets. What, then, was the object of the flourish of trumpets with which Mr. Chamber-

lain heralded the increase in the import duties on cotton goods? Here is a fiscal change made during the war defended on the ground that it is consonant with Indian opinion, and marked already for a place on the political dust heap when the war is over."

Are not the British past masters in the art of taking away with the left what they give by the right hand?

But India is now awake and will not be fooled as she has been in the past.

LAJPAT RAI

May 25, 1917
New York City

APPENDIX A

Extracts from an article by A. Yusaf Ali, a retired Indian Civil Servant, published in *The Nineteenth Century and After* for February 1917 :

“The Indian Income Tax brings within its net only 332,000 persons out of a population of 244 millions in British India, the exemption limit being as low as 66 pounds (that is \$330). Only 13,000 persons have an income of 666 pounds (\$3,330) or over in British India.”

The following remarks are made in regard to the Government policy of control of the price of wheat during the war :

“Government policy in the matter was directed towards two objects : (1) to divorce India prices, which by themselves would have been lower, from the world prices. (2) To secure the surplus of India’s bumper wheat production last year for lowering the prices of wheat in the United Kingdom. In 1915 the prices broke famine records and went as high as six seers for one rupee in a year when the wheat crops had been splendid and the prices would, in normal times, have been very low.”

Mr. Yusaf Ali gives the following figures about the military expenditure of the different parts of the British Empire and its proportion to the total Budget of Revenue :

Military Budget for 1913-1914

	<i>Millions of Pounds</i>	<i>Percentage to total Budget of Revenue</i>
Great Britain . . .	28·2	14·5
India	18	22
Australia	2·5	10
Canada	1·5	5
South Africa	1·15	7·7

This is exclusive of the cost of the Imperial Service troops maintained by the Indian Princes at their own cost and used by the British for Imperial purposes.

APPENDIX B

Extracts from an article by Mr. Manohar Lal, B.A. (Cantab), late Minto Professor of Economics in the University of Calcutta, published in the *Indian Journal of Economics* for July, 1916 :

"The average income per head has remained the same (that is \$10 a year) during the last thirty years and more. . . . It is a fact that deserves careful study at the hands of all students that with signs of growing prosperity everywhere, with an undoubted advance in the whole apparatus of industrial life, the average Indian income has remained stationary. How far this fact involves that a vast proportion of our population can have taken no share in the general urban rise in India, and in view of the undeniable fact of large increases in prices how far it probably has entailed some depression in the economic status of her masses—these are enquiries that must present themselves to every student of economics in the country, and thoughtful Indians have not been able to interpret their bearing in a sense favourable to the country's prosperity.

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"Poverty, grinding poverty, is a tremendous fact of our economic, and therefore national, position, and it is to the mind of the present writer an immeasurably more potent fact than even the ignorance and illiteracy that prevails among our masses. This poverty exposes us to the havoc of disease and pestilence, famine and plague and it makes advance at every step difficult."

Mr. Manohar Lal then compares the food budget of an English workingman's family, that of a railway carriage washer with that of an Indian field labourer as given by Mr. Keating, an Englishman, in his very careful work on rural economy in the *Deccan* and observes :

"It is a picture of literal starvation mentally, and all but so physically ; it can represent the life of no unit of civilised humanity."

Further on, summarising the present situation, he remarks :

"Indian population grows, her earning power per head is stationary, such increase in her industries as has taken place is nothing compared to the growth of her population. The inference is irresistible; life in India continues on the lowest plane, untouched by all the movements and progress that is in the air."

APPENDIX C

How the Villagers Live in the Madras Presidency—An Article from The Tribune of Lahore of January 19, 1917.

In England and other European countries the study of the condition of the working classes has led to their improvement. A similar study of the condition of the Indian people is necessary to devise measures for their economic improvement. The Government were asked several times to hold such enquiries in villages exposed to frequent famines. But they thought that it would serve no useful purpose to do so. In England private individuals and public associations have aroused sympathy for the working classes and Government have readily adopted necessary reforms. It would be useful if similar work was undertaken by individuals and associations in India. A good example has been set in this direction by Mr. S. P. Patro, who read an interesting paper at the Madras Economic Association on the 11th instant. His Excellency the Governor presided. The enquiries were held in 15 villages of the Ganjam District and the places selected were those in which the conditions were alike as far as possible. The people living in the villages were asked certain questions regarding their income and expenditure as also their debts. And care was taken to prevent exaggerated or incorrect answers by verifications of facts supplied by others. After going through the details of assessment, population, number of agriculturists, the income of a typical family, the food consumed, etc., Mr. Patro found that in a particular village the budget of the ryot showed a deficit of Rs. 22-9-0 every year and it was not possible to obtain a full meal every day. Dealing similarly with a typical village in the Chicacolo division, Mr. Patro found that the annual income of a family of a typical zamindar, who had wet and dry lands, was Rs. 129-8-0, and that the expenditure, including cost of rice, oil, clothing, etc., was Rs. 181-8-0, leaving a deficit of Rs. 52 a year. For marriage and litigation the head of the family raised a loan of Rs. 380 in 1907 and discharged the same in 1913 by sale of rice and by living on inferior corn and the profits of rice-pounding. The family had full meals only from January to the month of May according to the statement of the ryot. In a zamindari village the annual income of a typical family was Rs. 316 and the expenditure Rs. 321-6-0 and there was a debt outstanding against the family. In another zamindari village, the income of a typical family was Rs. 786 and the expenditure Rs. 698-4, leaving a balance of Rs. 68 to the credit of the family whose affairs were conducted in a most economic way. That was not a profit, but it represented the wages which the members of the family earned for their personal labour on the land at Rs. 14

a head per year. On these facts Mr. Patro made the following remarks :

"I tried to place before you actual conditions observed in my investigation into some of the villages in the Ganjam district. The investigation commenced more than a year ago, and I do not attempt to discuss the many problems to which the studies give rise. Others will have to draw conclusions and advocate remedies. From the sketches it will be seen how the population is increasing and the actual cultivating owners are decreasing ; how the holdings are split up, and the landless labourers are growing; how little improvement is made in agricultural methods and how little possibility there is for improving agricultural methods owing to the growing poverty, physical deterioration and indebtedness of the agriculturists; how the cultivation of the present holdings can never pay and the ryots are sinking lower and lower. The rations available for the agriculturist in some cases are poorer than the diet given to the prisoners in jails. That large number of agriculturists and labourers emigrated to Calcutta, Burma, Straits Settlements and other places is a common factor in all these villages. In the last named village about one hundred out of a population of about 878 have gone out in search of better wages and to work in non-agricultural work. There is therefore pressing need for full enquiry into the economic conditions of the agricultural population in this Province."

These enquiries are very interesting and show the desirability of conducting similar enquiries in other provinces and districts. Punjab is not much different from Madras in regard to the land tenure and general conditions of the agricultural population. We think that the enquiries made by Mr. Patro are of particular interest to us and the fact that the people are sinking lower and lower in poverty is particularly distressing. That some of them receive poorer diet than the jail population is a statement which should suggest the adoption of urgent remedies. Mr. Patro, it will be seen, does not want Government to accept his conclusions but invites further enquiries of the kind. Throughout India educated people are pressing for the reform of land laws so as to improve the condition of the masses, and experienced men have shown how deeply the ryots are sunk in poverty and indebtedness. Mr. Patro's enquiries go to confirm these opinions and to contradict the official theory about the prosperity of the peasantry. In the typical village homes whose family budgets were examined the people had an annual deficit in three out of four cases—a fact which cannot but show the pitiable condition of the agriculturists. His Excellency the Governor expressed his appreciation of the enquiries made by Mr. Patro and admitted that the facts ascertained must be fairly accurate, though no general conclusion could be drawn from them alone.

APPENDIX D

WAGES IN INDIA

The reports and publications of the Government of India do not give sufficient data to enable one to fix the exact position of the wage earner in the national economy. In the latest report on prices and wages the only retail prices given are those of food grains, only one kind of *dal* (pulse) and salt. The report gives wholesale prices of staple articles of export and import, but they are of no help in fixing the wage earner's budget. As regards wages there is also a great deal of confusion. For some districts the wages are given up to 1906, for others up to 1907, 1909, and 1912. In some cases the wages given are monthly ones; in others weekly or daily, rendering it impossible to make comparisons. However, some approximate idea of wages can be gathered from the following tables compiled from the above-mentioned report. The Indian currency unit is a rupee. This is divided into 16 annas. Roughly three rupees are equal to an American dollar and an anna is equal to two cents. We give the approximate equation in dollars of the Indian rupee in the table. The wages are given for the various towns mentioned in the report, omitting all reference to Burma.

		<i>Weekly wage of an able-bodied agricul- tural labourer</i>	<i>Weekly wage of a mason, carpenter, or blacksmith</i>
<i>Bengal</i>			
Rangpur		\$ 1.00 (1910)	\$ 1.66 (1910)
Backerganje		\$.82 to \$ 1.00 (1910)	\$ 1.30 to \$ 1.66 (1910)
Calcutta		\$ 1.33 (1917)	...
Patna		\$.49 (1907)	\$ 1.00 (1907)
<i>United Provinces of Agra and Oude</i>			
Cawnpore	1906	\$.33 to \$.49	\$ 1.66
Fyzabad	1906	\$.16 to \$.33	\$.49 to \$.66
Meerut	1906	\$.35	\$.82
<i>Punjab</i>			
Delhi	1909	\$.82	\$ 1.66
Amritsar	1909	\$.79	\$ 2.50
Rawalpindi	1909	\$.82	\$ 2.33
<i>Sindh</i>			
Karachi	1912	\$ 1.08 to \$ 1.33	\$ 2.08 to \$ 3.33

	<i>Weekly wage of an able-bodied agricul- tural labourer</i>	<i>Weekly wage of a mason, carpenter, or blacksmith</i>
<i>Bombay</i>		
Belgaum . 1908	\$.50	\$ 1.16 to \$ 1.33
Ahmadnagar 1914	\$.82	\$ 1.33 to \$ 2.00
Bombay . 1912	\$ 1.33	\$ 2.33 to \$ 3.50
Ahmadabad 1912	\$.66	About \$ 2.00
<i>Central Provinces</i>		
Jubbulpur . 1908	\$.50	\$ 2.50
Nagpur . 1908	\$.66	\$ 2.00 to \$ 2.50
Raepur . 1908	\$.50	\$ 1.33
<i>Madras</i>		
Bellary . 1907	\$.50	Less than \$ 1.50
Madras . 1907	\$.50	" " "
Salem . 1907	\$.35	" " "

Postal Runners.—Only in one division, that of Sindh, do the postal runners in the service of the Government get one dollar a week. In others they ordinarily get two-thirds of that amount. In some places they receive even less than that. These are the figures for 1914.

Postmen.—Postmen, who are also in the employ of the Government and are supposed to be literate, get salaries ranging in amount from \$.90 to \$ 1.33 per week (1914).

Railroads.—In the railroad service (1914) we find the following figures :

<i>Mirzapur-East Indian Railroad</i>		
	<i>Skilled labour</i>	<i>Unskilled labour</i>
Carpenter	\$ 1.00 to \$ 1.66	\$.50
Blacksmith	\$ 1.66	
Permanent Inspector . .	\$ 2.00	
<i>Cawnpore</i>		
Skilled	\$.50	Unskilled Less than \$.50
<i>Delhi</i>		
Skilled labour	from \$ 1.66 to \$ 2.30	Unskilled about \$.66
<i>Lahore Railway Workshops</i>		
Skilled Fitters	\$ 1.66	Unskilled \$.70
Skilled Carpenters	\$ 1.75	

Average daily wages paid on canal work, foundries and workshops :

Skilled labour	from 7 cent to 16 cent
Unskilled labour	ordinarily below 7 cent

Weekly wage paid in a paper mill in Bengal, 1914

Skilled labour : Blacksmiths and Machine men . . . \$ 2.50

<i>Skilled</i>	<i>Unskilled coolies</i>
Bricklayers, Carpenters, Engine men from \$ 1.30 to \$ 1.50	Men \$ 1.00
	Women \$.60

Weekly wages in a brewery in the Punjab

Skilled labour from \$ 1.66 to \$ 2.30 Unskilled . about \$.66

Weekly wages paid in an army boot factory at Cawnpore

Foreman	\$ 2.50
Saddlers	2.08
Machine operators	1.70
Fitters	1.40
Carpenters	1.40
Cutters . . . . .	.82
Saddler's assistants	1.00
Tanners . . . . .	.66
Messengers and storemen . . . . .	.58
Beltmakers . . . . .	.72
Work distributors . . . . .	.72

Average weekly wages in a cotton mill in Northern India, 1914

Men	from \$.66 to \$.80
Women . . . . .	.35
Children	\$.35 to \$.43

Average weekly wages in a cotton mill, Bombay

Scratcher	\$ 1.00
Grinder	1.30
Card tender . . . . .	.85
Lap carrier . . . . .	.92
Fly carrier . . . . .	.66
Reeler	1.26 to 1.66
Presser	1.50
Binder	1.50 to 3.00
Drawer	1.16 to 2.16
Doffer . . . . .	.84
Doff carrier	1.00
Spare hands . . . . .	.84 to 1.00
Warper	2.14 to about 3.00

In the sizing department the wages range from \$.84 to \$ 4.00 a week, the sizer and the weaver getting from \$ 1.33 to about \$ 4.00, all the other hands getting about one-half that amount.

Average weekly wages paid in a woollen mill in Northern India, 1914
Unskilled labour \$.66

Skilled labour :

Card room

Card mistri	\$ 3.33
Feeder . . . . .	.89
Card cleaner	1.33
Spare hands . . . . .	.80
Mixer . . . . .	.80

Mule room

Head mistri	\$ 4.16
Minder	1.33
Piecer . . . . .	.66
Spare hands . . . . .	.84

Finishing department

Washing and bleaching	\$ 1.50
Dyeing	1.60
Dyer . . . . .	.84

Weaving department

Mistri	a little over \$ 2.00
Healder	a little over .84
Weaver	a little over 1.10

Engineering department

Boiler mistri	\$ 1.35
Engine man . . . . .	.70
Oil man . . . . .	.70
Head carpenter	3.30
Turner	a little less than 2.00
Boiler man . . . . .	.80
Fitter	1.52
Blacksmith	2.00
Carpenter	1.33
Tinsmith	1.25
Leather man . . . . .	.75

Average weekly wage in a jute mill in Bengal, 1914

Carding	. . . . .	\$ .66
Spinner	. . . . .	1.16
Minder	. . . . .	1.20
Beaver	. . . . .	1.40
Weaver	. . . . .	a little less than 2.00
Coolies	. . . . .	less than .16 per day
Mistries	. . . . .	about .35 per day

Weekly wage in a Cawnpore Saddlery Establishment, 1913-14

Sirdars	. . . . .	\$ 1.00 or less
Lascars	. . . . .	.50 or .60
Carpenters, workmen	. . . . .	1.00
Painter mistries	. . . . .	1.00
Painter workmen	. . . . .	.83
Tanner mistries	. . . . .	.28
Bullock drivers, Sweepers	. . . . .	.50 or less
Water carriers	. . . . .	.50 or less

There has been no increase in these wages since 1879 in the case of some of these workmen, and none since 1889 in that of others.

WAGES IN GOVERNMENT ESTABLISHMENTS

In *Government Offices* most of the menials, ushers, and orderlies are paid from \$.50 to \$ 1.00 a week.

A *Police Constable* in 1914, got from \$.66 to about \$ 1.00 a week. An officer in the *Police Department* started with a weekly salary of about \$1.00.

Primary School Teachers in some cases start with a salary of \$.66; in others they get from \$.82 to \$ 1.00 per week.

Clerks in Government Offices start with \$ 1.33 a week.

The disparity between the salaries of the lowest servants and those higher up, and between Indian and European governmental employés may better be studied from the figures given in the next appendix.

APPENDIX E

THE COST OF ADMINISTRATION IN INDIA, JAPAN AND THE UNITED STATES OF AMERICA

The President of the United States, who ranks with the great royalties of the world in position, gets a salary of \$75,000 without any other allowance. The Prime Minister of Japan gets 12,000 yen, or \$ 6,000. The Viceroy and the Governor General of India get 250,000 rupees, or \$83,000, besides a very large amount in the shape of various allowances. The cabinet ministers of the United States get a salary of \$12,000 each, the Japanese 8,000 yen, or \$4,000, and the Members of the Viceroy's Council \$26,700 each.

In the whole Federal Government of the United States there are only three offices which carry a salary of more than \$8,000 a year. They are:

The President of the General Navy Board	\$ 13,500
Solicitor General	10,000
Assistant Solicitor Gene. al.	9,000

All the other salaries range from \$ 2,100 to \$ 8,000. In the State Department all offices, including those of the secretaries, carry salaries of from \$ 2,100 to \$ 5,000. In the Treasury Department, the Treasurer gets \$ 8,000, three other officers have \$ 6,000 each. All the remaining officials get from \$ 2,500 to \$ 5,000. In the War Department there are only two offices which have a salary of \$ 8,000 attached to them: that of Chief of Staff and that of Quarter Master General. The rest get from \$ 2,000 to \$ 6,000. In the Navy Department besides the President of the General Board mentioned above, the President of the Naval Examination Board gets \$ 8,000 and so does the Commandant of the Marine Corps. All the rest get from \$ 6,000 downwards. In the Department of Agriculture there is only one office carrying a salary of \$ 6,000. All the rest get from \$ 5,000 downwards. The Chief of the Weather Bureau, an expert, gets \$ 6,000. In the Commerce Department four experts get \$ 6,000 each, the rest from \$ 5,000 downwards. These are the annual salaries.

In Japan the officials of the Imperial Household have salaries ranging from \$ 2,750 to \$ 4,000. Officials of the Higher Civil Service get from \$ 1,850 to \$ 2,100 a year; the Vice-Minister of State, \$ 2,500; Chief of the Legislative Bureau, \$ 2,500; the Chief Secretary of the Cabinet, \$ 2,500; and the Inspector General of the Metropolitan Police, \$ 2,500; President of the Administrative

Litigation Court, \$ 3,000; President of the Railway Board, \$3,750; President of the Privy Council, \$ 3,000; Vice-President of the Privy Council, \$ 2,750, and so on. All these salaries are yearly.

When we come to India we find that the President of the Railway Board gets from \$ 20,000 to \$ 24,000, and that two other members of the Railway Board get \$ 16,000. Secretaries in the Army, Public Works, and Legislative departments get \$ 14,000. Secretaries in Finance, Foreign, Home, Revenue, Agriculture, Commerce, and Industry departments get \$ 16,000. The Secretary in the Education Department gets \$ 12,000; Joint Secretary, \$ 10,000; Controller and Auditor General, \$ 14,000; Accountant General, from \$ 9,000 to \$ 11,000; Commissioner of Salt Revenue, \$ 10,000; Director of Post and Telegraph from \$ 12,000 to \$ 14,000.

Among the officers directly under the Government of India there are only a few who get salaries below \$ 7,000. Most of the others get from that sum up to \$ 12,000. The fact that the population of the United States consists of people of all races and that there is a constant flow of immigration makes the work of administration very difficult and complex—far more so than the administrative problems in India.

PROVINCIAL ADMINISTRATION

The United States Government has under it 48 States and Territories. Some of them are as large in area, if not even larger than the several provinces of India. The Governors of these States are paid from \$ 2,500 to \$ 12,000 a year. Illinois is the only State paying \$ 12,000; five States, including New York and California, pay \$ 10,000; two, Massachusetts and Indiana, pay \$ 8,000; one pays \$ 7,000, and three pay \$ 6,000. All the rest pay \$ 5,000 or less. There is only one territory under the United States Government, the Philippines, which pays a salary of \$ 20,000 to its Governor General. In India, the Governors of Madras, Bombay, and Bengal each receive \$ 40,000, besides a large amount for allowances. The Lieutenant Governors of the Punjab, the United Provinces, Behar and Burma get \$ 33,000 each besides allowances. The Chief Commissioners receive \$ 11,000 in Behar, \$ 18,700 in Assam, \$ 20,700 in the Central Provinces, and \$ 12,000 in Delhi. The Political Residents in the Native States receive from \$ 11,000 to \$ 16,000, besides allowances. In Japan the Governors of Provinces are paid from \$ 1,850 to \$ 2,250 per year, besides allowances varying from \$ 200 to \$ 300.

The provincial services in India are paid on a far more lavish scale than anywhere else in the world. In Bengal the salaries range from \$ 1,600 for an assistant magistrate and collector to \$ 21,333 to Members of the Council, and the same extra-

vagance is also true of the other provinces.

Coming to the Judiciary, we find that Justices of the Supreme Court of the United States get a salary of \$14,500 each, the Chief Justice getting \$15,000; the Circuit Judges get a salary of \$7,000 each, the District Judges \$6,000. In the State of New York the Judges of the Supreme Court belonging to the General Sessions get from \$17,500, and those of the Special Sessions from \$9,000 to \$10,000 each. City Magistrates get from \$7,000 to \$8,000 each. In India the Chief Justice of Bengal gets \$24,000; the Chief Justices of Bombay, Madras, and the United Provinces, \$20,000 each. The Chief Judges of the Chief Court of the Punjab and Burma get \$16,000 each, and the Puisine Judges of the High Courts the same amount. The Puisine Judges of the Chief Courts receive \$14,000. In the Province of Bengal the salaries of the District and Session Judges range from \$8,000 to \$12,000. District Judges of the other provinces get from about \$7,000 to \$12,000. The Deputy Commissioners in India get a salary in the different provinces ranging from \$6,000 to \$9,000 a year. The Commissioners get from \$10,000 to \$12,000. In Japan, the Appeal Court Judges and Procurators get from \$900 to \$2,500 a year. Only one officer, the President of the Court of Causation, gets as much as \$3,000. The District Court Judges and Procurators are paid at the rate of from \$375 to \$1,850. It is needless to compare the salaries of minor officials in the three countries. Since the Indian taxpayer has to pay so heavily for the European services engaged in the work of administration, it is necessary that even the Indian officers should be paid on a comparatively high scale, thus raising the cost of administration hugely and affecting most injuriously the condition of the men in the lowest grades of the Government service. The difference between the salaries of the officers and the men forming the rank and file of the Government in the three countries shows clearly how the lowest ranks in India suffer from the fact that the highest governmental officials are paid at such high rates.

THE POLICE

In New York City, the Chief Inspector gets \$3,500 a year; Captains, \$2,750; Lieutenants, \$2,250; Sergeants, \$1,750, and Patrolmen, \$1,400 each. In Japan the Inspector General of the Metropolitan Police gets \$2,500. The figures of the lower officials are not available, but the minimum salary of a constable is \$6.50 per month, besides which he gets his equipment, uniform and boots free. In India, the Inspector Generals get from \$8,000 to \$12,000, Deputy Inspector Generals from \$6,000 to \$7,200, District Superintendents of Police from \$2,666 to

\$4,800, assistants from \$ 1,200 to \$ 2,000, Inspectors from \$ 600 to \$ 1,000, Sub-Inspectors from \$ 200 to \$ 400, Head Constables from \$ 60 to \$ 80, Constables from \$40 to \$48 per year. We have taken these figures from the *Indian Year Book* published by *The Times of India*, Bombay. We know as a fact that the Police Constables in the Punjab are paid from \$ 2.67 to \$ 3.33 per month, that is from \$ 32 to \$ 40 per year. The reader should mark the difference between the grades of salaries from the highest to the lowest in India, as compared with the United States and Japan. While in India the lowest officials are frightfully underpaid, the highest grades are paid on a lavish scale. In the other countries of the world this is not the case.

EDUCATIONAL DEPARTMENT

In the United States (we quote the figures of New York City), the lowest school teachers get a salary of \$ 720, rising to \$ 1,500 a year. In the upper grades salaries range from \$ 1,820 to \$ 2,260. Principals of elementary schools receive \$ 3,500 and assistants \$ 2,500. In the High Schools, salaries range from \$ 900 to \$ 3,150, in Training Schools from \$ 1,000 to \$ 3,250, Principals of High Schools and Training Schools receive \$ 5,000 and the same salary is paid to the District Superintendents. The Commissioner of Education in New York gets \$ 7,500. In Japan the Minister of Education, who is a Cabinet Member, gets \$ 4,000, and the lowest salaries paid to teachers range from \$ 8 to \$ 9 per month. In the United States, college professors make from \$ 5,000 to \$ 7,000 per year. In Japan they range from \$ 300 to \$ 2,000. Coming to India, we find that while the administrative officers and even the college professors get fairly high salaries, the teachers in the schools are miserably underpaid.

CONCLUSION

We do not believe there is a single country in the world where the difference between the remuneration allowed to the highest and the lowest officials is so disproportionally marked as in India. Yet we find that there is a tendency still further to increase the salaries of the high officials, European and Indian, while even very slight increase in the salaries of the underpaid lowest servants of the State are most grudgingly given. Moreover, the high officials get allowances almost equal in amount to their salaries. This is not true in the case of the lower officials. The fact is that the British Government in India does not attach enough importance to the common man; his needs are often overlooked in the desire to please the high officials and keep them contented. Considering that every man in India is supposed to have a family, the condition of the lowest officials is most miser-

able, in some cases almost necessitates corruption. The Government of India must know this, yet they do nothing to remedy the state of affairs. A rise in prices is claimed as a good ground for raising the salaries of the highly paid civilians, but the same weight is not attached to that reason when the question of increasing the salaries of the lower grades arises.

The figures relating to military services in India are not available, but we know that the above remarks and comparisons have as much force in the case of the Military Service as they have in the ones we have cited above.

NOTE.—The Royal Commission on Public Services has actually recommended a substantial increase in the salaries of European officials by the incorporation of what was temporarily allowed to them as exchange compensation allowance, in their salaries as also otherwise.

PROPORTION OF INDIANS IN HIGHER SERVICES—LATEST FIGURES

Total of appointments with a salary of Rs. 200 a month or upward (\$ 66) 11,064. Held by Indians, 42 per cent.

Total of appointments with a salary of Rs. 500 per month (\$ 166) = 4,986. Held by Indians, 19 per cent.

Total of appointments on Rs. 800 per month or above = 2,501. Held by Indians, 10 per cent.

APPENDIX F

FURTHER NOTES

Gold Value of Rupee.—Until 1871 the gold value of the rupee except in one year always exceeded 1s. 11d. In 1872-3 it fell to a little over 1s. 10½d. and thenceforward downward until in 1894-5 it reached 1s. 1d. The difference it made to India may be judged from the fact that the sterling value of the bills paid in England, in 1894-5, was £ 15,770,533. The rupee equivalent actually paid by the Government of India was 28.9 crores (or 280.9 millions) of rupees while at the rate prevailing in 1872-3 it would have amounted to only 16.6 crores. In this way India suffered a high financial loss. The sterling debt contracted at the time when the value of the rupee was about 2s. was afterwards converted into a rupee debt when the value of the rupee had fallen to 1s. 4d.

Says Mr. A. J. Wilson (*An Empire in Pawn*), p. 26 :

“The Indian people pay altogether more now than ever they did. More of the net proceeds of their labour goes every year to pay the foreign debt charges under *one head or another*, because the aggregate of these charges increases.”

“The official mind has created a cloud-world of its own and looks at all Indian affairs from a point of view so far above everything native, so conventional and entirely bureaucratic, that it is easily able to demonstrate to us *a priori* that Indian populations are happy and flourishing, though millions of them be dead of starvation or to gush about loyalty with a mutiny and massacre hanging on their heads.”

(P. 28) “The Stracheys and men of that official set present only the outside of the sepulchre to view. There is an official India where all is well, an India serenely indifferent to the toiling India, and there is an India composed of nearly 200 millions of toiling and suffering people.”

(P. 28) “The truth of the matter is, that the natives of India are in no sense their own masters in the conduct of their trade any more than in the conduct of their government. Our system of land revenue alone would bring, and does bring them into a state of slavery and abject dependence, almost whether we like it or not.”

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Corrections

<i>Page No.</i>	<i>Read</i>	<i>In place of</i>
112	'Ships', in the heading	'Ship'
129	'Annals', in the footnote	'Annuls'
131	'losses', in the footnote	'osses'
183	'they', in the third line of footnote 8	'tbey'
241	'Nadir Shah', under 'N'	'Fadir Shah'