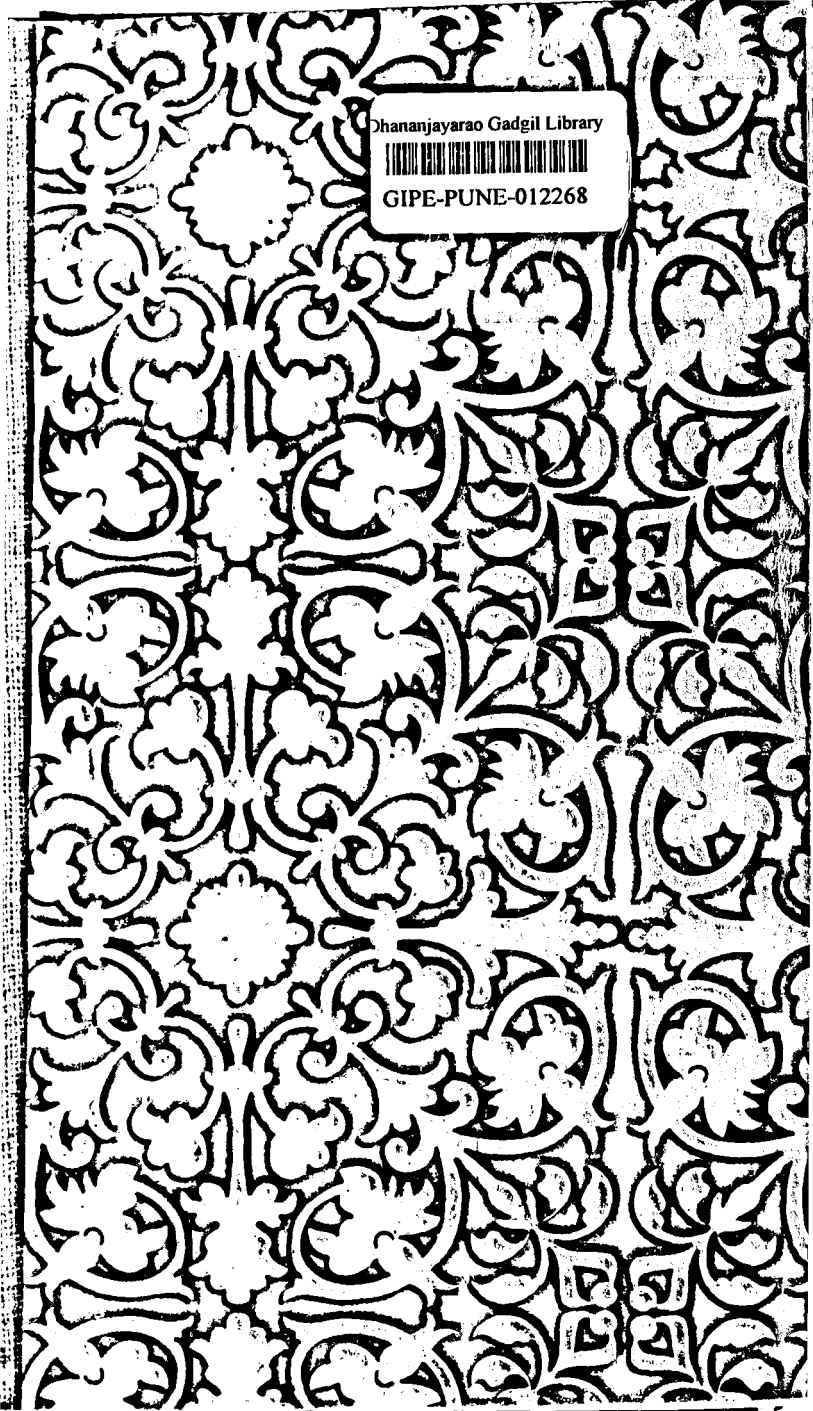


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Congress Political and Economic Studies—No. 1

The Agrarian Problem in India

A GENERAL SURVEY

By

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WITH A FOREWORD BY

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FOREWORD

Compared to other countries India is poor in her political literature as well as in books dealing with current problems. In the nineteenth century Dadabhai Naoroji, Digby, Ranade and Romesh Dutt built up a strong and enduring foundation for such a literature. On that foundation our national movement grew, and most of us derived our political and economic ideas from those giants of old. Then there was a gap. During the past few years again books and pamphlets have appeared in some numbers, and though some are worthwhile, the lack of the real article still continues. We have either sketchy political surveys or heavy tomes on economics written by professors for would-be professors. The intelligent layman is left out in the cold and little help is provided for him to find a way in the chaos of the modern world as it affects India. Compare this with the abundance of good books in the countries of the West dealing with every problem that faces them. Many of them are frankly propagandist and one-sided, but there are also large numbers of objective studies collating and giving facts and figures and real pictures of the condition of the world today.

Whatever our views and ideas might be on present-day problems, we must agree that they should have a background of objective study of existing conditions. Thus only can we bring these ideas to the test of reality and evolve effective line of activity. It is time therefore that our experts and students devoted themselves to the proper study of facts as they are and to their presentation in an agreeable form. Of course this has been, and is being, done

to some extent. But more is required, and a wider vision which embraces the whole though it may concentrate on a part.

Of all our problems none surely is more important and urgent than the agrarian problem. The dark shadow of the peasant covers the Indian landscape and intrudes itself into each one of our problems, political and economic. Realising this the National Congress has undertaken a close study of this problem and the drawing up of an agrarian programme. It is fitting therefore that the first of our Political and Economic studies should be a brief survey of this problem.

The object of this series of studies is to present facts objectively, but it is not claimed that the writer has a blank mind with no views of his own. We have little use for blank minds. So, inevitably, the writer's outlook colours his presentation of his subject, and the objective he has in mind affects his conclusions. This outlook or these conclusions need not necessarily be those of the Congress.

This series does not pretend to deal exhaustively with the subjects included in it. Nor does it claim to supply the need for political and economic literature to which I have referred. It has a simpler and more modest purpose and that is, to give the average reader a short and popular, and yet a scholarly, account of present-day conditions in India.

Dr. Z. A. Ahmad's pamphlet is the briefest of surveys of a difficult and vast problem. Objection may well be taken that it does not discuss in any detail the various land tenure systems in India. And yet a detailed discussion in such a general survey would probably have detracted from the value of the pamphlet. We would have forgotten the wood for the trees, and many a lay reader might have felt bored at these details. Yet a study of these details is very necessary and it is hoped that such a detailed

survey will be forthcoming at a later stage. But the broad survey must be grasped before we study details.

There is nothing new in this pamphlet which cannot be found elsewhere. But old truths have to be re-stated, old facts and arguments repeated, lest we forget. And the statement of them has to be made in a modern framework and a present-day setting. Dr. Ahmad has done that with ability and success and I have gone through his pages with ease and with profit. It surprised me to find how much he has put in in this short compass. I commend this brochure not only to Congressmen but to all who are interested in understanding and solving India's major problem.

Allahabad
July 8, 1936

JAWAHARLAL NEHRU

INTRODUCTION

It is acknowledged universally that the centre of our national problem in India is the peasant question. Although this fact has been recognised and discussed by almost all Indian economists for a long time, it is only very recently that the problem by its sheer innate political importance has forced itself into the political arena as the most significant factor of the moment.

Hitherto the analysis of the peasant question even by economists who have looked at it from the national point of view has been what might be correctly termed static and unhistorical. The problem has not been dealt with in terms of the system of relationships set up in the course of historical development.

The most outstanding feature of Indian history in modern times has been the advent of British Imperialism which took its rise on the basis of the Capitalist transformation of European economy. After the coming of the British and even up to the beginning of the 19th Century Indian economy maintained the old balance between the factors of indigenous industry and agriculture. From that period onwards, due to the conquests of the Industrial Revolution in England there grew up an irreconcilably antagonistic system of exploitation relationship between British and Indian economy. There followed the destruction of Indian handicraft industries and a complete loss of internal equilibrium of production in India. India passed into the orbit of world economy as a colony of Great Britain. It is this historical phenomenon which is the central fact of all our economic problems.

English industrial capitalism had consolidated its position at home by 1856. What do we mean by this? England had become predominantly an industrial country producing largely machine-manufactured goods for export; it had begun to import vast quantities of raw materials from everywhere; it had adopted the principle of free trade and free competition. Political power in England had passed from the hands of the landed aristocracy and the trading classes into the hands of the industrial capitalists who changed the old colonial policy of Great Britain in the interests of British industries.

The impact of British industrial capitalism on India resulted in the rapid decay of the widespread and flourishing Indian handicrafts. The indigenous textile, metal, ship-building and numerous other luxury industries were all mercilessly ruined. Indian raw products began to be exported on a large scale to meet the influx of machine manufactured goods from England. Thus cotton piecegoods imported into Great Britain from India fell from 1,266,608 pieces in 1814 to 356,086 in 1835. As against this British cotton manufactures exported to India rose from 818,208 yards in 1814 to 51,777,277 in 1835.

The value of cotton goods exported from India was £1,300,000 in 1815 but was reduced to £100,000 in 1832. In 1815 cotton goods imported into India from England were of the value of £26,300 but rose to £400,000 in 1832. The policy of discrimination against Indian industry can be seen from the following:—In 1840 “British cotton and silk goods, conveyed in British ships to India paid a duty of $3\frac{1}{2}$ per cent; British woollen goods a duty of 2 per cent only. But Indian cotton goods imported into England paid a duty of 10 per cent; Indian silk goods a duty of 20 per cent; Indian woollen goods a duty of 30 per cent.” A ton of Indian iron imported into Great Britain paid

a duty of five shillings while English iron imported into India paid no duty at all. The Indian ship-building industry was killed very early. "In 1795-96 six ships were built in Calcutta with a tonnage of 4105 tons and five large vessels of 500 to 600 tons were on the stocks. In 1797-98 several vessels were launched from the dockyards of Calcutta." But by 1840 ship-building was entirely given up in Calcutta¹.

The process of the destruction of the old Indian industries may be said to have been completed for all practical purposes by the middle of the 19th Century. It now became the object of British Imperialism to prevent the development of Indian industry on the basis of machine technique, and to exploit Indian agriculture for the purpose of securing raw materials for British manufactures. This is borne out by the economic policy of British Imperialism in India throughout the 19th Century and upto the present time. It is only when we come to the last quarter of the 19th Century that we begin to find the definite growth of the various branches of modern Indian industry on Capitalist lines. This development was the outcome of the accumulation of commercial capital in the hands of the Indian trading classes and took place in the teeth of Imperialist opposition.

Upto the War the growth of the new industry was slow and tortuous but then there came a rapid development. This was due to the fact that the main resources of British industry were diverted to meet the demands of the world war which gave scope for expansion to Indian industry. Besides, the political pressure of the nationalist movement forced the state power to give a few economic concessions to the Indian manufacturers. However, the industrialisation of the country has been so insignificant that today over 70 per cent of the population lives on agriculture

¹ *India in the Victorian age.* Romesh Dutt, pp. 101, 114.

and about 90 per cent of the total production of the country is agricultural. Thus India has been compelled to remain primarily a producer of raw materials for British industry and a market for British goods.

The main repercussion of Imperialist policy on agriculture was that it was ruthlessly made to assume a bloated importance. Moreover, the Indian peasant, who from time immemorial had produced for his own needs, was compelled by the objective situation under the vigilant and jealous eye of the new state power to increase the cultivation of commercial crops. There was a great specialisation and increase in the acreage of cotton, jute, oil seeds and wheat. Although this did undoubtedly help the producers inasmuch as they received greater value for their products, it forced the peasant more and more into the clutches of the money-lender due to the vast incursion of money economy, and the world-wide market connections created a whole set of middlemen, wholesale dealers and exporters, who taking advantage of their superior economic position appropriated a large share of the profits of the peasantry. Almost all the workers in the ruined industries transferred themselves to agricultural occupations thus causing an excessive pressure on the land.

Furthermore, as India had become a part of the world capitalist economy, Indian agriculture became subject to all the vicissitudes of world economic conditions. The important point here is that since India has entered into international economic relations as a colony of Great Britain it finds itself in a specially disadvantageous position in the world market. Deprived of the power to shape independently her own economic policy she is unable to resort to any economic manœuvring in her own interests and has to remain a pawn in the economic game of British Imperialism. Besides several factors, the most important of which is the

existence of a strong hierarchy of middlemen on the land, the efficiency of agricultural production is much lower in India than in other countries.

Thus India has been specially hard hit by the present world crisis. General world over-production has led to a sharp and unprecedented drop in prices but the fall in the prices of agricultural products has been almost 50% more than the fall in the prices of industrial goods. In addition to this the linking of the rupee to the pound which has gone off the Gold Standard and the changing of the rupee exchange ratio from 1 s. 4 d. to 1 s. 6 d. has still further depressed the condition of the Indian agricultural classes. This has turned the balance of payment against India and obliged her to export gold on a large scale in order to meet her foreign obligations. The following figures will illustrate this point :—

	(Millions of Rupees)				
	1929	1930	1931	1932	1933
Net export surplus	860	790	620	348	34
Net gold imports	212	143	125
Net gold exports	580	683

It is thus clear that Great Britain has been able to transfer a substantial part of her own burden of the crisis to India by securing her raw materials from this country at very low prices.

All this has led directly to the complete ruin of the purchasing power of the Indian peasantry which was already in a state of hopeless poverty.

One hundred and fifty years of British rule has been a constant process of driving more and more people to the land, depriving them of all other sources

of livelihood, throwing them into the clutches of the parasitic elements of society and subjecting them to the rigours of an unsympathetic administration. In the following pages we shall try to analyse the present economic plight of the Indian peasantry.