

Contributions to Indian Economic History I

Banking in Mughal India

Irfan Habib

Agrarian Structure in U.P. in the 18th & 19th century

Sulekh Gupta

Introduction of the Taluqdari System in Oudh

Jagdish Raj

An Enquiry into Agricultural Conditions, 1888

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Russian Pre-Revolutionary and Soviet Studies on the Economic History of Modern India

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Historical Approach and Under-Developed Economies

Ignacy Sachs

Recent writings on the British Indian Economic History

Tapan Raychaudhuri

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Edited by Tapan Raychaudhuri

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The *Contributions to Indian Economic History* is a pioneer effort to meet a long-felt need. An occasional publication, which we hope to bring out twice every year, this Miscellany will present to the educated public as well as the specialist the results of up-to-date research in a vitally significant field of Indian history. This first number comprises seven articles by competent scholars who have brought to the study of Indian economic history a freshness of approach and analysis. It covers a wide variety of topics ranging from banking in Mughal India to the agricultural conditions in the eighteen eighties and includes detailed surveys of recent research in the field in Soviet Russia and India.

Our editor, Dr. Tapan Raychaudhuri, is one of the best-known figures among the rising generation of Asian historians. His pioneer work on the socio-economic history of Mughal Bengal (*Bengal under Akbar and Jahangir*) was described in the *English Historical Review* as having done for Bengal what Moreland's volumes did for India. His study of the Dutch commercial activities in the 17th century India, based on the Dutch archives, which awaits publication, is another path-breaking effort in the field of Indian economic history. A brilliant product of the universities of Calcutta and Oxford, Dr. Raychaudhuri was formerly the Deputy Director, National Archives of India. As the Reader in Economic History, University of Delhi, he is now in charge of the only organised research unit in India working exclusively on economic history.

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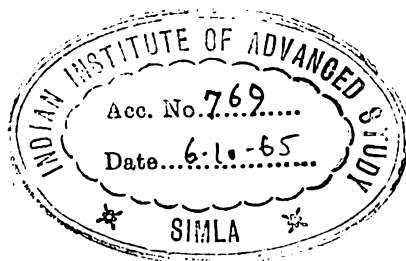
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CONTRIBUTIONS TO
INDIAN ECONOMIC HISTORY I

Edited By
TAPAN RAYCHAUDHURI



FIRMA K. L. MUKHOPADHYAY
CALCUTTA 1960

In the early years of the present century Romesh Chandra Dutt published his pioneer works on the economic history of British India. Particular studies on the evolving pattern of the Indian economy and its multiple facets have a much longer history, going back to the eighteenth or even seventeenth century. In the last two to three decades, however, there has been a qualitative change in the character of research on Indian economic history, corresponding to the new trends and techniques in the historical science. Quantitatively too there is now a greater concentration on economic history than ever before. What is more, this growing interest is by no means confined to the Indian sub-continent. The equipment needed to keep track of the developments in this field of study or even for the timely publication of the results of fresh research is still very inadequate. Some periodical publication which would meet these requirements and also assess the value of earlier works and source material is therefore a necessity. The present miscellany, the first of a series which will continue to appear under the same title,—is a modest attempt to fulfil this need. We hope this will be of interest to the students of Indian economic history and will welcome any suggestion and criticism that may help us improve our effort.

Delhi School of Economics
Delhi, December 1, 1960.

TAPAN RAYCHAUDHURI

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Errata

BANKING IN MUGHAL INDIA

Irfan M. Habib

Dr. Habib, using inter alia a large quantity of hitherto unexploited material, has attempted to prove in this paper the existence of a 'money economy' in Mughal India. He describes "a brisk market in commercial paper, a system of insurance and the rudiments of deposit banking" and concludes that despite all this India did not witness the rise of capitalism, because commerce was based on an unchanging mode of handicraft production.

"Indigenous Banking" with its venerable past is rapidly becoming obsolete under the conditions of modern industry and commerce. Yet once it was the pride of India and a historian, writing in the closing years of the 17th century, counted it among the outstanding achievements of his country.¹ The purpose of this article is to discuss the principal features of the indigenous system during the period of Mughal rule, when it existed in what may, perhaps, be regarded as its classic form. It may be added that we have concentrated our attention mainly on the Mughal Empire and certain special features found in the Deccan have either received no or only incidental notice. Chronologically, we have concerned ourselves chiefly with the 17th century and as a rule evidence of later times has not been used.

It seems to be quite a fallacy to assume, as is sometimes done, that the economy of Mughal India was based on village self-sufficiency and had little use for money. In fact, the 'cash nexus' was well established, the land revenue, which accounted for much the larger part of the peasant's surplus produce, being usually collected in cash.² The amount of money in circulation cannot be precisely estimated, but two statements made by Hawkins suggest that in the early years of Jahangir's reign it was no less than 250 million rupees.³ He quotes a belief then current

¹ Sujan Rai Bhandari, *Khulasatu-t Tawarikh*, ed. Zafar Hasan, Lahore, 1918, p. 25.

² See Moreland, *Agrarian System of Moslem India*. Allahabad reprint, pp. 11, 37-8, 83 ff., 114, &c.

³ A Mughal rupee weighed 178 grains and contained almost pure silver. Aurangzeb's rupee, however, weighed 180 grains.

that every "coyne...once in twentie yeeres it commeth into the King's power,"⁴ while elsewhere he puts the annual income of the King's treasury (i.e. of the '*Khalisa*') at about 12.5 million rupees.⁵ The plausibility of the estimate derived from these statements is confirmed by what we know of the income and expenditure of the *Khalisa* as well as the total revenues of the Empire (i.e. including the revenues assigned to the *jagirdars*) from authorities much more reliable than Hawkins. Akbar left on his death a hoard of 70 million rupees in cash, which Jahangir is said to have practically exhausted, the annual expenditure from his treasury amounting in his later years to some 15 million rupees.⁶ The income and expenditure of the *Khalisa* in the 31st year of Shah-jahan's reign amounted to 25 and 28 million respectively and in the 35th year of Aurangzeb's reign to 33 and 37 million.⁷ As for the Empire, the total assessed revenue (*jam'a*) according to the *Ain-i Akbari* (1595-6) was about 90 million rupees;⁸ but with the fall in price of silver and the acquisition of the Deccan kingdoms, the total revenue collected (*hasil*) rose to 240 million rupees near the close of the 17th century.⁹

The extent to which banking had developed in Mughal times must be judged in the context of the wide use of money, which these figures imply. The collection of land revenue in cash meant that even the villages were drawn into the orbit of money economy. We should not, therefore, be surprised when we read in Tavernier that "in India a village must be very small indeed, if it has not a money-changer, called shroff, who acts as banker to make remittances of money and issue letters of exchange".¹⁰

The word "shroff" in Anglo-Indian terminology is a corruption of the Arabic *sarraf*. It comes closest to the Indian equivalent of the English "banker". With all the 'dissolving influence' that money is said to possess, the profession of the *sarraf* has not escaped the tentacles of the Indian caste system and has been

⁴ *Early Travels in India*, ed. W. Foster, London, 1921, p. 112.

⁵ *Ibid.*, p. 99. He says "50 crores of rupias", but he must be meaning *dams* (1 *dam*=140 rupee.)

⁶ Amin Qazwini, *Padshahnama*, Br. M. Or. 173, f. 221a-b.

⁷ *Zawabit-i 'Alamgiri*, Br. M. Add. 6598, f. 187b, Or. 1641, f. 133a.

⁸ *Ain-i Akbari*, ed. Blochmann, I, p. 386.

⁹ *Zawabit-i 'Alamgiri*, Br. M. Add. 6598, f. 130b, Or. 1641, f. 4a; Bodleian Ms. Fraser 86, f. 57b; and Jagjivan Das, *Muntakhabu-t Tawarikh*, Br. M. Add. 2653, f. 51a. The *hasil* figures should be distinguished from those termed *hasil-i kamil* (the maximum revenue even realised) and *jam'a-dami* (the assessed revenue figures used for assigning *jagirs*).

¹⁰ Tavernier, *Travels in India*, tr. V. Ball, ed. W. Crooke, London, 1925, I, p. 24.

monopolised by the members of a few mercantile castes.¹¹ It is natural to assume that this monopoly existed also in Mughal times, though there is no explicit statement to this effect in any of our authorities, beyond a suggestion that the *sarrafs* at one place acted in concert and had a recognised "head".¹²

Although we lack information about the social organisation of the *sarrafs*, we are much better served with regard to their professional functions. As may be expected, these reflected, and were to a degree determined by the peculiarities of the currency system and commercial organisation of the time.

I

The primary function of the *sarraf*, in the eyes of the contemporaries, appears to have been to test money. Mughal coinage was of the highest metallic purity and the minting was 'free', i.e. it was open to any one to go to the mint and get his bullion converted into specie at a small charge.¹³ The value of the coins, therefore, closely corresponded to their weight in metal. It was accordingly essential for every one to see not only that a coin received in payment was not counterfeit but that it had not lost weight through clipping or wear. Moreover, coins were also held to depreciate in value with age.¹⁴ The *sarrafs* possessed a specialised skill for determining the alloy, weight and age of every

¹¹ L. C. Jain, *Indigenous Banking in India*, London, 1929, pp. 28 ff.

¹² Cf. the account of the conflict between Kapur Chand Bhansali, *seth* (merchant) of Ahmadabad and Madan Gopal, "the head of the *sarrafs*" over the imposition of the *anth*, or discount levied by the *sarrafs* on cash payments. (*Mirat-i Ahmadi*, ed. Nawab Ali, Baroda, I, pp. 410-11.)

¹³ On the metallic purity of Mughal coinage see S. H. Hodivala, *Historical Studies in Mughal Numismatics*, pp. 235-44. As to its being 'free' see *Ain-i Akbari*, I, pp. 16, 31-33 (cf. Hodivala, *op. cit.* 131-2), also numerous references in European records, e.g. *English Factories in India*, ed. W. Foster, 1634-36, p. 225; Tavernier, I, pp. 7-8, 20. From Abu-l Fazl's statements (*Ain*, I, 32) it appears that the total charge of mintage and seigniorage amounted to about 5.6 per cent. of the amount of silver coined. Streynsham Master in the reign of Aurangzeb also put the total charge at less than 6 per cent. (*The Diaries of Streynsham Master*, ed. R. C. Temple, London, 1911, Vol. II, p. 304.)

¹⁴ The year in which it was minted was inscribed on every coin along with the name of the mint and titles of the reigning emperor. The newly coined rupees were known as *sikka* or *hundwi*. These bore a premium over those struck in the preceding years, which were known as *chalani* or *peth*. The *chalani* rupees were naturally the coins most often used in ordinary transactions. They in turn had a higher value than the coins minted in the former reigns, termed *khazana* or *barari*. See an article by the present writer on the Currency System of the Mughal Empire, *Mediaeval India Quarterly*, Aligarh, Vol. IV, No. I (in the press).

coin. Abu-l Fazl acknowledged that the success of the minting department of the government depended on the "experience" of the *sairafi* (or *sarrafi*) "as he determines the degrees of purity of the coins".¹⁵ The services of the *sarrafi* were regarded as indispensable when any payment had to be made or received. He examined and counted the coins and bound himself to make good the loss sustained by his clients through any oversight on his part.¹⁶ His usual charge for this work is stated to have been 1/30 or 1/16 per cent. of the coins checked by him.¹⁷

Their skill in determining the alloy of the coins associated many of the *sarrafs* with the mints. Although any one could get bullion coined at the mint, nevertheless in practice this was a field reserved for the *sarrafs*. The English Company were told in a report from Surat in 1636: "Concerning the coyneing of your gold and silver into the species of this country, (it) is free for us, though not safe. We should have to do with such dangerous people in the mint that we dare not adventure; nor will the most cunning merchants of these parts on any occasion, but sell all to the sharoffes, to whom it is most proper and are in that particular content with very small profit."¹⁸ The *sarrafs* brought old coins to the mint to be reminted;¹⁹ and they also purchased bullion or 'treasure' for the same purpose. In fact, they were the main buyers of foreign silver, which is surprising since, in view of the great demand for ornaments, one would have expected the jewellers and goldsmiths to have provided an equally big market.²⁰

¹⁵ *Ain-i Akbari*, I, p. 16.

¹⁶ Elkington's notes, *Supplementary Calendar of Documents in the India Office*, by W. Foster, London, 1928, p. 46; J. van Twist, 'A General Description of India', tr. by Moreland, *Journal of Indian History* XVI, p. 73; *English Factories*, 1634-36, p. 169; Tavernier, I, p. 25.

¹⁷ See Elkington's notes & Tavernier, *op. cit.* In Golkunda, however, the *sarrafs* used to charge ½ per cent. (Tavernier, II, p. 71). This was probably because they had to deal with the 'old pagodas' (*huns*, gold coins), which though minted in previous reigns and, therefore, considerably worn down, were made legal tender by the Qutbshahi Government. Tavernier adds that the merchants there used to have money counted and put in sealed bags by the *sarrafs* and then payment could simply be made by transferring these bags without recourse to counting or testing the coins again. (*Ibid.*)

¹⁸ *English Factories*, 1634-36, p. 225.

¹⁹ Cf. *Mirat-i Ahmadi*, I, pp. 327-8.

²⁰ Numerous references to the sale of imported treasure to the *sarrafs* lie scattered in the English records, e.g. *English Factories*, 1634-36, p. 68; 1642-45, p. 209; 1646-50, pp. 6, 83, 185, 187, 243, 249; 1651-54, p. 31; 1655-60, p. 244; *Diaries of Streynsham Master*, II, pp. 303-4. J. van Twist (*JIH*, XVI, pp. 72-3) says that "all gold and silver, whether coined or uncoined and imported from other countries is struck into coin", adding that "many banyans do their business in this... buying silver and gold when

The newly coined money which the *sarrafs* obtained from the mint, they introduced into circulation through their transactions as money-changers. For money-changing, as indicated by Tavernier, was one of their principal functions. In the Deccan, where a large number of different coins were issued by various local governments, the *sarrafs* controlled the 'exchange' between the various currencies. The Mughals, however, issued a uniform currency throughout their Empire and so apart from certain exceptions such as at Surat, where a local silver coin, the *mahmudi* was also current, an ordinary *sarraf* in Northern India had only to deal in the imperial currency. Still his work could not have been light since the Mughal currency was tri-metallic and the need often arose of changing the coins of one metal into those of another, i.e. gold *muhrs* into rupees and rupees into *dams*. The values of these coins in terms of each other fluctuated constantly in accordance with the changes in bullion prices.²¹ But since the rupee was the coin normally employed in commercial transactions, the *sarrafs* were probably most often called upon to change old rupees or those which had fallen below the standard weight into the newly coined or current rupees.

The relative values of the various coins were basically determined by the current prices of their weights in bullion. But they also fluctuated owing to the scarcity or surfeit, as might be, of the coins at a particular moment.²² On the other hand, the dis-

they are cheapest on the arrival of the Dutch or English ships from Europe and the Moslem ships from Aden and Persia, and then raising the rate when the coin is wanted for up-country." An English agent at Rajpur in Bijapur wrote to the Surat factors in 1659 that no "sylvr" should be sent "downe the coast" because "the lesse will be given for it; for what can you imagine any shroffe would doe with barre sylver, which will neyther buy anythinge or sell here to any body but shroffes, who sends it to Suratt againe," to be minted. (*English Factories*, 1655-60, p. 244). Apparently, no one would buy it there for the sake of ornaments. And yet European travellers are unanimous about the Indian love of gold and silver ornaments. See specially Bernier, *Travels in the Mogul Empire*, tr. Constable, ed. V. A. Smith, Oxford, 1914, pp. 223-4. However, the case with gold seems to have been different from that with silver. Foreign gold coins were also sold "to goldsmiths, to the gold-drawers and in general to all those who employ gold in their work. For if they can dispose of them without making into rupees, they do not coin them: this (i.e. coin gold) they seldom do," &c. (Tavernier, I, p. 15).

²¹ See the present writer's article on the Mughal Currency System in *Mediaeval India Quarterly*, IV, No. 1 (in the press). Cf. also Moreland, *From Akbar to Aurangzeb*, pp. 183-85 and Hodivala, *Mughal Numismatics*, pp. 245-52.

²² The *mahmudi*, which was current at Surat, being coined by the rajas of Baglana and Navanagar, was usually worth 4/9 of a rupee. The great Gujarat famine of 1630-32 brought about a great depreciation in its value

counts on old coins, independent of the loss in their weight, seem to have been fixed largely by convention. To a great extent the rates of these discounts and the allowances made for loss in weight were also affected by the regulations made by the administration for accepting different types of coins offered in payment of revenue²³ Todar Mal's regulations drawn up in the 27th year of Akbar's reign allowed discounts for deficiency in weight, but decreed that all rupees were to be accepted at par, regardless of age, by "the revenue-collectors and the sarrafs".²⁴ Yet the latter regulation was apparently difficult to enforce because it was still found in the 39th year that "the revenue-collectors of the *Khalisa* and *tiyuldars* (*jagirdars*) and the *sarrafs* were demanding the pure *sikka* (newly minted coin) and levying a discount (*sarf*) on (other) coins of correct assay and full weight." This practice was now again forbidden.²⁵ But although Monserrate would have us believe that Akbar went to the extent of banning all money-changers and monopolising their trade for the royal treasury,²⁶ it is doubtful if he was fully successful even in regulating the discounts imposed by the *sarrafs*. In any case during Jahangir's reign the old coins were subjected to depreciation in

relative to the rupee owing to the fact that the banjaras or grain-carriers coming from Northern India wanted the latter coin while it was also required by the Surat merchants purchasing grain at Burhanpur. The result was that *batta* or discount of $13\frac{1}{2}$ per cent. was charged when converting the *mahmudis* into rupees at the old established rate. (*English Factories*, 1634-36, pp. 224-5). But with the passing of the famine, the position of the *mahmudi* improved and the *batta* gradually fell till it disappeared altogether by 1634. (*Ibid*, 1634-36, pp. 68-9).

²³ How far a mediaeval government could control the currency through its rules for accepting money in payment of revenue may be illustrated by the way in which the value of the old *pagodas* or *huns* was deliberately enhanced in Golkunda during the last years of the kingdom. The king declared that he would accept payment of revenue only in the *pagodas* minted by his predecessors. Since the number of such coins was limited, their value rose far above their worth in bullion and every year the royal treasury made a great profit from the ever increasing premium placed upon them. Cf. *English Factories*, 1665-67, pp. 327-39; Moreland, *Relations of Golconda*, pp. 92-3.

²⁴ *Akbarnama*, Bib. Ind. ed., III, p. 383; "The revenue collectors and *sarrafs* should not (the negative is omitted in the Bib. Ind. text, but occurs in Br. M. Add. 26, 207, an early 17th century Ms.) levy discounts by distinguishing between old and new coins."

²⁵ *Akbarnama*, III, p. 651. The word '*sarf*' is omitted in the printed text, although, as noted by the editor himself, it is found in the MSS. Cf. also *Ain-i Akbari*, I, p. 29.

²⁶ *Commentary*, tr. Hoyland, annotated by S. N. Banerjee, Cuttack, 1922, p. 207. It is difficult to accept what Monserrate says here, for there is nothing to support and much to contradict it in other authorities. At best it may be supposed that this is a confused account of some strict measures taken to establish some control over the *sarrafs'* activities.

the markets²⁷ while in the two succeeding reigns we find the administration also levying discounts on the same basis.²⁸ The rates followed by the administration probably did not always coincide with those current in the market, but if speculation by the treasury officials was to be prevented, the margin of difference could not have been very large.²⁹

Finally, the *sarrafs* themselves by acting in concert could manipulate the "exchange" to a considerable degree. In 1692-3 and again in 1697 it was reported to the Court that the *sarrafs* of Ahmadabad were purposely keeping old *chalani* rupees, which had lost weight through wear, in circulation so that they might levy heavy discounts upon them when receiving them in payment. On both occasions the officials were ordered to take pledges (*machalka*) from the *sarrafs* that they would bring to the mint all coins which had fallen more than 3 *ratīs* below the standard weight and refrain from re-introducing such coins into circulation.³⁰ Nevertheless in 1701-2 it was found that the Ahmadabad *sarrafs* were placing an exorbitantly high premium upon the newly coined rupees and an order had to be issued to the officials to see to it that the *sarrafs* took no more than the authorised charge.³¹

It may be noted incidentally that it was the *sarrafs* of the same city, who from being money-changers once went so far as to issue a token currency of their own. In 1665-6, when a great scarcity of copper drove the copper *dams* out of circulation, they began to circulate iron pieces which they sold at "high rates", un-

²⁷ *Letters Received by the East India Company, from its Servants in the East*, III, ed. Foster, p. 87; Pelsaert, tr. Moreland and Geyl, *Jahangir's India*, p. 29.

²⁸ See *Selected Documents of Shah Jahan's Reign*, ed. Y. H. Khan, p. 70; *Zawabit-i 'Alamgiri*, Br. M. Add. 6598, f. 147a, Or. 1641, f. 37a. also *Mirat-i Ahmadi*, I, p. 308.

²⁹ We have record of a complaint made in the reign of Aurangzeb that the *batta* charged on the Shahjahani rupee in the markets of Haibatpur and Firuzpur (Multan province) was much below the official rate or *dastur*. The revenue officials therefore realised the revenue in Shahjahani rupees and then changed them in the market for the 'Alamgiri rupees, of which they thus got a larger number than they were obliged to hold according to the official rate. (*Nigarnama-i Munshi*, f. 99b).

³⁰ *Mirat-i Ahmadi*, I, pp. 327, 337. The term *chalani*, as explained in a previous note, was applied to a rupee minted more than one or two years earlier.

³¹ *Akhbarat* of Prince A'zam's camp in Gujarat in the Library of Royal Asiatic Society, London, Morley 33, f. 47[77]. The *sarrafs* were taking 15 annas per Rs. 100 as *sarf* and another 7 or 8 annas as "*Baqar-khani*", a charge unheard of before. They were ordered to reduce the discount to 5 annas per 100 Rs.

til the government itself was compelled to mint copper dams of lesser weight.³²

II

The functions of the *sarrafs*, which we have been discussing so far, were intimately connected with the peculiarities of the coinage of the time and have naturally disappeared with the rise of the modern currency system. The 'shroff' of today is not at all associated with foreign exchange, the real counterpart of mediæval money-changing.³³ But besides testing and changing money the *sarraf* of the 17th century also issued and discounted *hundis*, those ancient "indigenous bills of exchange", which still survive and are held to belong to the proper sphere of the modern 'shroff'.

The *hundi* or *hundwi* has certain features which distinguish it sharply from an ordinary bill of exchange. A recent writer has defined it as "a written order—usually unconditional—made by one person on another for the payment, on demand or after a specified time, of a certain sum of money to a person named therein."³⁴ This definition would seem to be equally applicable to the *hundis* of Mughal times. But whereas the *hundi* now usually serves as an instrument for raising short term credit repayable at another place, in the earlier period it was also employed to transmit money from one place to another. In the latter role it performed functions which in our day devolve upon postal and money orders, cheques and bank drafts, etc.

It is perhaps to be expected that it would be this aspect of the *hundi* system which should be most readily noticed by ordinary observers. Abu-l Fazl and Sujan Rai speak as if the sole purpose of the *hundi* was to allow one to send money to any place one liked. If a person wished, we are told, to despatch money without incurring "the risks of the way and the cost of transit", he went to a *sarraf*³⁵ and deposited his money with him. In return he received a *hundi* addressed to the agent or correspondent of the *sarraf* at the other place. This *hundi* was an order for payment for the amount deposited and though it bore no seal nor

³² *Mirat-i Ahmadi*, I, p. 265. Cf. Hodivala, *JASB*, New Series, XXVIII, pp. 62-67.

³³ L. C. Jain, *Indigenous Banking in India*, p. 53.

³⁴ *Ibid.*, pp. 71-73.

³⁵ Thus Sujan Rai. Abu-l Fazl, who is fond of avoiding common terms, says '*khwasta-dar*', a man of wealth or money.

signatures of witnesses, it was always honoured and the payment punctually made by the drawees.³⁶

The English factors in India usually remitted money from one 'factory' to another through the instrumentality of the *sarrafs' hundis*. From their records a large amount of additional information can be obtained. We learn, for example, that the drawees always made the payment in the *sikka* or newly coined rupees, which were for that reason also known as "*hundwi*" rupees.³⁷ Four days of grace were always allowed to the drawees, whether the payment was to be made on sight or after a fixed period.³⁸

Some idea of the charges taken by the *sarrafs* for issuing these *hundis* can also be gained from scattered references in the English records. But care has to be taken to distinguish between the rates quoted for the *sarrafs' hundis* and the rates of discount on bills drawn by the English themselves, for both of which the English indiscriminately employed the word "exchange". Moreover the rates are often expressed in the form of ratios between the amount received by the *sarrafs* at the one end and that repaid at the other, so that it becomes impossible to separate the charges made by the *sarrafs* for their service from the difference in the value of coins used.³⁹ Taking only such statements as are unobscured by these complications, we find that the charges for remitting money between various places through *hundis*, payable, presumably, at sight, were as follows: From Dehli to Agra, one per cent. (1651);⁴⁰ from Burhanpur to Ahmadabad, 2½ per cent. (1616);⁴¹ from Thatta (Sind) to Ahmadabad, 1 per

³⁶ *Akbarnama*, III, p. 762; *Khulasatut Tawarikh*, p. 25. Cf. also *Mirat-i Ahmadi*, I, p. 411.

³⁷ Foster, *Supplementary Calendar of Documents*, pp. 64-66, 71; *English Factories*, 1650-51, pp. 80, 81. For the term 'hundwi rupee' see *Supplementary Calendar of Documents*, p. 48 and Fryer, *A New Account of East India and Persia*, &c., ed. W. Crooke, II, p. 125; also the Letters of Balkrishan Brahman, Br. M. Add. 16, 859, f. 27a.

³⁸ *Supplementary Calendar of Documents*, p. 78. The *sarrafs* would not naturally consent to pay in advance of the due date (*English Factories*, 1618-21, p. 299.)

³⁹ For instance, the rates of *hundis* drawn at Surat are often quoted as so many Rupees per 100 *mahmudis* (in which payment was made at Surat). To work out the *sarrafs'* charges from this one must know the precise market value of the rupee in terms of *mahmudis* at that particular time. In other cases the rate is given as so many *sikka* rupees per 100 *chalani* rupees and 100 *chalani* rupees and then one must discover what was the premium borne by the *sikka* at that time over the *chalani*.

⁴⁰ *Factories*, 1651-54, p. 8.

⁴¹ *Supplementary Calendar of Documents*, p. 64.

cent. but with payment due after 61 days (1635);⁴² from Ahmadabad to Cambay, $\frac{7}{10}$ per cent. (1621);⁴³ and from Surat to Baroda, $\frac{7}{8}$ per cent. (1636).⁴⁴ On *hundis* drawn at Ahmadabad on Agra the charge seems to have been about or a little above $2\frac{1}{2}$ per cent. (1619)⁴⁵

These charges were by no means fixed. The rate of payment on *hundis* drawn at Surat upon Ahmadabad rose within the last seven months of the year 1616, from 42½ Rupees to 45½ Rupees per 100 *mahmudis*.⁴⁶ Such fluctuations were probably caused by the over-all balance of payments between the two places. Thus when in 1621, the *sarrafs* of Patna were suddenly called upon to transfer Rs. 300,000 to Agra, there was a sudden fall in the charge ("exchange") on payments from Agra to Patna.⁴⁷

Whether the cost of remitting money through *sarrafs'* *hundis* was moderate or not can be judged only by comparison with the cost of transfer of money over similar distances in other parts of the contemporary world. That the English factors, even when writing to their masters in London, who would be familiar with the "exchange" charges in Europe, should never suggest that the rates in the Mughal Empire were high or exorbitant is certainly significant. It is interesting to reflect as to whether the administrative unity and law and order established by the Mughals had not a little to do with keeping these rates down. One can, perhaps, compare the rates quoted for places within the Mughal territories with the charge of 9 or 10 per cent. on payments from Surat to Masulipattam in the kingdom of Golkunda.⁴⁸

By the very fact that the Mughal government had to function over a whole sub-continent, the need often arose for individual officials as well as the imperial administration to transfer large amounts of money from one part to another. From the

⁴² *English Factories*, 1634-36, p. 131.

⁴³ *English Factories*, 1618-21, p. 329. The rate given works out at half a rupee plus 16 'pice' per cent. 80 'pice' went to the rupee in the English accounts.

⁴⁴ *English Factories*, 1634-36, p. 154.

⁴⁵ See *English Factories*, 1618-21, p. 146, where it is stated that the "exchange" from Surat to Ahmadabad was usually $2\frac{1}{2}$ per cent. more than that from Surat to Agra. Here "exchange" signifies the amount of payment made at destination, so that if for the same amount deposited at Surat, Rs. 100 were paid at Agra, Rs. 102½ would be paid at Ahmadabad.

⁴⁶ *Supplementary Calendar of Documents*, pp. 64, 76, 112.

⁴⁷ *English Factories*, 1618-21, p. 236.

⁴⁸ *English Factories*, 1646-50, p. 17.

references to such remittances that are found in our authorities, it is possible to conceive that the total amount which the *sarrafs* transferred for their official clients rivalled, if it did not exceed, the money remitted for purposes of trade.

Thus we read casually that Muqarrab Khan, the governor of Bihar, on being transferred from the province in 1621, delivered Rs. 3 lacs to the *sarrafs* of Patna to be repaid to him at Agra.⁴⁹ A complaint preferred by an officer to the court of Aurangzeb concerned a hundi of Rs. 12,000 sent to Burhanpur by the revenue-collectors of his *jagirs*, lying presumably in Northern India.⁵⁰ In the 40th year of the same reign a Ghakkar *zamindar* sent his *peshkash* or tribute of Rs. 50,000 by *hundi* to the Court.⁵¹ The imperial government arranged for large remittances through the same means. Akbar once sent Rs. 3 lacs to his army in the Dakhin through *hundis*.⁵² Aurangzeb's officials at Golkunda on receiving an instalment of the annual tribute of the Qutb Shah, paid the amount, which exceeded one and a quarter lacs, to the local *sarrafs* and sent their *hundis* to the treasury at Aurangabad, whose officials were asked to collect the money from the *sarrafs* there.⁵³ An order issued by Aurangzeb later in his reign concerned the despatch to the Court of the amount of 80 or 90 lacs of rupees which had accumulated in the treasuries of Bihar and Bengal. The transfer of such a large amount through *hundis* was not judged impossible but was thought to entail delay and so it was ordered to be physically transported to the court. But for the future all surplus balances in the treasuries were to be forwarded at least partly through *hundis*.⁵⁴

As has been said above, the *hundi* is now usually drawn not to facilitate remittances of money but to obtain short term credit. In the 17th century it was made to serve both ends, but the difference was that while in the first case it was drawn by a *sarraf*, in the second the drawee was most often a merchant. As Tavernier says, "When it happens that the merchant finds himself short of money in these places (inland) and has need of some to enable

⁴⁹ *English Factories*, 1618-21, p. 236.

⁵⁰ *Akhbarat*, *op. cit.*, f. 47|22.

⁵¹ *Ibid*, f. 40|31.

⁵² *Akbarnama*, III, p. 762. Akbar ordered the moment to be distributed among his nobles who were asked to arrange the remittance by *hundis*.

⁵³ *Selected Waqa'i of the Deccan* (1660-71), ed. Yusuf Husain, Hyderabad, 1953, Persian Text, p. 17.

⁵⁴ Inayatullah Khan, *Ahkam-i 'Alamgiri*, India Office Ms., I.O. 3887, f. 109a.

him to pay for the goods which he has bought, he (draws a bill and) must meet it at Surat, when the bill is due, which is at two months and by paying a high rate of exchange."⁵⁵

These bills or *hundis* were usually purchased by the *sarrafs* at a discount either from the drawers or the holders.⁵⁶ So that whereas in *hundis* drawn to remit money, the *sarrafs* made a charge as drawers, they obtained their gain here as payees. Although in both instances their charges were designated "exchange" in European sources, they were really quite different in nature from each other.

To Tavernier we owe a list of the rates of discount on various bills drawn at various inland towns upon Surat. "At Lahore on Surat, the exchange goes up to 6½%; at Agra 4½ to 5; at Ahmadabad from 1 to 1½; at Sironj to 3; at Burhanpur from 2½ to 3; at Dacca to 10; at Patna from 7 to 8; at Banares to 6".⁵⁷ In 1645 the discount on bills drawn at Agra on Surat was quoted at 4½ per cent. in the English records,⁵⁸ a fact which goes to confirm the general accuracy of Tavernier's list.

In studying Tavernier's rates it should be borne in mind that they were probably charged on bills drawn by merchants of some standing, for the discount seems to have varied with the credit of the drawee. This is shown, for example, by the report from the English factors at Agra in 1655 that "some pay hence to Surratt (to the "sherooffs") 11 and 9 per cent.; the Dutch 5½ and for some. . . 6½," the credit of the Dutch being very high.⁵⁹

Besides the allowance to cover the risk of non-payment, the discount also covered certain other charges. To begin with, it might be expected to include the charge for reverse remittance, i.e. for remittance from the place on which it was drawn to the one where it was discounted. Thus if there was a fall in the charge of remittance from place A to place B, it would bring down the discount on bills drawn at B upon A. This was what happened in 1621: a sudden fall in the charges on payments from

⁵⁵ Tavernier, I, p. 30. Cf. also *Supplementary Calendar of Documents* p. 112.

⁵⁶ See Mundy, *Travels of Peter Mundy in Europe and Asia*, II, ed. R.C. Temple, p. 290; *English Factories*, 1655-60, pp. 18-19.

⁵⁷ Tavernier, I, p. 30. He adds that "at these three last places letters of exchange are only given on Agra, and at Agra those on Surat, the whole amounting to the sum just stated."

⁵⁸ *English Factories* 1642-45, p. 302.

⁵⁹ *English Factories*, 1655-60, pp. 18-19.

Agra to Patna was accompanied by a very low rate of discount— $1\frac{1}{2}$ per cent.—charged on the English factors' bills drawn at Patna on Agra.⁶⁰

Secondly, the discount covered the interest on the amount of the *hundi* for the period allowed for repayment, which, as Tavernier tells us, was usually set at two months.⁶¹ When the period was shorter the discount was also reduced and we have even an instance where it was found cheaper to draw a short-dated bill rather than obtain money through remittance.⁶²

Finally, the discount also included the charges of insurance on goods against which the *hundi* was drawn. "It is not to be wondered at", says Tavernier, "that the exchange is so high for those who lend money must accept on their part the risk that if the goods are stolen the money is lost to them."⁶³ When the English factors at Ahmadabad once discounted bills on Thatta, they made a 'profit' of 2 per cent., but had had to pay $\frac{1}{2}$ per cent. for insurance.⁶⁴ From this one should judge that the *hundis* drawn generally by the merchants were of the type now known as *jokhami hundi*, which 'contains certain conditions, in accordance with which if the goods are lost or destroyed in transit, the drawer or the holder of the *hundi*, who buys it with full knowledge of the risk, 'has to suffer the loss'.⁶⁵

Whatever the purpose for which the *hundi* was drawn—to transmit money or to obtain credit—it had one thing in common with the modern bill of exchange in that it was transferable: it could be bought and sold and might pass through a number of hands before being presented to the drawee.⁶⁶ A peculiarity of the *hundi*, however, is the system of endorsements, whereby each seller of the *hundi* undertakes to pay the principal to the next purchaser in case the drawee refused to honour it.⁶⁷ That this custom was well established in Mughal times appears from references to a dispute between some Indian merchants and an Englishman,

⁶⁰ *Ibid*, 1618-21, p. 236. But the bill was due for payment at Agra after 40 days, instead of the usual 60.

⁶¹ Tavernier, I, p. 30. Cf. Moreland, *India at the Death of Akbar*, 248n.

⁶² The English factors at Cambay took Rs. 500 from a merchant there to be repaid at Ahmadabad "at $2\frac{1}{2}$ double dayes after sight": the cost was 8 'pice' per Rs. 100 less "the exchange from Amadavads to Cambaya." (*English Factories*, 1618121, p. 329.)

⁶³ Tavernier, I, p. 31.

⁶⁴ *English Factories*, 1646-50, p. 103.

⁶⁵ L. C. Jain, *Indigenous Banking in India*, p. 78.

⁶⁶ *Khulasatut Tawarikh*, p. 25; *Mirat-i Ahmadi*, I, p. 411.

⁶⁷ L. C. Jain, *op. cit.*, pp. 81-82.

who had sold them certain "bills of debt owing by" Shah Shuja'. The defeat and flight of that prince meant that the bills could not be honoured and the merchants claimed recompense from the English. The English agent in Bengal acknowledged that the "custome of this countrey" was "different... from all others" and "the law of these nations is in such a case that if a merchant cannot recover in what is due on such bills, that he shall return them to the person of whome he bought them and receive his money again without interest."⁶⁸

The market for *hundis* had developed to a considerable extent and an author writing about the middle of the 18th century says that payments were often made with commercial paper so that cash was but rarely required to meet a bill upon maturity. "For instance", we are told, "if a person in the port of Surat pays a certain sum to a *sarraf* there and brings a *hundwi*, known in Persian as *safta*, drawn on a partner or agent of the latter at Ahmadabad, he may, if he wishes, collect cash... Or if there is a person who has a claim against the holder of the *hundi* for a similar sum, the holder gives it to him and so frees himself from his obligation; in the same manner, the other person passes it on to someone else till, by and by, it reaches the hands of a person who owes something to the drawee (*sahib-i hundwi*) and by surrendering it to him is relieved of his debt. And so through all this cash is not used."⁶⁹ In fact, according to the same writer, the *sarrafs* wished to avoid paying cash as far as possible and at Ahmadabad they made a deduction called *anth* whenever they were called upon to make cash payment on a *hundi*. This deduction is, however, not mentioned in the English commercial records of the preceding century and it is possible that it arose during the period of administrative decay when coins might not have been minted in accordance with needs, thus creating what our author calls a "scarcity of cash".⁷⁰

⁶⁸ *English Factories*, 1668-69, p. 177.

⁶⁹ *Mirat-i Ahmadi*, I, p. 411.

⁷⁰ *Mirat-i Ahmadi*, I, pp. 410-11. We are told that the *anth* had risen to 20 per cent in 1715, but *bist* (20) in the Persian text might well be a mistake for *hasht* or 8. According to Wilson "*Ant*" in Gujarat "implies a fictitious currency or book credit, in which bills of exchange and dealings in articles of trade may be paid at the option of the holder.... The difference on cashing a bill in *Ant* is termed *Ankara*, discount." (H. H. Wilson, *A Glossary of Judicial and Revenue Terms, &c. of British India*, London, 1855, p. 28.)

III

It may be treated as a proof of the development of Indian commerce in the 17th century that there existed a tolerably well organised system of insurance (*bima*). It was regarded as part of the preserve of the *sarrafs* who usually undertook the functions of insurers.⁷¹

Insurance seems generally to have been undertaken in respect of goods in transit and of ships. There is no evidence that houses were insured and there was, of course, no life insurance. The insurance of goods on transit seems to have been of two types. Under one arrangement, the insurers took custody of the goods and arranged for their conveyance themselves. As Sujan Rai tells us, "if merchants from dangers on the routes entrust their goods and merchandise and other property and baggage to them (the *sarrafs*), the latter, taking their recompense, convey the goods to the appointed place and hand them over to the owners. In the language of these people it is called *bima*."⁷² In the English records also there is a reference to this kind of insurance. In 1662 the factors at Surat unable to make their own arrangements for purchasing goods at Agra and bringing them down in time for their ships, "consulted with several sherroffes for the provision of said goods on bemah or ensurance."⁷³

Then there was insurance in the proper sense of the word, i.e. without any obligation on the part of the insurers to take custody of the goods insured. The charges for insurance of this kind are quoted here and there in the English records and from these references the following table has been compiled:

These charges are more moderate than one would have expected considering the times. They indicate that the use of insurance was so widespread as to considerably lessen the insurers' risk on each individual transaction. There is no reason to believe that these charges were low because the insurers did not command general confidence. Thus there appears to have been only one case where the English failed to collect their insurance

⁷¹ *Khulasatut Tawarikh*, p. 25. When the English ship *Supply* was seized by the Dutch and its insured cargo confiscated, the insurance money was claimed from the "shroffs". (*English Factories*, 1655-60, pp. 62, 71. Cf. also *ibid*, 1661-64, p. 86.)

⁷² *Khulasatut Tawarikh*, p. 25.

⁷³ *English Factories*, 1661-64, p. 86. This arrangement was regarded as rather "dishonourable to our employers (the Company) and something unprofitable, yet certaine."

INSURANCE CHARGES ON GOODS ON TRANSIT

A. BY LAND

Year	Goods insured	Route	Charges in terms of percentage of value of insurance	Reference
1646	Treasure	Daman to Surat	1 per cent.	<i>English Factories</i> 1646-50, p. 88.
1647	Goods against which a <i>hundi</i> was drawn	Ahmadabad to Thatta	$\frac{1}{2}$ per cent.	<i>Ibid</i> , 1646-50, p. 102.
1655	Cochineal	Surat to Agra	2 $\frac{1}{2}$ per cent.	<i>Ibid</i> , 1655-60, p. 15.
1655	Cash	Masulipattam to Surat	1 per cent.	<i>Ibid</i> , 1655-60, p. 42.

B. BY SEA

Year	Cargo	Voyage	Charges in terms of percentage of value of goods insured	Reference
1622	"Goods"	Cambay to Swally (Surat)	2 or 2 $\frac{1}{2}$ per cent	<i>English Factories</i> , 1622-3 p. 101.
1649	Sugar	Surat to Gambroon (Persia)	2 $\frac{1}{2}$ per cent.	<i>Ibid</i> , 1646-50, p. 259.
1665	Cash	Surat to Calicut	4 $\frac{1}{2}$ per cent.	<i>Ibid</i> , 1665-67, p. 100.

money. Their ship with the insured cargo on board had been seized by the Dutch and the *sarrafs* refused to pay the insured value. It must, however, be remembered that the *sarrafs'* viewpoint was not unreasonable, since the Dutch and the English were at peace when the vessel had left port and the English themselves had surrendered the ship almost without resistance.⁷⁴ It is, per-

⁷⁴ These were Mir Jumla's reasons for supporting the stand of the insurers (*English Factories*, 1655-60, p. 71). The English ship *Supply* was captured by the Dutch in the Persian Gulf (*Ibid*, 1651-54, p. 175). Its cargo had been insured at Surat for Rs. 7,500. A committee of four 'Banyans' decided that the *sarrafs* should pay the amount and the Dutch be obliged to recompense them. But the Governor of Surat overruled this and upheld the decision of the *sarrafs*. (*Ibid*, 1651-54, p. 224).

haps, a proof of the anxiety of the *sarrafs* to retain their credit that one should hear of a fraud which has not infrequently been practised in modern marine insurance. The English factors at Surat referring to the burning of an Indian ship at the secret orders of its owner commented that this was said to be "his common practice, buying old vessails and letting them out for lesse, he orders their casting away, making his gains here at home (i.e. at Surat) by the insurers".⁷⁵

IV

The dual function of accepting deposits and lending money is regarded as the essence of the modern system of banking. It is true that in the indigenous Banking of today it is not of much account.⁷⁶ But even a *sarraf* who drew a *hundi* to facilitate remittance might be said to have accepted a deposit, and similarly when he discounted a *hundi*, he really lent money. From this it should have been but one step further to engage in deposit banking pure and simple.

There is no doubt that some kind of deposit banking did exist in Mughal India. There were at least some *sarrafs* who took deposits and advanced loans—and failed when these loans could not be recalled. This is best brought out in a very interesting passage from a report of the English factors at Agra. "Those that are greate monied men here in the towne and live onely uppon interest, receive from the sherroffs noe more than $\frac{5}{8}$ per cent. per moneth. The sherroffs they dispose of itt to others (at) from 1 to 2 $\frac{1}{2}$ per cent., running some hazzard for the same, and that is their gaines. Now when a sherroff (for lucre) hath disposed of great sommes to persons of qualletie att greate rates, not suddenly to bee call'd in to serve his occasions, then beginn his creditours (as in other pares of the world) like sheepe one to runn over the neck of another, and quite stifflie his reputacion. Thus . . . hath two famous sherroffs bynn served within a moneth, one of which faileing for above three lack of rupees, diverse men have lost great somes and others totally undone therby; which hath caused men of late to bee very timerous of putting their monies into sherroffs hands."⁷⁷

⁷⁵ *English Factories*, 1665-67, p. 202.

⁷⁶ L. C. Jain, *Indigenous Banking*, p. 42.

⁷⁷ *English Factories*, 1642-45, p. 303.

Notwithstanding "bank failures" of this type, it seems to have been quite a common practice to entrust money to the *sarrafs* for safe-keeping and interest. Sujan Rai gives it as an instance of "the honesty of the people of this country" that "even when a stranger and unfamiliar person deposits hundreds of thousands in cash, for safe-keeping, with the *sarrafs* in the absence of any witnesses, those righteous ones repay it on demand without any evasion or delay."⁷⁸ The English in the beginning appear to have entrusted all cash received by them to the *sarrafs*, though the practice was later on abandoned⁷⁹. Even government officials could not resist the temptation of depositing the revenue collections not in the treasury but with the *sarrafs* at interest and thus earning a profit for themselves.⁸⁰

It may be noticed that Sujan Rai does not refer to interest. Does it mean that no interest was paid on deposits which were repayable "on demand"? But even interest-bearing deposits seem to have been put with the *sarrafs* for short terms only. The Agra factors have quoted the rates of interest per month, not per annum; and the rush of creditors, "like sheepe" upon a *sarraf* whose reputation had been shaken, would have been possible only if their claims became due at the same time.

The *sarrafs* employed the money received in deposits in lending at higher rates of interest, the difference between the two rates being "their gaines". The *sarrafs*, however, enjoyed no caste-monopoly over money-lending, which was carried on by various classes of persons in different forms.⁸¹ Merchants advanced loans to cultivators and artisans to be repaid in the form of produce or manufactured material.⁸² Village headmen, as well as the

⁷⁸ *Khulasatut Tawarikh*, p. 25. Not all bankers could have claimed such unimpeachable honesty. See the account of a dispute arising from the complaint of a *baqqal* (grain-merchant), who had deposited Rs. 1,000 with some *mahajans* (bankers, money-lenders) of Jodhpur, who because he had "no proof or document" denied it and refused to pay, although it was commonly acknowledged that his claim was true (*Waq'a'i* of the *suba* of Ajmir, &c.: Transcript of Asafiya Library (Hyderabad) Ms. in the Research Library, Dept. of History, Aligarh Muslim University, Nos. 15 & 16, pp. 29-30 (Rajab, 21st regnal year of Aurangzeb.)

⁷⁹ *English Factories*, 1634-36, p. 169; also p. 236.

⁸⁰ *Waq'a'i* of *suba* of Ajmir, &c., p. 27 (Rajab, 21st regnal year of Aurnagzeb).

⁸¹ Cf. L. C. Jain, *Indigenous Banking*, p. 28.

⁸² For advances given to indigo cultivators see *Letters Received by the East India Company from its Servants in the East*, Vol. II (ed. Foster), p. 208; *English Factories*, 1625-29, p. 208; Pelsaert, *Jahangir's India*, tr. Moreland & Geyl, p. 16. For loans to cotton-spinners, *English Factories*, 1661-65, p. 112.

administration, gave *taqavi* (modern 'taccavi') loans to peasants to enable them to engage in cultivation.⁸³ Usurious money-lending appears to have been carried on in the countryside by grain-merchants in the Panjab⁸⁴ and *sanyasis* or mendicants in Bengal.⁸⁵ Finally, there were the professional money-lenders, known as *mahajans* and *sahukars*, who must have commanded considerable resources of money.⁸⁶

The term *mahajan* was also applied to the bankers or money-changers;⁸⁷ and the *sarrafs* and the professional money-lenders must often have belonged to the same castes. But it seems that the *sarrafs*, concentrated chiefly on commercial credit. They must have employed a large part of the deposits lying with them to discount bills. In 1655 the English found that they could not raise a sum of Rs. 5000 at Agra because "the sheroffs (were) findeing more profit by exchange."⁸⁸ But such a situation could only have been a temporary one. The *sarrafs* also gave loans to merchants in the ordinary course and the English often borrowed from them,⁸⁹ usually, it seems, at the rate of 1 per cent. per month.⁹⁰ According to the Agra factors the rates charged by the *sarrafs* ranged from 1 to 2½ per cent. per month, but the "greate rates" were charged on loans advanced to "persons of qualletie" who were not apparently punctual in their payments.⁹¹ As these rates show the loans advanced by the *sarrafs* were usually for short terms and there is on record no instance of their making any investment on a long term basis.

From the information brought together in our survey we have seen that Mughal India had developed 'money economy' to

⁸³ For *taqavi* loans advanced personally by the headmen see *Durr-ul 'Ulum*, Bodleian Ms. : Walker 104, ff. 43a, 55a-b. Even when the administration advanced *taqavi* loans, the advances were distributed among the cultivators through the agency of the headmen. (*Abad-i 'Alamgiri*, Br. M. Or. 177, f. 123b; Khafi Khan, *Muntakhab-ul Lubab*, Bib. Ind. ed., I, p. 733n.)

⁸⁴ Jauhar, *Tazkirat-al Waqi'at* Br. M. Add. 16,711, f. 132a-b.

⁸⁵ *Risala-i Zara'at* by an anonymous author, c. 1750, Edinburgh University Library, Ms. No. 144, ff. 10b-11a.

⁸⁶ In his 46th regnal year Aurangzeb sought to raise Rs. 5 lacs free of interest from the *sahukars* of the imperial camp *Akhbarat*, f. 46/50. In the *Waqai* of the *suba* of Ajmir, Jumada I, 23rd regnal year of Aurangzeb we read of a complaint that certain *zamindars* in league with a *qazi* had seized in cash and kind Rs. 20,000 from the *mahajans* of a village in the Panjab.

⁸⁷ Cf. Hidayatullah, Bihari, *Hidayat-al Qawa'id*, I.O. Ms. I.O. 3996 A, f. 14.

⁸⁸ *English Factories*, 1655-60, pp. 18-19.

⁸⁹ *Ibid*, 1634-36, p. 58; 1668-69, p. 193, &c.

⁹⁰ *Ibid*, 1622-23, p. 178 (Surat); 1642-45, p. 303 (Agra); 1646-50, p. 316 (Surat).

⁹¹ *Ibid*, 1642-45, p. 303.

a considerable extent, that there existed a brisk market in commercial paper, a system of insurance and the rudiments of deposit banking. That despite all this India did not witness the rise of capitalism is, perhaps, one of the best arguments against theories which regard capitalism as the result largely of an increased use of money and improvements in financial organisation.⁹² Banking in Mughal India had developed in accordance with the requirements of an extensive system of commerce, but commerce based upon unchanging handicraft production. The bankers' capital—when it was not employed in usury—was really "Merchant Capital" and had no direct command over the productive process. This explains the emphasis on discounting bills and the absence of long term investments. The advanced methods of financial organisation therefore implied no advance in the technique of production. The situation is perhaps best understood in terms of Marx's assessment of the historical position of Merchant Capital. "An independent and prevailing development of capital in the shape of Merchant Capital", he says, "signifies that production is not subject to capital, in other words, it means that capital develops on the basis of a mode of production independent and outside of it. *The independent development of Merchant Capital stands therefore in an inverse ratio to the general economic development of society.*"⁹³

NOTE

In references to manuscripts, the abbreviation 'Br. M.' stands for the British Museum and 'I.O.' for the India Office Library, London. *JASB* is an abbreviation for the *Journal of Asiatic Society of Bengal* and *JIH* for the *Journal of Indian History*.

⁹² Cf. M. Dobb, *Studies in the Development of Capitalism*, London, 1947, pp. 6, 7, 37-42, &c.

⁹³ *Capital*, Vol. III, Saraswati Library, Calcutta, 1946, p. 260. The italics are mine. I have also taken the liberty of reading "Merchant Capital", the more usual form, for "merchants' capital" in the translation.

AGRARIAN STRUCTURE IN U. P. IN THE LATE 18TH AND EARLY 19TH CENTURY

SULEKH CHANDRA GUPTA

This paper examines certain general features of the village communities in the Ceded and Conquered Provinces, i.e., the greater part of the area covered by the state of Uttar Pradesh, in the period immediately preceding the British conquest. It analyses their composition, the web of economic relations which held together their members and the integral character of the relationship between the Indian revenue system and all aspects of economic life in the village communities.

I

The village communities in the Ceded and Conquered Provinces in the early 19th century consisted of several horizontal social layers with very different rights and claims. These different social strata consisted of persons belonging to different castes and religions. Even the classes possessing the rights of ownership, occupancy and cultivation of land were not in all cases and always united by bonds of kinship, caste or even religion. There were different groups amongst them consisting of persons belonging to different castes, tracing their lineage from different ancestors and professing different religious faiths. These features were derived generally from the accidental circumstances connected with the founding of the village and subsequent social and political events that affected it. Rights in land arose by inheritance and sometimes even by purchase. In the first instance, land belonged to those who cleared it and cultivated it. Thereafter, it devolved on their heirs in successive generations, descending from father to all the male sons of the same mother in equal proportions. Such inheritance was of course strictly within the caste since it could only pass on to the members of the family or near relations in the absence of male heirs. In the process of colonisation, rights on land originated even from conquest. Different races, castes and communities participated in the process of colonization. Thus,



by the end of the 18th century, village communities, in different degrees, were an amalgam of different castes, races, and communities.

The rights and privileges of the various groups within the village community were not always governed by considerations of caste, at least during the period immediately preceding the British conquest. Caste was important only for regulating the broad division of labour within the village community between such groups as artisans, agricultural labourers (who were few in number), and cultivators. But the rights and privileges of these different groups were determined by their functional relationship to the village economy and the nature of work done by them. Within each broad group, there were persons of different castes having similar rights and privileges in land or its produce. If members of the caste to which the family of the original founder belonged were not sufficiently numerous for cultivating the land of a village, cooperation of persons of other castes was freely sought and they were allowed to occupy and cultivate the village land.

The bonds of economic life that united these heterogeneous groups belonging to different castes and even religions were many and strong. People had common rights over land and its produce. They had evolved certain common rules and regulations epitomised in their customs and usages which were uniformly accepted and observed by all their members. They had devised certain customary principles according to which the State revenue to be paid was assessed and collected from individual households and was also readjusted owing to the frequent changes in the incidence of State revenue. They accepted certain mutual rights and obligations which made the village communities active and living institutions. The economic life of the community had an even tenor except when it was disrupted by external aggression. But, curiously enough, the economic unity of the village community was not undermined by conflicts resulting from differences of caste, race or religion. Each group observed the rules of its own community in respect of inheritance, or in matters of personal or family life. But, in matters of economic life, all were subject to the common laws of the village community.

II

The most important characteristic of the village communities was their self-sufficiency. They produced almost all that was

required for their consumption and production. This was possible because they consisted not merely of cultivators but also of a group of artisans, who supplied them with the non-agricultural products they required. These artisans were not employees of any particular family in the village, but attached to the entire community. They were bound to supply their products or services to all members of the village community for customary payments, generally in kind. Village self-sufficiency was maintained by the hereditary nature of the artisans' occupations. The continuous supply of hereditary skilled labour within the community was ensured by the caste laws according to which particular castes could be employed in only specific occupations. Even if some artisans were engaged in cultivation—as many of them were on their small allotment lands—they continued to practice their craft as well.

The village community also included a group of common village servants who rendered common services to all the members. Like the artisans, they too were neither independent nor attached to particular families but were meant to serve all households in common. Their obligations and emoluments also were similarly regulated by custom.

Thus, the self-sufficiency of the village communities was based on integration of agriculture with handicrafts, not within individual households but in the village as a unit of organisation. This division of labour in the community was quite different from the one brought about by exchange of commodities through the market, the cultivator producing mostly for direct use and the artisans producing for an unchanging and limited market. It was the result of a customary division of caste functions and was sustained by the sanction of village usage and custom.

Another important feature of the village communities often emphasised refers to their stability and strength which was sustained over the centuries in spite of 'constant dissolution and re-founding of states and never ceasing changes of dynasty'. The village community has been considered as almost transcendental, 'surviving all changes, indestructible, irrepressible', and 'constantly reproducing themselves with the same name, within same limits, with same interests'. In its constitution and organisation, the village community has been viewed as a 'little world', 'a little state in itself', containing all the instruments of self-government and self-organisation. Village communities have been described

a 'little republics', a 'little democracy' with no other authority than such as arises out of the general will. Its various members, particularly those possessing rights in land have been considered as 'all standing on a footing of equality with a greater or less share of property and of personal influence'.

These features have 'charmed a generation' of students and scholars. However, on close examination, it appears that these features were partly the consequence of the indigenous revenue systems, radical modifications in which brought about certain modifications in these idyllic features as during the later years of the Moghul empire and the early years of the British rule. That these features were based on the nature and forms of property in land and its produce under a particular revenue system and disappeared as soon as that system was changed would be clear when we examine the structure of the village communities and the rights and privileges of its various classes.

III

The composition of the village communities and the rights and interests of the various classes had been influenced by numerous natural and social factors. For this reason, the social stratification in every village was not exactly similar. It is, therefore, impossible to generalise, but certain common characteristics may be noted. The evolution of a village community depended very much on the period of time over which a village had been in continuous existence. Villages recently founded tended to have a simple social stratification, while those in continuous existence for long revealed a much greater complexity of social structure. Towards the beginning of the 19th century, we find three types of villages: *asali*, i.e., a village with a regular habitation; *dakhili*, i.e., a village without a resident population the land in which is tacked on to that of a neighbouring village and cultivated by its residents; and *wairani*, i.e., a village uninhabited and uncultivated, yet recognised as a distinct village. The origin of the third type may be explained by wholesale depopulation, due to fiscal oppression or famine. The second type might actually have been on the way to becoming a regular village into which some members of the neighbouring village had moved and settled in the course of time. Thus since the villages passed through a process of formation and dissolution, it was natural that at any point of time they did not reveal a homogeneous structure. However, there were certain

similarities in their organisation and in the nature and form of their property in land or produce, on the basis of which the following picture of social stratification has been drawn.

Towards the end of the 18th and the beginning of the 19th century, a typical village of the Ceded and Conquered Provinces had a village community consisting of 'several parallel social strata', a sort of hierarchy, which was determined by the order in which the various units of families got absorbed in the community. There were, first, families which had descended from the original founders of the village. These were known as the village *zemin-dars*. When grouped into divisions and sub-divisions, they were also designated as co-parceners, sharers, *pattidars*, *thokedars*, or *behriwars* as will be explained below.

Ranking below them were other families which had been integrated into the community over a long period in the wake of the process of colonisation and conquest. The main reason why they were absorbed was the need of the community for more hands to cultivate the village lands. As the result of the extreme uncertainty of seasons, shortage of labour due to temporary migration of the village population or the need to extend cultivation to the waste land, there was a gradual absorption of a class of persons within the community who acknowledged the superiority of the rights and privileges of the original inhabitants, but who were, nevertheless, part of the community. The degree of thoroughness of their absorption depended on the length of the period over which they were settled on village lands. This class of persons was known as resident, *maurusi*, *qadimi* or *chhapparband* ryots or *asamis*.

The next in order of rank was the class of persons who were generally non-residents but cultivated the lands of the village from season to season or for temporary periods. They generally resided in neighbouring villages and belonged to either of the two classes mentioned above. They sometimes belonged to such cultivating castes as the *mali*, *kachhi*, *koiri*, *arian* etc. which had specialised in intensive cultivation of valuable crops like vegetables. They were attracted by the presence of particular grades of soil like the river beds, flooded lands, or sandy soil in neighbouring villages. Sometimes when the government assessment was heavy, the village *zemindars* often resorted to such intensive cultivation in neighbouring villages to meet the revenue demand. Sometimes absolute deficiency of good cultivable land in particular villages encouraged

such cultivation. This class of peasants was known as non-resident or *pahi-kasht* cultivators.

IV

The most important and numerous class in the village communities was that of the village *zemindars*. They were generally divided into several divisions and sub-divisions, each consisting of a group of households. The principal divisions were known as *pattis* and their sub-divisions were known as *thokes*. Further sub-divisions of a *thoke* were known as *behris*. The different names given to village *zemindars* such as *pattidars*, *thokedars* or *behriwars* are derived from the names of these divisions.

The principle behind these divisions was that each village was imagined to have been founded by an individual or a group of founders. The principal divisions were created by the original founders themselves. The total cultivated land of the village was divided equally amongst the founders. The wasteland was generally left undivided for common use and future reclamation by the different households according to their means. Divisions of village land were indicated by a fraction of a *bigha* (consisting of 20 *biswas*). For instance, if there were four founders of a village, each was deemed to have held 5 *biswas* in the village which were divided into four *pattis*. The male descendants of each founder divided the lands equally amongst themselves and the process went on through succeeding generations. When the number of households in a *patti* became too numerous, they divided themselves into *thokes*. All descendants of a particular ancestor were included in one such sub-division and they constituted a separate group for purposes of assessment of state revenue. Similarly, when the number of families in a *thoke* became too many, they divided themselves into *behris* and constituted a separate sub-division.

V

The principle of division of land closely followed the principle of division of households. Nevertheless it was not necessary that each *patti*, *thoke* or *behri* was at all times in possession of the same area of land which was indicated by its fractional share. This may be explained by two circumstances. Firstly, as the number of descendants varied, different sub-divisions represented different sizes of labour force seeking available land. Thus,

divisions with a proportionately large labour force tended to occupy more land than those with a smaller labour force. Secondly, the land might have been divided as between sub-divisions on the basis not merely of area but also of quality. In the latter case, allowance was probably made for the inferior quality of land so that a sub-division possessing inferior land had a larger share in terms of area of land allocated.

The extent of landholding amongst different families within a sub-division also might not always be equal. The unequal number of descendants of ancestors with equal holdings disturbed the original equality of landholdings. Further, the inability of a particular household to cultivate its entire share of land necessitated some adjustment with other families in the same sub-division or in other sub-divisions. Such mutual adjustments between families and sub-divisions were known to have been a familiar feature of village organisation in pre-British days, probably because of the nature of property rights in lands.

Another factor contributing to the inequality of landholding between households and between divisions was the availability of wastelands. Wastelands were generally the common property of the village *zemindars*. Sometimes, they were partitioned between sub-divisions (not amongst individual families), and sometimes they were left for joint utilization by all households. In the former case, the tenure was known as *pattidari* and in the latter case as *bhaichara*. Since different families reclaimed wasteland only according to their means, these varying additions tended to make the landholdings unequal.

VI

The initial distribution of the government assessment amongst different divisions and families closely corresponded to the fractional shares in land held by each. The fractional share in assessment was indicated by a fraction of a rupee (16 annas). For instance, in the example given earlier, the contribution of each *patti* was indicated as 4 annas in the total assessment. But with the passage of time as inequalities in landholdings appeared it became necessary to devise some other methods for assessing and collecting the State revenue. By the end of the 18th century, in most villages, the State revenue on individual families was assessed according to their cultivated holdings and not on the basis of their fractional shares. There were some cases in which contribu-

tions of the sharers were regulated also by the number of ploughs. However, in some areas as in Bundelkhand, where the *bhaichara* tenure prevailed and extensive wastes had not yet been divided, the state revenue was still assessed according to the fractional shares. Consequently, there prevailed a system of periodical redistribution of landholdings amongst different households, by means of which the inequalities of actual holdings were corrected and the fractional shares of government assessment periodically revised. Whenever the landholding of an individual sharer tended to become unequal, or unable to bear its share of the government revenue, the sharer was entitled to claim repartition of the lands so that landholdings might correspond to the revenue assessed on each family. This was generally resisted by members who had, in the meanwhile, added to their lands or improved them and the incidence of government revenue on whom had become light. Generally, the officers of former governments also assisted in such redistribution when it could not be effected by mutual agreement. The state intervened because the security of its own revenue was threatened in the absence of such redistribution.

VII

The affairs of each sub-division of village *zemindars* were managed by a village headman functioning for each division or sub-division. The village headmen assisted in first adjusting the government assessment in co-operation with the officers, then in regulating the quota of each sharer and then in collecting and paying the assessed amount to the state. They worked in close co-operation with the village *patwaris* who were entrusted with the task of recording the area of land cultivated by each household, the nature of crops sown and the amount of revenue to be collected from each. In addition, the village headman had also the power to settle resident or non-resident ryots on the wasteland belonging to the respective sub-divisions or to the village in common. The receipts from such ryots were also recorded in the accounts of the *patwari*. They were also referred to on all occasions by the other sharers and public officers in the matter of settlement of disputes and were looked upon as the responsible and efficient agency on every occasion on which the ruling power had to deal with the village.

The office of the headman was partly elective and partly hereditary. He was chosen by the division or the village, as the

case may be, on the basis of his age, experience and ability. But the office was permitted to descend from the father to the eldest son except when the heir was incapable of performing his duties.

Another important function of the village headman was to collect and manage the funds spent on communal purposes. There was a levy on every household in the village and the proceeds were utilised for expenditure of a communal character. A proper account of such collections and expenses used to be rendered to the whole body of co-parceners.

The remuneration of the headmen for their duties was paid partly by the state and partly by the co-sharers in several forms. Firstly, all communal property like ponds, gardens, forests, fisheries, pastures and cultivable wastes, left unassessed by the state, were in charge of the headmen who were empowered to enjoy the benefits derived therefrom in preference to others. In later years, when additional cesses and *abwabs* were imposed by the state even on the produce of these common lands, the village headmen were permitted to enjoy a portion of the produce from these lands *gratis*. Secondly, the lands under the personal cultivation of the headmen were assessed at a lower rate than those of the other co-shares of his division, thus indirectly leaving him a share of the legitimate revenue of the government. Thirdly, a *malikanah* of varying amounts was paid to compensate them for the trouble of collection. This was fixed as a percentage of the state revenue and was paid to the headmen by the treasury. It was an addition to the 'nankar allowance' allowed to the intermediaries for the trouble and expense of collection. It was also distinct from the concessions allowed to the village *zemindars* by way of deductions from their gross payments on the basis of their customary rights.

From the community, the headmen received all the deference that was due to their office. They had a prior claim on the services of village artisans and servants. They also received certain customary presents during the year from the artisans and village servants. Certain customary dues on the occasions of marriage and birth were also paid to them. No social ceremony was complete without his participation. He was an arbitrator in disputes of all kinds amongst the co-sharers of his division.

It is important to note that while the names of all the co-sharers were recorded in the papers of the village *patwari*, in the papers of the *qanungos*, who were the accountants for a group of villages, only the names of the headmen with the amounts of

revenue to be collected from them were recorded along with their designations such as *muqaddams*, *pradhans*, or *mukhyas*.

As regards the village, it was organised into a brotherhood of which all the village *zemindars* were equal members. There was a council of elders to run the affairs of the brotherhood, of which all the headmen of different sub-divisions were members. This body was the highest authority in the village in respect of all matters, civil, criminal, social, economic or political.

Unlike the *zemindars*, the resident and non-resident ryots were not included in the brotherhood and had no hand in the common management of village affairs or in the settlement of disputes. Their number in each village relatively to that of the village *zemindars* was also much less. There were no divisions or sub-divisions amongst them either. Their rights were considered slightly inferior to those of the village *zemindars*.

VIII

The most important question bearing on the rights and interests of different classes of persons in the village community is that relating to the nature of property in land and its produce and the nature of tenancy of the resident and non-resident ryots. These two questions have been mainly discussed in the contemporary records in terms of the misleading concepts associated with the English institutions and English Political Economy.

The unanimous judgement of all contemporary British officers was that property in land as understood in England did not exist in India before the British rule. The Sudder Board of Revenue on Deputation, wrote as follows as late as 1832. 'The word property, as applied to land in England, usually implies in the person possessed of it the right of regulating occupancy and appropriating rent. If it can be used with propriety only when both incidents attach to the substantive matter thus designated, the term is not strictly applicable to the interest in land possessed by the individuals who in common parlance are called proprietors in India.'

The nature of property in land or in its produce in the Indian context can only be comprehended by keeping these two aspects of property distinct from each other. This distinction is best expressed in the maxim current in Indian villages in those days: 'Land belongs to the cultivator and the produce belongs to the sovereign'. This is, on the face of it, a paradox, but in reality

this was the concept of property in land or its produce. The extent of produce appropriated by the sovereign was a matter of his political judgement. But the fact remained that, in theory, the sovereign never claimed the right to property in the soil. In India, there was nothing analogous to the Roman conception of *Dominium*. The sovereign's power over the agricultural land in his kingdom was not regarded as absolute and unlimited. He did not, in theory, create subordinate owners of land, because he himself was not, in theory, the supreme owner of the land.

Despite this clear view of the situation which one can reconstruct on the basis of facts contained in government records, the annals of British revenue administration and all subsequent writings of scholars, Indian and foreign, are full of inconclusive discussions on the issue as to 'who was the proprietor of land in India; the state, the intermediary, or the cultivator?' Since these discussions were conducted on the basis of no precise definition of what was meant by property in land, no conclusive opinion could be formulated on this issue.

The nature of property in land or its produce in pre-British times, as compared to the period of the British rule, has to be understood by giving such a meaning to property in land as may be made consistent with the actual nature of property in the two periods. If we identify proprietary right in land with the right to appropriate a portion of the agricultural produce (not necessarily equivalent to full economic rent or producer's surplus), with or without the right to regulate occupancy and cultivation, merely on the basis of a title (claimed in any form whether as the King, or as the landlord, or as the proprietor), then it would appear that property in land in India was vested in the State and was jointly shared with the intermediaries. It is important to notice that a distinct separation between the rights of the state and those of the intermediaries had not taken place clearly in law for the latter to justify their right. But, in reality, a very large proportion of the gross produce of agriculture was being claimed and enjoyed by them. Thus, if we restrict ourselves merely to the view that property in land is vested in one who takes away the surplus of agricultural produce (irrespective of its name) merely on the basis of a title, it appears that the State along with its horde of intermediaries was exercising this right. This right had not yet been vested in individuals *de jure* and could be exercised only through the powers of the state. The rights and

privileges of the intermediaries were vague, indefinite, ambiguous and arose only from breach of privilege, abuse of power, force or fraud. They were not backed by any legal sanction. During the later years of Mughal rule, a process of feudalisation was taking place and the British rule intervened before the process was completed. Probably, the distinct separation of the private right of an individual from his political allegiance to the State would have been brought about after the completion of that process. But the British, by their intervention, brought about this separation a little too soon.

On the other hand, if we identify proprietary right with only the right of perpetual occupancy, and cultivation on payment of fixed or variable rates of payment to the state or its assignees and officers, there is no doubt that the right to property in this sense was vested only in the cultivator. In this respect, there is complete discontinuity between the British and the pre-British period. Since the right to appropriate a portion of the gross produce was combined with the right to regulate occupancy in the British period, the property right of the cultivator was naturally sacrificed.

An important characteristic of property in modern times is its transferability. If the transferability of property is not absolute and unlimited, the right to property is only a conditional right. But the right to transfer property is acquired in the course of historical evolution of economic societies. The extent to which this right is exercised varies in different periods of economic history depending upon the development of exchange and commerce. In this respect also, a complete discontinuity appears to exist between the pre-British period and the period of the British rule. The extent of transferability during the latter period, both *de jure* and *de facto*, considerably increased and the right to transfer land was made absolute. For this reason, we have avoided defining property in land in the pre-British period in terms of transferability.

Keeping these distinct characteristics of property in mind, let us examine the nature of property in land vested in the village *zemindars* in the pre-British days. The property of village *zemindars* was a form of privilege-property, subject to certain common burdens and obligations. They had the right to cultivate particular fields or any other parcels, depending upon the contingency of redistribution of land, with rights of perpetual occupancy subject to the payment of the state share of gross produce. These

rights could also be inherited, or transferred by gift for temporary periods or in perpetuity, and to a very limited extent also sold or mortgaged, subject to the restrictions imposed by the state and the community. Inheritance of this right also was subject to the laws of the community and the religion of the family.

Apart from the rights of property of individual households in distinct parcels of cultivated lands, the village communities also had a joint property, which vested in all the village *zemindars* and other classes collectively. These rights were not individual or specific and yet they were substantial. They consisted in the customary rights over the village wastelands, gardens, ponds, fisheries, forests, pastures etc. the benefits of which were enjoyed in common. The rights in trees and their fruits vested in those who planted them and their descendants. No doubt the appropriation of the produce of common lands was regulated by the village community through the village headman, but these rights were enjoyed by all members of the village community in common.

Thus, the property in the soil vested in the village *zemindars*, whether in their individual parcels of land or in the common lands, was neither unconditional nor vested in an individual. It was a totality of certain common rights to certain common privileges subject to certain common obligations. The rights of occupancy and cultivation were vested in the family and the right of each family was interlinked with that of others. The right of the individual cultivator was limited by the rights of the family, of the village community and of the state. Similarly, the right of the state was conditioned by that of the village community, which in its turn was nothing more than an aggregate of the various rights of different families. Moreover, these rights were subject to numerous restrictions of law and custom, and were based on prescription and usage.

As regards the transferability of these rights, it is proved conclusively by the contemporary records that the right of cultivating possession in distinct plots of land was both a heritable and transferable right. Yet, in actual practice, such transfers were very rare. The large share of gross produce appropriated by the state did not allow this right to be of much value except for deriving subsistence from it. The content of 'subsistence' also varied with the incidence of the State's revenue demand. Moreover, due to the jointness of property rights, land was not freely alienable except with the prior concurrence of the village community. In fact, the

option of purchase had first to be offered to all such sharers as were entitled to it under the customary or inheritance laws. In cases where there were no heirs or the owners had temporarily migrated, their lands were subject to the reversionary interests of the community. No strangers could be recognized as purchasers of the land in the community without its willing consent. For the same reason, even though mortgages were permitted with the tacit consent of the community, the mortgagee never had the right to foreclose the mortgage and had always to keep it open for equitable redemption. If the debt was not paid, he could not take possession of the land but only realise it gradually from the residual produce left with the cultivators after payment of the state revenue.

As regards rights in the common lands, they went with the owners of the lands and were not alienable separately.

As there was no property in land in India in the sense in which it was understood in England, there was no 'tenancy' or 'rent' according to the English connotation of these terms. A tenant is one whose tenure in land is regulated by another agency. In this sense, the village *zemindars* were not the tenants of the state since the right of regulation of occupancy never attached to the State. As regards resident and non-resident ryots in the village community, their status too was not exactly the same as that of a 'tenant'. The resident ryots, like the village *zemindars*, had also the right of perpetual occupancy and were not liable to be evicted, so long as they paid the state share of the produce according to customary rates. In this sense, their occupancy was not much different from that of the village *zemindars* since they paid more or less equal shares of gross produce to the state except for the differences determined by the customary variations in their rates of assessment. Their rights were also heritable but not transferable. Moreover, they were considered as tenants of the whole community or its sub-divisions and not of any individual families since their payments towards state revenue were first utilised for the discharge of obligations to the government and were not received as rental income of the individual households.

As regards non-resident ryots, their tenure was temporary and they too generally paid nothing more than the share of the state, which was the first charge on the gross produce. Thus, they too were considered as the tenants of the community or the

sub-division whose lands they cultivated. In fact, the rates levied on them were always the lowest since they had to be induced to undertake cultivation of village lands on favourable terms.

It is important to note, however, that all village *zemindars*, whether in or out of possession, were entitled to a small allowance known as the '*zemindaree rusoom*' (at the rate of one seer per maund of gross produce or $2\frac{1}{2}$ per cent and at the rate of one or two annas per *bigha* on money-crop lands) by virtue of their right of property in the soil. To those who were out of possession, this sum was paid by the occupants of their lands, in addition to their normal share of the total government assessment. But to those *zemindars* who were in possession of their lands, this allowance was allowed by the State as a deduction from the revenue payable. The receipt of this allowance either from the state or from the occupants of the land did not imply the right to regulate the occupancy of the tenant. Nor can it be considered as a kind of private rent since it was such a small fraction of the total gross produce of the land. However, its existence as a customary form of payment in acknowledgement of the right to property possessed by the village *zemindars* proves that the differential rates of assessment levied by the state on the different classes had produced certain stratified rights and obligations within the village community which were tending to establish the superiority of *zemindari* rights. These rights had not yet crystallized into unconditional rights of property of the individuals. It is doubtful whether they were very valuable rights. Due to the frequent increases in assessment, these were always threatened with extinction. Nevertheless, these rights were valued.

Even if the *zemindar* was absent for a long time and a person was in occupation of his land for a long time, that did not imply a defeasance of the *zemindar's* right to property in the soil, since he always remained entitled to resume possession of his land.

IX

There were some other classes in the village communities which were not numerous but which, nevertheless, were an integral part of the community. These were the artisans, labourers (*kumehras*) and the village servants. The essential features of the relations between the village community and the artisans and servants have already been mentioned. They were generally paid a customary share of the gross produce at the harvest time by

each household. A few of them also held small plots of land to cultivate with or without payment of government assessment.

As regards labourers, they generally belonged to the caste of *chamars* and were also simultaneously artisans (leather dressers, cobblers, and shoemakers). Their services were utilised mainly as ploughmen by such higher castes as considered it derogatory to touch the plough. Village headmen also employed them. They were given one-sixth or one-eighth of the produce. This was in addition to their customary receipts in kind as artisans. Generally, there existed a hereditary connection between them and some families of the village who had a prior claim on their services. But, out of season, they were free to work as day labourers in miscellaneous employments.

It is difficult to establish their numerical strength in the villages on the basis of contemporary published records. But from all accounts, it appears that they were not very numerous. Their number depended upon the number of *chamar* families in particular villages and on the number of such resident families belonging to high castes as did not like to cultivate their own fields. In the absence of pressure of population on the land owing to plentiful wasteland being available at favourable rates of assessment, the growth of this class must have been very limited. Another limitation on the increase in their number must have been the absence of evictions from land in view of the principles of property and occupancy rights in land explained above.

It is important to notice two more persons in the village community, i.e., the trader and the *patwari*. Sometimes, they were one and the same person, but at other times they were different persons. Besides carrying on trade in agricultural produce, the trader was also a financier of the community in times of distress and a money changer who exchanged various currencies. The *patwari*, as already mentioned, kept all records pertaining to the land and its yield and the assessment to be shared by each individual family together with the changes in the share from time to time. He also had to keep track of all the local circumstances that affected the crop yields in the case of every household. By virtue of his long experience he had the best information about the various qualities of land, their average yields, and the numerous other details connected with the estimation and assessment of village produce. His remuneration was included in the village expenses as a percentage on the government assessment, and he

was considered as an officer of the whole village community without being subordinate to any particular individual. In daily life, he worked in close collaboration with and under the supervision of the village headman.

X

When we study the principles of the Indian land revenue systems we find a close harmony between these principles and the structure of the village communities. First, the large share of gross produce taken away by the State from year to year constantly reinforced a regime of self-sufficiency in the village, since there was little surplus of agricultural produce to permit the growth of a market-oriented village economy. In fact as the state share tended to increase, the degree of self-sufficiency of the village must have increased correspondingly. Secondly, the heavy incidence of State demand also checked the growth of inequalities of property and incomes amongst the members of the village community. Since every inch of cultivated land was subject to assessment in accordance with its area and yield, no inequalities could arise as a result of unequal taxation. Moreover, whatever inequalities must have arisen from the operation of inheritance laws and the varying labour resources of individual households must have been frequently levelled down by the growing revenue demands of the state. Such a situation was conducive to a regime of mutual co-operation and flexibility in internal adjustments in respect of landholdings or cultivation, particularly when the nature of property in land was such as has already been described. The system of periodic redistribution of landholdings in Bundelkhand is an evidence of such flexibility of internal economic adjustment in the village. Where such practice had gone out of use, there arose other modes for readjusting the government assessment on individual households in accordance with their capacity to pay.

The heavy incidence of government assessment also probably led to the peculiar forms of property in land and tenancy that arose in the village communities. Since the residual share left by the state to the cultivators was uncertain, or at best certain only for a limited period till a succeeding ruler raised it, the only forms of property in land that could arise were those of cultivating possession with perpetual occupancy which was necessary to ensure the cultivation of land in those days of labour scarcity.

The extraction of private rent and establishment of a regular landlord-tenant relationship was hardly possible on the basis of such a revenue system. That is why the transfers of land were so infrequent and occasioned only by the absence of *zemindars* or their inability or unwillingness to cultivate land. These transfers were not determined by considerations of private rent. Frequent changes in occupancy were not motivated by the search for higher rents. Such motivation had no scope because, for one thing, government assessment was heavy and, for another, there was plenty of wasteland available for cultivation.

Thus, the absence of a real cause of conflict of economic interest in land amongst the members of the village community appears, paradoxically, to have been the chief economic factor of its internal harmony and stability. The only conflict of interest was that between the state and its intermediaries on the one hand and the village communities on the other. But such conflict became serious only when the state ceased to realize the need for expansion of cultivation and was actuated by short-sighted motives of maximising the current revenue.

It may be asked, if there were no landlord-tenant relations and no impact of the forces of the market on the village community, how did the village community manage to survive and also grow. In the absence of any compulsion exercised by the state, what was the incentive for the more or less equal members of the village communities to extend or improve cultivation, except the presence of increasing numbers or the relative scarcity of land? How was it possible for the State in India to enlarge its revenues except in so far as an increase in income resulted from the growth of the working force in agriculture?

One may say that there was hardly anything conducive to economic growth in the structure and working of the village community. But this inference would appear to be contrary to historical evidence. Cultivation did expand, a fact which finds support in the 17th century travellers' accounts. How was such economic growth possible in the context of self-sufficient village communities as the primary units of economic life?

The answer to this question lies in the manner of application of certain elementary principles of the Indian revenue system by the Indian rulers. They devised very simple methods which provided sufficient incentive to the cultivators to extend cultivation on wasteland and to improve cultivation on already occupied land.

One of these methods was to lay down the maximum assessment for each crop, so that if the outturn increased the State did not claim a share of the increased output, for a number of years. During this period, all the benefit of larger output went entirely to the cultivators. According to Akbar's ten-year settlement of land revenue, fixed rates for each crop were laid down on the basis of estimates of average yields of different qualities of soil and on the basis of average prices over a period of ten years. Suppose the average produce of three fields of 1st, 2nd and 3rd quality was respectively 15, 12 and 9 maunds. If the state's share was one-third then 5, 4 and 3 maunds were laid down respectively as the assessment of each of these fields. Now, if the cultivators raised their output to say 20, 15 and 11 maunds in these fields, they were obliged to pay only the fixed amount i.e. 5, 4 and 3 mds. respectively and were permitted to keep the whole of the increased output.

Another method adopted to promote cultivation of valuable crops was to lay down differential rates of assessment on different crops and assess a lower proportion in value terms in the case of the more valuable crops. For instance, in the above example, let us suppose that the crop was wheat and its price on an average was Rs. 5/- per maund. The values of gross produce were Rs. 75/-, 60/- and 45/- respectively and the assessment on them was Rs. 25/-, 20/- and 15/- respectively. Now, suppose these lands were sown with cotton the price of which was Rs. 10/- per maund. In this case, the value of gross produce would be Rs. 150/-, 120/- and 90/- respectively. Now, if the rates of assessment for these crops were fixed on the basis of an yield of grain and not of cotton, it is evident that the cultivator would benefit by sowing more valuable crops like cotton since he would be able to retain a larger proportion of the total value of gross produce.

It is important to note that while there was differential incidence of assessment in the case of different crops, there was also differential incidence in the case of the same crop grown on land of different qualities and endowed with different facilities of irrigation and marketing and facilities due to other local circumstances. Thus wheat grown on poor land was assessed at a lower rate than wheat grown on richer soils. Crops which required more intensive labour and greater expenditure were also charged at a lower rate. Assessment of land devoted to such crops as sugarcane, cotton, tobacco etc. was in terms of fixed money-rates

per *bigha* based on the average produce of grain on such land converting the grain assessment into money assessment at average prices. These money rates remained fixed till they were revised by a succeeding ruler.

As regards wasteland, very low rates were levied in the first and second year of its reclamation. It was only in the third year that the full rate applicable to the corresponding quality of soil was levied on such reclaimed land.

It may be observed that the differential rates fixed according to the varying productivity of land did not discriminate in favour of the cultivators of the richer soils and against the cultivators of the poor soils. Otherwise the former would have borne a lighter incidence of taxation which would have been a disincentive for cultivators with poor land. At the same time, it was necessary to provide for higher rates of assessment on richer and more valuable crops grown on similar soils, in the absence of which there was a danger of cultivators sowing those crops on better soils giving up their lands and taking up poorer soils for sowing those crops. Again, by leaving the fruits of industry on wasteland to the cultivator in the first two years of reclamation, the state ensured continuous expansion of cultivation. Thus, the land tax was so devised that all cultivators alike, rich or poor, had incentives, in one way or another, for improving agriculture and extending the cultivated area.

Another method by which the growth of the village economy was sought to be promoted was the adoption of different rates of assessment for different grades of cultivators according to differences of their status in the hierarchy of the village community. For example, lands cultivated by village *zemindars* were assessed at a lower rate. The land under the personal cultivation of the village headmen who were responsible for collection of revenue and managing the wasteland was assessed at a still lower rate. Lands under the resident ryots were assessed at a slightly higher rate, while those under the *pahi-kasht* ryots were assessed at a much lower rate since the latter were an important agency through which extension of cultivation occurred. Further, certain types of lands the benefits of which were enjoyed by the community as a whole, such as gardens, fisheries, ponds, pastures, and forests etc. were left untaxed. The adoption of differential rates of assessment for different classes in the community was conducive to their economic growth as organised units of the rural economy. In the economic environ-

ment of those days in which the collective effort of groups of people was vitally necessary to reclaim the wasteland and extend the area under cultivation in the face of numerous hazards of nature, the absence of sharp inequalities of property and wealth and of sharp conflict of economic interests in the village was of positive advantage for the state as well as for the village community. But at the same time, a certain degree of inequality of rights and privileges had to be created and sustained to maintain an organised and stable social life as well as to provide incentives for economic improvement. Thus, not to let the inequalities of wealth grow beyond a point, and yet to introduce a certain degree of inequality for providing economic incentives was the main strategy of the pre-British Indian rulers. It succeeded in so far as it sustained the internal solidarity and vigour of the village communities which enabled them to survive the political turmoil and the changing fortunes of the continuous succession of dynasties. Sustained by its own customs and usages, and left entirely independent by the state, the village community managed its affairs harmoniously. But whenever the state ignored or violated its own principles, the delicate balance within the village community was seriously disturbed. Under strong external pressures, major changes were caused in the internal socio-economic relations in the village community which created the conditions for their eventual disintegration. Towards the end of the 18th century, it had already been subjected to such pressures when the severe impact of the British revenue administration set in motion the process of complete disintegration of its structure.

XI

The modifications in the functioning of the village communities in the later years of the 18th century were due mainly to the political events which preceded the acquisition of the country by the British. The Indian Governments during the period of decline of the Moghul power were inclined to pitch their land revenue demand to the maximum level. During these troubled times, the *chaudharis* and *qanungoes* of *parganahs* (groups of villages) as well as other individuals with wealth and influence succeeded in procuring from time to time the superintendence of large *taluqs*, consisting of numerous villages, for the revenue of which they became responsible. Those *taluqs* were acquired in various ways, some by grants from the state, or through the influence of local officers, others by fraud or force. The more powerful and wealthy

landholders, anxious to increase their possessions, extorted from their weaker neighbours assignments of property. The latter, from fear and often hope of personal protection, found it expedient to acquiesce in a temporary sacrifice of their rights and were content to retain a footing in their own villages even in a subordinate capacity. Thus, in large areas of the Ceded and Conquered Provinces, the village communities were gradually subordinated to intermediaries that had already existed or sprung up during this period.

Both for the intermediaries and the government officers dealing directly with the villages, the only recognizable persons to deal with were the village headmen without whose assistance and responsibility no revenue could be realised. Hence the former tried every device to obtain the village headmen's consent to as large an assessment as possible. The village headmen were rewarded by both the community and the government separately for their services. Their specialisation in the art of preserving the internal order of the village and adjusting its external relations gave them a degree of knowledge, skill and power which they could exploit to their own advantage if they wished to outwit both the village community and the ruling power. The ruling power, on its own part, was anxious to secure their co-operation in all possible ways, by increasing the rate of *malikanah*, by allowing them more concessions in the rates of assessment or a larger proportion in *sair* (miscellaneous cesses and abwabs) collections. On the other hand, the village *zemindars* expected them to display the most devoted zeal for serving the village even to the extent of suffering imprisonment, physical chastisement and starvation. Thus, the village headmen who frequently faced very trying situations adjusted themselves to them in various ways. In some places, they rose equal to the responsibilities of their position. They gave an exaggerated picture of the poverty of the village and the capacity and the determination of the village community to offer resistance. They concealed the extent of the real resources of the village and understated the extent of cultivation and the total agricultural produce. (It was during this period that the papers of *patwaris* and *qanungoes* ceased to reflect the real state of resources in the different villages.) In this way, the village headmen tried to secure the best terms for the villages.

In other places, they utilised their position for their own benefit. They imposed on their coparceners a higher *jama* (assessment)

than they had engaged to pay or they agreed to take from each sharer a certain customary proportion on the principle of *battai* and enjoy the difference. When acting under the intermediaries, they were generally allowed a slight increase in their *malikanah* for their willingness to collect larger revenue. Whenever they refused to co-operate, the intermediaries replaced them and tried to induce other sharers to engage for revenue or even deputed their own men from other areas to make collections. For fear of oppression, the traditional headmen even stepped down to let others undertake collection, thus gradually allowing the control of village management to pass into the hands of strangers.

There were even areas where the village communities and their headmen, not seeking the protection of intermediaries, organised themselves and resisted the power of government officers. They built mud forts, collected arms and fought until they were forced to desert their lands. It is because of these unsettled conditions that the British officers during the initial period of their rule, met with severe opposition in districts like Aligarh from the Goojar chiefs. They found a very large proportion of the population in these villages engaged in military life rather than in agriculture.

The main consequence of these various developments was thus twofold. Firstly, there was a great increase in the power of intermediaries over the villages, though only in limited areas such as the districts of Cawnpore, Allahabad, Gorakhpur and Furruckabad. Secondly, there was an increase in the relative power of the village headmen over their co-parceners. The modifications in the internal relations of the village communities depended on the strength of the pressure exercised by these persons. The demand for more revenue was met partly by raising the rates of assessment on resident ryots or by leasing out the wastelands to *pahi-kasht* cultivators. The first charge on the proceeds of these lands was government assessment and what remained was contributed by the village *zemindars* according to their respective means. The pressure of heavy assessment led to difficulties in allocating the share of the state revenue among different landholders, the squeeze being ruinous to everybody concerned. It was no longer possible to maintain differential rates of assessment allowed to different classes and all distinctions of rank and status tended to get blurred. The '*zemindaree rusoom*' allowed to the village *zemindars* was absorbed in the revenue. The customary

rights of pasturage, forests, fisheries, gardens, etc. became subject to imposition of cesses. Thus, much injury was caused to the internal harmony and balance of the village communities by the misrule of the pre-British rulers.

Nevertheless, it may be noted that there had not yet taken place any fundamental changes in the basic rights and privileges of the village communities. The changes had mainly affected the relative incomes of the different classes marginally in some villages, and more or less in others. There was some encroachment on the common rights of the village communities by the government officers, intermediaries or the village headmen. But the rights and interests of individual households in their distinct fields had not yet been disturbed. Even the common rights were well understood and respected and the curtailment of these rights was considered merely temporary. The customary rates of assessment were well known. The power of the intermediaries or the government officers had not yet crystallized into full-scale control over the village communities. In fact, it had hardly filtered down to all the layers of the village economy. In view of the strong bonds that subsisted between the village headmen and the other parceners, there were probably not many serious infringements of property rights within the villages in such a short period. It was left for the British rule to complete the process that had only begun in the later years of the Mughal rule, viz. the process of complete disintegration of those 'myriads of industrious, partiarchal, idyllic village communities'.

NOTE ON AUTHORITIES

The chief source material on which this paper is based is the revenue records of the N.W.P. Government during the period 1801 to 1833 available in the following publications :

1. Selections from the Revenue Records of the N.W.P. (1818-1820), Calcutta, 1866.
2. Selections from the Revenue Records of the N.W.P. (1822-1833), Allahabad, 1872.
3. Selections from Revenue Records of the N.W.P., Allahabad, 1873.
4. Volume of Selections from Correspondence in the Home Deptt. regarding the law of land sale and other matters, Calcutta, 1879.

5. Note on Land Transfer and Agricultural Indebtedness in India.
6. Punjab Government Records Vol. I (Delhi Residency and Agency), Lahore, 1911.
7. Selections from the Papers of Lord Metcalfe, edited by J. W. Kaye, London, 1855.

In addition, the following books have been consulted and found useful :

1. Memoir on the Land Tenure and Principles of Taxation by a Civilian in the East India Co.'s Service, Calcutta, 1832.
2. Village Communities in the East and West by H. S. Maine, London, 1876.
3. The Agrarian System of Moslem India by W. H. Moreland, Cambridge, 1929.
4. Articles on India by Karl Marx, Bombay, 1945.
5. Problems of India by K. S. Shevlankar, London, 1940.
6. Systems of Land Tenure in various Countries (India), Ed. by George Campbell published by Cobden Club, London, 1876.

In addition, the analysis of the village community and its economic fabric has been considerably facilitated by the author's own studies of village structures and their functioning in which he is currently engaged. A study of material relating to the Permanent Settlement in Bengal contained particularly in the Fifth Report of the Select Committee on East India Affairs, published in 1812, has also been of great help in delineating the features and characteristics of village organisation in U.P. at the end of the 18th and the beginning of the 19th century.

THE INTRODUCTION OF THE TALUQDARI SYSTEM IN OUDH

JAGDISH RAJ

Dissatisfied with the results of the Permanent Settlement in Bengal, the British, when they assumed the government of Oudh, began to think in terms of a direct settlement with the peasant proprietor. But the rising of 1857 introduced new political considerations in their economic policy : in their quest for a stable political ally, they conferred proprietary rights on the intermediate rent-receiving interests in land,—the taluqdars,—depriving the ryot of his traditional rights. Dr. Raj's paper tells the story of this change in policy in graphic detail.

When the government of Oudh was assumed by the British in February 1856, the greater part of the province was held by the *taluqdars*. Because of the weakness of the native Government, the venality of the Courts, the absence of justice, and the importance which the *taluqdars* had acquired, the condition of the actual occupants of the soil in Oudh was pitiful. They had no rights or, if they had any, these were reduced to a mere shadow. Moreover they got no protection from the Government. The *taluqdars* had complete control over them, and they were subject to every kind of oppression, tyranny, and exaction. In many instances they were forced to execute deeds of sale in favour of the *talqudars*, alienating whatever proprietary rights they nominally possessed. Such being the condition of things in Oudh, the Government of India threw its weight against the *taluqdars*.

A reaction had already started against the system of land settlement introduced in Bengal by Cornwallis in 1793. Before the Regulation of 1793 was introduced the officers of the East India Company had made the settlement of the land revenue with those intermediaries who came forward and paid them the revenue. Shore held that these intermediaries (*zemindars*) were the legal owners of the land and that the state was entitled to a certain amount of revenue from them. The Act of Parliament of 1784¹

¹ *The Cambridge History of India*, vol. V, p. 448.

decided in favour of these intermediaries and they were acknowledged as owners of the soil. "Some of the dangers of the Government's system were, however, apparent in the frequent sales of zamindari estates and in the oppressions of sub-tenants by zamindars. Regulations in 1793 attempted to deal with these, but without much effect."² Its extension to the 'Ceded' and 'Conquered territories was contemplated, and indeed promised in 1807 subject to the approval of the home authorities. But the Directors, now grown doubtful about the validity of the Bengal system and to some extent conscious of the prevailing ignorance of the local nature of Indian conditions, hesitated to give approval.³

The officers trained in Bengal, but not altogether confident of the results of the Permanent Settlement there, had their doubts about the system strengthened when they came to deal with the North Western Provinces. The British officials wished to deal with the intermediaries here also but were troubled by their absence. Holt Mackenzie⁴ persuaded the Government with difficulty to make the village the unit of assessment in this province, and to treat the village community as a corporate body. His views were largely put in the Act of 1822 and were further simplified in an Act of 1833.

The reaction against the settlement of 1793 reached its climax under Bird and Thomason. Thomason's school preached that there should be no intermediate class between the peasantry and the Government.⁵ The system recommended by Holt Mackenzie and further elaborated in the 'Directions to Settlement Officers' by Thomason was generally adopted in the North-Western Provinces. In the Punjab which was annexed in 1849, the village system of revenue collection was introduced. The controversy which arose between the two Lawrences in the Punjab has been often described. Henry was in favour of retaining the *Jagirdars* while John, with his training in the Thomasonian school, was not in their favour, though even he did not like to dispossess them altogether. Lord Dalhousie showed his preference for John Lawrence and his system when he transferred Henry to Rajputana in 1850 and made John Lawrence the Chief Commissioner of the Punjab.

² *Ibid*, p. 451.

³ *The Cambridge History of India*, vol. VI, p. 80.

⁴ He was the Secretary to the Board of Commissioners in the North Western Provinces.

⁵ Gibbons, F.P. *The Lawrences of the Punjab*, p. 236, foot note.

There was no doubt as to the success of Thomason's school in the North-Western Provinces and the Punjab. J. P. Grant, a member of the Governor General's Council, while writing a minute at the time of the proposed amalgamation of Sindh with the Punjab, said, "If Scinde is united to the Punjab, it will fall under the revenue system which has converted the North-Western Provinces into a garden and is now doing the same thing in the Punjab."⁶ Lord Dalhousie must have asked himself the question; why should it fail to have the same effect in Oudh. The *Huzoor Tehsil* system, which was similar to the village system, was always praised by the British Residents in Oudh in their reports. This factor must have weighed considerably in Dalhousie's mind.

Moreover another member of his Council was hostile to the *taluqdars* of Oudh. Low had served as Resident at the Court of Oudh. He had had bitter experience of the *taluqdars* and he had expressed this in his report. Outram, who succeeded Sleeman as Resident, likewise gave his opinion against the *taluqdars* and the *chakledars* in his report of 15 March 1855 on Oudh affairs.

There is no evidence to show that Dalhousie took counsel from his colleagues while issuing the particular letter of instructions to Outram in February 1856. But there is no doubt that most of the members of his council were against the system which prevailed in Oudh before annexation. The reports of the Residents at different times had clearly shown the depredations which the *taluqdars* and *chakledars* inflicted on the sub-proprietors and the cultivators. The members of the Council of the Governor General when they suggested annexation did, in all likelihood, also suggest that the systems prevalent in Oudh should be abolished.

So when the Council met on 3 January 1856, on a special summons, to discuss the Despatch No. 33 of 1855 from the Court of Directors, it did decide a course of policy for Oudh which was designed to counteract the undue power of the *taluqdars*. "It was assumed that our obligations towards the people of Oudh, which were imposed by the treaty of 1801 but which had hitherto been imperfectly fulfilled, should henceforth be fully acted upto." For this reason Dalhousie considered it to be his duty "to suggest not the mode of proceedings which might seem to be the shortest

⁶ John Lawrence Papers, Series I, vol. 2, p. 236, (Minute by J.P. Grant) Demi-official correspondence 1855-6.

and the easiest for the Government of India, but that mode of proceeding which, while it should be fully effectual for the purpose designed, should at the same time, be most in accordance with established usage.”⁷ It was proposed to establish in Oudh the same simple and effective form of Government, which had been in operation for nearly seven years in the Punjab, and which had been eminently well suited to its purpose there.

The very selection which Lord Dalhousie made of officers to take charge of the new province showed what he had in mind. He intended to introduce the system in which these officers had been trained and they all belonged to Thomason’s school. Most of them were civil officers, of the North-Western Provinces and the Punjab, who had considerable experience of land revenue administration. Martin R. Gubbins who was appointed Financial Commissioner had been Magistrate and Collector of Agra. Christian, who was appointed as one of the Commissioners, had been Secretary to Sadar Board of Revenue, North-Western Provinces, in 1854. Denison had been Assistant Commissioner, Lahore Division before he took over as a Commissioner in Oudh. Most of the Deputy and Assistant Commissioners were either from the Punjab or from the North-Western Provinces. They had all themselves seen the success of the village system in those provinces and felt no doubt about its prospective success in Oudh.

In deciding against the *taluqdars* Dalhousie seems to have been affected not merely by his passion for things Punjabi, but more generally by his liberal leanings as well. “In the division of party politics at home, he had been ranged among the followers of Sir Robert Peel and professed the newly developed liberalism of that great parliamentary chief.”⁸ The very able state paper, in which instructions were sent to James Outram upon his appointment as Chief Commissioner of the Province, regarding the mode of administration to be established in Oudh, shows clearly all that was best in the system of political philosophy practiced by Dalhousie.⁹

⁷ Dalhousie Papers, Vol. 211 of 1856. Minute by Lord Dalhousie 13 February 1856.

⁸ Kaye, J.W. *A History of the Sepoy War in India*. Vol. I, p. 16.

⁹ A study of his annexation minute of 18 June 1855, shows clearly all that was noblest and most vigorous in the spirit of English liberalism of those days. Again, the Proceedings of Dalhousie’s Council of 3 January, 1856 and the letter of instructions of 4 February, 1856, clearly insist on popular welfare as the aim to be steadily kept in view. Its fundamental principle was that ‘every body shall count as one, and nobody as more than one’.

The letter had for its foundation the principles acted upon in the North-Western Provinces, which had brought unexampled prosperity to that region. It was so framed in its details as to ensure simplicity and unity of control by uniting fiscal and judicial authority in the person of the Commissioner and the district officer. Its aim was to improve and consolidate the popular institutions of the country by maintaining the village coparcenaries and by adopting English proceedings to the predilections of the people and the local laws to which they were accustomed. Dalhousie stressed the supreme importance of the land revenue not only for its productivity but also as affecting the dearest rights and interests of the people. No other branch of the administration he pointed out, touched more directly the prosperity of the whole country.¹⁰

For this reason, Dalhousie gave the first importance to land policy in this newly acquired province. His historians have not given him due credit for this aspect of his administration. Instructions were sent to the Chief Commissioner for a summary settlement to be made village by village with those actually in possession, but without any recognition, either formal or indirect, of their proprietary rights. The desire and the intention of the Government were to deal with the actual occupant of the soil, that is, with the village *zemindars* or with the proprietary coparcenaries and not to suffer the interposition of middlemen, such as *taluqdars*, farmers of the revenue, and others. "The tenures being identical, the existence of co-parcenary communities being certain, and the nature of the country as well as the usages of the people being similar, the system of village settlements in the North-Western Provinces", as described in the Directions to Settlement Officers, "and modified in its application to the Punjab . . . should unquestionably be adopted."¹¹

Referring to tent-free grants the letter said that the only just and politic course would be for the Government to show its respect for existing rights by confirming and maintaining all grants for which sufficient authority could be produced and established.

The summary settlement, as directed, was to provide for the realization of the revenue as well as the protection of the agricultural classes from oppression, and the ever varying demands to

¹⁰ India Political Consultations. Range 201, vol. 57, Consultation 193 of 6 June 1856. Letter No. 12 of 4 February, 1856. Government of India to Outram.

¹¹ Ibid.

which they were liable under the native Government. It was to be a temporary expedient before a regular settlement could be accomplished. A separate settlement department was to be organised and officers experienced in the fiscal system in other provinces were to be selected for it.¹²

To direct and superintend this revenue administration in all its branches, Gubbins was appointed the first Financial Commissioner. He was to exercise the same powers as were exercised by the Sadar Board of Revenue in the North-Western Provinces.¹³

When Gubbins took charge and began the settlement, however, he found it necessary to temper the rigour of the instructions against the *taluqdars* and to modify it in his own way. Thus, whereas by para. 14 of the Secret Letter No. 12, it was directed that the term of the settlement be fixed for three years from May 1st, 1856, Gubbin issued instructions for the collection of $7\frac{1}{2}$ *kists* from those with whom the native Government had settled. He further instructed the Deputy Commissioners to inform the people that a Settlement for 3 years from 1264 to 1266 *Fasli* would immediately follow this preliminary measure.¹⁴

Since all the agriculturists were under engagements with the native Government for the current year and had paid the $4\frac{1}{2}$ monthly instalments which fell due before the British assumed the sovereignty of Oudh, a detailed settlement as directed would, he argued, have been unjust. Previous engagements would have been violated and those who had advanced money for cultivation to the cultivators would have lost all chances of recovering their advances. He also argued that it would scarcely be expedient to have all the large and powerful body of *taluqdars* arrayed against the Government at the very outset. Moreover, even if the *taluqdars* had been ignored, the villagers could not have come forward at such a short notice. Lastly, he considered it to have been impossible, in the absence of sufficient means and agency, to conclude a village by village settlement for the *Rabi* in time.

But by settling for the remaining $7\frac{1}{2}$ monthly instalments on the old basis sufficient time was gained for the summary settlement

¹² Ibid.

¹³ His powers were largely explained in Paras. 89-97 of letter No. 12 of 4 February 1856.

¹⁴ India Political Consultations, Range 201 vol. 58, Consultation 318 of 13 June 1856. Circular No. 8 of 16 February 1856, Financial Commissioner to all Commissioners. The annual land revenue was paid in two instalments, the first after the expiry of the first $4\frac{1}{2}$ months of the Indian Year, the second at the end of the remaining $7\frac{1}{2}$ months.

to be properly accomplished. In the meantime, the village communities would have been "brought into intercourse with our officers, have had practical proof of our moderation, and have become reassured sufficiently themselves, to induce them to enter into engagements, from which at the outset, from many causes they might have shrunk".¹⁵ For these reasons he first made the settlement with those persons who had entered into engagements with the native Government. In other words, the *taluqdars* were admitted for these $7\frac{1}{2}$ monthly instalments.

The Governor-General however thought this course to be neither just nor politic nor practicable. He observed that one obvious and direct effect of the Financial Commissioner's act was to impose upon the district officers the great labour of carrying out two summary settlements instead of one. What had been done was approved but the Government of India ordered that in future the Financial Commissioner should not issue any circular instructions without the previous consent of the Government.¹⁶

Besides the $7\frac{1}{2}$ monthly instalments there was in some cases balance pending for the $4\frac{1}{2}$ monthly instalments of the *Kharif* harvest. For some time there went on a controversy as to whether the British Government should realize these or not. The Financial Commissioner's position was that the $4\frac{1}{2}$ monthly *kists* belonged to the King and the $7\frac{1}{2}$ monthly ones were due to the British Government.¹⁷ But the Governor General set the matter to rest by ordering that all the *Kharif* balances were to be collected.¹⁸

When the settlement for the $7\frac{1}{2}$ monthly instalments was being made, many *taluqdars* behaved as they used to do under the Nawabs. The case of the Raja of Tulsipur is one of this type. He defaulted on the first and again on the second instalment. It was proposed that if the default were persisted in, the Raja should be excluded under the summary settlement from all the villages of his *taluqa* for which he might be entitled to engage as proprietor, while in all other villages *thikadars*, who already held

¹⁵ Boards Collections 173971, vol. 2652, pp. 79-89. Letter No. 13 of 11 March 1856, Gubbins—Chief Commissioner.

¹⁶ India Political Consultations, Range 201, vol. 58, Consultation 320 of 13 June 1856. Letter No. 2148 of 22 April 1856, Secretary Government of India—Outram.

¹⁷ Ibid. Consultation No. 317 of 13 June 1856. From Financial Commissioner—Chief Commissioner, 11 March 1856.

¹⁸ Ibid. Consultation 315 of 13 June 1856. Letter No. 2097 of 17 April 1856, Secretary, Government of India—Secretary, Chief Commissioner.

leases from the Raja were to be admitted.¹⁹ Raja Rustam Sah of Dehra when summoned by the Deputy Commissioner to pay his balance of revenue, closed the gates of his fort, and Mansingh behaved likewise, refusing admission to the Revenue officers. The Judicial Commissioner proposed a show of power to impress these 'barons of Oudh'.²⁰

This opposition of the landed aristocracy of Oudh was really directed against a settlement on the old terms. Yet oddly enough ✓ the summary settlement which followed went on without much opposition. The impression has usually been given that by the summary settlement the *taluqdars* were uprooted and the village communities restored. The apologist of the *taluqdari* system said, "Our first essay on administration was based on ignorance and ended in disaster. The officers who were entrusted with the all-important work of settling the land revenue had been imbued with the principles of the so-called Thomasonian school, and shared the prejudices of the only native society with which they had been personally acquainted, that of the Court. The first told them the village communities were the only element in the country which deserved to be maintained; the second that the *taluqdars* were a set of grasping interlopers, in arms against the officials, and tyrants to the people, whose sole object was to defraud the Government of its revenues. The result was that orders were issued to disregard them wherever it was possible, and take engagements everywhere from the yeoman classes. The instructions were well acted upto. The Chieftains were stripped of nearly all their villages, and a settlement made in which they were entirely left out of consideration."²¹

But the absence of serious opposition by the *taluqdars* would suggest that the picture is overdrawn. And indeed the official view of the working of Dalhousie's system can be easily contradicted by digging a little into the evidence. Thus how very far from being imbued with Thomasonian principles Wingfield was can be seen from his settlement of the Bahraich Division in which he took engagements from the *taluqdars* to the exclusion of the village communities. And as to how far the chieftains

¹⁹ India Political Consultations, Range 201, vol. 59, Consultation 441 of 20 June 1856. Letter No. 196 of 29 April 1856. Secretary, Chief Commissioner to Secretary, Government of India.

²⁰ Ibid. vol. 70, Consultation 142 of 31 Oct. 1856. Letter No. 363 of 26 August 1856, Judicial Commissioner—Secretary Chief Commissioner.

²¹ Oudh Gazetteer, vol. 1, p. LV (55).

were stripped of all their villages the following figures will bear witness. Out of the total of 23,522 villages, 13,640 were settled with the *taluqdars*, and only 9,903 villages were settled with persons other than *taluqdars*.²² The *taluqdars* retained more than half of the province in their possession.

Thus the *taluqdars* were dealt with much more tenderly than has often been portrayed. Much more tenderly indeed than many of those who had supported annexation, as the only way to end injustice and oppression, had expected. "There are those who take the part of the *taluqdars*, who misled by appearances think that they should have been left in undisturbed possession of their blood-stained spoils, and that justice should have been refused to the long expectant villagers.

"So, however, did not rule the Government of India, presided over by Lord Dalhousie. And surely if no redress was to be granted, and no wrongs to be repaired, to what end was our mission in Oudh? and what business had we in the country?"²³

All rights to hold the land were subject to critical examination and where the proprietors were unable to show their proprietary right in the soil, the villages were given to the *taluqdars* subject to the payment of moderate assessment. The fraudulent and extorted *bai-namahs* (deeds) were treated at their proper worth. And where by the withdrawal of the villages the *taluqdars'* income was too drastically reduced, or other circumstances of hardship appeared, an allowance of 10 per cent. upon the Government demand was assigned to them. In some cases, it is true, the *taluqdars* were treated with undue severity because of the indiscretion of local officers, particularly in Fyzabad and Sultanpur.²⁴ But as the settlement was for three years only, there is every ground to believe that cases of real injustice would have been heard and redressed before any regular settlement was concluded.²⁵

Moreover the settlement officers and the Government under whom they acted had no arbitrary powers; the civil courts were

²² India Political Collections to Despatches, vol. 18, Despatch 33 of 1860, Collection 37, pp. 94-5. Appendix E, Final report of Settlement 1859. The total number of villages is shown less.

²³ Gubbins, M.R. Mutinies in Oudh, p. 67.

²⁴ Ibid, p. 68.

²⁵ "It is to be lamented that the labors of the different officers engaged in this work perished in the revolt and scarcely any of their valuable records have been saved from the General ruin". India Political Collections to Despatch, vol. 17, part II, Despatch 33 of 1860, Collection 25, p. 153, para. 332 of report by Montgomery, Chief Commissioner.

open to all, to contest and to bring to a judicial decision the justice of their awards; and by the higher classes that remedy was freely resorted to.²⁶

The day of regular settlement did not come but the Mutiny did, shattering the first summary settlement, concluded in Oudh for the welfare of the peasantry. In this great rising, some of the *taluqdars* as also some of the proprietors rose against the British.

The village proprietors whose rights were reinstated by the British Government in 1856, and who owed their prosperity to it, as well as those who believed themselves aggrieved by its policy joined in the Mutiny and ranged themselves with the enemies of the Company. "The holders of villages belonging to the talookas which had been broken up at the settlement acknowledged the suzerainty of the talookdar as soon as our authority was subverted. They acted, in fact, as though they regarded the arrangements made at the settlement as valid, and to be maintained, just so long as British rule lasted, and no longer; and as though they wished the talookdars to reassert his former rights and resume his ancient position over them at the first opportunity."²⁷ Montgomery, the then Chief Commissioner agreed with the view of the Governor General and observed that the events of the rebellion had tended to show that the entire release from a condition of subordination to the *taluqdars* was not universally desired by the village proprietors.²⁸

Great stress has been laid upon the fact that the village proprietors who had profited so much by the British rule did not side with the British during the Mutiny but joined hands with the *taluqdars*, acknowledging them as their chiefs. This argument sounded the death knell of the *zemindary* system (village system) introduced by Lord Dalhousie.

But, in reality, the village communities had no other course left to them. The *taluqdars* were powerful, had their own militia, possessed guns and forts, and the village communities could not resist them. So they had to side with the *taluqdars*. Nor

²⁶ Probyn, J.W. *Systems of Land Tenure in Various Countries*, p. 160. Essay by George Campbell on *Tenure of Land in India*.

²⁷ Indian Political Consultations, Range 203, vol. 9, Consultation 193 of 5 November, 1858. Letter No. 3502 of 6 October 1858. Secretary, Government of India to Secretary, Chief Commissioner.

²⁸ India Political Collections to Despatches, vol. 17, Part II, Despatch No. 33 of 1860, Collection 25, p. 158, para. 343 of Montgomery's report.

could one expect the members of the village communities to fight against their own brothers who formed the greater part of the Bengal army which had revolted against the Company. The rule of the company was newly introduced in Oudh and their intercourse with the villagers was just over one year old. Then how could the British expect the villagers to side with them? Above all, the emotional factor was completely overlooked. "The antagonism between Yeoman and landlord was still there; but in the intoxicating whirl of the moment it was thrown entirely into the background."²⁹ It must not be forgotten that it was as the kinsmen and co-religionists of the mass of the mutineers that they joined the common cause. "They found the talookdars with strong forts and numerous retainers, and were glad to place these chiefs at their head in a struggle which they must have seen required the united efforts of the country to prove successful. Their conduct proved that they hated and feared the British power under the circumstances of the time, more than they disliked the talookdar, but not that they preferred his rule to their own independence."³⁰

For the pacification of the province it became essential to carry the *taluqdars*, whose power had been so recently revealed, with the Government. The compiler of the Oudh Gazetteers says in his introduction, "Policy and justice alike forbade their being overlooked in the new settlement which the pacification of the province necessitated."³¹

Thus immediately after the Mutiny the *taluqdari* system was restored by Lord Canning. This was an entire reversal of the aims of Lord Dalhousie. It was the result of political necessity, as will be shown. But it was not so violent a change in practice as has often been suggested, for how little the *taluqdars* were overlooked in the summary settlement of 1856 has already been seen.

The man who now supported the *taluqdari* system was James Outram, who had so vigorously criticised the *taluqdars* in his report of 15 March, 1855. Now, he wrote to Canning that the system of settlement with the so-called village proprietors would not work at present in Oudh. These men had neither influence nor weight enough to aid the British in restoring order. He saw no

²⁹ Irwin, H.G. *The Garden of India*, p. 186.

³⁰ Political Despatches to India vol. 1, pp. 377-394. Despatch No. 33 of 24 April 1860. Secretary of State—Governor General.

³¹ Oudh Gazetteer, vol. 1, p. LV (55).

prospect of restoring tranquillity, except by having recourse for the next few years to the *taluqdari* system. The *taluqdars* had power to exercise either for or against the British while the village proprietors could be of little help.

What Outram suggested was that the rent of each *taluqa* should be fixed by the Government. This could then be distributed equitably among the several constituent villages. The exact amount to be paid by each villager could be settled among themselves. He remarked that by this arrangement the *taluqdars* would be unable to raise the rents.

This measure, in his opinion, would enlist the *taluqdars* on the British side and entail no injustice on the cultivators of the soil. He suggested that the lands of all men who had taken part in the Mutiny be largely confiscated.³² John Lawrence who was the Chief Commissioner of the Punjab also suggested to Canning that the *taluqdari* system be adopted in Oudh.³³ No greater measure of the difficulty of the moment, and of the disillusionment suffered by those who had shared Dalhousie's views can be found than this.

Outram repeatedly impressed on the Government that if any attempt to adopt the system of Lord Dalhousie was made, it would make the pacification of the province impossible. He therefore pressed for the approval of his memorandum as the best way to reestablish peace and confidence, and to win the affection of the people.³⁴ Lord Canning was influenced to a large extent by the suggestions of Outram as is evident from his letter of 6 October, 1858 to the Secretary of State.

On 5 March, 1858 Lord Canning without consultation with the home authorities, sent out the famous confiscation proclamation to the Chief Commissioner to be issued, at the fall of Lucknow, to the Chiefs and inhabitants of Oudh. This brought an end to Lord Dalhousie's system and served to clear the ground for a new one. Canning's main object was not—as he himself explained,—to confiscate finally the rights of the *taluqdars*, but to get rid of all engagements into which the British Government had entered after annexation. Campbell who was shown Can-

³² India Political Consultations, Range 203, vol. 9, Consultation 192 of 5 November 1858. Memorandum by Outram dated 15 January 1858.

³³ John Lawrence Papers, vol. 6, Lawrence—Wood, 4 March 1865.

³⁴ India Political Consultations, Range 203, vol. 9, Consultation 191 of 5 November 1858. Letter of 29 January 1858, Outram—Secretary Government of India.

ning's own draft of the proclamation advised Canning to avoid the appearance of extreme severity on the one hand, and the extreme of concession to those who had rebelled on the other. But Canning followed his own counsel.³⁵

By the proclamation the proprietary right in all the soil of Oudh with the exception of six specially exempted estates was confiscated by the British Government. The exempted estates were those of "*Drigbyjee Singh Raja of Bulrampur, Kulwunt Singh Raja of Padnaha*,"³⁶ *Raja Hurdeo Buksh Singh of Kutraree (Katiari)*, *Kashi Pursaud taluqdar of Sissaindee*, *Zubrasingh zamindar of Gopal Khair* and *Chundee Lall zamindar of Moraon (Baiswarah)*". They were declared to be the sole hereditary proprietors of the lands which they held when Oudh came under the British rule, subject only to such moderate assessment as might be imposed upon them. The rest of the soil, confiscated, was to be disposed of in such manner as the Government might consider expedient.³⁷ With the proclamation went a letter, offering suggestions for the treatment of various *taluqdars*,—other than the six,—and granting discretionary powers to the Chief Commissioner to deal independently with unanticipated cases.³⁸ The letter along with the proclamation was forwarded to the Chief of Staff³⁹ Canning hoped that it would enable the Chief Commissioner to meet the overtures of all who might present themselves.⁴⁰

The Chief Commissioner considered the proclamation to be rather too harsh. He observed that with the confiscation of all proprietary right in the soil, it would be hopeless to enlist the landholders on the side of the Government as it would lead them to a desperate and prolonged resistance. He suggested that if these men were given back their lands they would come to the help of the authorities in restoring order and establishing peace. So Outram earnestly requested that, "Such landholders and Chiefs as

³⁵ Probyn, J.W. *Systems of Land Tenure in Various Countries*, p. 187. Essay by Sir George Campbell on *Tenure of Land in India*.

³⁶ It was later confiscated, owing to subsequent discoveries regarding the conduct of its owner during the Mutiny.

³⁷ India Secret Consultations, vol. 217, Consultation 72 of 26 March, 1858. Letter No. 9 of 5 March, 1858, Secretary, Government of India to Secretary, Chief Commissioner.

³⁸ Ibid, Consultation 71 of 26 March, 1858. Letter No. 191 of 3 March, 1858, Secretary, Government of India to Secretary, Chief Commissioner.

³⁹ Ibid, Consultation 73 of 26 March 1858. Letter No. 192 of 3 March, 1858, Secretary, Government of India to the Chief of Staff.

⁴⁰ Ibid, Consultation 78 of 26 March, 1858. Letter No. 215 of 4 March, 1858, Secretary, Government of India to Chief Commissioner.

have not been accomplices in the cold-blooded murder of Europeans may be enlisted on our side by the restoration of their ancient possessions, subject to such restrictions as will protect their dependents from oppression.⁴¹

The Governor General found this suggestion reasonable. He sent instructions from Allahabad to subjoin the following clause to the proclamation: "To those amongst them who shall promptly come forward, and give to the Chief Commissioner their support in the restoration of peace and order . . . the Governor General will be ready to view liberally the claims which they may thus acquire to a restitution of their former rights."⁴²

On 15 March, 1858 the modified form of proclamation was issued. It was followed on 24 March by a telegram from Canning to Outram informing him that it was entirely left to him to notify any *taluqdar* that if he now came to support the Government, none of his lands would be confiscated, and his case would be reconsidered as regards the lands he held before annexation; and in case of his having resumed lands, he might retain them till the rehearing.⁴³

England was aghast at the issue of the proclamation, great in idea certainly and great in its subsequent results only because it was never really carried out.⁴⁴ The *Friend of India* observed, "Wise or unwise the fiat has gone forth. All rights beneficial or oppressive have alike ceased."⁴⁵ But it was observed that the proclamation if taken advantage of, would serve not to strip the old families, but to give them a new and parliamentary title, and bind them to the performances of new duties.⁴⁶ The *Bengal Hurkaru* commented more vigorously that "the proclamation served only as an encouragement to our foes, for being addressed to them, it was interpreted by them as a sign of weakness."⁴⁷

The Secret Committee of the Court of Directors condemned the proclamation in the strongest terms: "We cannot but express our apprehensions that this decree, pronouncing the disinherison

⁴¹ India Secret Consultations, vol. 218, Consultation 116|118 of 30 April, 1858. Letter of 8 March, 1858, Secretary, Chief Commissioner to Secretary Government of India.

⁴² Ibid, Consultation 119 of 30 April, 1858. Letter No. 257 of 10 March, 1858, Secretary, Government of India to Secretary, Chief Commissioner.

⁴³ India Political Collections to Despatch, vol. 16, Despatch 33 of 1860, part I, Collection I, No page number. Outram's minute, 17 June, 1858.

⁴⁴ *Friend of India*, 13 March, 1862, p. 285.

⁴⁵ Ibid., 8 April, 1858, pp. 313-4.

⁴⁶ Ibid., 29 April, 1858, pp. 387-8.

⁴⁷ *Bengal Hurkaru and India Gazette*, 19 April, 1858, p. 367.

of a people, will throw difficulties, almost insurmountable, in the way of the re-establishment of peace We desire that you will mitigate in practice the stringent severity of the decree of confiscation you have issued against the landholders of Oudh."⁴⁸ The proclamation was censured by the Government of Lord Derby and denounced by Bright in the House of Commons on 20 May, 1858.⁴⁹ Long afterwards Strachey, while introducing the Oudh Estate Act (1869), said: "This proclamation has altogether a strange history. When it was first issued there is not a doubt that it was intended as a measure of coercion and punishment, to the rebellious taluqdars." But "it became the means of rewarding and benefitting the very men, the taluqdars, whom Lord Canning had originally desired to punish."⁵⁰

On 10 May, 1858, however, the Court of Directors passed a resolution showing their confidence in Canning, and their conviction that the proclamation would be characterised by a generous policy, and by the utmost clemency.⁵¹ And in their despatch they asked Canning to show leniency to all whose crime were not too great for any indulgence.⁵²

This change of tone on the part of home authorities resulted from the success with which the proclamation was crowned in India. Soon after the *taluqdars* started coming in, offering their submission. Lady Canning observed, "The Oude Commission's report fully proves the wisdom . . . of his policy, that it is a very triumphant rejoinder and conclusion."⁵³

Lord Canning wrote two despatches justifying his policy (to the Secret Committee⁵⁴ and to the Court of Directors.⁵⁵) In

⁴⁸ Boards Collections No. 193256, vol. 2703, pp. 14-18. Letter No. 1954 of 19 April, 1858. Secret Committee to Governor General.

⁴⁹ Hansards Parliamentary debates, 3rd series, 1858, vol. CL (150), pp. 944-62.

⁵⁰ Proceeding of the Legislative Council of the Governor General, 1867, vol. VI, p. 287. Speech of Sir John Strachey.

⁵¹ Parliamentary Papers, House of Commons, Session 1857-8, vol. 43, paper 282, pp. 1-2. Proceedings of the Court of Directors dated 10 May, 1858 communicated to the Governor General.

⁵² India Political Consultations, Range 202, vol. 54, Consultation 48 of 25 June, 1858. Despatch No. 20 in the Political Department of 18 May, 1858, Court of Directors to the Governor General.

⁵³ Canning Papers MSS 47469-18. Lady Canning to Marriett, 2 April 1859.

⁵⁴ Parliamentary Papers, House of Commons Session 1859, vol. 18, paper 110, pp. 12-13. Letter No. 26 of 17 June, 1858. Governor General to Secret Committee.

⁵⁵ India Political Letters, vol. 34, p. 9. Letter No. 17A of 4 July, 1858. Governor General to Court of Directors.

these letters he made it clear that he would not deviate from the policy he had pursued. In his letter to the Secret Committee he boldly declared: "No taunts or sarcasms, come from whatever quarter they may, will turn me from the path which I believe to be that of my public duty I believe that the policy has been, from the beginning merciful without weakness, and indulgent without compromise of the dignity of the Government. I believe that wherever the authority of the Government has been re-established, it has become manifest to the people in Oudh as elsewhere, that the indulgence to those who make submission and who are free from atrocious crime, will be large."⁵⁶

In this very letter, he suggested that the confiscation proclamation would tend to the final settlement of many disputes which had been the root cause of so much strife and animosity in Oudh. The contest for land, often waged with force and fraud, between the *taluqdars* and proprietors would end, for by the confiscation proclamation all proprietary rights in the land were confiscated to the state. New proprietary rights would now be created by the British Government which would be uncontestable. Everybody was to hold direct from the Government and a deed was to be issued to that effect.

On 1 November, 1858, the Royal proclamation containing solemn promises of pardon and mercy, was read at Allahabad to a large number of princes and chiefs by the first Viceroy of India. Particular reference was made, in this proclamation, to Oudh and the confiscation proclamation of March 1858. It stated, "Already, in one province, with a view to stop the further effusion of blood and hasten the pacification of our Indian dominion, our Viceroy and Governor General has held out the expectation of pardon, on certain terms, to the great majority of those who, in the late unhappy disturbances, have been guilty of offences against our Government, and has declared the punishment which will be inflicted upon those whose crimes place them beyond the reach of forgiveness. We approve the said act of our viceroy and Governor General."⁵⁷ Canning instructed the Commander-in-Chief that the terms of grace and amnesty in the proclamation might

⁵⁶ Parliamentary Papers, House of Commons Session, 1859, vol. 18, paper 110. Governor General to Secret Committee, para 5.

⁵⁷ India Political Consultations, Range 203, vol. 19, Consultation 1125 of 31 December, 1858. Queen's Proclamation.

be offered to all such rebels in Western Oudh who should comply with the conditions before 1 January, 1859.⁵⁸

The Secretary of State had meanwhile written to Canning approving his policy—and modifying it by his interpretation of what it had been. “However indiscriminate and unsparing might have been the sentence of Confiscation which your proclamation pronounced,” he wrote, “that sentence had not been put in force; and the issuing of it was only to strike awe into the minds of those still arrayed in arms against the British Government. Her Majesty’s Government publicly expressed their full approval of Canning’s policy, and confidently hoped that the measures taken by him for the suppression of insurrection in India would at no distant period lead to the entire pacification of that country.”⁵⁹

The controversy in England and India, about the Confiscation proclamation, was thus ended with the Queen’s proclamation. It is now necessary to return to the condition of Oudh and see how the local authorities dealt with the confiscation proclamation. The condition of Oudh caused great anxiety to the Government. James Outram was called to take a seat in the Supreme Council and the office of the Chief Commissioner was made over to Montgomery on 3 April, 1858. On this very day it was reported to the Governor General that the *taluqdars* were still holding aloof, but the Chief Commissioner fervently hoped that there would not be any serious opposition to the permanent establishment of the British rule in Oudh.⁶⁰

The first attempt to open communication with the *taluqdars* was made through Carnegy (one of the Deputy Commissioners). Canning wrote, “Should they not only make submission but also, at the requisition of the Chief Commissioner, give aid in the maintenance of order, they will acquire still further claims to indulgence, in accordance with terms of the proclamation.” (15 March, 1858).⁶¹

Carnegy on his arrival at Jaunpur was to send letters to Raja Hunwantsingh of Salone and Rajah Rustum Sahai of Dera near Sultanpur. The Governor General also authorised Outram

⁵⁸ India Secret Consultations, vol. 223, Consultation 1 of 26 November, 1858. Letter No. 4171 of 1 November, 1858, Canning to Clyde.

⁵⁹ Parliamentary Papers, House of Commons Session 1859, vol. 18, paper 110, pp. 12-13. Despatch No. 5 of 9 December 1858.

⁶⁰ India Political Collections to Despatch, vol. 16, Despatch No. 33, part I, Collection I. Minute by Outram 17 August 1858.

⁶¹ India Secret Consultations, vol. 219, Consultation 392 to 28 May 1858. Letter of 23 March 1858, Canning—Chief Commissioner.

to inform Man Singh that if he lent his support in re-establishing order, the confiscation of his lands would be remitted.⁶² Canning ordered Carnegy to refer all *taluqdars* to the Chief Commissioner;⁶³ and such men as Rajah Mahesh Narain, Babu Burian Singh, and Ranjit Singh and others who might submit were to be sent to the Chief Commissioner at Lucknow.⁶⁴ But Carnegy found it difficult to persuade the *taluqdars* to go to Lucknow. Forbes (a member of the Oudh Commission) also met with the same difficulty. They pleaded the bad state of the country, and the dangerous state of the roads, infested as they were by large parties of rebels. Rustam Sahai and the nephew of Ranjit Singh, however, agreed to go via Allahabad.⁶⁵ Man Singh also promised to go to Lucknow.⁶⁶

The only instances in which the chiefs and the *taluqdars* attended the summons sent to them were where they had received a personal assurance by a letter, from the Chief Commissioner, along with the confiscation proclamation, thereby nullifying its effects. Outram had written to all *taluqdars* who had not taken an active part in the Mutiny, assuring them that if they now came forward to support the British Government they would be put in as good a position as they had been in before annexation.⁶⁷ Such assurances were also given by Montgomery who invited a few *taluqdars* to meet him and explained to them the views and intentions of the Government. He requested them to spread the intelligence among other *taluqdars*.⁶⁸

Barrow was appointed especially to deal with the landholders all of whom were asked to submit. They were promised good treatment if no deeds of atrocity had placed them beyond the pale of forgiveness. By 22 May, 1858, with few exceptions, the big *taluqdars* had replied by letter or through *vakils*, or had in person tendered their allegiance. Barrow remarked, "In the last

⁶² India Secret Consultations, vol. 219, Consultation 394 of 28 May, 1858. Letter of 28 March, 1858, Secretary, Government of India to Outram.

⁶³ Ibid., Consultation 404 of 28 May, 1858. Letter No. 496 of 13 April, 1858, Secretary Government of India to Carnegy.

⁶⁴ Ibid., Consultation 406 of 28 May, 1858. Letter No. 13 of 14 April, 1858, Secretary, Chief Commissioner to Secretary, Government of India.

⁶⁵ Ibid., Consultation 408 of 28 May, 1858. Letter of 16 April 1858, Carnegy to Secretary, Government of India.

⁶⁶ Ibid., Consultation 410 of 28 May, 1858. Letter of 30 April, 1858, Carnegy to Secretary, Government of India.

⁶⁷ Ibid., Consultation 429 of 28 May, 1858. Letter No. 4 of 30 March, 1858, Secretary, Chief Commissioner—Secretary, Government of India.

⁶⁸ Ibid., vol. 220, Consultation 52 of 25 June, 1858. Letter No. 321 of 22 May, 1858, Secretary, Chief Commissioner to Secretary, Government of India.

ten days great progress has been made, in as much as the communications with principal parties have assumed a tone which shows they are more in earnest than their first letters led us to believe."⁶⁹

So while only 26 *taluqdars* had tendered their allegiance by 20 April, 1858, within the next two months 158 more submitted. They held tracts of country yielding an aggregate revenue of Rs. 15,65,821. They were generally admitted to a settlement of their lands on the basis of the first settlement of 1856-7, when they had engaged for 7½ monthly instalments. But in the *qabuliyat* a clause was added that their active aid in all matters of police, the destruction of their forts and the surrender of their arms, would alone enable them to retain their lands.⁷⁰ In this settlement, 22,658 out of 23,543 villages were settled with the *taluqdars* or with loyal grantees and 906 villages were settled with persons other than *taluqdars*.⁷¹

The policy of Canning, though apparently harsh in the beginning, was softened in practice under the influence of political necessity. The greater part of the province was up in arms against the British and so the pacification of the province was a primary consideration. It was this idea of early pacification that guided Lord Canning. It was his firm belief that pacification was not possible without the help, co-operation and goodwill of the influential body of the *taluqdars*. The policy adopted by the Chief Commissioner since the re-establishment of civil power in Oudh, had therefore been strictly conciliatory, where consistent with justice.⁷²

It was, however, considered essential that any conciliation of this province must be attended with a demonstration of force adequate to bring the defiant to obedience.⁷³

The policy of coercion and chastisement first recommended by the Home Government, had really been impracticable. The

⁶⁹ India Secret Consultations, vol. 220, Consultation 67 to 25 June, 1858.

⁷⁰ India Political Collections to Despatches, vol. 16, Despatch 33 of 1860, Part I, collection 5, pp. 1-36. Letter No. 103 of 8 September, 1858, Secretary Chief Commissioner to Secretary, Government of India.

⁷¹ Ibid., vol. 17. Despatch 33 of 1860, part II, collection 37, pp. 9-110. Letter No. 2815 of 24 June, 1859, Barrow to Secretary, Chief Commissioner. See appendix E to this letter, pp. 94-5. The total of villages does not tally.

⁷² India Secret Consultations, vol. 221, Consultation 71 of 30 July, 1858. A Memorandum by the Chief Commissioner. No date.

⁷³ India Political Consultations, Range 203, vol. 4, Consultation 139 of 1 October, 1858. Letter No. 1030 of 8 September, 1858, Secretary, Chief Commissioner to Secretary, Government of India.

whole official correspondence reflects clearly that Canning was fully justified, because of the political conditions, in the policy which he followed towards the *taluqdars*, though it was at the expense of the village proprietors.

Because of the political necessity the maintenance of the territorial aristocracy was considered an object of great importance. So the system designed by Dalhousie was overturned, in the summary settlement which followed the Mutiny. Montgomery in his administration report of 1859 observed, "Whatever be the abstract idea of justice, whatever the principle we might have wished to see carried out regarding the tenure of the soil, the fact remains important and uncontrovertible, that the superiority of these *taluqdars* forms a necessary element in the social constitution of the Province.

"The necessity of their existence once admitted it behoves us to direct the influence of *taluqdars* to the support of the Government, and not to render them discontented and hostile. Plain necessity points out this sequence of reassuring."⁷⁴

What a profound change of tone and standpoint the experiences of the Mutiny and subsequent needs could produce may be seen from the instructions which Lord Canning now sent to his Chief Commissioner. Recent events, he said, had very much shaken his faith in the stability of the village system even in the older provinces and therefore he was all the more disposed to abandon it in a province to which it was unknown before 1856. He further declared that the *taluqdari* system was the ancient, indigenous and cherished system of the country. On these grounds, as well as because the *taluqdars*, if they would, could materially assist in the re-establishment of British authority and the restoration of tranquillity, the Governor General "has determined that a *taluqdaree* settlement shall be made". He added, however, that it should be so as to secure the village occupant from extortion.⁷⁵ This letter makes it clear how far popular welfare had been pushed into the background in favour of the re-establishment of British authority and the restoration of order.

A circular letter was issued by the Chief Commissioner to all the Commissioners in Oudh, informing them of the intentions

⁷⁴ India Political Collections to Despatches, vol. 17, Despatch 33 of 1860, part II, Collection 25, p. 167. Report on Administration by Montgomery.

⁷⁵ India Political Consultations Range 203, vol. 9, Consultation 193 of 5 November, 1858. Letter No. 3502 of 6 October 1858, Secretary, Chief Commissioner to Secretary, Government of India.

of the Governor General.⁷⁶ The Secretary of State also approved of the policy contemplated towards the *taluqdars* of Oudh, which by a recognition of their rights, would secure their allegiance to the British rule.⁷⁷

It was arranged that all settlement operations should be submitted to the Chief Commissioner through a special Commissioner of Settlement. Barrow, who had settled Salone in the 1856 settlement, was appointed to this post. The district officers were instructed that while fixing the demand from the *taluqdars* regard should be paid to the quota which the *taluqdars* demanded from their sub-leases. The villagers were to be asked to pay to the *taluqdars* at the rates at which they had been assessed in the King's time. They were not to pay any excessive demands nor any cesses which were illegal. In this way justice was to be done both to the landlord and tenant.

The district officers were to treat the *taluqdars* with consideration, and not reduce them to the level of peasants. They were also instructed to see that their native subordinates did not try to degrade and trample upon the independent gentry.⁷⁸

With these general observations Barrow issued his orders for a summary settlement for three years from 1 May, 1858, or until a regular settlement could be carried out. In the two districts of Gonda and Baraitch where agriculture was backward and rebels still troublesome (the districts bordered upon Nepal) the summary settlement was extended to 1 May, 1867. It was hoped that they would become fit for a regular settlement by that date.

Barrow also sent out his instructions to all Commissioners and Deputy Commissioners, for the regular settlement, preparations for which were proceeding concurrently with the three year settlement. The most important aspect of these instructions was the interpretation he put on them regarding the intentions of the Government about the disposal of the rights in land. He asserted that by the terms of the confiscation proclamation, except for those of the few specially exempted landholders, all claims to land had at once ceased to be valid. But the Government had since restored

⁷⁶ Ibid., Consultation 199 of 5 November, 1858. Circular No. 568 of 13 October, 1858, Secretary, Chief Commissioner to all Commissioners in Oudh.

⁷⁷ Political Despatches to India, vol. I, pp. 4-37. Despatch No. 4 of 13 October, 1858, See para. 40.

⁷⁸ India Political Consultations, Range 203, vol. 33, consultation 278 of 21 January, 1859, Circular No. 46/1734 of 30 December, Secretary, Chief Commissioner to all Commissioners in Oudh.

their ancient rights to the landholders subject to certain conditions, under which temporary settlement had been made with them. In that restoration the superior right of the *taluqdar* had been recognized as a primary condition of all tenures. And once every case had been carefully examined and rigidly scrutinized, the rights granted by the paramount power could not be called in question. "The rights and claims of all parties have been duly weighed, and their position as regards talookdars, fully considered, and the decision in each case, which has received the confirmation of the Chief Commissioner, is to be considered final and lasting."⁷⁹ That finality had its own value—there was no greater evil, resulting as it did in general uneasiness, than that of referring the claimants to future courts where the whole question might be perceived in an entirely new way. "Whether right or wrong certain principles have been laid down by the Supreme Government, and they are to be acted upon, and landholders are to be encouraged to feel that what they receive they will retain for ever."⁸⁰

On 4 June 1859, Wingfield, the new Chief Commissioner, supporting Barrow's view, earnestly represented to the Governor General that no class of the population believed in the long continuance of possession conferred upon them by this settlement. The *taluqdars*, unable to explain such a departure from the 1856 system thought that they had been restored to their estates merely because the Government wanted to purchase their submission and to ensure the speedy restoration of order. They feared that they would be overthrown at the next settlement, as they had been at the time of the annexation, when they were admitted to engage for the revenue of a single harvest only. Nor were hopes of change extinguished in the minds of the village proprietors either, and a spirit of antagonism remained alive. The Chief Commissioner suggested to the Governor General that formal expression be given of the finality and perpetuity of this settlement with respect to the proprietary rights in the soil.

A suitable occasion was at hand. *Sanads* were to be granted to all landholders regarding the proprietary right in the soil. Wingfield suggested that now when *Sanads* were to be given, "if he could convey in every *Sanad* given to a *taluqdar* an

⁷⁹ India Political Collections to Despatches, vol. 17, Despatch 33 of 1860, part II, Collection 35, pp. 5-7. Circular No. 31 of 1858-9, dated 28 January, 1859.

⁸⁰ *Ibid.*

explicit assurance from the Governor General to the above effect, conviction would force itself on all minds and apprehensions and illusions would vanish."⁸¹

Wingfield, while asking for such finality, had been at pains to impress upon the Governor General that he had adopted measures which would secure the village proprietors from extortion. But he was insistent that the Government should not give them false hopes of any rehearings. They might be the rightful proprietors of the soil, but "they should be told that our policy would not permit us to recognise their claims!"⁸² Thus a new element came into the policy towards the *taluqdars*. For Wingfield, the head of the administration in Oudh, went beyond any expedient approach to the *taluqdars* and showed himself hostile towards the claims of the village proprietors.

But Canning, in an important letter emphatically opposed the tendency implicit in the arguments of Barrow and Wingfield. The Governor General declared that every *taluqdar*, with whom a summary settlement had been made, since the reoccupation of the province, had thereby acquired a permanent, hereditary and transferable proprietary right in the *taluqa* for which he had engaged, including the perpetual privilege of engaging with the Government for the revenue of the *taluqa*. This right, however, *was subject to any measure*, which the Government might take for the purpose of protecting the inferior *zemindars* and village occupants from extortion and of upholding their rights in the soil in subordination to the *taluqdars*. This measure should remove any doubts from the minds of the *taluqdars*. But he ordered, as regards *zemindars* and others with whom a settlement had been concluded, that a strict interpretation must not be given to the circular No. 31 of 28 January, 1859.⁸³ The disappointed claimants were to be given an opportunity to bring forward their claims and such claims were to be

⁸¹ India Political Collections to Despatches vol. 17, Despatch 33 of 1860, part II, Collection 35, pp. 9-11. Letter No. 1377 of 15 July, 1859, Secretary, Chief Commissioner to Secretary, Government of India, Foreign Department.

⁸² Dr. B. R. Misra in his book *Land Revenue Policy in the United Provinces* misquotes this instruction. He says, "As regards zamindars and others not being taluqdars the order conveyed in the limitation circular No. 31 of January 30, 1859 must be strictly observed."

⁸³ India Political Collections to Despatches, vol. 17, Despatch 33 of 1860, part II, Collection 35, pp. 13-4. Letter No. 6288 of 10 October 1859, Secretary Government of India—Secretary Chief Commissioner. This letter forms part of the first schedule to the Oudh estate Act of 1869.

heard and disposed of by the usual method⁸⁴—in the revenue Courts.

The Chief Commissioner, however, replied in his demi-official letter of 15 October, 1859, that anything less than an unqualified bestowal of the proprietary rights on the *taluqdars* would not satisfy expectations or remove doubts. He had made it a condition in the *Sanad* that the *taluqdars* were to maintain all those holding under them in all the rights they had heretofore enjoyed; the inferior proprietor, he considered, would thus be effectually protected from wrong, and that was all that was wanted. But to stress the reserved power of the Government, as the Governor General did in his letter would make matters worse than before. It would unsettle the minds of both the inferior proprietors and the *taluqdars*. The *taluqdars* would regard the gift of the proprietary right on such terms as a mockery and a delusion. A loophole would be left for any future Chief Commissioner or Governor General to annul this settlement.

The limitation could only have a meaning if the Government intended to make a sub-settlement between the *taluqdar* and the inferior proprietor at some future date. That would mean the exclusion of the *taluqdar* altogether. "It is a bad principle to create two classes of recognised proprietors in one estate."⁸⁵ If the object of the Government was not to make a sub-settlement but merely to protect the village proprietors and to uphold their rights, he argued that that was adequately attained by the obligation which his *Sanad* would impose upon the *taluqdars*. He submitted the form of the *Sanad* to be given to *taluqdars* along with this letter. The obligation referred to in his letter was as follows:—

"It is also a condition of the grant that you will so far as is in your power restore the agricultural prosperity of your estate wherever it has deteriorated and that you will treat all holdings (all men holding) under you with consideration and secure them in the possession of all subordinate rights they have heretofore enjoyed."⁸⁶

This form of the *Sanad* was approved by the Governor General with minor alterations in the above quoted clause. "The

⁸⁴ India Political Collections to Despatches, vol. 17, Despatch 33 of 1860, part II, Collection 35, pp. 15-18. Letter of 15 October, 1859. Chief Commissioner to Canning.

⁸⁵ Ibid. Collection 35, pp. 19-20. Form of *Sanad* attached to letter of 15 October, 1859.

⁸⁶ Ibid., pp. 23-7. Letter No. 23 of 19 October, 1859, Secretary, Government of India to Chief Commissioner.

Sunnud declares", wrote Lord Canning, "that while, on the one hand, the Government has conferred on the talookdars, and on their heirs for ever, the full proprietary rights in their respective estates. . . . on the other hand, all persons holding an interest in land under the taluqdars will be secured in the possession of the subordinate rights which they have heretofore enjoyed."⁸⁷

Canning continued his exposition of the intentions behind the *Sanad* by declaring that when at the regular settlement any intermediate interest was found, the amount payable by the intermediate holder to the *taluqdar*, and its relation to the net *jama* finally payable by the *taluqdar* to the Government, would be fixed and recorded after careful and detailed survey, and would remain unchanged during the currency of the settlement. Where leases (*Pattahs*) were given to the subordinate proprietor, they would be given by the *taluqdars*, and not by the Government.

This being the position in which the *taluqdars* would be placed, they could not with any show of reason, complain if the Government took effectual steps to re-establish and maintain in subordination to them the former rights, as they existed in 1855, of other persons, whose connection with the soil was in many cases more intimate than theirs. The only effectual protection which the Government could extend to the inferior holders, Canning explained, was to define and record their rights, and to limit the demand of the *taluqdar*, as against such persons, during the currency of the settlement, to the amount fixed by the Government as the basis of its own revenue demand.

The Governor General agreed with the observation of the Chief Commissioner, that it was a bad principle to create two classes of recognized interest in one estate and that it would lead to the alienation of a larger proportion of the land revenue. But he asserted that whilst the *taluqdari* tenure was about to be re-established, the *zemindari* tenure was not a new creation and so it was to be protected.⁸⁸

Having thus explained what he intended by the grant of the *Sanads*, the Governor General directed the Chief Commissioner to have ready by the end of October 1859,⁸⁹ a list of *taluqdars* on

⁸⁷ Ibid.

⁸⁸ India Political Consultations, Range 203, vol. 65, Consultation 5 of 30 September 1859. Letter No. 5723 of 19 September 1859, Secretary, Government of India—Secretary, Chief Commissioner.

⁸⁹ India Political Collections to Despatches vol. 17 Despatch 33 of 1860, part II, Collection 35, pp. 23-7. Letter No. 23 of 19 October, 1859, Secretary, Government of India to Secretary, Chief Commissioner.

whom a permanent proprietary right was conferred. Lord Canning wished to give the *taluqdars* with his own hands the *Sanads* granting them the permanent, hereditary, and transferable proprietary right in the *taluqas* for which they were engaged.⁹⁰

From 24 to 26 October 1859, Lord Canning held a Durbar at Lucknow and granted *Sanads* to the *taluqdars* and other proprietors.⁹¹ The *Sanads* were granted in the spirit of the letter of 19 October, 1859. They did not leave the under-proprietors and village occupants completely at the mercy of the *taluqdars*. With the grant of the *Sanads*, the second summary settlement was complete.

Canning informed the Secretary of State about the grant of *Sanads* and observed with confidence that the policy followed by him had brought back tranquillity to the province. This he attributed to the prudence, firmness and ability with which the affairs of the province had been conducted since its reoccupation, by the successive Chief Commissioners, Robert Montgomery and Charles Wingfield.⁹²

Wood congratulated Canning on the success of his visit to Oudh, which had given him the opportunity of personally reassuring the *taluqdars*.⁹³ But while sanctioning what had been done, Wood declared his astonishment at the grant of the *Sanads*, since he had understood that the proclamation had been issued to do away with the *taluqdars*.⁹⁴ (Wood went on to recapitulate their misdeeds which would have made this reasonable).

Wood was also critical of the *taluqdari* settlement in its details. In particular he seized upon the fact that not long after the summary settlement was complete, the rights then conferred on the *taluqdars* had been declared by the Supreme Government to be final and irrevocable. What, he wondered, was the nature of the investigation made into the conflicting claims of the *taluqdars* and the ancient village proprietors, which had enabled this to be done? The period during which these settlements were in opera-

⁹⁰ Ibid. Collection 34, See the whole Collection for the names of persons to whom *Sanads* were granted, particularly p. 169 onwards.

⁹¹ Foreign Letters from the Governor General, Vol. II, pp. 1055-9. Letter No. 1 of 29 October, 1859 to the Secretary of State.

⁹² Wood Papers—India Office Letter Books, Vol. II, p. 18. Wood to Canning, 9 December, 1859. See also letters of 19 December, 1859, 3 January, 1860.

⁹³ Wood Papers, India Office Letter Books, Vol. II, p. 84. Wood to Canning, 18 January, 1860.

⁹⁴ Political Despatches to India, Vol. I. pp. 377-94. Despatch 33 of 24 April, 1860.

tion could not have occupied many months and much of the country was not wholly free from the influence of the mutineers. Under such circumstances, he suggested, surely no really satisfactory enquiry into such intricate matters as disputed landed tenures could have been effected.

This being the case, it was questionable whether it would not have been expedient to have paused, and given time to the village proprietors to make known their claims, before rendering these decisions final and irrevocable. The delay would have given opportunity for the redress of wrongs which might have been inflicted. Some time limit ought to have been fixed, within which all claims to the recovery of rights in the soil might have been heard. A period of 12, or even 20, years before the introduction of the British rule in Oudh, would have been fair and reasonable, considering the state of misrule in Oudh previous to annexation.

The Secretary of State while confirming the arrangements concluded with the acid observation that a measure might have been adopted which would not have given to the *taluqdars* the benefit of acts of spoliation and usurpation which appeared in many cases to have taken place.

Referring to the controversy between Canning and Wingfield regarding the position of subordinate proprietors, Wood observed, "You are quite right in rejecting, at once, the proposition of the Chief Commissioner that all under-tenures should be abandoned to the mercy of the talookdars, . . ." He went on to support Canning's declaration that the engagements with the *taluqdars* also provided fully for the protection of the under-proprietors, and that where there was an intermediate interest in the soil between the *taluqdar* and the ryot, the amount or proportion payable to the *taluqdar* would be fixed and recorded at the regular settlement after careful and detailed survey. He considered that on a careful adherence to this rule must mainly depend the maintenance of the rights of the village communities.⁹⁵

Sir Charles Wood further instructed Canning to make it quite clear to the *taluqdars* that they held their estates under a vigilant and just Government and any attempt to oppress any class of its inhabitants would be dealt with severely.

⁹⁵ India Political Consultations, Range 203, vol. 60. Consultation 191 and 192 of 5 August, 1859. Letter No. 1262 of 15 July, 1859, Secretary, Chief Commissioner to Secretary, Government of India, Foreign Department.

This despatch leaves no doubt as to the intentions of the Secretary of State to preserve all tenures, subordinate to the *taluqdars*, and to protect their rights.

Looking back at the summary settlement it becomes evident that its principal feature was the preservation in their integrity of the estates of the *taluqdars*, or large landholders, instead of breaking them up into single villages and settling them with village occupants.⁹⁶ The second obvious fact is that under this settlement some two-thirds of the rebels got back their lands. There is an official list of the estates confiscated from the rebels. But the *Friend of India*, published the undermentioned list of the confiscated estates, which seems obviously official.

Names of Estates.	Assessment Paid to Government. Rs.	Names of late owners.	Names of present owners.
Gonda	50,000	Debee Bux Rajah, still an obstinate rebel.	Maun Singh, for saving British lives and recent services.
Churdah	40,000	Jodh Singh, still with the Nana.	Kalraj Singh, Chief of Pudnaha, who protected Capt. Hearsey.
Bandee	70,000	Hurdut Singh, rebel.	Kupporthulla rajah.
Bithowlee	29,000	Gorbux Singh, rebel.	Kupporthulla rajah.
Ekowna	100,000	Rajah of rebel.	The Sikh sirdars of Kuporhullah.
Tulseepore	180,000	The Ranee of rebel.	Raja of Bulrampore, who protected Europeans.
Daundhia Kheera	63,000	Raja Ram Bux	Hunwunt Singh, protected Europeans.
Shunkerpore	180,000	Bainie Madho	Digbijye Singh, who saved Thompson and Delafosse.
Mustafabad	25,000	Gholam Singh, rebel	Sikh pensioners in lieu of pension
Futtehpore	10,000	Jussen Singh, killed in action	Jubber Singh for fidelity.
Jaghman	11,000	Bhopal Singh, rebel	Kashi Persaud for services.
Small estates of various rebels	30,000	Settled on faithful zamindars and actual occupants.
Rooyea	25,000	Nirput Singh, killed in action.	Hushmut Ali, Barat Singh, and two other faithful taluqdars.

813,000

⁹⁶ *Friend of India*. 28 April, 1859, p. 388.

The *Friend of India* remarked that the gifts as they appear, were none the less wise and just. It was necessary to prove to all men in Oudh that active assistance to the British still offered the best chance of a career, "that now, as of old, fidelity might raise a petty zamindar in an hour into a noble."⁹⁷

✓ The third feature of the settlement is that the *taluqdars* received back their estates under a stronger title than before. What is more, care was taken to strengthen their position in other ways. Thus the Chief Commissioner arranged to apply the law of primogeniture in those estates where the *Guddi* system prevailed, by applying a different form of *Sanad*. This was done to avoid the breaking up of the *taluqas* because of the Hindu and Muslim inheritance law.⁹⁸

To conciliate the *taluqdars* still more the British Government offered them a part in the administration of the provinces. Magisterial and revenue powers were conferred upon some of them. Wingfield had written that the feature of British administration that was most disliked by the *taluqdars* was their subordination to the *tahsildars*. He proposed that the *taluqdars* be given such powers as were vested in the Raja of Benares, in his family domain. Such a grant would have the effect of making them identify themselves with the governing race and feel themselves a part of the Government of the country.⁹⁹ Canning gave assent to Wingfield's proposals for granting *taluqdars* a limited revenue jurisdiction over their estates, and investing them with magisterial powers.¹⁰⁰ But he told Wood that these measures were an experiment which would require careful watching. If they failed, they would be withdrawn. But it would impress on the larger chiefs who appeared deserving of favour and trust that the British Government desired to hold out a friendly hand to them.¹⁰¹

⁹⁷ Political Despatches to India, vol. I, pp. 679-90. Despatch 105 of 17 August 1861. See para 10. It gives in brief the controversy around this question.

⁹⁸ India Political Consultations, Range 203, vol. 68. Consultation 129 of 18 November, 1859. Letter No. 2396 of 24 October, 1859. Secretary, Chief Commissioner to Secretary, Government of India, Foreign Department.

⁹⁹ Ibid. Consultation 130 of 18 November, 1859. Letter No. 1213, Secretary, Chief Commissioner.

¹⁰⁰ Foreign Letters from the Governor General, vol. II, pp. 1089-90 Letter No. 8 of 18 November, 1859.

¹⁰¹ India Political Collections to Despatches, vol. 54. Despatch 105 of 1861, Collection 4, pp. 3-5. Letter No. 898 of 12 March, 1860. Secretary, Chief Commissioner to Secretary, Government of India, Foreign Department.

Such powers were granted to 22 *taluqdars* to start with.¹⁰² After having received a fair report of this measure,¹⁰³ Wood observed that this had improved the position of the great landed proprietors but laid down that the Revenue jurisdiction of such *taluqdars* should not extend to cases in which they are personally interested.¹⁰⁴

That Wood was right to be cautious had become clear by the time that the Judicial Commissioner wrote his reports of 1860 and 1861, for he was very disturbed by the effect of this grant of revenue jurisdiction upon the under-proprietors and cultivators. Long controversies subsequently developed around these questions.

But all through these discussions a steady support was given to the principle of maintaining a territorial aristocracy. It was asserted time and again that the policy of attaching native chiefs to the British Government was right, "and at any rate it ought to be fairly carried out and tried".¹⁰⁵ Though it needed modification,¹⁰⁶ yet there was to be no going back from it.¹⁰⁷ All this placed the *taluqdars* in the strongest possible position against the subordinate proprietors and the village occupant.

The *taluqdars* were often rather extravagant people. By 1865, it was coming to light that a number of estates were running into debt. If this state of affairs had continued, the result would have been the extinction of the nobility.¹⁰⁸ Mayne, the Commissioner of Fyzabad, had already discussed this problem with Wingfield in 1864. He felt that if the Government was to be burdened with the management of these estates, then it might legitimately be asked, where was the advantage of a *taluqdari* settlement?¹⁰⁹ Now Nar-Narain Pandey, *taluqdar* of Akbarpur,

¹⁰² Foreign letters from the Governor General, vol. 5, pp. 2957-8. Letter No. 44, of 8 May, 1861. Canning to Secretary of State.

¹⁰³ Political Despatches to India, vol. 1, pp. 679-90. Despatch No. 105 of 17 August, 1861. Secretary of State to Governor General.

¹⁰⁴ Wood Papers. India Office Letter Books vol. X, p. 322. Wood to Elgin, 26 June, 1862. Again see letter of 17 October, 1862.

¹⁰⁵ Ibid. vol. 18, p. 40. Wood to Lawrence, 17 August, 1864. See also Wood to Elgin, vol 13, p. 158, Letter of 18 July, 1863.

¹⁰⁶ Ibid. pp. 212-4. Wood to Lawrence, 15 October, 1864.

¹⁰⁷ India Foreign Proceedings (Revenue) Range 437, vol. 58. Proceedings, 20 of April 1866, p. 23. Letter No. 352 of 9 October, 1865. Deputy Commissioner, Gondah to Maney, Commissioner of Fyzabad.

¹⁰⁸ Ibid. pp. 24-5. Letter of 13 October, 1865. From Mayne to the Financial Commissioner.

¹⁰⁹ India Foreign Proceedings (Revenue) Range 437, vol. 58, Proceeding 20 of April, 1866, pp. 25-8. Letter No. 215 of 19/20 October, 1865. Deputy Commissioner Fyzabad to Commissioner of Fyzabad.

requested the Government to take his estate under their direct management. A similar application had been made to Carnegie (who recommended the appointment of a *sazawal*), and many of the *taluqdars* of Fyzabad defaulted in their new engagements. Carnegie commented that it was a fallacy to suppose that the work of collecting the revenue was materially diminished by the *taluq-dari* settlement. "The fact is, the *taluqdars* require much assistance in the management of their estates." As it had been decided that the *taluqdars* were to be maintained, the question was, how was this to be done.

Carnegie recommended that the Government should step in and take over the management of the estates of the encumbered *taluqdars*. He urged this course because of a strong conviction that, in the end, it would be found both politically and fiscally the wisest and the best to pursue.¹¹⁰ Mayne submitted these suggestions to the Financial Commissioner.¹¹¹

Davies, the Financial Commissioner, replied that Carnegie seemed to have formed an exaggerated estimate of the obligation devolving on the British Government to maintain the *taluqdars*. Davies admitted that the Home Government had expressed its desire that these great landholders should not be deprived by any action of the local government of the influential position, but he could not discover that it was intended that special measures should be adopted to protect them against the consequences of their own extravagance and misconduct.

Individually, he regarded Carnegie's proposals as impolitic and unwise on economic grounds. The only cases where he was disposed to make any exceptions were those involving the estates of chiefs, who had extensive hereditary influence.¹¹²

Mayne once again urged upon Davies the need for giving consideration to this subject which was of great importance to the prosperity of Oudh. Even in Baiswara division, Mayne had come across similar cases and had come to the conclusion that either the Government must do something to help the big *taluqdars* out of their difficulties, "or that they would soon collapse and the *taluqdari* settlement thus be imperilled." He agreed with

¹¹⁰ Ibid. p. 28. Letter No. 1017 of 23 October, 1859. Commissioner. Fyzabad to Financial Commissioner.

¹¹¹ Ibid. pp. 29-30. Letter No. 2585 of 16/17 November, 1865. Financial Commissioner to Commissioner, Fyzabad.

¹¹² Ibid. pp. 31-3 Letter No. 1103 of 28/29 November, 1865. Mayne to Davies.

Davies that the measures should be adopted only for the very influential *taluqdars*. "No innovation or change of property is involved, but, on the contrary, the measures proposed are strictly conservative, and aim only at maintaining that which already exists."¹¹³

Davies was satisfied with this narrowing down of the measures by Mayne. Forwarding the correspondence to the Chief Commissioner, he was still of the opinion that the interference of the Government should be as limited as was compatible with the close consideration of all cases adduced.¹¹⁴

The Chief Commissioner concurred in the opinion expressed by Davies. To see the *taluqdari* system flourish unimpaired was desirable, but to keep it up by exceptional measures, the adoption of which would not be extended to smaller estates, would be confessing the weakness of the *taluqdari* system and giving occasion for hostile criticism. But he left it to Davies to make an exception to the principle in the case of old hereditary chiefs of clans whom, on political grounds, it might be desirable to preserve from extinction.¹¹⁵ The Financial Commissioner accordingly forwarded Wingfield's orders to all Commissioners in Oudh.

The Government of India, which had also been informed, for their part observed, "whatever difference of view may be entertained regarding the *taluqdari* system generally, H.E. in Council thinks that there can be but one opinion as to the advantages of maintaining the ancient hereditary *taluqdars* in their position; and H.E. therefore approves of any measures, otherwise unobjectionable, which would prevent their estates from falling into the hands of the monied class."¹¹⁶ It was settled that to help the hereditary chief out of their difficulties money should be advanced to them at moderate interest. Their estates were to be taken under direct management if the condition was really bad. The Governor General informed the Secretary of State about the measure. The Secretary of State conveyed his sanction to it.¹¹⁷

¹¹³ Ibid. pp. 33-5. Letter No. 1 of 2 January, 1866. Davies to Chief Commissioner.

¹¹⁴ Ibid. pp. 35-6. Letter No. 20 of 17 January, 1866. Chief Commissioner to Financial Commissioner.

¹¹⁵ Ibid. Pro. 21 of April 1866, p. 36. Letter No. 135 of 25 April 1866. Secretary Government of India, Foreign Department—Chief Commissioner, Oudh.

¹¹⁶ Ibid. vol. 62, Pro. 33 of May 1869, p. 60 Despatch No. 32 of 22 April 1869. Secretary of State—The Governor General.

¹¹⁷ Ibid. Pro. 30 and 31 of July 1869. p. 115. Letter No. 2476 of 15 June 1869. Secretary, Chief Commissioner—Secretary, Governor General.

The Chief Commissioner considered this measure as the greatest boon that had been conferred on the *taluqdars* of Oudh since the settlement in 1858-9.¹¹⁸

But, in fact, there were many other boons conferred on the *taluqdars* which were of no less importance. One of these was the reduction of 10 per cent. on the assessment of the loyal *taluqdars*. The Chief Commissioner had proposed that the loyal *taluqdars* be better treated in some way than those who had rebelled.¹¹⁹ The Financial Commissioner agreed with this, and the Secretary of State cordially assented to the proposals submitted to him.¹²⁰ (The *Jama* of the estates of loyal *taluqdars* was to be reduced by ten per cent. and fixed at that amount in perpetuity). The Financial Commissioner suggested that this measure be adopted from the date of the revised assessment, i.e., from the date on which the *qabuliyat* was signed. The Chief Commissioner observed that it would be more favourable to the Government. This measure would involve a refund of Rs. 94,793-8-0. The Chief Commissioner asked for the authority to do so from the Governor General.

The Governor General while accepting the proposals of the Chief Commissioner remarked that the reduction should be made in the case of the four *taluqdars* whose estates had been already subject to a revised settlement, and, in the case of the Maharaja of Balarampur, from the date on which he might sign the *qabuliyat*. The Governor General further ordered that this reduction was not to apply to the whole estate of the loyal *taluqdar* but only to that part of it which was exempted from confiscation under the proclamation of March, 1858.¹²¹

Of the boons thus granted, Maharaja Sir Digbijay Singh wrote to the Government, in a most fulsome address of thanks, "It would take volumes to enumerate the many favours and distinctions that have from time to time been heaped on us ever since our province had the good fortune of coming under British

¹¹⁸ Ibid. vol. 60. Pro. 35 of December 1867, p. 75. Letter No. 4260 of 5 December 1867. Chief Commissioner—Secretary, Government of India.

¹¹⁹ Ibid. vol. 61. Pro. 21 of March 1868, p. 41. Despatch No. 12 of 8 February 1868. Secretary of State—Government of India.

¹²⁰ Ibid. Proceeding 10 of September 1868, p. 6, Letter No. 287 of 3 September, 1868. Secretary, Government of India, Foreign Department to Davies, Chief Commissioner.

¹²¹ Ibid. Proceeding 24 and 25 of June, 1868, pp. 19-20. Letter No. 2319 of 10 June, 1868, Secretary, Chief Commissioner to Secretary Government of India, Foreign Department.

rule, but what we have received at your hands have quite outshone the former ones, and this gives us an opportunity to say that what our first kind patrons had merely commenced, your Excellency has completed and brought to perfection. During your Excellency's rule Her Most Gracious Majesty's kindness upon us has also been unbounded, and to what but your Excellency's recommendations and representations should we attribute them.

"What we beg to impress on your Excellency's mind is the sincerity and warmth of our heart-felt thanks, which we beg most respectfully to tender on the present occasion."¹²² This letter was forwarded to the Secretary of State who declared himself most gratified.

All possible attempts were in fact made to reconcile the taluqdars to British rule in Oudh. Those who had proved loyal were rewarded with additional lands, others with the grant of revenue and magisterial powers, a few with titles and five with a ten per cent. reduction on their annual assessment. But many had rebelled and had been defeated,—yet of those, too, all but a few got back their estates. Where they were encumbered with debts, special assistance was given in the form of loans on easy rates.

Yet the record of the *taluqdars* as revenue payers was certainly not one to encourage such generosity. The Revenue Administration Report of 1868 showed just how bad they were—in Sultanpur district alone there were fourteen in arrears, and there were many defaulters in Fyzabad. Amongst the heaviest defaulters was Maharaja Man Sing! But experience showed that with ordinary supervision, and under by no means exceptional management, estates administered by British officers were rapidly relieved from encumbrances.¹²³

Nor was the revenue department the only sufferer. The conciliation of the *taluqdars* was also achieved, at the expense of other classes of society in Oudh. Political necessity was pleaded for this,—though the *taluqdars* had been beaten in the field, and British military control restored in Oudh,—but within a generation as the extent of the sacrifices involved in the *taluqdari* settlement became apparent, a less favourable view was taken of the choice made in 1858.

¹²² India Foreign Proceedings (Revenue) Range 437, vol. 62. Proceeding 30 and 31 of July, 1869, pp. 115-131. Letter No. 2476 of 15 June, 1869. Secretary, Chief Commissioner to Secretary, Government of India.

AN ENQUIRY INTO THE CONDITIONS OF THE AGRICULTURAL CLASSES IN INDIA, 1888

B. M. BHATIA

The "Enquiry into the Economic Conditions of the lower classes of agricultural population" ordered by Lord Dufferin in 1888 resulted in the collection of data running into some 900 pages. Long kept a close secret, these data, now accessible to the researcher, afford a fresh analysis of the causes of rural poverty and an objective picture of the conditions of the peasantry in the late 19th century which effectively destroy many cherished beliefs. Dr. Bhatia's paper highlights some of the salient points contained in these documents.

The Enquiry of 1888 : its history

For the economic historian of India, the papers connected with the Economic Enquiry of 1888¹ are a valuable source of statistical information on the economic conditions and the standard of living of the poorer classes of agriculturists in India in the latter half of the nineteenth century. The enquiry was conducted throughout the country by the local officers. It was ordered² by the then Viceroy, Lord Dufferin, who wanted to know the truth about the general assertion³ that "the greater proportion of the population of India suffer from a daily insufficiency of food" and to ascertain "the actual conditions of the lower classes of population especially in agricultural tracts". The provincial governments were asked at the time to treat the matter as confidential and to take care that the fact of such an enquiry

¹ Dufferin Enquiry into the Economic conditions of the lower classes of Agricultural population vide E.H.L. (Famines) proceedings, December, 1888.

² Circular letter from the Government of India to Provincial Governments, o. $\frac{44-F}{8-1}$ dated 17.8.1887.

³ Such experienced officers as Hunter and Elliot had maintained that the poorer classes in the country lived below the subsistence level. The former in his Cambridge Lectures on England's work in India said, "40 millions of population go through life on insufficient food", and the latter (i.e., Sir Charles Elliot) writing in Madras Christian Magazine (October, 1887) said that "half of our agricultural population never knows from year's end to year's end what it is to have their hunger fully satisfied".

being made was kept a close secret from the people. However the *Hindu* of Madras got scent of the matter and on September 23, 1888, it published an editorial note complimenting the Government for making such an enquiry. After that the Government became even more secretive in the matter and what should have formed an important basis for public discussion and formulation of economic policies for the welfare of the agricultural population, was kept a close secret from the public. William Digby was able to secure some of the papers connected with the Enquiry from the Parliament Library in London through the good offices of Mr. Bradlaugh, M.P., and he made such an effective use of these that about one third of his "Prosperous British India" was a mere reproduction of the family budgets and other material from these papers. The Indian National Congress demanded repeatedly that the full results of the enquiry should be made public. After the publication of Digby's book, even the Secretary of State considered it meaningless to treat the papers connected with the Enquiry as "confidential" and proposed to the Government of India that the same might be published⁴. The Government of India, however, stated⁵: "We do not know the extent to which Digby's quotations have produced serious effect. On all other grounds we would strongly deprecate publication of reports in particular, which seems to us belated and uncalled for at this distance of time. Carefully selected extracts from them would certainly be used to our detriment and would figure in controversy for years". This attitude of the Government of India was responsible for keeping secret this valuable document and but for excerpts that appeared in Digby's book and the carefully worded brief resolution⁶ of the Government on the results of the Enquiry, the public knows little of this valuable document of 900 pages⁷. The purpose of this paper is to draw attention to this important document and sketch briefly some of the more important conclusions which can be drawn from a close study of these papers.

⁴ Telegram dated 9th December, 1902 from Secretary of State to India.

⁵ Telegram from India to Secretary of State dated 13th December, 1902.

⁶ Resolution of Government of India, No. 96-F dated 19th December, 1888 on Results of Enquiry, proceeding No. 19, E. H. L. (Famine) December, 1888.

⁷ Proceedings, Revenue and Agricultural Department, Government of India (Famine Branch) for December, 1888. Proceedings Nos. 1-24, pp. 246-1142.

Poverty and Insufficiency of Food Supply

The Famine Commission of 1880 (President: General R. Strachay), on the basis of the statistics collected by it from different provinces expressed the view that India⁸ (excluding Burma) produced in normal years a surplus of 4.25 million tons of foodgrains per annum and that there was no question of the country's food supply running short of the demand. Two members of the Commission in their note of dissent stated that the "surplus" was "greatly exaggerated" by the majority, and that if the surplus were of the order that the majority had estimated, there would be ample stocks available in the country when a famine came and that prices of food would not rise to abnormal heights. Mr. Gopalaswami, the Census Commissioner for India in 1951 estimates that "in or about 1880 India had a surplus of both wheat and rice and this surplus amounted to 1.2 lakh tons". Our annual exports of wheat and rice "in or about 1880" amounted to 1.25 million tons, i.e., nearly equal to the amount of surplus estimated by the Census Commissioner. If this estimate were accepted, it would appear that India had in normal years, just sufficient food to maintain the population on an adequate standard of nourishment provided of course the available supplies were equitably distributed. In years of deficient rains and consequently short-fall in production, a section of the population had to go without food and face starvation. The Enquiry of 1888 shows that even in normal years certain classes of population, particularly landless labourers and menial servants, subsisted on insufficient food so that the surplus of 1.25 million tons that was exported was obtained by keeping a substantial portion of the lower classes of the agricultural population below subsistence level. Thus conditions of peasantry in the East Bengal was described by the Bengal Government as prosperous and that in West Bengal as fairly good. But in the Chittagong Division of the prosperous East Bengal, it was stated by an Indian officer that "the struggle for existence is becoming harder; that the rise in wages has been more than counter-balanced by a rise in the price of provisions and that the export of rice is an evil". This opinion was, however, dismissed by the Government as an

⁸ Report, Part I, paragraphs 155-56.

Note of Dissent by Messrs. Caird and Sullivan, Famine Commission. Report, Part I.

inaccurate statement of the true conditions of the people because this was "utterly opposed to that given by all the other officials of the division"⁹. The Bengal government however admitted that conditions of the people in another part of the Presidency, namely Bihar, was far from satisfactory. "The picture I have drawn", wrote the Settlement Officer Mr. Collins on the basis of enquiries made by him in two villages¹⁰, "does not, however, suggest any prosperity and shows that the lower classes, which, including the weaving class, amount to 25 per cent of the population, have little chance of improving their position and they would have no resources to fall back upon in times of scarcity". The Collector of Monghyr remarked that he had "come across many inhabitants who were thin and apparently in want of due nourishment". The Collector of Patna wrote about the smaller ryots that "their fare is of the very coarsest, consisting to a great extent of Khesri dal and the quantity is insufficient during a considerable part of the year". He added: "They can take one full meal instead of two". About Gaya it was said that "40 per cent of the population are insufficiently fed". Dr. Lethbridge, the Inspector General of Jails, wrote: "In Behar, the districts of Muzaffarpore and Sarun, and part of Darbhanga and Champaran are the worst and there is almost constant insufficiency of food among those who earn their living by daily labour". The labourers were said to be underfed for a fourth of the year in most of the districts of Bihar.

Conditions in the neighbouring N. W. Provinces, were no better. Thus Mr. Porter, collector of Shahjahanpur, wrote: "The poorest classes eat only the coarsest and cheapest grains and can eke out an existence as long as these are procurable, at not less than 14 seers to the rupee"¹¹. The Commissioner of Allahabad remarked in a general way that there is "very little between the poorer classes of the people and semi-starvation". The Collector of Banda wrote that "a very large number of the lower classes of the people clearly demonstrated by their poor physique that either they were habitually half starved or had been in their earlier years exposed to trials and severities of famines."

Turning now to Oudh, we find a similar view expressed by a number of officers. Mr. Harrington, Commissioner, Fyzabad

⁹ Resolution, op. cit., Appendix A, p. 2.

¹⁰ Ibid, p. 4.

¹¹ Ibid, p. 8.

maintained that the assertion that the greater proportion of the population of India suffer from daily insufficiency of food was "perfectly true as regards varying but always considerable part of the year in the greater part of India"¹². Mr. Irwin, Deputy Commissioner of Rae Bareilly, was of the view that "the more one looks into the the condition of Indian cultivator and labourer, the more it seems that one must be impressed by the narrowness of the margin between him and destitution"¹³. "The upper class of tenant.", he continued, "should in average time be well above the pressure of actual want. But the small cultivators, i.e., the large majority, must be always on the brink of want of food though the services of Mahajan generally save them from going further than the brink". Conditions in all districts were not of course equally bad. The Deputy Commissioner of Gonda, for instance, stated that the "poorer or even the poorest agriculturists or labourers do not suffer from insufficiency of food". The Lt. Governor of N.W.P. and Oudh, Sir Auckland Colvin summing up the evidence collected from different parts of the province under his charge "disclaimed optimist views"¹⁴, but pointed out that "when an officer speaks of the more indigent class of the people, as being always on the verge of starvation, the meaning is not that they are living on insufficient food but that they run the risk in view of a failure of the rains of losing employment and consequently losing the means of obtaining food". This conclusion, however, is unwarranted by the facts adduced by the officers in support of their views and paints a much better picture of the then existing conditions than was actually the case. The opinion of Sir Auckland Colvin was published in the Government of India Resolution on the Enquiry but the papers which led to the opposite conclusion were not made public.

How gubernatorial opinions published in the Government of India Resolution were at variance with the facts reported by the district officers, is illustrated from the case of another province

¹² Ibid, p. 9.

¹³ This opinion was expressed by him in his book "Garden of India". He had changed his views slightly when he wrote his Report on the Economic conditions of lower classes in the Rae Bareilly district. He then took a more cheerful view of the situation and stated: "the mass of agricultural population in ordinary times and the elite always do get enough to eat: a considerable minority in bad seasons feels the pinch of hunger and a small minority...suffer from chronic hunger except just about harvest time when grain is plentiful".

¹⁴ Resolution, Appendix A, op. cit., p. 9.

also, namely, the Punjab. The published precis of the findings on the conditions in the Punjab states, "There are no grounds whatever for any anxiety as to the condition of the agricultural population in the Punjab. The evidence given is of a very decided character. So long as men and women of the lowest classes marry young and have families, borrow money for expenditure which is unnecessary, and are content with a low standard of living, so long will periodical suffering occur but the masses in normal seasons get as much to eat as they want". As against this, Mr. Maconachie, Deputy Commissioner, stated¹⁵, "Even short of starvation there is a stage where green crops, herbs and even berries are consumed in larger quantities than is good for health". Again referring to the Resolution passed at the Delhi Divisional Conference 1888 on the subject of material conditions of the ryot, Mr. Maconachie stated¹⁶: "Put briefly and colloquially, then, we think that the mass of the people generally get enough to eat as regards quantity, and this I think is so far satisfactory. But when we go further and enquire whether the food habitually obtained by the mass of the people is satisfactory as regards quality, there must I think arise some doubt. I remember once an apigram of a late Superintendent of Chamba, that the difference between a good and a bad year in Chamba was that in the first the people found half their food in roots and herbs, in a bad year three-fourths of the whole. We have of course nothing like this but it is a grave fact that at certain times of the year there is a considerable portion of the population which eke out their grain food with what they call 'sag' (mainly either gram or mustard leaf) and at other times with berries or wild fruits, such as *jaman*, *ber*, or still more frequently with *pilu*, at other times with melons".

Conditions were slightly better in the Madras Presidency where it was reported that it was untrue that in ordinary times the "greater proportion of the population suffered from a daily insufficiency of food". But the Government of the Presidency was careful to point out¹⁷ that in certain exceptional tracts, viz., in the district of Vizagapatam and in certain parts of North Arcot, "the conditions of life are for the lower agricultural classes, hard and unlovely even in ordinary seasons, and that their common

¹⁵ No. 77 dated 2nd April, 1888 from Mr. Maconachie to Commissioner, Delhi, Punjab Papers, p. 3.

¹⁶ Ibid., p. 5.

¹⁷ Board of Revenue, Madras, Resolution No. 186 dated 27th April, 1888 Para. 26(4).

lot is pinching poverty". Dr. Price, the District Civil Surgeon of Nellore, however, was of the view that the "insufficiency dictum" was true of the Madras Presidency as much as of other provinces. He adduced two facts in support of his view¹⁸: "(1) that the criminals always increased in weight after they had been in Jail for some time and (2) that the majority of the population might have enough food to keep body and soul together, yet a very large number did not get sufficient food to develop the muscles to the full extent". The inference drawn from these facts by Dr. Price was, however, declared to be untenable on the ground "that the Madras Jail dietary was the most liberal in India". But this was an indirect admission of the view that the larger majority of the lower classes of the agricultural population in the Madras Presidency lived on a scale of diet which was below what was allowed to the criminals in the Jail in that Presidency. Detailed enquiries into the family budgets were not carried out in Madras and the Presidency Government, unlike the governments of the other provinces, relied mainly on the opinions of the district officers, for its reply to the Government of India's circular of August 1887.

Family budgets collected during the course of the enquiry throw a considerable light not only on the correctness or otherwise of the "insufficiency dictum" but also on the classes of agricultural population which suffered from the insufficiency. The budgets show that while tenants with occupancy rights and small proprietors were able to borrow from the moneylender against the security of their holdings and thus live in a state of perpetual indebtedness, the landless labourers and small tenants-at-will who were unable to borrow were forced to cut expenses on food to balance their family budgets. These were the classes who lived on insufficient food and the enquiry confirmed that the "insufficiency dictum" was perfectly true so far as these classes were concerned. The following three budgets collected from Rae Bareilly district are revealing in this connection.

Speaking strictly in economic terms, one might say that the country in 1888 produced sufficient supplies to meet the effective demand for foodgrains. But the excerpts given above leave little doubt that a substantial portion of India's population lived below the subsistence level and that the surplus of 1.25 million tons for export was obtained by stinting consumption of the lower classes of the agricultural population. At a higher level of

¹⁸ Ibid., Para. 10.

Family	Annual Income	Annual Expenditure	Annual Purchases of food	Cost of full Ration of Daily Food Required	Extent of In-sufficiency of Food suffered by Family
	Rs. As. P.	Rs.			Rs. p.a.
I. Cultivator possessing one plough. Family of three.	Share of produce weighing 40 maunds Wages Fund 10 0 0 Others 3 0 0 Total 73 0 0	Seed 8 - Implements 3 - Purchase of Bullock 3 - Clothes 6 - Marriage * expenditure 8 - Total 28 - Balance available for food 45 -	@ 13½ Chhataks daily = 22½ Maunds = Rs. 45 -	One Seer daily = 27 maunds=Rs. 54 -	4½ Maunds or @ Rs. 2 - per Maund Rs. 9 - p.a.
II. Harwah Family of three.	Batta or share of produce 18 10 5 Wages 13 5 4 Total 31 15 9	Clothes 6 - Marriage * Expenditure 4 - Balance available for food 22 -	6½ Chhataks daily or 11 maunds= @ Rs. 2 - per maund = Rs. 22 -	One Seer daily = 27 maunds=Rs. 54 -	9½ Chhataks per diem or Rs. 32 - p.a.
III. Day Labourer. Family of three.	Wages 41 5 4 Others 5 10 8 Total 47 0 0	Clothes 6 - Marriage * Expenditure 4 - Balance available for food 37 -	11 Chhatakas per head per day or 18½ maunds = Rs. 37 -	@ 1 Seer daily = 27 Maunds=Rs. 54 -	Insufficiency of food = 5 Chhataks per head or Rs. 17 - p.a.

* This is to be interpreted as expenditure on social ceremonies; like marriages, births, funerals and other festivals.

income, the same agricultural production, instead of leaving a surplus for export, would have proved insufficient to satisfy the demand from the country's population. This is a highly significant result, for it helps us in understanding the nature of our present day difficulties pertaining to food supply and prices of foodgrains¹⁹.

Low Standard of Living and Lack of Reserves

While the poorest among the agricultural classes suffered from "chronic hunger, those a little above want in normal times, had a miserably low standard of living". This is shown by the amount and value of their household possessions such as furniture, utensils, and dwelling houses. The small value of the domestic possessions of the cultivators, shows not only the extreme poverty in which the agricultural producer lived, but also the lack of reserves against which he might raise funds to meet the vicissitudes of seasons. Some typical examples may be cited in support of this point :—

- (a) A family of 5 with an annual income of Rs. 91|- from cultivation of land and wages for casual labour outside the family farm. (Family of Abe Ram, Thakur of Naugaun, pargana Chhata, Agra Division²⁰.)

House. "His house is a mud one with one room and an Usara". Dishes etc. "The only metal dishes Abe Ram has are a thali (valued at 8 annas to 14|-) and a lota (8 annas to Re. 1|-). He has a plough and a harrow".

It was a cultivator's family but its economic condition was no better than that of our agricultural labourer. So far as the standard of living was concerned, the small cultivator was on par with the agricultural labourer. In fact the "distinction between cultivators and labourers lies in this, that a man who has a plough and oxen is called a *chasa* or cultivator, and he that has no plough or oxen for tilling his small holdings is known as *Majoor*²¹. The

¹⁹ The present food difficulties in India arise partly, as is now widely recognized, from an increase in the demand for foodgrains resulting from an increase in income. Not only has the demand in urban areas gone up, but with the rise in his income, the agricultural producer sells less than before and keeps more for his own consumption, so that an increase in production in the country is not accompanied by a proportionate increase in marketable surplus.

²⁰ No. 5296 dated Agra, 29th May, 1888, from W. Kaye Esq., Agra Division to Director of Land Records, N. W. P. & Oudh.

²¹ From A. Smith, Commissioner of Presidency Division, to Bengal Government, No. 1, M. A., dated 17th May, 1888, Para. 60.

basis of the distinction between the two classes was thus the possession or otherwise of agricultural capital rather than differences in income or in standard of living.

(b) Another family of small cultivators-cum-agricultural labourers was reported to possess the following articles of household furniture and utensils (Family of Cheta Lodha consisting of 4 members, 2 adults and 2 minors with an annual income of Rs. 50|-).

Household Furniture

Article	Value
One phul (a white metal) plate	0-6-0
One brazen lota	0-7-0
One spoon	0-1-0
One grinding stone	1-0-0
Two cots	0-4-0

Total : Rs. 2-2-0

House. "Their house is a kacha one with no closure and consists of One room 30 x 11 feet and One thatch 20 x 10 feet".

(c) We now take up two families of what may be called middle peasants with an income ranging between Rs. 150 and Rs. 300 p.a.

(i) (Family of Ram Bakhsh, Kachtuin Tehsil, Kas Ganj (N.W.P.) with an annual income of Rs. 168-12-9).

Brass and other metal utensils	9-13-0
Wooden pots (plate and dish)	0-10-0
One scale	0- 1-0
Six baskets	0- 1-0
One small basket of bamboo strips	0- 4-0
Three Charpais	2- 0-0
One pirhi (small cot)	0- 2-0
One grinding stone	1- 0-0
Two brooms	0- 6-0
One rope of Mung	0- 0-6

Total : Rs. 14- 0-6

(d) Another cultivator cultivating an area of a little over 10 acres from which he got an annual income of Rs. 181-12-0 including the income from the sale of ghee etc. was reported to have "household furniture of the usual description valued at Rs. 39-0-6." "This of course included both furniture and utensils

and also such implements as spinning wheel, press for cleaning cotton etc". As for the house, "it is a katcha one".

(e) Rich Peasants

Rup Ram of Teshsil Jalesar was a rich peasant with a holding of 17 acres and an estimated income of Rs. 321-9-0 p.a. The household furniture of the family consisted of :

One Box	3- 0-0
Brazen vessels	20- 0-0
Twelve cots	3- 0-0
One grinding stone	0-12-0

Total : Rs. 26-12-0

Besides, the cultivator's family was said to possess ornaments and clothes worth Rs. 75|-.

(f) Another Family,—of Nawal Singh Chauhan—had an annual income of Rs. 494|- (Holding 24 acres). This cultivator had "household furniture of the ordinary kind and was valued at 155-14-6". This is one of the highest available estimates of the value of furniture and utensils held by a family of cultivators. Apparently this was one of the richest families into whose circumstances the enquiry of 1888 was made.

Deficit Budgets

Another striking feature of Indian rural economy disclosed by the Enquiry was deficit family budgets. As one goes through the estimates of income and expenditure of one family after another, one is struck by the fact that expenditure usually exceeds the income so that the cultivator everywhere was found to be in debt. Contrary to the belief commonly encouraged by the British administrators, it was not the improvident habits of the agriculturist nor the possession of the valuable rights in land which the creation of private property in land conferred on the peasantry, that were responsible for the rural indebtedness. The inability of the cultivator to make two ends meet from his meagre income from cultivation as also the violent fluctuations in income accompanied by the rigid land revenue system introduced by the British, was the fundamental cause of rural indebtedness. A few examples may be cited by way of illustration.

- (1) Family of Hari Singh, Mauza Jorsim, Tehsil Etah, N.W.P. (A family of occupancy tenants consisting of 10 members).

Total Annual Income from cultivation	Rs. 201 -	Total Annual Expenditure	
		Food	Rs. 123-12-0
		Rent	93- 2-6
		Clothing	7- 0-0
		<hr/>	
		Total	Rs. 223-14-6

Deficit Rs. 22-14-6.

Debt Rs. 300-0-0.

(2) Budget of Kamla Chamar of Jait (Family of two).

Receipts		Expenditure	
Crops	53-0-0	Rent	32- 0-0
Sale of Ghee	22-0-0	Weeding	6- 8-0
Labour	15-4-0	Food	58-12-0
		Clothing	7- 8-0
	<hr/>		<hr/>
Total	90-4-0	Total	104-12-0

Deficit Rs. 14-8-0

(3) Hira Lodha (Holding 24 acres)

Income		Expenditure	
Kharif Harvest	51- 0-0	Rent	72- 8-0
Rabi	111- 0-0	Seed	18- 0-0
		Food	120- 0-0
		Clothing	24- 0-0
	<hr/>		<hr/>
Total	162- 0-0	Total	234- 8-0

Deficit Rs. 72-8-0.

Debt Rs. 185-0-0.

(4) Abe Ram (Family of 5, cultivating 9 acres)

Income		Expenditure	
Sale of crop	70- 0-0	Rent	68-15-0
Sale of milk	18- 0-0	Seed & Weeding	9- 8-0
Receipt from		Food	44- 0-0
Labour	15- 0-0	Clothing	7- 0-0
	<hr/>		<hr/>
Total	103-0-0	Total	129-7-0

Deficit Rs. 26-7-0.

All the above instances are taken from the papers relating to N.W.P. and Oudh. This is because more detailed enquiries were made only in these provinces; in case of no other province was such detailed information about the economic conditions of the agricultural population collected.

Causes of Poverty : Rack-renting and Indebtedness

The above instances, however, are very instructive for the light they throw on the causes and extent of poverty and indebtedness of agriculturists. In the first instance, the high proportion of rent on the expenditure side of the budget is significant. Thus the first family (Hari Singh's) paid Rs. 93|2|6 as rent out of the total farm income of Rs. 201|-. This works out at 46% of the income. The expenditure on rent was only a little less than the total annual expenditure on food of the 10 members of the family. The percentage of rent to total farm income in the case of Hira Singh Lodha (case III) was 44. But cases II and IV were more remarkable. The receipt of Kamle Chamar from the sale of crops amounted to Rs. 53|- and his annual rent to Rs. 32|- which works out at 60% of the value of crops raised from the land. In the case of Abe Ram (Case IV) the proportion of rent to income from the farm worked out at 98.6%. Rack renting of this nature would impoverish the peasantry anywhere. One of the most important causes of the poverty of the Indian ryot on the one hand and the backwardness of Indian agriculture on the other in the latter half of the nineteenth century was the rack-renting of the tenants by the absentee landlords.

Another fact that emerges from the study of the above budgets is that indebtedness among the peasantry was general and that it was caused by the insufficiency of income to provide even the bare necessities of life to the cultivator's family. On the expenditure side of the budgets of the small and middle peasants, one hardly finds any evidence of the existence of extravagance or improvidence of the peasant which were regarded by the British officers as the main causes of rural indebtedness in India. The cause of debt of at least the poorer classes of agriculturists was the poverty of the cultivators and not prosperity, as Darling suggested in his *Punjab Peasant in Prosperity and Debt*.²²

Farm Accounts

Finally a word about farm accounts. The income and expenditure account of a 5½ acre farm irrigated from well was estimated by Mr. William Crooke, Officiating Collector of Etah district to be as follows. These estimates were given to him by the

²² See footnote on page 94.

farmers themselves "at a meeting of the most experienced cultivators and agents of the Raja of Awa".

Income		Expenditure	
Kharif		Rent	75- 0-0
One and a half bigha cotton producing 10 maunds valued at	40- 0-0	Replacement of oxen which cost Rs. 60 - a pair & last 6 years	10- 0-0
One bigha Maize producing 4½ mds. valued at	7- 8-0	Seed grain for Kharif	5- 0-0
One bigha Jowar 1½ mds.	2- 8-0	Seed grain for Rabi	8- 8-0
Stalks of Jowar used as fodder	9- 0-0	Ropes	5- 0-0
One bigha sugar-cane producing 14 mds. of gur valued at	50- 0-0	Plough	1- 8-0
Half bigha Millet fodder	4- 8-0	Spades & tools	2- 8-0
Castor oil grown on side of fields	3- 0 0	Food of cattle for 8 months excluding rains	24- 0-0
Carrots	7- 0 0	Three weeding of cotton	2- 8-0
Hemp	4- 0-0	One weeding of Maize	1- 0-0
Total Kharif :	127- 8-0	One weeding of Juar	0- 8-0
Rabi		Four weedings & hoeings of sugar cane	8- 0-0
Two and half bigha wheat producing 15 mds. valued at	37- 8-0	6 waterings of sugar cane	1- 8-0
Two and half bigha bejhar producing 15 mds.	37- 8-0	Cost of manufacturing	10- 8-0
Chaff of bajara	12- 0-0	Hire & repair of sugar mill	4- 0-0
Mustard	5- 0-0	Watering wheat & barley fields	5-10-0
Total Rabi	92- 0-0	Threshing & cleaning wheat and barley	1- 0-0
Grand total of two crop :		Total farm expenses :	166- 2-0
	219- 8-0	Balance of Income over expenditure :	53- 6-0

Suppose such a family were to consist of 4 persons—the father, the mother and two children. They would consume 3 seers of grain per diem which at 25 seers to a rupee would cost Rs. 43|- per annum. Clothes for the family would cost another Rs. 8|- making an aggregate expenditure of Rs. 51|- p.a. on minimum necessities of life. Against this the net income of the family was Rs. 53-6-0 which left the family a surplus of Rs. 2-6-0 p.a. "This indeed", wrote Mr. Crooke, "is the result

of several attempts which I have made from time to time to strike out a balance sheet for a man of this class”.

One could hardly wish for a more eloquent testimony on the state of agricultural indebtedness and the poverty of the cultivator in India in the latter half of the nineteenth century than is provided in these reports. Salient facts about the rural life and illustrations have been drawn mostly from the papers relating to N.W.P. and Oudh. Interesting facts about farming, economic life, poverty, and indebtedness of agricultural classes are brought out in the reports on other provinces, notably Central Provinces, Bombay and Bengal. The Enquiry of 1888 thus constitutes an important document for the study of the agricultural economy of India during that period.

* “The rise in the value of land and, therefore, increase in the value of his security enabled the peasant proprietor to borrow but fluctuating incomes, rigid land revenue demand and heavy charges of landlord and moneylender which left to the actual tiller little more than what was required to satisfy his minimum wants, were the factors that compelled him to borrow. In this connection, the following excerpt from the Report of the Deccan Riot Commission (Report, Vol. I, Para. 54) may be read with interest. “It would be idle to say that improvidence does not exist as a cause of indebtedness. It consists, however, rather in the short-sighted inprudence of an ignorant class ready to relieve present necessity by discounting future income on any terms, and unable to realize the consequences of obligation foolishly contracted, than in an extravagant expenditure or misapplication of income. The results of the Commission’s enquiries show that undue importance has been given to the expenditure on marriages and other festivals as cause of the ryots’ indebtedness”.

SURVEY OF RUSSIAN PRE-REVOLUTIONARY AND SOVIET STUDIES ON THE ECONOMIC HISTORY OF INDIA IN THE MODERN AGE

E. N. KOMAROV

Research on Indian Economic History has a fairly long tradition in Russia going back to the late 18th century. In recent years, detailed monographs and general surveys of the subject have been appearing in the U.S.S.R. in increasing numbers. Mr. Komarov, of the Institute of Oriental Studies, Moscow, gives here a brief account of the work done in this field as well as the main conclusions arrived at by the Soviet historians, following Marxist lines of historical analysis.

By Modern Age, Soviet historians usually mean the period from the English Revolution in the middle of the 17th century down to the World War I and the Great October Socialist Revolution of 1917 in Russia. In other words it is the period of rise and development of capitalism in most countries of the world. In the subsequent period, described as the contemporary or recent period by the Soviet historians, the general crisis of capitalism develops and socialism rises in a number of countries where the socialist revolution has been or is being accomplished.

An interest in the economic situation in India, more or less systematic, was displayed in Russia as early as the late 18th and early 19th century and it grew in course of time. In the first half of the 19th century there appeared in Russia a number of books and articles on the economic situation and commercial prospects in India. In these publications, which included notes by Russian travellers, mainly the problems of trade between Russia and India were considered. It was in this connection that the historical source material on the trade relations between Russia and India from Afanasi Nikitin's travels down to the commercial activities of Indian merchants settled in Astrakhan were studied and published. The researches in Russo-Indian trade relations from the 15th to the 18th century done by A. F. Malinovsky and A. Pavlov in the '30s and '40s of the 19th century still retain their importance for a historian. While considering the possibilities of Russian trade

with India, Russian authors also paid attention to the economic changes in India effected by the colonial exploitation of the country. Thus the famous Russian publicists, A. D. Saltykov and A. G. Rotchev who visited India in the '40s of the 19th century, each in his own way presented an impressive picture of the ruin of the handicraft industry and the decay of old cities in India owing to her transformation into a market for British goods and as a result of colonial rule. They also described the revenue plunder to which the Indian peasantry was subjected as well as the ruin and poverty of the mass of the population ruthlessly exploited in different ways by the foreign rulers.

In the second half of the 19th century the socio-economic development in India began to attract the attention of Russian authors. In connection with the Popular Rebellion of 1857-59 there appeared in Russia a number of works in which attempts were made to investigate the causes of the Rebellion including its socio-economic prerequisites. The most important among these works was that by the Russian revolutionary democrat N. A. Dobrolubov, *Vzglyad na istoriyu i sovremennoe sostoyanie Ost-Indii* (A Review of the History and Present State of East India). In a clear-cut and convincing way N. A. Dobrolubov described the disastrous consequences of colonial plunder and analysed the nature of the Rebellion of 1857-59 as a just war. He also noticed the perspective of the development of new socio-economic relations in India.

In the late 19th century discussions on the agrarian problems and the future of the Russian village community focussed the attention of Russian scholars on the study of agrarian relations in various countries including India. In India as well as in Russia the disintegration of feudal relations and of the village community in particular was going on while numerous relics of feudalism still survived. The partial similarity between the Russian and Indian villages of the period, despite considerable differences in general conditions, aroused the interest of Russian scholars in the Indian village. The study of the agrarian structure, village community and British land revenue policy in modern India was allotted an important place in the works of the outstanding historian of agrarian relations, M. M. Kovalevsky—*Obshchinnoe zemlevedenie, prichiny, khod i posledstviya vego razlozheniya* (Village community—causes, course and consequences of its disintegration, 1879), *Rodovoy byt v nastoyashchem nedavnem i otdalennom*

proshlom, (Tribal Government at Present and in the Recent and Remote Past, 1905), *Pervo-bytnoe pravo* (Primitive Law, 1886), *Ocherk proiskhozhdeniya semyi i sobstvennosti* (An Essay on the Origin of Family and Property). As is well-known, Marx while studying India used some of the works by M. M. Kovalevsky. The well-known Russian indologist, philologist and Buddhist scholar I. P. Minaev also paid attention to the economic and particularly agrarian relations in modern India. This was reflected in his following works: *Ocherki Tseylona i Indii* (Essays on Ceylon and India, 1878), *Rodovoy Eyt v sovremennoy Indii* (Tribal Government in Modern India, 1883), *Zemlevladienie v sovremennoy Indii* (Landholding in Modern India, 1883), and also in his *Dnevniky*—*Diaries* of the travels to India and Burma in 1880 and 1885-1886 recently published in the USSR. It may be noted here that I. P. Minaev as a scholar with exceptionally wide interests brought from India along with old manuscripts also a good lot of material on contemporary economic and political life in that country which facilitates present-day studies on India in the U.S.S.R. By the end of the 19th century there appeared a number of Russian works on the agricultural crisis and famine in India. The more important among them are the following: *Indiya. O neurozhayakh v Indii* (India. On Scarcity in India) by E. Lemansky (1883), *Selsko-khozyaystvennyi krizis i indiskiy golod* (Agricultural Crisis and Indian Famine) by T. Z. Brokhovich (1898) and *Irrigatsionnye Sistemy Indii* (Irrigation Systems in India) by Ostrovsky (1914). Along with the scholarly studies descriptive works on Indian agriculture, plantations, industry, transport, trade and finance were also being published especially by the end of the 19th and the beginning of the 20th century. Thus between 1894 and 1914, 40 descriptive publications (mostly articles) on Indian trade alone appeared in Russia.

The interest in Indian economic life which was displayed by the contemporaries in pre-revolutionary Russia considerably facilitated the later studies on economic history of India by the Soviet scholars. M. M. Kovalevsky, I. P. Minaev and other contemporary Russian scholars left to us their valuable observation. Source material on India's economic history in the modern period,—namely, land revenue settlement reports, voluminous district gazetteers, district manuals, monographs on various districts, annual reports on provincial administration, records of presidency governments, reports by various parliamentary commissions on Indian affairs and

commissions appointed by the Anglo-Indian Government, periodicals as well as various other literature,—was accumulated in our libraries through their efforts.

Regular study of modern Indian history by Soviet indologists and its teaching in Soviet higher educational institutions began in the late '20s. This study was stimulated on the one hand by the scholarly interest in the peculiarities of the historical process under colonial conditions, India being a "classical colony", and by the deep sympathy for the Indian people waging their freedom struggle on the other.

The most important contribution to the study of Indian history in the modern period as well as to its teaching in the Soviet Union was made by the late Prof. I. M. Reusner (1899-1958). From the beginning of the '30s Prof. I. M. Reusner taught the history of modern and contemporary India and Afghanistan in the Historical Faculty of the Moscow State University. He wrote a number of works on the entire modern period in India as well as on particular historical problems. He also trained a group of research students and thus laid the foundation for the Soviet School on Indian history now in the process of development.

In his last years Prof. I. M. Reusner concentrated on the 17th and 18th century and was especially interested in the problem of the level of India's socio-economic development reached by the beginning of modern time. Among the later works by Prof. I. M. Reusner are the following studies: *Narodnye dvizheniya v Indii XVII-XVIII vekov i raspad derzhavy Velikogo Mogola* (Popular Movements in India in the 17th-18th Century and the Fall of the Mughal Empire. Manuscript now in press). *Nekotorye dannye o razlozhenii selskoy obshchiny u marathov v XVII-XIX vekakh* (Data on the Disintegration of the Village Community in Maharashtra in the 17th-19th Century, 1953). *Vosstaniya jatov v oblasti Agra-Deli v kontse XVII—nachale XVIII vekov* (Jat Risings in Agra-Delhi area in the Late 17th—Early 18th century, 1957), chapters on Indian history in collective works. *Novaya istoriya stran zarubezhnogo vostoka* (Modern History of Foreign Oriental Countries, 1952) and *Vsemirnaya istoriya* (World History; a voluminous work only parts of which have been published so far). Problems of socio-economic structure in India in the late middle ages and the early modern period have been also studied by K. A.

Antonova¹, doctor of historical science, N. I. Semyenova² and Z. L. Alayev³, candidates of historical science⁴ and others. The main conclusions of these works may be summed up as follows. On the eve of the British colonial conquest India as a whole was at the stage of developed feudalism. Though India still remained a feudal country, there was no stagnation and important changes in her socio-economic structure were taking place, e.g. further development of private feudal landholding and the weakening of feudal state property in land, partial undermining of the self-sufficiency of the village community and the weakening of occupancy rights of the majority of peasants at least in a number of regions, the further development of commodity production and merchant capital as well as the subjugation of craftsmen by the latter. According to I.M. Reusner and some of his pupils, germs of manufacture⁵ were appearing in Indian handicraft industry even before the British conquest. According to Antonova the appearance of the germs of manufacture before the British conquest has not yet been proved since the only definite accounts at our disposal of such a form of economic organisation relate to the early days of British rule. She also doubts the existence of any widespread subjugation of craftsmen by merchant money-lenders before the European penetration. It is quite obvious that the problems of socio-economic development in India in the period of transition to the modern age still need to be studied in considerable detail.

¹ *Ocherki obshchestvennykh otnosheniy i politicheskogo stroya Mogolskov Indii vremen Akhbara* (Essays on the Social Relations and political structure of the Mughal India in the days of Akbar, 1952), *Angliyskoe zavoevanie Indii* (The British Conquest of India, 1958), *Agrarnye otnosheniya v Indii nakanune angliyskogo zavoevaniya* (Agrarian Relations in India on the Eve of the British Conquest, 1949) and other works.

² *Gosudarstvo sikhov* (the Sikh state, 1959), *Selskaya obshchina i feodalnoe zemlevladienie v gosudarstve Ranjit Singha* (Village community and feudal landholding in the state of Ranjit Singh, 1955), and other works.

³ *Selskaya obshchina v vuzhnoy Indii v XVII-XVIII vekakh* (Village community in southern India in the 17th-18th century. Ready for the Press), *Razvitie indiyaskogo tkarestva do proniknoveniya v Indiyu evropeytssev* (The Development of Weaving in India on the Eve of the European Penetration, 1957).

⁴ Candidate of sciences is an academic pre-doctorate degree in the U.S.S.R. awarded for a dissertation which must be an original and published research. This degree may be considered more or less equal to the Ph.D.

⁵ By "manufacture" Soviet scholars following Marx mean a certain historical form of economic organisation of production, in which there was already a division of labour between labourers hired by a master, but machinery was still absent. Marx proved that the development of such manufacture reflected the rise of capitalist relations within the framework of feudal society. (Vide Capital Vol. I).

The general and specific features of the disintegration of feudalism and development of capitalism under colonial conditions as well as the formation of socio-economic prerequisites of the national liberation movement constitute for the Soviet indologists the central problem in the economic history of modern India. In this connection considerable importance is also attached to the studies on the development of colonial exploitation of India in the course of the development of capitalism in England.

The problems of India's economy from the late 18th century till the middle of the 19th century are dealt with in the collection of articles entitled *Narodnoye vosstanie v Indii 1857-1859 godov* (Popular Rebellion in India in 1857-59) as well as in some other works by Soviet scholars like A. M. Osipov,⁶ Dr. Antonova⁷, Semyonova⁸ and others. These problems are also discussed in the general works on India's economic history which will be discussed below. Their conclusions may be summed up as follows. In colonial India of the first half of the 19th century feudal relations were still predominant. The British conquest and the colonial exploitation, the main method of which in the late 18th and early 19th century was the revenue plunder, led not only to a great destruction of productive forces but also to a drastic increase in the essentially feudal exploitation of the Indian toiling people effected by the British colonial state in India immediately or through subjugated local feudal lords. Later on, especially in the second half of the 19th century, in the course of the country's transformation into a market for British goods and a source of raw material and her consequent involvement in the capitalistic world trade, the disintegration of feudal relations and formation of certain internal pre-requisites for the rise of capitalism under colonial conditions started.

Economic development and colonial exploitation of India in the second half of the 19th and the early years of the 20th century have been analysed in a number of works by the Soviet in-

⁶ *Krestyanstvo Severo-Zapadnykh provintsiy nakanune vosstaniya 1857-1859* (Peasantry of the North-Western Provinces on the Eve of the Rebellion of 1857-59, 1957),

⁷ *Kvoprosu o vvedenii sistemy rayatvari v Indii* (On the Introduction of the Ryotwari Settlement, 1953).

⁸ *Zemelno-ralogovaya politika angliyskikh kolonialnykh veastey v Pendjabe v 50-60kh godakh XIX veka* (Land Revenue Policy of the British colonial authorities in the Punjab in the '50s and '60s of the 19th century).

dologists, viz., V. I. Pavlov,⁹ Dr. A. I. Levkovsky,¹⁰ N. D. Grodkov,¹¹ G. G. Kotovsky,¹² T. K. Shirokov,¹³ V. Kuzmin,¹⁴ L.A. Gordon etc.

In the above mentioned studies, the authors analyse the forms of economic subjugation and the methods of exploitation of India by the British capital coming to its monopolistic stage, show the specific features of the process of formation and economic conditions of the Indian working class and bourgeoisie, their national composition and relationship to other sections of the population, as well as the socio-economic background of political attitudes in the different phases of the modern period. Attention is also being paid to the analysis of further disintegration of the feudal system and the survival of feudal institutions in the village, the main problems under consideration being the evolution of the landlord-tenant relations including the growth of share cropping and the part played by the tenancy legislation, commo-

⁹ *Formirovanie indiysskoy burjuazii* (Formation of Indian Bourgeoisie, 1958) *Ocherk deyatel'mosti torgovtsev i rostopshchikov v kolonialnoy Indii* (An Essay on the Activities of Merchants and Moneylenders in Colonial India, 1954), *Kratkiy ocherk formirovaniya krupnykh promyshlennyykh kapitalistov v kolonialnoy Indii* (A Short Essay on the Formation of Big Industrial Capitalists in Colonial India, 1954), *Ekonomicheskieskie izmeneniya v gorodakh Maharastry vo vtoroy polovine XIX veka* (Economic Changes in the Cities in Maharashtra in the Second Half of the 19th Century, 1958).

¹⁰ *Nekotorya osobennosti razvitiya kapitalizma v Indii do 1947 g.* (Some Specific Features of the Development of Capitalism in India Before 1947, 1956), *Sistema upravlyay ushchikh agensy—orudie poraboshcheniya i ekspluatatsii Indii angliyskim imperialisom* (Managing Agency System—A Tool of Enslavement and Exploitation of India by the British Imperialism, 1954), *Osobennosti razvitiya krupnogo kapitalisticheskogo predpriimatelstva v Indii* (Specific Features of the Development of the Big Capitalistic Enterprise in India, 1955), *Vosniknovenie i kharakter deyatel'nosti angliyskikh i indiysskikh bankov v kolonialnoy Indii* (The Rise and Nature of English and Indian Banks in Colonial India, 1956), *Dvizhenie svadeshi* (The Swadeshi Movement, 1958).

¹¹ *Kreditno denezhnaya sistema Indii v period kolonialnoy zavisimosti* (Currency and Credit in India during Colonial Rule, 1956).

¹² *Agrarnaya polikiea angliyskikh kolonizatorov v Indii v 60-e gody XIX v.* (Agrarian Policy of the British Rulers in India in the '60s of the 19th Century, 1957), *Agrarnye otnosheniya v maharashtre v posledney treti XIX-nachale XX v.* (Agrarian Relations in Maharashtra in the Late 19th and Early 20th Century, 1959), *Agrarnaya programma Natsyonalnogo Kongressa v 1885-1917 gg.* (Agrarian Programme of the National Congress in 1885-1917, 1952).

¹³ *Chainye plantatsii severovostochnoy Indii* (Tea Gardens of North Eastern India, 1959). *Ekonomicheskoe polozhenie rabochego klassa Bombeya nakanune zabastovki 1908 goda* (Economic conditions of Bombay working class on the eve of the strike of 1908, 1958).

¹⁴ *Agrarnye otnosheniya v Sinde v XIX veke* (Agrarian Relations in Sind in the 19th Century, 1959).

Russo-Indian trade relations in the 19th century have been elucidated in a monograph by E. T. Lynsternik, published in 1958.

dity production, the position and role of the money-lender as well as the nature of the so called agriculturists' relief and land alienation acts, growth of property differentiation among the peasantry, the economic position of rich peasants and the rise of agricultural labourers, survival of village communities etc. The socio-economic development is being analysed in the context of the national freedom movement and class struggles which constitute a great progressive force. The works under review lead to the conclusion that the beginning of the development of capitalism,—the rise of the capitalist system in the economy of colonial India,—dates from the second half of the 19th century. Owing to colonial subjection, the capitalist relations developed slowly in a deformed and especially excruciating way. The colonial rule constituted the main deterrent for the development of the country and it rested on and supported various survivals from the old socio-economic organisation. In the course of the disintegration of feudalism and growth of capitalism, the objective necessity for independent development was increasingly strengthened, new social classes able to lead conscious and organised mass struggle against foreign domination were rising and at the same time new contradictions appeared.

The results of the study of India's modern economic and political history by Soviet scholars will be reflected in a comprehensive work entitled *Istoriya Indii v novoe vremya* (History of India in the Modern Age). This work is being prepared collectively by the research workers in the Indian department of the Institute of Oriental Studies of the U.S.S.R. Academy of Sciences. It is expected to appear in 1960.

The Soviet Indologists are watching with great interest the studies carried on by their Indian colleagues particularly in the field of economic history. One may notice with satisfaction the appearance of a number of new works on India's economic history including special studies on particular areas of the country. Such type of research now appears very necessary for the deeper study of the history of the Indian people.

HISTORICAL APPROACH AND UNDER-DEVELOPED ECONOMIES: SOME METHODOLOGICAL REFLECTIONS

Ignacy Sachs

The particular historical backgrounds of underdeveloped economies determine the specific patterns of their composite character and consequently of their attempts at development. Mr. Sachs, formerly on the Research Staff of the Polish Institute of International Affairs, analyses here in concrete terms the above proposition and stresses, in conclusion, the need for a historical approach to the study of economic development,—the need, in particular, “for exploring more thoroughly the fringes and the transitory stages—as a continuation of and supplement to the “classical” analysis of feudalism, capitalism and socialism.” In the Indian context, this methodological study suggests a theoretical basis for linking the socio-economic evolution in the colonial phase with the current pattern and problems of economic development.

If quantity were synonymous with quality, we ought to be very satisfied with the present output of literature on socio-economic problems of underdeveloped countries. Yet, I am afraid that this would be much too optimistic a view. The voluminous body of writings on the subject suffers from various limitations. First of all, the share of scientists belonging to the countries concerned is still too small. Although a big step forward has been achieved in this direction, studies written through the “optics” of developed countries still predominate with all their burden of “westernism” and not rarely of preconceived ideas. Moreover, a dangerous schizophrenia has developed between the so-called “pure” and “applied” economics and on account of this schism it has become fashionable to exaggerate on either side. We suffer thus from a relative abundance of descriptive monographs and studies lacking sound theoretical analysis. In many cases, the excessive amount of factual case studies only serves to obscure the real issues involved. On the other hand, one has to agree, to some extent at least, with the following extremely uncharitable remark of professor D. P. Mukherji: “Our brilliant economists of the present

generation are mostly busy with spinning cocoons of model building, with formulating static or comparative static models of a notional system that is neither here nor there, or with description of things as they were a few years ago".

Both the directions—"pure" and "applied" economics—seem to suffer from a common malady, viz. a methodological underestimation of the institutional aspects of the socio-economic process, seen both from a historical and sociological angle. To a certain extent this lack of emphasis on institutional obstacles to development, as well as on institutional instruments of developmental policies is reflected in the current substitution of the term "economics" for the classical notion of "*political* economy". To my mind, this adjective "*political*" bears a two-fold methodological indication: that of the importance of institutional aspects in the proper evaluation of the economic life of human societies and, at the same time, of the necessity of avoiding a formal treatment of these institutions, as their impact depends in the last instance on their changing political content. Thus, for instance "public sector" or "co-operatives" can play different roles in different socio-political set ups, and what is more their role may change as a function of political changes.

A proper institutional analysis of the developmental process could bridge the growing gap between "applied" and "pure" research, as it would first of all help to classify and select the descriptive data and then pave the way to legitimate scientific abstraction, rooted in comparative concrete studies.

Within this general frame, in a preliminary and exploratory way, I here intend to raise some methodological questions, closely related to the institutional analysis of economic development, both in the historical perspective and in the context of present realities. It should be clear, nevertheless, that these notes by no means pretend to cover the whole subject of the methodological approach to the study of economic development. Moreover, they are offered with the intention of opening a discussion rather than trying to settle issues.

I

A first step from the multiplicity of concrete situations to the singling out of certain developmental patterns would be a proper classification of the countries involved, according to the degree of development.

This task is more complex than it appears at first sight. We have to compare absolute levels and rates of growth. At the same time we are compelled to look into the socio-economic structure and the existing obstacles, which prevent an increase in rates of capital formation. We are thus led to a further stage of our quest: an insight into the *aetiology* of underdevelopment. This requires a historical approach. The contemporary problems of the Middle World cannot be understood without a proper historical perspective, without an indictment of the colonial past and its remnants, without linking them to the process of uneven development of capitalism.

In this perspective, underdevelopment appears to our eyes as an essentially socio-political phenomenon. It would be vain to expect it to be overcome just by technical progress. The tremendous advancement of our space-travel era serves as a pointer to emphasize the urgency of suppressing the social barriers which keep preventing a more equitable repartition and enjoyment of ever greater riches made available to man.

II

The general approach, described above, leaves room for, and even implies, further precisions on methods of classification or *typology*, provided we are properly cautioned against its limitations and keep ourselves protected against the sin of ahistoricism.

Without pretending to evolve a complete scheme, I wish to point out to certain criteria, which seem relevant in this context.

In trying to classify the different countries according to the pattern of socio-economic development, the political regime, projected against its historical background has to be taken in account.

It is important to know when and how the country became free, to what extent it is economically independent and developed, what are the salient features of its political regime and how much importance is given to the need of socio-economic development in the ideology of the ruling parties and circles. On this basis, we can enumerate three broad patterns of development, namely :

(1) Countries which entered on the path of socialist transformation almost simultaneously with the national liberation, as a part of the same historical process, in which a leading ideological and organisational role was played by the working class and peasants; for these countries the end of the Vasco da Gama era coincided with the decomposition of an incipient capitalist system and

they found themselves both out of the colonial and of the capitalist systems ;

(2) Countries, which as a result of external factors and of the general processes of decolonisation, acquired politically independent personality, but did not free themselves entirely from external influences, while on the internal plane they intend to go along a "Prussian" or "Japanese" line of capitalist development i.e. by guaranteeing continuity to the vested political and economic interests of the pre-capitalist period;

(3) Countries which after having acquired their independence as a result of a powerful national movement with features of a "popular front," incorporated the ideology of social progress and economic development in their programme and attempted an original experience within the limits of capitalist structure, influenced both by the successful planned economic development of Socialist countries and the ideal of labourite "welfare state". Without going into semantic discussions on "socialism" and "socialistic pattern" this would appear to be a novel form of "mixed economy" with strong elements of state capitalism, which in the particular conditions of the Middle World have a distinct role as compared with developed capitalist economies and may be considered progressive to the extent to which they foster the development, and strengthen the economic independence of the country, hindering at the same time the rise of monopoly capital in strategic sectors of the economy. This third pattern made its appearance only after the Second World War, as a result of the tremendous political upsurge of the peoples of Asia and Africa and of the transformation of the socialist system into a world system, so that the countries of the Middle World are no more politically and economically dependent on their commerce with the developed capitalist countries of the West. Its evolution towards socialism or involution towards the "Prussian" or "Japanese" model of capitalism remains an open matter and will mainly depend on the balance of internal forces and political struggle within the countries interested.

III

Other aspects are also quite relevant. One could make for instance a difference between "old" and "new" countries, the "new" ones being those, where expanding European capitalism just found natural resources in favourable conditions and no existing social

structures or rather weak and primitive societies, so that their ruthless elimination did not constitute a major problem. These "new" countries (e.g. United States, Canada, Australia, New Zealand), where an almost "pure" form of capitalism was introduced by the colonisers, were able to equal and surpass the level of economic development of their mother countries. It should be noted, nevertheless, that their rapid economic advancement is to be attributed to the conjunction of lack of pre-capitalist structures with the capitalistic character of colonisation. In Latin America (and in the Southern part of the United States) where the first condition was fulfilled, but a semi-feudal structure was implanted by Spanish and Portuguese colonisers, instead of conditions for steady socio-economic progress, social obstacles to growth and an economy based to a large extent on predatory methods were created.

As for the "old" countries, the contact with the European conquerors gave rise to two processes: on the one hand, the arrestation of the "natural" process of decomposition of feudal relations and of the maturation of capitalism, leading to a petrification of obsolete social forms with the consent and in the interest of the colonial powers; on the other, the grafting of capitalist forms on pre-capitalist economies and societies, leading to an unbalanced and composite structure.

Apart from "old" and "new" countries, we have to consider "big" and "small" ones, modifying the geographical notion of size by the evaluation of the resources, susceptible of an economic exploitation. Undoubtedly problems of growth and the sequence of investments have to be tackled in different ways in such countries as India and Ceylon; the economy of a small country will have to remain always more "open" due to the indivisibility of certain industrial investments and the lack of an extensive internal market; but more reliance on international division of labour cannot be equated with the rejection of industrialisation and the acceptance of the present division of the capitalist world in industrialized "haves" and the "have notes" reduced for ever to the role of producers of primary commodities.

Much thought has been given to the impact of demographic conditions on the economic development, both from the point of view of density of population and of the rates of its growth. It would seem that the difference between the densely and the thinly populated countries has been overestimated, in the sense that even

in scarcely populated countries as a whole (e.g. Brazil) we are usually faced with densely populated pockets within almost uninhabited areas, which cannot be open to settlement without huge investments, comparable to the cost of providing industrial jobs to rural surplus population in densely populated areas. Both in densely and thinly populated countries economic progress is to be measured in terms of the changing occupational structure. As far as the impact of the rates of increase of population is concerned young and rapidly increasing populations have to achieve higher rates of capital formation, in order to meet the consumption needs, provide new jobs and at the same time cope with a higher proportion of non-working population and provide education and other social facilities for them. From this angle, birth control would be welcome. On the other hand, it should be remembered that under proper institutional conditions abundant man power may become a major asset in a bold plan for economic development. The most striking example is provided by China, though in this respect the Chinese experience differs less than it appears at first sight from the pattern of socialist industrialisation followed by the Soviet Union and some of the Eastern European countries.

IV

Up to now, I have dealt with those features which differentiate the position and the problems of the countries of the Middle World from each other. I now propose to examine the methodological implications of the fact, that as a rule the socio-economic structure of an underdeveloped country is a composite one, in the sense that elements of different socio-economic forms are present and, what is more, *interpenetrating*. This problem is usually acknowledged in one of the following two ways (or a combination of the two) :

(1) in terms of current Marxist analysis, the dominant socio-economic form can be detected ;

(2) some contemporary economists and sociologists introduced the concept of "dual economies" and "dual societies", understanding by it either the co-existence of capitalist and pre-capitalist sectors or that of a subsistence economy and an export economy.

The latter approach has its utility, inspite of a certain tendency to formalism and ahistoricism, which has affected some of

the studies of "dual economies", meant more as a static description than as insight into the dynamics of socio-economic development. The Sector-differentiation should not be used as a means of obscuring the picture of class composition of the society. These studies ought to be followed, however, by research in which the main emphasis should be laid on the interpenetration, the mutual influences and the skipping over of the different socio-economic forms.

It is important to realise that interpenetration is not a simple juxtaposition. That is why the successive application of the classical analysis of the capitalist form to the capitalist sector and of the feudal form to the pre-capitalist sector does not cover all the issues involved. Much depends on how the different forms react mutually. Let us take, for illustration, the case of capital formation in a composite underdeveloped economy. Our analysis would be incomplete without taking into consideration the engrossing of the capital formation in the capitalist sector through the inflow of a share of the product of the pre-capitalist sector, appropriated by the traders and money lenders. And reciprocally, when from the process of capital formation we pass to that of investment, it is necessary to stress that a considerable share of investment surplus, generated or at least collected in the capitalist sector, has to be applied in the pre-capitalist sector or, to be precise, to finance the incorporation of the pre-capitalist sector into the capitalist one. It will be easily seen, that the general pattern of investment will thus depend to a considerable extent on the relative sizes of the two sectors. Whenever the pre-capitalist sector is geographically and demographically considerably bigger than the capitalist one, the economic development, based as it is mainly on capital formation within the capitalist sector, is bound to find serious obstacles, statistically expressed in the low overall rate of capital formation per inhabitant.

Another instance may be taken from the field of sociology. The existence and interpenetration of different socio-economic forms give rise to certain transitory strata of population, which cannot be classified within the usual pattern. I have in mind, in particular, the so-called "sub-proletarians" (not to be confounded with the "lumpenproletariat"). These are rural inhabitants who left the pre-capitalist sector for towns, but could not integrate themselves into the urban working class for lack of stable employment and profession, living thus a precarious existence. This social

stratum has been relatively well studied in the countries of Maghreb.

V

Once we have admitted the purposiveness of a dynamic analysis of composite structures and the relevance of the transitory stages, it becomes necessary to refine certain concepts which could become suitable tools for such an analysis.

A useful distinction is that between exogenous and endogenous patterns of development. Once more, it is necessary to emphasize here the relative character of this dichotomy. In the developmental process we can always discern internal and external factors, intermingled in different proportions, reacting mutually on each other and, in many cases, forming such an intricate complex, that their singling out becomes an abstraction, aimed at the simplification and the rationalization of the subject of analysis. By "endogenous" and "exogenous" development we shall mean, therefore, patterns with predominance of either set of factors. We can thus speak about endogenous development of capitalism in countries, where capitalism emerged progressively as a result of the decomposition of feudalism, either by way of assuming the capitalist entrepreneurial role by small producers or by the merchant class. But, in the context of the historical discussion on the aetiology of underdevelopment of the Middle World, we shall be more concerned, as already mentioned before, with the implantation by the colonising powers of capitalist elements on pre-capitalist structures, be it through predominantly predatory methods of exploitation and emphasis on foreign trade, in the first phase of capitalist colonial expansion or through investment of capitals in the imperialist phase. It is easy to point to many instances of such transplantation, and even India, where elements of an incipient endogenous capitalism were more pronounced than in many other countries, does not escape the rule. The Indian example shows, how this transplantation of exogenous capitalism was accompanied by a conscious effort to perpetuate an anachronic economic, social and political structure, through an alliance between the colonisers and the ruling feudal aristocracies, in such a way that through the action of British capitalism new forms of Indian feudalism have arisen. Capitalist and even highly capitalistic enclaves have been created in some parts of Africa which as a whole have not progressed as yet beyond the stage of tribal communities inspite

of certain amount of monetisation, which by itself is not yet a sufficient evidence of the advent of capitalism.

Other more awkward examples of transplantation are the relatively recent transformation of a tribal Iraq into a feudal one by the influence of Britain, and the establishment of semi-feudal regimes in Latin America by the Spaniards and Portuguese.

Endogenous and exogenous elements do not appear in the same proportion in all the sectors of a given economy. Exogenous capitalism starts as a rule from foreign trade and then spreads to production for export. On this account, certain discrepancies may be noticed between the mode of production properly speaking and the mode of circulation arising from the fact that the latter is determined by the degree of development of the internationally dominant economy. If we take as an example, the 18th century plantation economy of the South of the United States (or the 19th century plantation economy of Brazil), we shall see that the production was performed on the basis of slave labour, imported from Africa, the circulation was the domain of international capitalistic commercial interests, while the socio-political superstructure was very similar to European feudalism. Through this case, we can see how important it becomes to supplement the general evaluation of a given economy made on the basis of the dominant mode of production by further precisions. To continue the parallel between the United States and Brazil, the differences in rates and patterns of development between the two countries may be ascribed to the different proportions of plantation economy in their overall economic structure. While in the United States, the impetus of development was given by the capitalist North and the conservative socio-economic structure of the South (which accounts for the relative backwardness—economic and social—of this part of the country) was overcome, in Brazil the dominant role of plantation economy lasted for very long, retarding the affirmation of capitalism.

VI

I propose now to deal succinctly with mutual influences of patterns of development in countries in different socio-economic stages.

One way of posing this problem is to ask, whether history can repeat itself or, in a less abstract way, whether certain patterns known from historical experience, can be reproduced. I do not

propose to answer this question on a general philosophical level. In the context of the problems of the Middle World it takes a very concrete shape: is it possible to reproduce there successfully one of the classical capitalist patterns of development?

To my belief, the question has to be answered negatively, both on socio-political and economic grounds. Not that the possibility of some progress on this line is to be excluded. But the gulf between the magnitude and the urgency of the tasks, on the one hand, and the slowness and limitations of historically known capitalist solutions seem too big, even more so because the ideal of social progress requires distributive justice implicit in a socialist pattern but hardly conciliable with capitalism whose dynamism is fed by sound inequalities. The reasons militating against the possibility of repeating the classical capitalist solutions may be summarized as follows.

Politically, the peoples of the Middle World are not likely to accept the plight of the British worker during the Industrial Revolution nor that of the Japanese peasant during the Meiji Era. Moreover, they are being strongly influenced by the successes of the socialist industrialization in the Soviet Union, and the People's Democracies.

Economically, they struggle to achieve their take-off in conditions much worse than those of today's developed capitalist economies: the initial levels of national income per capita are lower, the demographic pressure is higher; instead of industrialising like advanced islands in an underdeveloped world, they have to cope with an adverse international division of labour, subordinated to the interests of the "haves" and not only are they unable to get some investment surplus by draining any colonies, but, on the contrary, even after having achieved political independence, they continue to be drained to a lesser or greater extent by the "haves".

That is why the Middle World turns its eyes to socialism and to different forms of State Capitalism. Different models are being advanced, according to political preferences and goals.

A strongly capitalist-biased and conservative model of State Capitalism for the Middle World is offered by the Japanese experience of the Meiji Era. There, state initiative aimed at creating the social overheads and at pioneering industries, which were subsequently handed over to private hands. Thus, the Japanese State patronised the skipping over of the *laissez-faire* stage of capitalism by assuring a Prussian-like transition from feudalism

to monopoly capitalism. This pattern, notwithstanding its association with military adventurism, obviously appeals to the big business and landed interests in many a country of the Middle World and influences their approach to the problems and policies of economic development. Attempts are also being made to follow directly the path of the most developed capitalist countries against the lessons of experience and for instance to claim that the Western German "social market economy" could be followed in the Middle World. On the other hand, partisans of the public sector are tempted to search for support for their thesis in the fact that a similar trend is noticeable in developed economies. But to reason only on these lines would mean missing the fundamental differences between the impact of State capitalism on developed capitalist and underdeveloped economies. In the first case, State capitalism made its appearance long after the emergence of powerful monopolies, in the context of war and anti-cyclical economic policies, while in the Middle World it could play under proper political circumstances, a positive role, that of mobilising and pooling the scarce resources for the great tasks of economic development and preventing or at least retarding the growth of private monopolies. It would be improper, however, to underestimate the impact of the extension of State capitalism in the developed countries on the economic thinking in the Middle World. To a certain extent, the economic discussion of the thirties and forties, mainly inspired by Keynes, has drawn the attention of the economists of the Middle World to certain institutional forms and basic policies, which, once applied to the conditions of the underdeveloped countries, are bound to change their intrinsic content. This holds also true, as far as the concept of the "welfare state" is concerned, in the sense that the political ideal of the "welfare state" asserted itself in some of the countries of the Middle World as a prerequisite and not as a consequence of capitalist development, modified and moderated by a powerful labour movement.

It is also possible to ascertain the impact of socialist economy on the policies of the Middle World. I have mostly in mind the influence of the Soviet five-year plans on the economic thinking of all the development-minded groups in India, Brazil and many other countries. It is not a historical accident, that at the end of the Second World War economic plans have been advocated by industrialists in both the countries mentioned above and that in one way or another, five-year plans or rather investment program-

mes have been started in many countries and planning or programme making authorities called into being, with the purpose of assuring a certain sequence of industrialization with initial emphasis on basic industries, different from that which would have arisen from a purely competitive economy and more akin to that of socialist industrialization. These efforts aim at singling out from the body of experience, accumulated by socialist industrialization certain institutions and policies and to apply them even in the context of a developing capitalistic economy. This way of doing things has its obvious limitations, but one should not underestimate either its positive influence on the search by India and some other countries of the Middle World for new blueprints for economic development, at least applicable in a transitional period, and superior to the classical capitalistic path.

VII

The above remarks were meant to indicate some of the problems arising from the historical approach to the economic development of the Middle World. In my belief, they point to the necessity for exploring more thoroughly the fringes and the transitory stages, of course only as a continuation of and a supplement to the "classical" analysis of feudalism, capitalism and socialism. In particular the political economy of growth, as applied to the Middle World, should be modified by a deeper study of "composite structures", by means of an integrated historical, sociological and economic approach.

SOME RECENT WRITINGS ON THE ECONOMIC HISTORY OF BRITISH INDIA.

An Essay in Bibliography

Tapan Raychaudhuri.

In the post-war years,—particularly since independence,—there has been a growing interest in the economic history of modern India. The main results and direction of research in this field are discussed in this essay in bibliography.

In another article in this miscellany a Soviet scholar has offered an impressive survey of the work done in his country in the field of modern Indian economic history. Quantitatively at least, research in India, and in the West, on this facet of India's past has not been very considerable so far. Yet during the last three decades,—and to a certain extent since the early years of the present century,—there has been a steady increase in interest in the subject.

The volume of research on economic history, as compared with that on the other aspects of Indian history, has assumed significant proportions in the post-war and particularly the post-Independence period. Much of the recent work on the subject,—mostly doctoral dissertations,—remains to be published. But those already published indicate adequately the trends of research on Indian economic history. The present article is merely an attempt to map these trends and the ground covered through a discussion of some dozen publications on the subject which have appeared since 1945. It is not a review article and as such comprises no effort to assess the quality of achievement or enumerate shortcomings.

Research in this field in recent years has been inclined more towards monographic studies rather than to comprehensive surveys of an earlier type. While R. C. Dutt and later Professor Gadgil or Dr. Anstey sought to analyse entire periods or aspects of economic change with reference to the country as a whole, recent research has concentrated on particular regions or on specific features of economic life within comparatively narrow time-

limits. This, of course, is a development in tune with the general preoccupation with specialised studies in other spheres of historical research in India and abroad. A necessary corollary of this development is a more thorough exploitation of documentary source material, particularly of public archives. Specialisation in research has not, however, blunted the edge of old controversies centring round the pattern of economic relationships in the context of colonial domination. The question of 'exploitation' in other words, often under various technical guises, still constitutes a central theme in research on modern Indian economic history as much as it did in the days of R. C. Dutt and Digby. Only the effort now is rather to tackle the question on the level of particular issues than to find a final comprehensive answer condemning or exonerating the British rule in India on a charge of all pervasive economic exploitation. Further, there is a growing preoccupation with the significant minutiae of structure and structural change as distinct from the broad trends of economic life and primarily informational data.

As the region first drawn into the vortex of colonial economy, Bengal has necessarily attracted the attention of economic historians and four authors have contributed in recent years to the study of economic change in this province during the eighteenth and early nineteenth century. *The East India Company and the Economy of Bengal from 1704 to 1740*¹ by Dr. Sukumar Bhattacharya discusses a formative and little-known phase in the economic history of Bengal. The *Bengal Public Consultations* and *Factory Records* at the Commonwealth Relations Office Library, —the basic source material on which Dr. Bhattacharaya has built his thesis,—have hardly been used before for any study of this period. While the work deals with a variety of themes,—e.g., the trade of the English and other companies, currency, markets and general economic conditions,—the central interest develops around the emergence of a monosponistic and, to a limited extent, monopolistic control of the English over the local market, a phenomenon which preceded and no doubt facilitated the establishment of their political authority.

"The Magna Carta of the English trade in India" obtained in 1717 by the Company from Emperor Farrukhsiyar,—confering *inter alia* rights to trade duty-free subject to the payment of

¹ S. Bhattacharya. *The East India Company and the Economy of Bengal from 1704 to 1740*. (Luzac & Co., London, 1954).

a small tribute, issue *dastaks* exempting goods from customs check, acquire a sizeable area around Calcutta and mint coins at Murshidabad,—was in some ways a *de jure* recognition of established facts. But it also conferred claims which could materialise only through a further phase of conflict. The purchase of 38 villages by the English under an alias in the face of strong local opposition was no simple commercial measure. As early as 1687, Sir Josia Child had defined the ultimate object of the Company as the foundation of “sure English dominion in India for all time to come” and it is difficult to divorce the striving after extra-territorial rights from such articulate definitions, though the motives were no doubt predominantly economic rather than political. The more violent outbursts in the conflict between the Company and the Bengal Nawab were generated by a clash of obviously economic interests. The trade of the English, which accounted for the bulk of the region’s commerce, was exempt from customs duties. Their control over the market forced many Indian merchants out of their hereditary occupation. The privileges granted to the Company exclusively with regard to the items of export and import were extended surreptitiously to the inland trade. The *dastaks* guaranteeing exemption from customs control were granted illegally to private merchants. Coins minted at Madras were imported into Bengal, affecting the income from the Bengal mints. All this meant loss of revenue for the treasury. The Nawab’s government were also aware of the deeper implications of the process they sought to inhibit. In the English effort to engross the inland trade they saw a threat to the livelihood of millions. The dangerous proximity between monopsonistic trade and eventual acquisition of decisive control in matters economic and political was also recognised. The open and decisive struggles of the ‘fifties and ‘sixties merely denote the climax of a process of much earlier origin.

The patterns of conflict in the different phases were however not indetical in detail. In the revolution of 1757, the native financial interest was in alliance with the English Company, virtually their chief client. In the ‘twenties and ‘thirties, the mutually complementary relationship between the native financier and the European merchant was not yet fully developed. The Jagat Seths, with their lucrative control over the Murshidabad mint,—their estimated income from *batta* alone was in the region of 7 to 8 lakh of rupees,—checkmated all British effort

to use the mint notwithstanding the farman of 1717. As the chief purchaser of bullion imported by the foreigners, they had an additional interest in retaining exclusive control over the mint. Their hold over the bullion market was decisive enough to enable them to dictate prices. By the 'thirties, therefore, we find the English engaged in a concentrated effort to win the favour and alliance of the country's chief financiers, borrowing from and selling to them on a steadily increasing scale. In the early days of Alivardi's reign the basis for a political and economic alliance was already well laid. The reduction of the interest rate from twelve to nine per cent on all loans offered to the Company indicates the changed relationship.

The company's dealings with the provincial government on the other hand expressed a clash of irreconcilables. In the prolonged see-saw struggle we find the English steadily gaining ground. The weapons in the Nawab's armoury often have a familiar 17th century look about them: the attempts to extort money at every conceivable opportunity, government monopoly of important articles of trade, threat to stop the entire trade of the Company were all there. The English, following a well-established technique, cajoled, expostulated and threatened in turn, appealing all the time to their Magna carta of 1717. Yet neither party was prepared for a final show down. The English control over the country's foreign trade was accepted as a *fait accompli*. The Nawab's sole concern was to prevent an extension of this control to the inland trade, the last refuge of the Indian merchants. Attempts to prevent the reckless abuse of *dastaks* were only a part of this much wider effort. The undertaking given by the English in 1731 not to "trade in any goods but what are proper for Europe and intermeddle with such part of trade belong to the natives of Indostan" represents a truce and a temporary victory for the Nawab. The solemn promise was however soon broken and in the 'thirties the growing abuse of private trade by the Company's servants aggravated the threat to the independent livelihood of the Indian trading community. The stage for the dénouement of 1757 was thus set.

The strategy of English commerce was partly conditioned by the competition,—or rather the fear of competition—from other European companies and merchants. Bengal's overseas trade,—both import and export,—was now firmly under English control. The complete elimination of all possible rivals was,

however, not yet achieved. A full hundred years after their disaster at Hugli the Portuguese, with remarkable buoyancy, continued to play a role in Bengal's commerce. The Dutch had prosperous centres of trade in the province until they were forcibly expelled in the 'sixties. The French with their trading settlement on the lower Ganges were, by 1730, prosperous enough to occasionally lend money to the English and to challenge seriously the latter's control over the silk market. The Danes, after a few years of feeble effort, were forced to quit in 1714. The Ostend Company, on the other hand, secured permission to trade in 1723 in the face of bitter Anglo-Dutch opposition and achieved "almost phenomenal" success in a few years. The farman of 1717 had already given the English an incomparable advantage over all competitors. It was still considered necessary to adopt means other than commercial to stifle the rivals' trade. The English policy towards the European competitors shifted from open hostility to temporary alliance over specific issues according to the circumstances. Notices were issued in Calcutta in a variety of languages forbidding local inhabitants from having any dealings with the Portuguese. The Dutch accepted their position of inferiority vis-à-vis the English and generally joined hands with the latter in their effort to keep out other Europeans. The Anglo-French rivalry was something wider than mere competition in trade. Still the two companies along with the Dutch set up a joint front against the attempts of the Government and the nobility to corner saltpetre. The opposition to the Ostenders, considered a serious rival by all concerned, was equally united. Anglo-Dutch aggression against the Flemish Company, condoned by the Nawab for a substantial consideration, eventually secured the desired end. After 1731 the Ostenders ceased to cause any serious concern to their competitors in Bengal. It is doubtful if any European commercial power, saving the French, constituted a serious challenge to the English in Bengal. The significant phenomenon however consists in the English eagerness to stifle or reduce to a subordinate position all possible rivals through non-economic pressures rather than through techniques of competition.

It would be incorrect, however, to consider the impact of English trade on Bengal's economy as a merely negative phenomenon. Their monopsonistic control over the market implied no reduction in the volume of export trade. On the contrary, the

'Coast and Bay' engrossed a steadily increasing share of the Company's fast expanding oriental commerce. In 1708-59, out of a total of 10 ships of about 300 tons each sent to the East, only four were bound for Bengal and the neighbouring regions. In 1739-40, out of 39 ships (of about 490 tons each) so despatched, 19 were bound for the eastern coast of India. The bullion imports into Bengal during 1718-27 amounted to £1,331,529 as compared to £722,520 in the preceding decade. It is fair to conclude that any loss in the volume of export trade suffered through the somewhat exclusive character of the English control on the market was more than made good by the impressive magnitude of the Company's capital investment in Bengal. One must look for exploitation as an essential feature of monopsonistic control in a very different direction, viz., the adverse effects on the terms of trade and the producer's reduced bargaining power in an artificially controlled market which facilitated the expropriation of his surplus.

The fact of over-all deterioration in economic conditions is indeed writ large on the history of the period. Sharp upward trends in commodity prices were the result of sudden aggravation of the tax burden rather than of competitive demand in the market. This is obvious from the fact that the very year in which the prices of cloth underwent a sudden increase weavers were forced to abandon textile production and turn to agriculture, because Nawab Shujauddin "had raised the taxes from 25 to 50 per cent on the late Nawab's standard." The purchasing power of all classes in the community was definitely on the decline, notwithstanding the heavy and increasing revenue burden imposed on the producing classes. A sharp fall in the demand for foreign luxuries was a symptom of this decline. The currency muddle, a consequence of administrative and political disintegration, affected seriously an economy increasingly dependent on exchange and commodity production. The one way flow of specie to Delhi which hardly left "currency enough in Bengal to carry on any trade, or even to go to market for provisions or necessities of life" further aggravated the situation. Despite the all-pervasive decadence, in some ways the condition of the masses had not reached the level of destitution which characterised the early colonial phase. At least the urban worker was then much better off than in the nineteenth century, for while money wages remained more or less constant

food prices went up by 14 to 15 hundred per cent in the course of a century.

The picture which emerges from Dr. Bhattachary's study is that of an accelerated process of two-fold exploitation: a sharp increase in the revenue burden, typical of a late feudal economy combined with exploitation through trade by way of monopsonistic control, a familiar feature of mercantilist effort. The incubus of the East India Company fastened itself on to an already overburdened class of producers. One wonders if the established production organisation and production relations would not have collapsed under the pressure after a time even without the additional load of direct colonial exploitation. Signs of cracking up were surely noticeable.

Dr. N. K. Sinha's *Economic History of Bengal from Plassey to the Permanent Settlement*,² takes up the story at the point where the establishment of effective political control by the British in Eastern India marked the full development of the economic realities inherent in the situation. The state of Bengal's economy under the shade of the much-shaken pagoda tree,—in other words, the actual circumstances of the process of 'ruination',—constitute the subject matter of Dr. Sinha's book. Its chief strength derives from the impressive mass of documentary material handled by the author which helped him build up an effective case in favor of his theses concerning a variety of controversial issues. The Proceedings of the Bengal Board of Trade (1774-1800), the Records of the Mayor's Court, Court of Quarter Sessions, the Sadr Diwani and Sadar Nizamat Adalats (which include the 53 volumes of notes by Justice Hyde), the old English Correspondence available in the District Record Rooms, the Dutch Company records now available at the Hague archives are some of the varied and hitherto unused record material utilised by Dr. Sinha. When one remembers the disorganised and dilapidated state of some of these *fonds*,—the district and court records in particular,—the significance of the work done, which still remains half complete after many years' labour, becomes obvious.

A considerable proportion of the two hundred and fifty odd pages in this volume is necessarily devoted to what one would call 'information', i.e., description of actual economic conditions

² N. K. Sinha. *The Economic History of Bengal from Plassey to the Permanent Settlement*. Volume I. (Published by the Author, Calcutta, 1956).

which do not always reflect the stupendous process of economic transformation. The accounts of the French and Dutch commerce, the Indian market, indigenous banking, details of industrial and cash crop production linked to the overseas trade—all belong to this category. They too, however, help fill out a picture so far only known in a somewhat vague outline.

The chief utility of the volume however, consists in a restatement,—on the level of a fresh and heavily documented analysis,—of the theory that drainage of wealth constituted the basic fact in the economic situation in Bengal during the first phase of the British rule. This theory has often been stated to have no objective basis. The ills of the early British rule in Bengal have not been altogether denied. But these have been attributed chiefly to the rapacity of a corrupt officialdom thriving on the system of presents and generally to administrative failure. The ill effects of unchecked private trade are also generally admitted. Yet, it is claimed, that the economic relationship between England and the Indian territories under her political dominion was essentially favourable to growth in the specific sense of expansion in production and a rise in real income for the producers as well as the merchant middlemen. The line of argument, put somewhat crudely, runs as follows: The post-1757 period witnessed an expansion in the volume of exports from Bengal to England. Almost certainly, it meant an increase in the total volume of exports. The import of commodities from England or anywhere else into Bengal, which was never very significant, did not undergo any mentionable change in dimension. True, the import of bullion was much reduced in volume, the Company's investment or purchases in Bengal being financed largely from local revenue or with loans, locally raised. But since the bulk of the bullion imported became eventually fossilised as hoards of wealth or items of display, stoppage of bullion import was a matter of little importance for Bengal's economy. The net economic effect of the changed political situation was therefore a favourable balance of trade for Bengal resulting in a tremendous impetus to production and the creation of virtually new industries like the manufacture of raw silk.

One could object to the above analysis on theoretical grounds. Dr. Sinha has preferred instead to present a factual account based on documentary evidence. The circumstances detailed by him differ from the situation described above in certain essentials.

The increase in the volume of exports is not questioned. An analysis of the data presented by him reveals two distinct but interrelated phenomena. The first is the process of primitive accumulation through a type of commercial activity which was in essence a form of plunder. Their monopsonistic control over the region's export trade now effectively established, the Company,—and their servants,—proceeded to 'engross' the inland trade and thus establish a monopoly. With their two-fold control maintained through the exercise of political authority, the English could dictate prices in both the buyer's and the seller's market in Bengal, thus appropriating the bulk if not the whole of the surplus produced. This aspect of the Company's trade really refers to the fact of the exploitation of the producing class rather than to the actual drainage of wealth from the country. Dr. Sinha's description brings into clearer focus a not unfamiliar phenomenon.

The second phenomenon consists in an export of commodities from India with no corresponding import of any mentionable magnitude. As there was never any considerable market in India for foreign products, this meant in effect a substantial reduction in bullion import,—a situation which was further aggravated by the export of bullion from India for the purposes of the China trade. This fact was of some significance for an economy in the throes of monetisation. Already in the earlier half of the 18th century the drain of specie from Bengal to Delhi had created a commercial crisis. The crisis resulting from a comparatively bigger shortage in the supply of money is likely to have been more serious. It could have meant a steady fall in prices over a long period which would eventually affect the volume of production. Whether this was the actual situation is not clear from Dr. Sinha's account. The famine of 1770, which really marked an advanced stage in the breakdown of the machinery of production, indicates the possibility of a gradual decline in production. It is, however, difficult to apportion accurately the responsibility for this development between direct exploitation and the nature of the export trade. Dr. Sinha has described the pattern of exploitation in considerable detail. Private fortunes, we are told, sprang up like mushrooms, through the assignment of lucrative contracts and clever manipulation of *dastaks*. "Primitive accumulation", to quote Marx, "went on without the advance of a Shilling." Fortunes so made were spirited away so that no capital accumulation

took place in India. A considerable proportion of the Company's investment was financed from their revenue income so that a part of the export was really the direct product of revenue exploitation. The ruination of Oudh through the Company's investment policy was described by Barlow in the following words: "If the Company as an independent state receive a sum of money from the Nawab and then advance it to his manufacturers to make cloths they not only carry away the original sum received but also the value of the labour of his subjects in the bargain. . . . a monopoly has been introduced for the benefit of a foreign trade". This formulation accurately summed up the situation in Bengal as well. The growth of new industries like raw silk manufacture were really the first consequence of the change in economic relationship resulting from the industrial revolution: the shift from cotton cloth to raw silk was only the first step in the change over from the supply of finished products to that of raw materials.

The question of drainage of wealth has been treated at some length in Professor Furber's *John Company at Work*.³ The answers arrived at in this work differ in many ways from those discussed above. Professor Furber, however, begins with an admission of inadequacy resulting from incomplete statistical data regarding import and export. Such statistics are indeed of vital importance because "in so far as monies acquired in India by companies or individuals were used to purchase goods for export, they can only have constituted a drain to the extent by which their amount exceeded the value of imports of goods and bullions into India."

Certain basic misconceptions have been cleared up by Dr. Furber. He points out, for instance, that the theory of drainage

³ Holden Furber. *John Company at Work—A Study of European Expansion in India in the late Eighteenth Century* (Harvard University Press, Cambridge and Oxford University Press, London, 1951). Professor Furber's well-known and much discussed work has acquired the status of a near classic on the 18th century Indian history. The extensive use made by the author of the Dutch, French and Danish archives, besides the English company records makes it a work of exceptional value. This intensive study of a decade, 1783-92, in the author's own words "from one point of view . . . spans three centuries of time", and sets out "to tell how European expansion took place in India and to describe the consequences of the growth of European power in India" for Europe and the Europeans. His central thesis that India was slowly but surely becoming "a wasting asset to Britain during these years" is supported by a mass of carefully analysed statistical data. The causes of this decline,—the relative importance of machine competition and the burdens of empire,—are discussed with less assurance. Only one aspect of Professor Furber's work, viz., the implications of European commerce for India, is dealt with in the present article.

derives partly from too exclusive a preoccupation with the situation in Bengal and is, to that extent, inaccurate. It would be equally mistaken to assume that the expenditure on Indian civil and military account constituted no drainage because the amount never left the country or that the extravagance of the "nabobs" in England implied a waste of India's resources.

Such misconceptions cleared, Dr. Furber, on the basis of an estimate of exports and imports on Company ships during 1783-92, arrives at the approximate figure of £6,375,000 as the money value of the drain from India to England in the course of a decade. "The approximate total of the direct drain to Europe resulting from the activities of foreign East India companies and illicit traders" is placed at only a slightly higher figure, viz., £6,750,000. The grand total thus arrived at is £13,125,000 or an annual average of £1,300,000. This drain, in the author's opinion, was however not constant, for in all likelihood the drain became progressively less with the steady increase in the volume of the private export of silver to India.

As the "country" trade also involved a substantial excess of export over imports, an analysis of the same is also essential for an accurate estimate of the total drain. Such an analysis becomes impossible because no statistics for the entire field of inter-Asian trade are available. Taking a rough estimate of the company's China bills of exchange sold in India as the best index, Dr. Furber concludes that there was an indirect "drain" from India to Europe of £250,000 a year. But since in the Revolutionary Era silver began to flow back from China to India, "the indirect drain, like the direct, was tending to decrease..." In short a "drain" of Indian wealth,—a "drain" in goods,—did exist, but its magnitude did not exceed the figure £1,800,000 *per annum*. These figures admittedly refer to a period when the profits from the India trade were on the decline and the need for a detailed study of the period 1750-'80 is emphasized in this context.

Dr. Furber concludes with a warning against any unobjective accent on the fact of "drain" or even the fact of exploitation. The impact of Europe on India has to be assessed in terms of a totality of economic or rather socio-economic change, divorced from value judgements. Dr. Furber's work, despite its preoccupation with the European side of the story, is indeed a path-finder in this direction.

The Indian side of the story, in Professor Furber's view, can

best be told by the Indian authors. A direct experience of the Indian situation,—still replete with survivals from the past and often revealing earlier patterns of transition under alien impact,—perhaps helps one understand somewhat better the process of socio-economic change which characterised British Indian history. It is in any case a hopeful sign that historical judgments in India are no longer predetermined to any mentionable extent by the subjective experience of foreign rule or by nationalistic enthusiasms. Two recent studies on Bengal's economy during the crucial years, 1793 to 1833, indicate this increasing effort to be objective. The divergence in their approach and emphasis further underlines this tendency.

Dr. Ghoshal's *Economic Transition in the Bengal Presidency (1793-1833)*⁴ may restate expected answers to the familiar questions, but never before have these logically tenable replies been supported by such a wealth of empirical data. Nor are the answers so very expected after all, because (a) historical phenomena do not always conform to the logically obvious and (b) an earlier generation of historians tackled the same questions very differently.

During the years under discussion, the Bengal Presidency,—which at one point of time extended from Sylhet to the borders of Delhi,—witnessed the final dissolution of the ancient structure of production organisation and production relations though not in every detail. Dr. Ghoshal emphasizes the not so obvious correlation between this process of dissolution and the impact of industrial capitalism which gained in tempo with the successive Charter Acts. The correlation is not obvious, because the long period of ruthless direct exploitation which preceded this phase might have by itself led to a consummation of the process. The notorious famine of 1770 very nearly achieved such a result. Yet the Indian economy was resilient enough to survive the multiple onslaught of direct plunder, abuse of internal trade privileges, protective tariffs in England, decay of the market for luxuries and even the wars in India and Europe. It was against the impossible competition of the machinofactory that the ancient structure failed to put up any resistance. The various lines of cotton textile production decayed and then disappeared one after another,—the renowned muslin leading the way,—the precise chronology of the

⁴ Hariranjana Ghoshal. *Economic Transition in the Bengal Presidency (1793-1833)*.

sad story being determined by the production programmes of the Lancashire factories. The extensive unemployment and under-employment resulting from the destruction of industries are ascribed a crucial role in the dissolution of the old order. This is indeed a familiar story. But in emphasizing the impact of the English industrial revolution as the decisive factor in the breakdown of the Indian economy Dr. Ghoshal introduces a new concept: the inevitability of the process. If one accepts this analysis, the old nationalist indictment of British policy as the villain of the piece loses much of its point. Dr. Ghoshal, however, has not explored the hypothetical,—the possibility of an Indian industrial revolution or of national policies protecting the producer from foreign competition in the absence of colonial rule. Even if he had, the answer to the query would have been probably the same. For nothing in the 18th century Indian situation suggested the possibility of a Japanese type development or of a spontaneous transformation deep enough to resist the competition of British industrial capital. The experience of other Asian countries reinforces such a conclusion.

How far did the production of raw material and semi-manufactured goods fostered by the British repair the losses sustained through the destruction of old industries? This is another basic question Dr. Ghoshal has tried to answer. The production of raw silk, indigo and opium which underwent impressive changes in dimension did to some extent make up for the losses. In fact the considerable expansion of export trade after 1815 based on these industries suggests that in absolute terms any fall in the national income through shrinkage of production in certain crucial sectors of industry must have been compensated in part by expansion in certain other sectors. The fall in NNP, if any, cannot however be estimated within any reasonable degree of approximation. What is however certain is that the ruin of the cotton textile industry, which provided a by-employment for the bulk of the agricultural population, effectively reduced the income of the primary producers often forcing it below the subsistence level. Besides, the large numbers employed in weaving and subsidiary industries could not change over suddenly to new occupations involving a certain degree of technical 'know how'. The process of readjustment appears to have impoverished the producing class and at the same time enriched, and in part created, a new middle

class which thrived as the Company's servants, agents or middle-men.

Such compensations were however inadequate and partial in terms of growth potential. For the destruction of the old order which certainly meant unemployment for many was accompanied by no corresponding process of industrialisation. Even the circumscribed pattern of industrialisation witnessed in British India did not begin effectively until the 'fifties. India's development as a producer of raw materials and semi-manufactured products was inhibited by the growing pressure on land and the inadequacy of measures for agricultural improvement. In the discussions pre-luding the charter Act of 1833, the Company's failure to exploit fully India's resources as a supplier of raw materials featured prominently. The story unfolded in Dr. Ghoshal's detailed account of industry, agriculture, commerce, banking and currency in Eastern India during 1793 to 1833 is hence essentially a tale of decay and dissolution and of a shift in the pattern of production which hardly made up for the losses sustained. The dissolution of the old production relations,—it has been claimed,—laid the objective basis for the end of economic stagnation and for fresh growths in the society and economy. There are only cursory references to this side of the medal in Dr. Ghoshal's analysis.

The growth content of the impact of industrial capital on Bengal's economy has been discussed by Dr. Tripathi in his *Trade and Finance in the Bengal Presidency (1793-1833)*,⁵ though this topic is in no sense its central theme. His chief conclusions on the question are summed up in the following words: "The British rule had assured formation of capital by establishing peace and order. The charter of 1833 had opened the way for import of capital from England so necessary for economic development. Destruction of native manufacture and the effects of the Permanent Settlement had combined to produce a sizeable body of landless labourers. Apparently, the time seemed ripe for an Industrial Revolution in Bengal under British management financed by the joint resources of the British and the native capitalists, which would open avenues of employment to the middle classes, divert capital from land to industry and take off the increasing pressure of population on land. Apparently, again, the

⁵ Amales Tripathi. *Trade and Finance in the Bengal Presidency (1793-1833)*. (Orient Longmans, Calcutta, 1956).

time seemed ripe for a protectionist policy which would guard the interest of that Industrial Revolution from foreign competition and the interest of the peasantry from the planter, the rentier and the money-lander. This, however, did not happen. The next chapter of India's economic history is concerned with the sacrifice of India's industrial potentiality, frustration of the Indian middle class and the deterioration of the Indian peasants' condition." If one adds to this the emergence of a middle class, dependent on holding of land, public securities, inferior public offices and the professions of law and commerce, one gets in a nutshell the prevailing Indian view regarding the net results of industrialized England's work in India.

Dr. Tripathi's assessment of such results however often challenges the time-honoured conventions of Indian historiography. He accuses, for instance, the Indian economic historians of too exclusive an obsession with the decay of Indian cotton manufacture and, consequently, of inadequate attention to 'the remarkable growth of trade in raw materials'. The net increase in the volume of export trade as a result of this growth is estimated at several hundred per cent. The increase in the production of cash crops is also stated to have been of a comparable magnitude. Dr. Tripathi has however emphasized the vulnerability of an unbalanced economy absolutely dependent on raw material production. He also discusses the question of 'drainage' of wealth along lines which are somewhat unusual and perhaps not entirely acceptable. He suggests that in so far as the 'drainage' was in the form of goods "bought in the Bengal market for some value, it returned some direct equivalent to the land in the shape of prices." As has been stated earlier in the present essay, the question of drainage is linked up with the fact of exploitation of the producer and the dangers of short supply in specie. Dr. Tripathi himself has pointed out how the company's servants arbitrarily dictated prices to the producers and how deflationary tendencies generated by scarcity of specie "were a check to production up to 1798".

In other respects the results of his study have substantiated or modified older views regarding the economic consequences of the British connection. In explaining the implications of the Permanent Settlement, for instance, he points out how the State, debarred from a chief source of increase in income, was forced to keep up the injurious inland duties and to raise loans the interest on which was a burden on the public treasury. Elsewhere

he discusses the emergence of zemindars and big inland traders as money lenders and how this unmitigated disaster 'deprived industry and trade of capital and shackled agricultural improvement', besides establishing a strangle-hold on Bengal's internal trade.

While the consequences of the British impact takes up much of the space in the volume under discussion, its central theme is "the relations between the East India Company's Government and the private British capitalists in the Bengal Presidency," and "the nature of the interconnections between trade and finance, between imperial and economic expansion, during a period of transition from monopoly to free trade." The mutations in the Indian economy are analysed as the consequences of an impersonal process, complex, diversified yet essentially integrated. The essential unity of the process is sought in the expansion of a frontier society in India and the challenge of an industrial economy to a domestic system of production. The 'seminal role of the private British capitalist in India' is brought into sharp focus against this background. The contending interests within the company and among the capitalists is discussed in detail as a continuous situation. Over this pattern of contentions is superimposed the basic fact of unity among the capitalists on the question of free trade. The agency houses representing the capitalists symbolised this unity, investing in trade, shipping, plantations and government loans and unleashing the impact of industrialisation through the sale of British manufactures in India. A capital-hungry Government of India relied on the agency houses for a substantial proportion of the investment in Empire, and hence became a supporter of free trade in direct opposition to the Company's monopolistic policies. The story of the rise and fall of the agency houses thus provides the factual framework for an analysis of the links between imperial expansion and capital investment. Besides the obvious official records, a large mass of private papers, including those of Bossanquet, Liverpool, Huskisson and of course the governor-generals were utilized for the study.

The recently published monographs on the economic history of Bengal are all primarily concerned with trade and industry, particularly the former. The basic agrarian structure of the economy and its mutations under the impact of colonialism have received comparatively less attention, though the forthcoming

second volume of Dr. N. K. Sinha's *Economic History of Bengal* promises to deal with the subject.

The emphasis on agriculture and land tenures is however an important feature of a number of regional studies dealing with other provinces. Dr. A. V. Raman Rao's *Economic Development of Andhra Pradesh* (1766-1957) is an instance in point.⁶ The publication is of especial importance because it represents the first and as yet the only "attempt at producing a connected account, over a long period, of economic developments in a specific region in India". The region so covered is comprised of the Northern Circars and Ceded districts, "the two distinct component parts covering the eleven undisputed Andhra districts of the former Madras State". Telengana, which forms part of the modern Andhra Pradesh, has not been treated. The book is divided into three parts on a chronological basis, the years 1802 and 1865 providing respectively the points of demarcation. These two years witnessed two landmarks in the history of land tenure in the region: The Permanent Settlement was introduced in the Northern Circars in 1802 and in 1865 the Rent Recovery Act which 'hit hard the fortunes of the cultivators' was passed. The chronological demarcation is, however, somewhat artificial at least in its application to non-agricultural sectors and, as one reviewer has pointed out, evidently based on the conveniences of compilation. Within this chronological framework and on the basis of the official manuscript records in Madras (for the period up to 1765) and published material including Government reports (for the latter period), the author covers an extensive area of economic life ranging from the structure of village communities and the production of the famous Masulipatam textiles to the changing patterns of agriculture, revenue administration, trade, transport and urban life. The emphasis throughout is, however, on a description of economic conditions rather than on any analysis of long-term trends.

The pattern of economic change detailed in this volume has essential points of similarity with the one which obtained in Bengal. This is necessarily so, because during the period in question throughout India the same basic mode of production was subject to the successive impacts of monopolistic merchant capital and the English industrial revolution. Regional conditions

⁶ A. V. Raman Rao. *Economic Development of Andhra Pradesh* (1766-1957). (Popular Book Depot, Bombay, 1958).

which included peculiarities of economic heritage produced certain differences in the mode of transformation. Here too the story begins with the British success in the establishment of monopolistic control over the cotton textile market, achieved primarily through the exercise of political pressure. The decay of cotton manufacture, as vital to this region as it was to Bengal, was, however, accomplished here at a comparatively early date, as a result of inadequate capital investment. Why the company continued to invest in Bengal cotton textiles but neglected Andhra is, however, not clear enough. The majority of handloom workers many of whom had settled in the regions of localised industry around the European trading establishments now became agricultural labourers. No substitute industry like sericulture was developed here and the introduction of the Permanent Settlement creating a new pattern of ownership ensured an increasing pressure on land. The successive famines which have characterised the economic history of Andhra become explicable in this context. The only compensation for the loss of income and employment through the extinction of the chief industry was the extension of production of one major cash crop,—indigo,—and several minor ones. But there was nothing comparable to the impressive development of raw material production that one finds in Bengal. The rigours of the Rent Recovery Act, 1865 giving fresh power to the zemindars' elbow provided further disincentive to production and produced an almost permanently deficit economy in the province.

One consequence of the decay of the region's cash crop-oriented agriculture (cotton succeeded indigo as the main crop) was the continuous migration of population from one part to another in the quest of employment and living wages. The migrations from the villages to the towns,—mostly traditional centres of administration or specialised handicrafts,—fostered a type of urban development somewhat unusual in India: unlike Bengal, Andhra depended for the growth of her towns not on a salary-earning or professional middle class, but on the migration of dispossessed agriculturists. The emerging pattern of economic life in Andhra was characterised in short by a deficit economy based on the inadequate production of cash crops with disincentives to agricultural production fostering an unbalanced growth of towns and cities.

The initial character of the British impact in the Madras

Presidency might lead one to believe that here was a possibility of a different pattern of development. But there as elsewhere the basic economic nexus between Britain and her Indian dependency asserted itself before long. The transformation fostered under its shadow partook of all the familiar features, any differences in detail being related to the fringe rather than the core of the change. The first phase in the history of this economic change,—the period of transition “when the old order was decaying and the new one had not yet been established”,—is discussed in detail in Dr. A. Sarada Raju’s *Economic Conditions in the Madras Presidency, 1800-1850*.⁷

Since the days of Aurangzeb’s prolonged expedition to the south and in fact from the time of the final dissolution of the Vijayanagara empire, conditions in extensive parts of peninsular India had been far from peaceful. The process of imperial expansion and the indigenous conflicts for political supremacy in the latter half of the 18th century had aggravated the state of insecurity. The dissolution of centralized political authority over a wide area encouraged the tyranny of *poligars* and other petty lordlings. The economic consequences of the situation are to be measured in terms of abandonment of cultivation, decline in industrial production and dislocation of trades. Warfare and feudal tyranny was no unfamiliar phenomenon in other parts of India but hardly anywhere else had things come to such a pass. The establishment of the British rule terminated the state of confusion: The petty lordlings were firmly suppressed, the rule of law was re-established, the dislocation of agriculture and commerce was largely mended. In fact unbroken peace now reigned in the Presidency while warfare and political turmoil continued in the other parts. It would hence be reasonable to expect that the British rule would foster positively economic growth in this region, at least in a relative sense. The considerable extension in the production of cash crops, the great improvement in commerce, both external and internal, which took place initially would further justify such an expectation. But in the actual event the expectation was belied.

There was indeed a certain inevitability about the fact, an

⁷ Dr. A. Sarada Raju. *Economic Conditions in the Madras Presidency, 1800-1850*. (University of Madras, Madras, 1941). This work, published during the war, is discussed in the present essay primarily concerned with post-war publications because in its subject matter and approach it has much in common with several other works discussed here.

inevitability arising from the imperative requirement of an industrialised Britain to find a market for her manufactured products in her Indian dependencies to be developed now on as suppliers of raw materials,—for cotton textile manufacture in particular,—and the change in the terms of trade once more unfolds itself. Despite anarchic conditions, large masses of men, concentrated in an industrial belt running along the coast, had continued to earn their living as manufacturers of textiles products and iron implements. Despite the dislocation of commerce a steady flow of bullion ensured by a favourable balance of trade provided the necessary prop for a semi-monetized economy. The handicraftsman, now thrown out of his occupation, had to fall back on a not too prosperous agriculture. The alteration in the terms of trade and the stoppage of the bullion import consequenced a severe agricultural depression which left no room for doubt about the reality of the “drainage”.

The subsequent fate of all the early indications of economic development is a continuous tale of frustrated possibilities. The extension of cultivation “was incommensurate with the resources of the country” so that by 1850 only 1/5 of the total cultivable land was under the plough. Neglect of irrigation, heavy incidence of land revenue determined by the exigencies of the government and not the paying capacity of the peasant and the fall in agricultural prices created the class of pauper ryots, and increased the volume of rural indebtedness. The rising pressure of population (some 130% rise in half a century) and the handicraftsman’s loss of occupation led to a certain amount of demand for land and a consequent rise in land value. But this obviously was no growth-oriented development. The region abounding in cultivable land had in fact to depend on grain import to meet its requirements. The government’s commercial policy was a strange hotch-potch of *laissez faire* and mediaevalism, permitting the survival of inland customs duties, taxing raw materials and allowing free entry to the British produced commodities. No wonder that the Company’s expectation regarding the dimensions of the increased demand for raw cotton which would make up for the losses sustained through the ruin of industries was not fulfilled.

It is true that the frustration of the potentialities of development was partly the result of the Company’s incapacity. The possibilities of the region as a supplier of raw material were fostered better in the second half of the 19th century through a

programme of agricultural development and the rationalization of currency and commercial regulations. The economic annals of the Madras Presidency in the first half of the 19th century are, however, an almost unmitigated tale of woe. Dr. Raju's detailed account of changes in the village community, land tenures, agriculture, industry, trade, transport, prices and general economic conditions leaves no scope for doubt on the question. The appendices which include statistical tables on the money value of imports (including bullion import) and exports reinforces her argument. Her data is collected chiefly from the official records in Madras and contemporary travel accounts. The publication acquires additional utility from the fact that it is about the only recent work on Indian economic history which discusses in any detail the relative importance and value of its source material. The author points out a serious drawback of the often copious sources; viz., their lack of variety. In the case of English economic history one can check the evidence of official records against the testimony of charter rolls, municipal and institutional records. Here, the official records constitute the chief source of detailed information, private papers, journals etc. touching only the fringe of the topics which interest us. This lack of variety makes it difficult to assess the value of each piece of evidence. "Of the scores of Collectors referred to", Dr. Raju admits, "there is no means of saying that one is a better authority than another".

The qualitative inadequacy of the voluminous source material for British Indian economic history has been brought out very clearly by Professor Gadgil in his Foreward to Dr. Choksey's *Economic History of the Bombay Deccan and Karnatak 1818-1868*.⁸ Dr. Choksey's chief source of information are official papers and reports, mostly revenue and settlement records, conveying the impressions of a body of foreign administrators who often misunderstood the local situation. Such material seldom enables a researcher to build up a closely connected account because "the documents contain information regarding particular aspects or periods or areas only when...the administration was specially concerned with obtaining the information. Periodic, regular, statistical returns except for the gross revenue collections, were yet unknown...Moreover the areas of administration were often

⁸ R. D. Choksey. *Economic History of the Bombay Deccan and Karnatak* (1818-1868). (The Oriental Watchman Publishing House, Bombay, 1945).

changing, weights and measures differed from place to place, and most statistical information contained a varying measure of guesswork. The comparability of the data for various periods or regions" cannot therefore be assumed. The nature of the data thus precludes quantitative measurement of changes for practically any aspect of Indian economic history.

Dr. Choksey's study, based on the material available at the Land Records Office, the Peshwa Daftar and the Bombay Secretariat is one of the several instances of fairly full surveys of regional economic history that have been possible in recent years despite the inadequacy of data. The volume, divided into two parts dealing with Bombay Deccan and Bombay Karnatak respectively, unfolds a familiar pattern of economic change. Here again, the special character of the politico-economic background of the regions in question introduces an element of difference.

The consequences of the breakdown of indigenous manufactures were further complicated in the Bombay Deccan by the addition of a large number of demobbed soldiers to the already numerous class of the unemployed. This entire surplus population was now thrown back on the land which led to an extension of cultivation. Then, for the first time in this area revenue was made payable in cash, a commercially retarded region being thus drawn into the process of monetization. The increased volume of agricultural production combined with the shortage in specie and the reduced demand for food crops owing to the termination of wars resulted in a sharp fall in agricultural prices. The woes of the peasantry were aggravated by an abnormally high revenue demand,—the result as much of misunderstanding as of exigency. The situation was further complicated by the gradual dissolution of the autonomous village administrations, a process which Dr. Choksey has described in great detail. Traditionally in Maharashtra the villagers were divided into two distinct classes,—the officers (*Patels* and *Kulkarnis*) and others. The officers were entitled to land grants (*watan*) a stated share of the produce and a variety of perquisites. Their conversion into a class of poorly paid petty government officials under the British spelt their ruin. The village servants, divided occupation-wise into several categories, another familiar and integral part of the self-sufficient village economy, were also largely deprived of their income as the agents of the new centralised administration questioned the utility of their services. The net consequence of all this was a paradoxical

cal situation wherein extension of cultivation co-existed with growing poverty in the rural areas. The comparatively equitable land settlement of 1838, in Dr. Choksey's opinion, resulted in a certain improvement of the situation. A well-meaning administration even recognised the need for and considered the possibility of irrigation projects, though nothing came of such deliberations. Whatever the nature of the improvements in the conditions of the peasantry, it does not appear to have enabled them to build up any reserve or stock of capital. For two years after the cotton boom engendered by the American War they fairly reeled under the blow of a drought and found themselves once again deeply enmeshed in debts.

Nevertheless, in these regions the administration did foster the type of development usually associated with a raw material producing area. The growth of cash crop production in a region of low productivity was a beneficent development which probably made up for the various losses enumerated above,—though Dr. Choksey, whose writing is not free from the emotional orientation of nationalism, does not accept any such hypothesis. The experiments with silk and indigo production were not successful, but the development of cotton production was. The construction of roads and later railways which followed in its wake implied a concentration of capital investment in an area which had been traditionally an economic back-water.

Dr. B. R. Misra's *Land Revenue Policy in the United Provinces Under British Rule* is an instance of a different type of monograph on regional economic history which sets out to trace the development of a particular governmental policy over a long period and analyses its impact on the emerging trends in the economy. Several earlier works on finance, railway policy and the like belong to this category. The effective emphasis in the volume under discussion is, however, on the administrative rather than the primarily economic aspect of the question. The economic implications of the vital policy measures figure in the discussions as phenomena incidental to the considerations which determined policy. The plan of the work clearly brings out this fact. Beginning with an account of the early revenue history of the Agra province, the author proceeds to discuss the principles of assessment developed in the late nineteenth and early twentieth century; descriptions of the land settlement in Oudh, and tenancy legislation in the Provinces of Agra and Oudh till 1939 are

followed by an examination of the problems of tenancy reform, rents, revenue, and finally the policy of the State as landlord. The principles of assessment and tenancy legislation in the comparatively recent period is in fact the central focus of interest, the historical approach being introduced primarily to secure a right perspective. Published reports, Parliamentary papers and a number of important minutes and despatches constitute the basic source material for the book. The voluminous manuscript records in the State archives have not been used evidently because the author aimed at a general survey rather than a detailed monographic study. His conclusions confirm the generally held views regarding the impact of the revenue policy on the region in question. His identification of four landmarks in the growth of the land revenue system in U. P. is an interesting contribution to the discussion. The pressing need for a large revenue and no theoretical consideration determined, in his opinion, the policy trends until the Mutiny, the Permanent Settlement being a product of this necessity. It is interesting to compare this view with Eric Stokes' analysis of the impact of rent theories on the Indian revenue policy⁹. Between 1857 and 1905, the survey and settlement was completed and the revenue demand placed on a footing which remained practically unchanged till the end of the British rule. The third period (1905-1920) "witnessed the development of the co-operative Credit Movement and the introduction of agricultural research" while in the final phase tenancy and rural credit legislations reduced the burden of land revenue and rentals and helped the peasant against the exploiting money-lender. The landmarks identified by Dr. Misra are also oriented towards changes in policy rather than to their effects on the economy, particularly on the peasantry and the state of agriculture.

Besides the regional studies based on the detailed scrutiny of records material, the post-war years also saw the publication of a number of monographs covering themes or aspects which cut across regional boundaries. N. C. Sinha's *Studies in Indo-British Economy Hundred years Ago*¹⁰ belongs to this latter category. The two medium length essays (there is, besides, an appendix on "Western Education and Indianisation—Current Economic Concepts") which comprise the body of the book are attempts at inter-

⁹ See below.

¹⁰ N. C. Sinha. *Studies in Indo-British Economy Hundred Years Ago*. (A. Mukherjee & Co. Calcutta, 1946.)

pretation rather than the result of detailed research based on fresh data. Some unpublished records of the E. I. Company have however been utilised.

The victory of *laissez faire* aspirations over monopolistic mercantilism which gave the charter Act of 1833 its specific character is a familiar phenomenon. The first of the two essays in the volume explores in some detail the causes and consequences of this measure. The possibilities of capital export to India and its implications for the Indian economy were recognised not only by the industrial interests in England but also by a powerful section of the Company's servants in India. The investment of British capital in India hence became a conscious object of the Indian government after the company ceased to be a trading body. The emphasis in the despatch on the Charter Act, was, however on investment in land—in fact almost exclusively so,—subject to due safeguards for “the interests and the welfare of the natives”. The impact of the British investments in India on the movement of native capital and the determining influence of this impact on the growth of the Indian bourgeoisie and wage-earners as a dependent class are discussed by Mr. Sinha as an aftermath of the Act. Part II of the volume deals with another aspect of the growth of colonialism in India, viz., the recruitment of landless labourers,—themselves a product of the colonial economy, mainly as plantation labour for British colonies. The efforts of a paternalist government to check the excesses connected with this recruitment are also discussed.

R. Mukherjee's *The Rise and Fall of the East India Company*¹¹ is another essay in interpretation surveying a phenomenon that acted as a catalyst in the transformation of the Indian economy over a period of two and a half centuries. Originally delivered as a course of lectures at the University of Berlin, the contents of the volume lay no claim to original research. The analytical framework adopted here is frankly Marxist: in fact the pattern of capitalist development outlined in Maurice Dobb's *Studies in the Development of Capitalism* has been accepted as the basis of discussion wherever relevant. Hence, necessarily, the central focus of the study is a survey of the E. I. Company as a ‘typical monopolist company of Merchant Capital.’ But though the author sets out to give a complete picture of the company in the light of the

¹¹ Ramakrishna Mukherji. *The Rise and Fall of the East India Company* (Veb Deutscher Verlag der Wissenschaften, Berlin).

social forces which led to its formation, its activities etc., the emphasis frequently shifts,—specially in the last three chapters,—to the impact of the Company's efforts on the Indian society and economy. It is here rather than in the earlier part of the book,—where a familiar pattern of Marxist analysis of Merchant Capitalism is worked into a survey of the Company's early activities and problems,—that the author makes some significant contributions. The concept of colonial feudalism as a distinct category, developed in the recent Soviet studies on colonial history, is introduced here and the impact of European merchant capital identified as one of the catalytic agents that contributed to its dissolution. In the case of European feudalism the growth of commerce and expansion of the market are recognised as the crucial external phenomena which explain its break up. The external factor in the corresponding Indian situation was complicated by the fact of foreign control over the overseas trade and the foreign ownership of the bulk of the capital invested in it. The consequent weakness of the growing Indian bourgeoisie, constrained to play a subordinate and secondary role, and the resulting inevitability,—in terms of Marxist analysis,—of the transfer of effective political and economic control from the hands of the decadent native feudal class into those of the foreign merchants form an important part of the central thesis presented in this volume. The story of the dissolution of the self-sufficient village-based economy and India's transformation into an "agricultural farm of England" and the eventual neutralization of the Company through the pressure of new forces at work follows familiar lines. It is for the most part an expansion and detailed exposition of the thesis put forward in R. P. Dutt's *India to-day*, itself based on Marx's *Letters on India*.

Sir Jadunath Sarkar in his last published article emphasized the need for interpretative writing,—for distilling from the results of century long research some comprehensible pattern or patterns of the historical process. The doyen of Indian historians who had spent more than sixty years in the quest and study of fresh documentary material stated in this last message to the new generation of researchers that it was possible to discover unsuspected historical reality without any reference to hitherto unused source material. The possibilities of arriving at fresh results from a synthesis of already available knowledge are impressively demonstrated in a very brief report on the *Origins of the Modern*

Indian Business Class by Professor D. R. Gadgil.¹² The report, based for the most part on secondary material, suggests lines of enquiry and formulations derived from more than one discipline.

The year 1750, taken as a rough line of demarcation for a significant watershed "in the total Indian situation" is the starting point of the enquiry. The term "business" is defined as having "particular reference to industrial and trading activity", but the primary emphasis in this study is on the trading class. Such an emphasis derives from the specific nature of the origin of the business community. "Self-sufficiency of the rural economy, the lack of commercialisation, the one way flow of surplus agricultural production to town centres and the exceptional character of the trade in such products as indigo and cotton" as well as "the comparative divorce of the urban financing and the trading system from the rural economy" are taken as providing the basic framework for the study. The rise of the modern Indian business community is hence approached as an essentially urban phenomenon. The size and features of the urban centres, the main trade routes and trading regions are hence discussed as factors determining the character of this community. The early urbanisation of Gujrat is stressed as an explanation of the comparatively higher level of development achieved by this class there. The caste-composition of the community is discussed region-wise and the consequences of the lack of mobility between one occupation and another are brought out in this context. The crucial role of the Banias from Rajasthan in the Ganges valley where there was no dominant trading community and the participation of traditionally non-commercial castes in trade in regions like Maharashtra where commerce was retarded offer glimpses of the sociological undercurrents underlying economic trends. The entry of Brahmins and Kayasthas into commerce in Bengal through the side-door of service with the E. I. Company reveals a different aspect of social transformation. Whatever his caste, the moneyed merchant enjoyed a high status in society. Not so the handicraftsman confined to his occupation, who could not, unlike his counterpart in mediaeval Europe, 'rise to be a merchant or trader.' There is evidence to prove that at least in some cases merchants' guilds

¹² Dr. Gadgil (with the assistance of M. V. Namjoshi). *Origins of the Modern Indian Business Class—An Interim Report*. (Mimeographed) (International Secretariat, Institute of Pacific Relations, New York, 1955). The report is presented as the "first draft chapter" of a research project undertaken at the Gokhale Institute of Politics and Economics, Poona.

exercised superior control over craftsmen's guilds. This control, however, might have arisen from economic circumstances rather than the institutional set up, for the guilds, before the 16th century, were distinct entities separate from the caste *panchayats*. The rise of a class of capitalist entrepreneurs from the ranks of production has often been described as the crucial factor behind the industrial revolution. If there is any truth in this contention, then the institutional compulsions inhibiting occupational mobility have to be reckoned among the basic causes of India's economic stagnation. Prof. Gadgil's analysis of the forms of capital formation opens up another useful line of enquiry on which the factory records may throw much valuable light. In fact, detailed investigation among the mass of documentary material available for the period may provide useful answers to many of the questions raised here for the first time.

We may conclude this article with a discussion of two works dealing with significant cross-sections of the Indian economy in the colonial phase.

The relationship between economic changes in India under the British rule and the formative influences in the English society and economy remains, for the most part uncharted. *The English utilitarians and India*¹³ by Professor Eric Stokes discusses *inter alia* a significant phase in this relationship. The historical situation in nineteenth century Britain did not favour experiments with the utilitarian ideas. In India on the other hand the situation was different. "It is you that will be Governor-General", said Bentinck to Bentham before leaving for India, and throughout the greater part of the nineteenth century the spirit of Bentham, astride the crest of the Industrial Revolution, remained a determining influence in the administrative policy of British India. The extent and pattern of this influence in its various ramifications have been worked out for the first time in Professor Stokes' work. The impact of Ricardian theories of rent on the land revenue system, constitutes an important part of this study.

The utilitarian influence on the economic policy in India did not emerge in a vacuum. "...The tide of British policy in India moved in the direction set by the development of the British economy. The Industrial Revolution and the reversal it brought about in the economic relation of India with Britain were the

¹³ Eric Stokes, *The English utilitarians and India*, (Clarendon Press, Oxford, 1959).

primary phenomena." After 1800, the Indian empire acquired a fresh importance as a potentially vast market, while maintaining the flow of tribute ceased to be a primary consideration in British policy towards India. The accent now was on the creation of stable conditions. Hence arose the policy of assimilation through free trade, evangelicalism and philosophical Radicalism. Its chief, enemy, encountered in India rather than in England, was the spirit of Burke, hostile to interference with traditional societies on doctrinaire grounds.

The conscious desire to transform is a post-1800 and effectively a post-Wellesley phenomenon. But Cornwallis's chief advisers, Shore and Grant, were among the early protagonists of the new policy. The new ethic of an industrial society inspired attitudes which even at their most spiritual were not without obvious economic foundations. Grant, while preaching 'the noblest species of conquest',—the spread of true religion and knowledge in India,—was not oblivious of the earthly rewards it might bring. "Wherever our principles and our language are introduced," he wrote, "our commerce will follow." The contrary functions of merchant and ruler, as the free traders advocating assimilation pointed out, could not continue to co-exist in the same body if India were to 'rise rapidly into prosperity as a market for British manufactures and source of raw materials'. After 1813, if there was reason for rejoicing over the victory of Lancashire cloth over Dacca muslin in the Indian market, the steady fall in the purchasing power of an impoverished and partly unemployed population substantially damped that enthusiasm. The conscious quest for means to vitalize Indian agriculture, as the one possible basis for an expanding market, now began. The demands, consequently, were for a simplified land tenure encouraging investment of capital in agriculture, for a light permanent assessment on the soil, for a 'rule of law' reaching out to the remotest village to break up the immemorial communal tenures. Competition, the mythical genii of industrial society, was to be harnessed to Indian agriculture. Territorial expansion was to be abandoned in preference for a 'world empire of trade'. Trevelyan, in his classic statement of liberal policy, pleaded for a strict commercial union between the first manufacturing and the first producing country in the world, "as a solid foundation of strength and prosperity to our whole nation."

By the 1820's, with James Mill as the chief executive officer

of the E. I. Company and Bentinck as Governor General, utilitarianism had become in effect the official doctrine of the Government of India. The utilitarians did not share the comfortable liberal beliefs about the nature of progress. Ricardo "drew attention to the permanent cleavage of interest between the landlord and every other class in the community". Both he and James Mill challenged the innate beneficence of a world-wide market for "what mattered was the rate of capital growth and not the extent of the market". No believer in general glut of capital or commodities, Mill found no solution of the problem of trade depressions in the mere opening of India to free trade. He was hostile to the merchants' faith in English law and the Permanent Settlement as panacea for India's ills. Poverty resulting from a rapacious despotism was the basic problem. "Light taxes and good laws" were the remedy proposed. In effect this single solution envisaged a revolution which would release individual energy, give free scope for capital and labour and inaugurate the individualist competitive society.

In India, definition of individual rights, chiefly concerned with the land, was expected to dissolve the stagnating structure of joint ownership and communal control. Mill preferred the *ryotwari* system to the *Zemindari* because the latter left all rights beneath the zemindars' undefined. The most vital part of his suggestion, however, sought to apply the theory of rent to revenue practices in India. Since rent was a particularly suitable source of taxation, because a tax on rent left untouched the normal profit, wages or the prices of necessities and hence did not retard economic progress,—the state could exact the full economic rent eventually providing therefrom for the entire public expenditure and abolishing all other taxes and tariffs on trade. Rent could be determined in India only by a minute enquiry into productivity, production costs and agricultural prices, involving an entire overhauling of the administrative machinery which would now comprise a vastly expended executive. The conditions in the N. W. provinces and Bombay Deccan which forced a settlement with peasant proprietors led to the creation of an extended administration of the type envisaged by Mill.

The basic proposition now assumed,—that the state should remain as the landlord, each peasant holding directly from the state,—struck at the roots of the Liberal tradition apotheosizing the institution of private property. Since the State was entitled to

the full rent, no permanent settlement could be granted, for this would eventually involve taxation of capital or profits and so check production. It was equally necessary to keep the revenue within the limits of rent. Hence was it assential to eliminate the middleman who was likely to enhance the burden or partly deprive the state of its legitimate share, i.e., the entire rent. Emergence of the rentier as a capitalist entrepreneur was ruled out, because all experience showed that 'the persons who own rent, and live upon rent, consume it all.' Even the peasant, allowed a private rent property through permanent limitation of revenue would tend to live parasitically as a rent-receiver. Hence the state was to be the sole land-lord with the immediate cultivators as its tenants, granting lease for 20|30 years to provide incentive and security for capital investment, but continually revising its assessment on the renewal of the leases in order to appropriate the unearned rental increment. Even Munro's system was to be rejected, because he had adopted in principle the Indian practice of assessing the state demand at a fixed proportion of the gross produce, which, in theory, raised the cost of production and hence affected the level of profit as well as capital accumulation. Because of the practical problem involved in fixing rent Mill was willing to make the assessment moderate thus allowing a small portion of the rent to remain with the cultivator.

The consequences of the net produce criterion,—applied with varying degrees of doctrinaire inflexibility in the N. W. Province and Bombay Deccan,—have been analysed by Mr. Stokes. "The systematic way in which the aristocratic classes were set aside" after 1822 owed a great deal to rent theory, with its doctrine of the parasitic nature of rent receivers. Fear of the social effects of a sudden dissolution of the co-sharing village community inhibited drastic breaks with the past and too vigorous an enforcement of individual proprietary title. The right of preemption consequently granted to the village communities, when the interest of any member had to be sold up, hampered the transferability of land and restricted individual enterprise. The commercialisation of agriculture, however, accelerated the movement towards individual properties. By the 1850's with the steady increase in the mortgageable value of land, the transfer of land to the money-lending classes had already reached dangerous proportions, which the champions of utilitarianism were ready to accept as an inevitable corollary of progress.

After 1855, the rates for the subordinate cultivators also was brought into close conformity with the new standard of half the rental assets. The state thus continued to define and fix the demand down to the lowliest cultivator.

The most unfortunate consequence of utilitarian influence was the excessiveness of the state demand, for it encouraged an attitude which saw no harm in taking an exceedingly high proportion of the rent as revenue. The proportion of the rental left to the proprietors was much less than was absolutely necessary to provide for family expenses, bad debts, expenses of management etc. In Bombay, Pringle's assessment had led to mass desertion extensive tracts being thus thrown out of cultivation. The assessments based on earlier demands, were now payable in cash, a fact which contributed to a precipitous fall in grain prices aggravating the rigours of over-assessment.

Doubts regarding the applicability of the law of rent to India was felt by J. S. Mill himself. He identified the Indian ryot with a type of cottier-farmer, raising his subsistence from the soil by his own labour and stock. Cottier-rent, he clearly acknowledged, was regulated not by the competition of capitals, but by the competition of tenants for land, bringing "the principle of population to act directly on the land, and not, as in England, on capital." Hence, unlike the capitalist farmer, paying as rent only the surplus over profit, the cottier forced to cultivate land as the only means of livelihood, paid as rent the entire surplus over bare subsistence. Still the identification of rental assets with economic rent continued down to the 20th century. The consequences of this policy were no doubt disastrous for the primary producer. But the policy itself was in no sense devised as a technique of exploitation. The practical experiments with the rent theory in India constitute one of those pathetic anomalies of colonialism wherein well-meant half measures based on misunderstanding proved in the event to be retrograde steps.

Daniel Thorner's *Investment in Empire*¹⁴ is another notable monograph which explores the relationship between the growth of British capitalism and the evolution of a colonial economy in India. The terms under which British capital was first invested in steamship and railway lines for India and "the struggle to

¹⁴ Daniel Thorner. *Investment in Empire—British Railway and Steam Shipping Enterprise in India 1825-1849*. (Philadelphia, University of Pennsylvania Press, 1950).

secure these terms" constitute the subject matter of Dr. Thorner's work. The export of capital from England to India under these terms constituted the largest single unit of international investment during the period in question. The negotiations which produced the contract thus acquire an unusual importance, more so because they brought into sharp focus vital issues concerning the economic nexus between industrialized countries and underdeveloped areas.

By the first quarter of the 19th century, the transformation in the economic relationship between an industrialist Britain and her Indian dependency was an accomplished fact. Yet both as a buyer of finished products and as a supplier of raw materials, India disappointed British merchants and manufacturers. Low purchasing power and declining productivity were no doubt the basic problems. The underdevelopment of transport facilities, however, prevented the full exploitation of even the limited opportunities and resources that were available. In 1840, the P. and O., subsidised by the British government and the E. I. Company, opened a regular service to the East. The inland areas, the great cotton bowl of the Deccan in particular, still remained inaccessible. Hence "at the chief British mercantile houses concerned with India the outstanding question in the 1840's was railways". The discussions on the question include many of the classic formulations on the economic objectives of colonialism. Hyde Clarke, a leading railway economist, urged the need for improved transport facilities "which would promote the sale and transmission of the raw products" and incidentally, compel Hindus "to receive their cotton in a manufactured shape". The projected railway from Bombay to the cotton districts was, according to John Chapman, considered by the Lancashire merchants as "nothing more than an extension of their own line from Manchester to Liverpool." The E.I.R., on the other hand was considered "a political line", i.e., one which would facilitate administrative and military activities, ensuring "promptness and certainty in the execution of the orders of the ruling power."

The man who first deduced from the theoretical discussions a practicable project was R. M. Stephenson. It was also he who first put forward the idea that the government must underwrite the project. In the long debate on the question of British investment for railway in India this issue remained the central focus until the support of very powerful economic and political

interests produced the guaranteed interest railway contract, an outstanding instance of "private enterprise at public risk". Bright, Cobden, Baron Rothschild and, of course, the Lancashire merchants and manufacturers were among the supporters of the demand for guarantee.

The contracts with the G.I.P. and E.I.R. provided for the payment by the E.I. Company of 5% interest on the capital of each railway for a period of 99 years and the grant of land on 99 years' lease at no cost to the railways. Elaborate provision for government control and the eventual acquisition of the railways by the government without compensation were included in the contract. The net results are, however, best summed up in the following words :

"... The interests of the railway companies and the private investors in them were far from unprotected. The key provisions in the contract for governmental supervision of the railway companies were more than counterbalanced by other provisions inserted in the interests of the companies... Clause No. 16 virtually compelled the East India Company to pay 5 per cent with no questions asked, on all capital deposited with it by the railways".

Here was "an absolute guarantee of interest", even if the clause fell short of the original aspirations for an unconditional guarantee of profit.

The now familiar debate on the relative merits of public and private enterprise figured prominently in the struggle for the guarantee. When it was proposed that the government should construct the railways, the spokesmen for the railways pleaded the superiority of private initiative and urged the need for putting the people into possession of a principle of association, a matter of extreme importance in India where "the energy of individual thought has long been cramped by submission to despotic governments". The opponents of public enterprise had one unanswerable argument: the miserable record of the E.I. Company in the field of public works to which it had devoted less than one per cent of its revenue. Any further evidence was in fact hardly necessary for condemning the Company's entire economic policy in India.

The works discussed in the present article cover a fairly wide area of British Indian economic history. The data and formulations presented in them contribute to a further precision in

our ideas concerning the nature of economic change in colonial India. The emphasis in recent years has, however, been somewhat lop-sided. Commerce and governmental policy as compared to the changing production relations in industry and agriculture have received more attention. The nature of available data no doubt partly determines the choice of subjects for study. Any work on agrarian history for instance involves painstaking and often frustrating search for data in scattered and mostly ill-kept records repositories. But research on such basic themes is not being neglected. A number of competent studies on regional agrarian history is in fact known to be awaiting publication. In short, recent research on modern Indian economic history has substantial achievements to its credit and one may hope that combined with the results of work now in progress it will at least enable us to draw a firm and clear outline in the foreseeable future.

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