Induction Training Programme
for
IAS Probationers (2016 Batch)

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(Government of Andhra Pradesh)

Presentation on
POLITICAL ECONOMY OF HUMAN DISASTERS:
ECONOMIC IMPACT OF THE BRITISH RULE IN INDIA

By
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What is Political Economy?
A Study of - Production & Trade and their Relations with Law, Custom & Govt. as well as with Distribution of National Income & Wealth
What is Disaster?

Italian - Dis – astro

‘...serious disruption of the functioning of a Community or Society involving loss of resources - human, material, economic, environmental or otherwise’.
BRITISH ECONOMIC POLICIES

● LAND REVENUE POLICY
● AGRARIAN POLICY
● COMMERCIAL POLICY
● INDUSTRIAL POLICY
● FOREST POLICY
● COMMUNICATION

DRAIN OF WEALTH
ON SOCIAL FRONT

➢ Racial Violence
➢ Loot, Massacres, Bloodshed
➢ Transportation
➢ Dehumanisation
➢ Psychological Damage
➢ Undermining of Social Traditions, Property Rights & Authority Structures

All in the interests of Colonialism to dole out the British Private Enterprise at the Indian Public Risk
=> We Paid for our own Oppression
1600 – 1757
- trading company
- ban on Indian imports

1757 – 1813
- Monopoly trade
- forcible measures

1813 – 1880
- free trade policy
- reproductive economy

1880 – 1947
- growth of industries
LAND REVENUE POLICY

1765 – Dewani Rights

- Control over the revenues of Bengal, Bihar & Orissa
  - Rs.8.18 mln in 1764
  - Rs.23.4 mln in 1772

1773 – Ijaradari System

- auctioned the right to collect revenues
  - did not succeed
1793 – Permanent Settlement

- Regulation - I of Cornwallis Code
- in Bengal & Bihar
- extended to
  - Orissa, Avadh, Varanasi, Central India,
  Parts of Madras Presidency
OBJECTIVES

1) To Create Political Allies

2) Financial Security
   ⇒ Stability of income
   ⇒ Maximize... income
   ⇒ Procedure... much simpler/cheaper

3) To increase agricultural production
Two Special Features

I. Zamindari Rights
   - conversion of zamindars into land lords
     - hereditary but transferable
     - cultivators – low status

II. Fixed Land Revenue
   - 10 / 11
RYOTWARI SETTLEMENT

- South and South-Western India
- Land revenue settlement directly with the actual cultivator
- Officials associated
  - Alexander Reed
  - Thomas Munro
  - Lionel Place
Features:

- Cultivator-recognized as the owner - subject to the payment of land revenue.

- Not made permanent.

- Revised periodically after 20 to 30 years.
Defects:

- Not a system of peasant ownership
  - Large number of Zamindars were replaced by one giant Zamindar (the state)
  - Government openly claimed...
    - Land revenue – was rent not a tax
- High land revenue
● Right to enhance the land revenue at will

● Peasant
  – had to pay revenue even when produce was partially or wholly destroyed by drought or floods
MAHALWARI SETTLEMENT

Introduced in

Gangetic valley

North-Western Provinces (NWFP)

Punjab

Parts of Central India
Features

➢ To be made - village-by-village/ estate by estate (mahal)

➢ Net-produce – should be the basis for settlement

➢ Net-produce = Gross produce – expenses of cultivation

➢ can be made with Zamindars or individual proprietors
IMPACT OF LAND REVENUE POLICY

1. Creation of private property in land
2. Stability & continuity of Indian village shaken
3. Entire structure of rural society – began to breakup
4. Shift in objective of production from “for consumption” to “for market”
   => Commercialization of agriculture
AGRARIAN POLICY

COMMERCIALIZATION OF AGRICULTURE

◆ Common Usage
  - cultivating for the market
  - introduction of capital in agriculture

◆ Capitalist Context
  - led to ‘agrarian revolution’
    - mass production
    - modern machinery
    - industrial revolution
  - not so destructive
  - necessary & inevitable
Colonial Context
- no agrarian revolution
- stagnation / deterioration

MECHANISM

Creation of Market
- for Land
- for Capital
- for Labour
- for Credit
CREATION OF MARKET FOR LAND

✓ Land Revenue Policy

- Land – commodity
- shift in objective
due to -

1. International Developments
   opening up of Suez canal (1869)
   Industrial Revolution in Europe
   => demand for raw material ↑

2. “Reproductive Economy”

3. Means of Transport
CREATION OF MARKET FOR CAPITAL

crucial factor – appropriation of surplus
   ↓
capital formation
   ↓
   ➣ Re Investment in England not in India
   ↓
Dumping of manufactured goods

=> Market for Capital
CREATION OF MARKET FOR LABOUR

Earlier - with family labour

Land Revenue Policy - Sub-infeudation

Decline of Handicrafts - Over crowding of agriculture

Lack of alternative employment

Labour – bought for price
CREATION OF MARKET FOR CREDIT

Cultivator required capital (money)

- to buy seeds
- to buy machinery

⇒ dependence on moneylenders

⇒ market for credit

⇒ Shift of all good lands from subsistence crops to commercial crops

British never supplied
IMPORTANT CROPS

- Indigo
- Tea
- Sugar
- Jute
- Cotton
- Wheat
- Opium
- Mulberry (Raw Silk)
IMPACT OF COMMERCIALIZATION OF AGRICULTURE

✓ Subdivision of Land & Fragmentation
✓ Impoverishment of the Peasantry
✓ Growth of Rural Indebtedness
✓ Polarization of Classes
✓ Disruption of the Self-sufficient Village Economy
✓ Famines
✓ Impact on Industries
✓ Decline of Handicrafts
✓ Stagnation & Deterioration of Agriculture
I. SUB-DIVISION OF LAND AND FRAGMENTATION

H. Mann (Surveyor)

“...The average holding diminished from 40 acres in 1771 to 7 acres in 1915”.

<table>
<thead>
<tr>
<th>Provinces</th>
<th>Land Holding (in acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Provinces</td>
<td>2.5</td>
</tr>
<tr>
<td>Central Provinces</td>
<td>8.5</td>
</tr>
<tr>
<td>Bengal, Bihar &amp; Orissa</td>
<td>3.1</td>
</tr>
<tr>
<td>Assam</td>
<td>3.0</td>
</tr>
<tr>
<td>Punjab</td>
<td>9.2</td>
</tr>
<tr>
<td>Bombay</td>
<td>12.2</td>
</tr>
<tr>
<td>Madras</td>
<td>4.5</td>
</tr>
</tbody>
</table>
Overcrowding of Land – Most Decisive Factor

% Dependent on Agriculture

<table>
<thead>
<tr>
<th>Country</th>
<th>1870</th>
<th>1920</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>67.6</td>
<td>53.6</td>
</tr>
<tr>
<td>Germany</td>
<td>61.0</td>
<td>37.8</td>
</tr>
<tr>
<td>England &amp; Wales</td>
<td>38.2</td>
<td>20.7</td>
</tr>
<tr>
<td>Denmark</td>
<td>71.0</td>
<td>57.0</td>
</tr>
</tbody>
</table>
Overcrowding of Land – Most Decisive Factor
Effects of Fragmentation

- Soil erosion.
- Poverty of the peasantry
- Encroachment of pasture lands

=> Agricultural productivity ↓

Visveswaraiah

“On the normal pre-war basis, the average production of British India...can’t be more than twenty-five rupees per acre; in Japan it can’t less than 150”.

A R Desai

“progressive deterioration of agriculture”
II. IMPOVERISHMENT OF THE PEASANTRY

due to

1) Triple burden of production
2) Triple burden of taxation
3) Competition in the world market
4) Low Technology x Superior Tech.
5) Dependence on money lenders – => indebtedness
6) Dependence on middlemen
7) Non-social causes - draught
    - rains
III. GROWTH OF RURAL INDEBTEDNESS

- SINCE 1880 ↑

![Bar chart showing the growth of rural indebtedness from 1911 to 1937. The y-axis represents rupees in crores, and the x-axis represents growth. The data points are as follows:
- 1911: 300
- 1925: 600
- 1929: 900
- 1937: 1800
]
### IV. POLARIZATION OF CLASSES

<table>
<thead>
<tr>
<th>Classes</th>
<th>1921</th>
<th>1931</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-cultivating Landlords</td>
<td>3.7 m</td>
<td>4.1 m</td>
</tr>
<tr>
<td>Cultivators (owners/tenants)</td>
<td>74.6 m</td>
<td>65.5 m</td>
</tr>
<tr>
<td>Agricultural Laborers</td>
<td>21.7 m</td>
<td>33.5 m</td>
</tr>
</tbody>
</table>
V. DISRUPTION OF VILLAGE ECONOMY

Negative Impact

→ Deprivation of
  - agricultural/economic functions
  - Judicial functions

→ Destruction of
  - collective life & human relations
Positive impact

→ National & Political Unity

A.R. Desai

“If the Indians were to advance to higher forms of social existence such as ‘nationhood’, ‘economic, social and political unity’, the self sufficient village had to leave the stage of history”.

VI. FAMINES

⇒ not man made - product of British rule
⇒ became a regular phenomena –
   due to
   - deterioration in agriculture
   - Deindustrialization
   - Poverty, disease, starvation
   - Insufficient food grains

1000 - 1700 AD  -  14 minor famines
1765 - 1858 AD  -  12 major famines
1860 - 1945 AD  -  07 minor famines

29 mln Indians died out of starvation
due to the British induced famines
## IMPORTANT FAMINES

<table>
<thead>
<tr>
<th>YEAR</th>
<th>AREAS AFFECTED</th>
<th>CASUALITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1860-61</td>
<td>Western UP</td>
<td>02 Lakhs</td>
</tr>
<tr>
<td>1865-66</td>
<td>Orissa, Bihar, Bengal, Madras</td>
<td>20 Lakhs</td>
</tr>
<tr>
<td>1868-70</td>
<td>Rajasthan, Punjab, WUP, Bombay</td>
<td>14 Lakhs</td>
</tr>
<tr>
<td>1876-78</td>
<td>Madras, Mysore, Punjab, Hyderabad, Maharashtra, WUP</td>
<td>01 crore</td>
</tr>
<tr>
<td>1896-97</td>
<td>Countrywide</td>
<td>45 Lakhs</td>
</tr>
<tr>
<td>1899-1900</td>
<td>Countrywide</td>
<td>25 Lakhs</td>
</tr>
<tr>
<td>1943</td>
<td>Bengal</td>
<td>30 Lakhs</td>
</tr>
</tbody>
</table>
VII. DECLINE OF HANDICRAFTS

1. British Commercial Policy

(A) 1600 – 1757 - Trading Corporation
- ban on Indian Imports

(B) 1757 – 1813 - Forcible Measures
- dictated prices
- monopoly over sale of raw cotton

=> double loss to the weaver
- low wages
- ban to work for Indian merchants
- to use British ships
Conversion into Reproductive Economy

1769 – Law in English Parliament to export £0.38m per year to import 3000 tones of shipping per year

<table>
<thead>
<tr>
<th>In 1856</th>
<th>Products</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raw Cotton</td>
<td>£4,300,000</td>
<td></td>
</tr>
<tr>
<td>Raw Silk</td>
<td>£770,000</td>
<td></td>
</tr>
<tr>
<td>Indigo</td>
<td>£1,730,000</td>
<td></td>
</tr>
<tr>
<td>Food Grains</td>
<td>£2,900,000</td>
<td></td>
</tr>
<tr>
<td>Exports</td>
<td>Cotton goods</td>
<td>£810,000</td>
</tr>
</tbody>
</table>
(D) Free Trade Policy (1813) & Heavy Duties

1812 – Parliamentary Select Committee to promote British Industries at the expense of Indian Industries

Heavy Duties

1824 - Indian Calico 67.5%
Indian Muslins 37.5%
Some cases 400%

(E) Communication Facilities

(F) Exhibitions
2. Foreign Competition

Foreign goods - with superior technology
- cheaper

=> Rise in imports in India
3. Disappearance of Patrons
   - disappearance of Indian States
   - no patronage by the British

4. Rural Indebtedness & Famines
   => shift of occupations
   => loss of skills

5. Attitude of the New Wealthy Class
   - to follow European fashion – hallmark of ‘Enlightenment’
   - disliked everything Indian

D.R. Gadgil

“The Collapse of these (handicrafts) was indeed sudden and complete”.
<table>
<thead>
<tr>
<th></th>
<th>Indian Share in World Economy</th>
<th>Handloom Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On the Eve of British Arrival in India</strong></td>
<td>23%</td>
<td>27%</td>
</tr>
<tr>
<td><strong>When the British Left</strong></td>
<td>&lt; 4%</td>
<td>&lt; 2%</td>
</tr>
</tbody>
</table>
VIII. IMPACT ON INDUSTRIES

Development of modern industries

Only those industries – which formed the basis of exports

Avoided those industries

- that competed with the British interests

- which increase state expenditure

Did not lead to Industrial Revolution
INDUSTRIAL POLICY

Before 1880

decline of handicrafts –
not compensated by industrialization
ex : Buchanan Hamilton’s Survey of Bihar

% dependent on Industries

20

15

10

5

0

18.5

1809

1813

8

1

in %
1850 – 1880
- JUTE - COTTON - IRON & STEEL

1880 – 1914
- PAPER MAKING - SUGAR
- MATCHES - WOOLEN MILLS
- SILK YARN - GOLD THREAD
- MANGANESE - MICA
- CEMENT - GLASS
- SALT PETRE - PETROLEUM
- HEAVY CHEMICALS
1914 – 1947

developed
(except during great depression) - due to

- decline in foreign imports
- increase in war requirements
- development of Banks esp. by Indians

Significant aspect

- Not much financial & technical assistance from the Government
CAUSES FOR THE LOPSIDED GROWTH

1. Indigenous Capital Investment
   – Invested in agriculture, money lending
   – Not in industries – less profitable

2. Late beginning

3. Lack of government support
   – no protection until 1924

4. Policy of “imperial preference”

5. Protective measures
   – benefited consumer goods industries
   – Not heavy industries
6. Absence of heavy metallurgical industries
7. Poverty of the agricultural population
8. Dependence on British finance capital
9. Technical manpower

Positive Role (unintended)

- Urbanization
development of modern cities
- Emergence of New Classes
  National Middle Class & Working Class
- Consolidation of the Unified Economy
FOREST POLICY

- Prohibition on wood –
  to use as fuel (to use cow-dung)

- Ban on Extraction of Forest Resources

- Indiscriminate exploitation of Forests
COMMUNICATION FACILITIES

vast network of Roads, Railways, Postals & Telegraphs

Ex: Dalhousie - Minutes on Railways (20.04.1853)

“England is calling aloud for the cotton which India does already produce in some degree and would produce sufficient in quality and plentiful in quantity if only they were provided the fitting means of conveyance for it from distant plains to the several ports adopted for its shipment”.
IMPACT

from British point of view
- helped penetration of goods
- quicker supply of raw materials
- effective ways to control

from Indian point of view
Negative
- Ruined existing system of transport
- ruined indigenous industries

Positive (unintended)
- growth of industries on a small scale
- unified Indians
- development of political consciousness
- supported National Movement
DRAIN OF WEALTH

Dadabhai Naoroji

_Poverty and Un-British Rule in India_

Ranade & R C Dutt supported

Estimate in 1905 Rs.51.5 crores
1757 – 1857

Chief Elements

1. Extortions from Indian rulers / Zamindars / merchants & commoners. (1758 to 1764 – £ 6m)

2. Profits on Trade

3. Revenues through Dewani Rights (1765)

4. Investments

5. Salaries and other incomes of English officials
After 1857

3 Major Elements

I. Remittances to England
II. Foreign capital investment
III. Home charges

2. Establishment costs – of the Secretary of State for India.

2. Interest on public debt – caused due to military campaigns, suppression of revolts compensation to company’s shareholders.
3. Guarantee to Railways
   – 5% on investment.

4. Cost of purchases
   – of military and other stores from England.

5. Pensions and allowances
   – to European officials of Indian government.
Indian Involvement / Concerns in WW – I
On Behalf of the British

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Served</td>
<td>1.3 mln</td>
</tr>
<tr>
<td></td>
<td>[1/6 of British Forces]</td>
</tr>
<tr>
<td>Persons Died</td>
<td>54000</td>
</tr>
<tr>
<td>Persons Wounded</td>
<td>65000</td>
</tr>
<tr>
<td>Persons Missing / Imprisoned</td>
<td>4000</td>
</tr>
<tr>
<td>Ammunition</td>
<td>70 mln Runs</td>
</tr>
<tr>
<td>Rifles &amp; Machine Guns</td>
<td>6.0 L</td>
</tr>
<tr>
<td>Garments Sent</td>
<td>42 mln</td>
</tr>
<tr>
<td>Animals Exported</td>
<td>0.17 L</td>
</tr>
<tr>
<td>Civil Supplies</td>
<td>370 mln</td>
</tr>
<tr>
<td>Total Value</td>
<td>£100 mln</td>
</tr>
<tr>
<td></td>
<td>[£ 8 bln in today’s money]</td>
</tr>
</tbody>
</table>
Accepted by the British

Lord Ellenborough
Chairman of the Parliamentary Select Committee - Later GG. - admitted in 1840.

John Sullivan
President of the Board of Revenue, Madras

“Our system acts very much like a sponge, drawing up all the good things from the banks of the Ganges, and squeezing them down on the banks of..."
THANK YOU

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