Chapter VIII

Conclusion
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In this chapter an attempt is made to present the conclusions along with appropriate explanation, drawn on the basis of material presented in the previous chapters. These conclusions will help us in reaching economic thoughts of Rajarshi underlying the programmes and policies followed by him.

1) Rajarshi adopted interventionist approach in his economic policy. All his policies, programmes and actions clearly indicate his belief that for maximization of public welfare, social and economic state intervention is necessary. It was on this basis that Rajarshi designed his developmental policy mainly around employment generation and development of technology.

2) As far as Rajarshi's agriculture related work is concerned, it appears that he basically considered agriculture as productive enterprise like naturalists of 18th century in France. Naturalists defined production as the 'creation of surplus'. Naturalist ideology had emerged because of the tendency to concentrate on agricultural problems and within it on the problem of increasing foodgrains production. The fact that naturalists gave more importance to agriculture and the surplus created from it, was mentioned by Rajarshi in his presidential speech delivered in Kurmi Kshatriya Parishad at Kanpur. Rajarshi said in his speech that—My dear Kshatriya brothers! I am one among you. Consider me as a worker or farmer. My forefathers were doing agriculture as did my ancestors. I am very happy that I have been invited to preside over the conference of agriculturists.' Later on, in his speech, he referred to the agricultural work as holy work by citing the example from the Vaidik period wherein sovereign King and his minister (in order to elevate the agricultural work) were personally handling the plough in the farm. Rajarshi further said that agriculture, which sows one seed in the land and gives us thousands, can
not be considered as inferior or bad. — It should be noted here that naturalist's ideology was concerned with agriculture only. It considered agriculture as the only productive activity and others like industry, trade, etc. as unproductive and put forward an exaggerated view that surplus is generated only in agriculture. It also advocated the policy of non-intervention. Rajarshi, on the other hand, gave priority to agriculture but he did not consider industry and trade as unproductive. He also followed the policy of intervention in the state.

Dr. Babasaheb Ambedkar, in his article "Small Holdings' in India and their Remedies" published in 1918, pinpointed reasons of low agricultural productivity as small size of land holding, deficiency of capital and other equipments, etc. He also advocated co-operative farming. Dr. Ambedkar also presented a bill in Mumbai Assembly in 1939 demanding conversion of watan lands of Mahar people in to Rayatawa lands. During that period, Mahar watans were prevalent in the state. A thing to be noted here is that Rajarshi had made all the Mahar watans Rayatawa through a legislation in 1921, 18 year before the bill was presented in Mumbai Assembly. Further in view of the disadvantages of sub-division of land, Rajarshi made all the Inams in the state indivisible through an Act in May 1913. Rajarshi also suggested the Mahar people to consolidate small land holdings and surrender it to their chief for cultivation.

3) Rajarshi, considering labour as wealth, gave required importance to it. He was of the view that labour is neither of higher status nor of lower status. The fact that Rajarshi provided encouragement for removing labour discrimination and disguised unemployment can be seen in his statements.

Rajarshi, while addressing people in Kurmi Kshatriya Parishad in 1919, said that — he sent his Yuvraj to the foreign country and Allahabad's agricultural school for acquiring agricultural education. He further said that

* as above
agriculture leads to double progress. It makes the cultivator happy as also the entire mankind. He believed that along with the agricultural work, much needs to be done about animal husbandry. He wanted the entire country to make progress in the production of milk and ghee. He believed that there is no inferiority in agricultural work. The work on which entire social order and progress depends can not be treated as inferior.-

On March 1920, Rajarshi said in "Untouchable's Conference" (Asprush Parishad) held at Mangaon that - they should consolidate their land holdings so as to have an area land of 10 acres which can be left to the chief person in the family for cultivation, as happens in the families of Patil and Sanadi Shiledar, and other people can be free to undertake other pursuits. He also said that the Mahar people of Karveer have accepted his proposal and hoped that others will imitate them. -* From the above, it appears that he believed that it is basically labour and more particularly technological progress caused by division of labour, which constitute the major factors of wealth generation. In a way, he used the ideas of Adam Smith, Ricardo and Marx in dealing with labour related issues. It is also to be noted that the labour policy, which Rajarshi implemented, aimed at providing full employment conditions is in a way, a kind of political anticipation of an economic idea. In fact, Rajarshi, in a way, in different words talks about disguised unemployment and the saving potential later explained in detail by economists like Nurkse and Lewis.

4) Rajarshi gave great importance to education, particularly technical education which is an anticipation of innovation theory of development of Schumpeter as also importance of technology indicated by economists like Kaldor and others.

Schumpeter has assigned the place of hero to innovator in his theory of Innovation. According to him, innovator organises the factors of production in different ways.

* - as above
If we compare the role of innovator as described by Schumpeter in his theory with the technical work of Rajarshi during his reign, we can draw the following conclusions.

i) Rajarshi, during his reign, appears to have encouraged production of new products and distribution. Rajarshi encouraged cotton textile industry by setting up 'Shahu Mill' in the state. Further, Rajarshi was trying to get good quality production of different goods from the "Shahu Weavers Association" and "Rajaram Weavers Association" set up by weavers in Raibag. He tried to increase demand for such goods outside state. It cannot be denied that Rajarshi tried to encourage setting up of tea and coffee plantations in the state. Further, railway facility was made available from 1891 so as to ensure easy distribution of commodities produced in the state.

ii) Rajarshi facilitated for the adoption of new methods of production as against the traditional ones used in the state so that more and quality goods can be produced with less labour. It was for this purpose that Rajarshi installed modern machines at Shahu Mill. It was not only in industries, but also in a raw material supplying agriculture that he experimented with new methods of production.

iii) In order to make a fair market available for products, Rajarshi established a big market at Shahupuri and other small ones in the state. Moreover, he was exporting the products to outside places like Mumbai, Pune, etc.

iv) Rajarshi's industrial policy was such that he encouraged the growth of industries in all the forms viz. private, public, joint and co-operative. He created a mixed type of economic structure and organized industries in all the four forms.

In view of rising prices of iron during first World War period, Rajarshi had provided iron ore from the mines of Kolhapur as raw material to "Kirloskar Iron Industry", through a Govt. Resolution dated 29th May 1918.

Further, Rajarshi had run "Jaysingrao Ghatge Industrial School" in order to provide technical education and set up "Rajaram Industrial
School". In these schools, students were given education of inventing new methods of production and machines. Rajarshi, along with technical education, offered patents to some creative people in the state as an incentive for inventing new techniques and machines. From this, we can easily have an idea as to how Rajarshi systematically played the role of innovator expected in Schumpeter's innovation theory.

5) It seems that Rajarshi was very particular about how industrial and trade development should take place. On the one hand he shows indications of a belief in theory of growth centers as propounded by Von Thunen and latter by Perroux to encourage industrialization. Rajarshi provided industrial protection for local industry, which is very similar to ideas of 19th century German economist Freidrich List. It is indeed a matter of great surprise that Rajarshi believed in co-existence of co-operative, public and private sector economic enterprises in his state. He in fact followed a policy of promotion of such industrial development. So far as trade is concerned he believed in the importance of transport facilities (Roads and Railways), as also development of well spread market centers. He believed that such industrial dispersal and trade dispersal increases labour mobility in its various dimensions.

A deep study of industrial policy as implemented by Rajarshi in the state reveals that he followed protectionist policy in respect of following main industries.

i) Rajarshi established "Shahu Mill" in the state and banned setting up of such mills in the state during next thirty years from the date of inception of Shahu Mill.

ii) Two new institutions, "Shahu Weavers Association" and "Shri Rajaram Weavers Association" were initially exempted from registration so as to keep costs down, however registration was made mandatory when their conditions improved. Further, guarantee was offered that the goods produced by these two institutions will be demanded continuously by private parties and the Darbar.

iii) In order to offer protection to "Shri Yuvraj Rajaram Maharaj Oil Mill" setup by Mr. Shirgaonkar, Rajarshi banned setting up of such mill in the state during next five years since its inception.
iv) Rajarshi had offered monopoly to "Electric Light Industry" set up by Shri Mahadev Vitthal Tandale in Kolhapur for 25 years.

v) With the objective of providing protection to paper and ink industries in the state, Rajarshi had ordered that all the Govt. offices should use paper and ink manufactured in local industry only.

vi) Rajarshi had offered monopoly to foundry established by Mr. Datto Babaji Karajgar in Kolhapur for 10 years. Further the Churmure (fried rice) Machine invented by him was given patent for 14 years.

In this way, the protectionist policy followed by Rajarshi in the state with respect to industries appears to be similar to the one followed by 19th Century German economist-philosopher Freidrich List. As per List's suggestion, Rajarshi gave protection to industries in their infancy. Further, the features of protectionist policy as given by List are visible in the industrial policy followed by Rajarshi in the state.

Rajarshi's efforts towards growth of trade and his thoughts on trade as reflected in his policies appear to be similar to those of Mercantilists.

As per their thoughts, highest trade, medium industry and lowest agriculture is the right order, which gives more importance to trade, in the economic development of any country.

Rajarshi however assigned top priority to agriculture. Even then Rajarshi's policy towards trade resembles with that of mercantilists because he helped directly and indirectly for the growth of exports of goods produced in the state. Rajarshi tried to encourage continuously all the productive projects in the state. For this, he had accepted patent rights of some products in the state. He had also taken guidance from experts for setting up new industries. The thoughts on trade that Rajarshi expressed in his presidential speech delivered on 27th December 1917 in "All India Maratha Education Conference" held at Khamgaon appear to be consistent with the policies of Mercantilists. In his speech he said that - we are not satisfied with our position as a farmer or a soldier. Therefore, we are required to plunge in to trade and other high status businesses. Presently, we do not go in to trade and commerce. In the 20th century, development of a nation is dependent on trade and trade related
movement. Really speaking, trade has become religion of Western Nations. Here, by religion I mean protecting self interest rationally. If we do not dare to trade then all are movements will loose their shine and meaning. I fully believe in trade related movement and therefore I have pushed both my sons and other relatives in to trade and I feel proud in saying that they have accepted it happily -*.

Some aspects of trade policy implemented by Rajarshi in the state appear to be similar to the thoughts of Aarya Chanakya of 4th century before Christ. This is because Chanakya had recommended in his book that facilities like roads, communication, markets, facilities for the growth of markets etc., are necessary for the growth of trade, which Rajarshi implemented in the state. Further, Chanakya recommended that weights and scales should be improved. Rajarshi too had made improvements with regard to weights and scales in the state. Further Chanakya's idea of having check posts at the main gate of city was also implemented by Rajarshi so as to bring consistency in trade.

6) Rajarshi's policies and programmes in respect of education deserve special mention. He encouraged primary, secondary and higher education and made special efforts to promote technical, agricultural and vocational education as well as administrative training. His edict for free and compulsory primary education, special emphasis for women's education considering his times were nothing less than visionary.

Rajarshi's work in the sphere of education appears to be the greatest in all his work. Today, it is recognised world over that investment in education and health is investment in human capital.

The concept of human capital was scientifically described by Prof. Schultz in his presidential speech of “American Economic Association” in 1961 and since then it became known to every one. However, it was Rajarshi who in the beginning of 20th century started to invest in human capital through expenditure on health and education.

* as above
Prof. Schultz has suggested five criteria of human capital investment. They are,

I) Making available health services and facilities.
II) Providing work training.
III) Making arrangement for primary, secondary and higher education.
IV) Implementing programmes of adult education, including agricultural extension.
V) Facilitating migration of people in search of employment.

Surprisingly, all the five criteria suggested by Schultz are reflected more or less in the education and health related policies implemented by Rajarshi in the State. The five criteria as reflected in Rajarshi's policy are as follow.

I) Rajarshi had opened Govt. dispensaries at taluka level in the state through which poor were provided health facilities at negligible fees. Further, the "Albert Edward Hospital" was operational at Kolhapur. In 1896, "Ahilyabai Deshi Dawakhana" was started in Kolhapur. In the same year, Rajarshi started a separated Leper Asylum. For T.B. patients, he started "Claude Hill Sanatorium" as also a Homeopathic dispensary. Moreover, Rajarshi paid attention to the supply of pure and safe drinking water.

II) Rajarshi had started training schools in the state so that workers will work skillfully. The schools like Patil School, Sardar School, Satya Shodhak School, etc. are the examples. More importantly, Rajarshi had started training classes for teachers.

III) Rajarshi had laid more emphasis on the provision of primary education in the state. In the year 1917, primary education was made free and compulsory. While emphasizing on the provision of primary education, he did not neglect secondary and higher education. Rajaram College was operational during his reign.

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*Bhosale T. M. — "Manav Sansadhan Vikas" in the Vrudhi va Vikasache Arthashastra, edited by Prof. (Dr.) J. F. Patil, Phadake Prakashan, Kolhapur, 2004, (pp.107,108).*
iv) Rajarshi had implemented a scheme of education for women for which he issued an order so as to encourage women’s education in those castes where curtain (Burka) system was not in practice.

In order to provide information and practicals about modern farming techniques and equipments to farmers, a demonstrator was appointed in “The ‘King Edward Agriculture Institute”. The demonstrator used to go to different places in the state for providing information and showing practicals of modern agricultural techniques and equipments and to train the farmers.

v) Rajarshi gave priority to migration of people and families to those places where employment opportunities were available in famine relief work. Moreover, he had advised shifting of excess labour in agriculture towards industrial sector. Realising the favourable environment for weaving business and that it can develop at Raibag, Rajarshi had settled many weavers who had earlier migrated to other places.

Considering Rajarshi’s efforts for the education of poor, backward and untouchable people in the State as also his manifesto of 1902 reserving 50% seats in Govt. jobs for untouchables, it appears that he was strongly against the Darwin’s principle of “the survival of the fittest” in the social field. Rajarshi’s policy in this respect was “To take care of the weak among the subjects more than the strong”.

The Education Cess Act of 1918, passed by Rajarshi to meet increasing expenditure on primary education, stands right on the canons of equality, certainty, convenience and economy as suggested by Adam Smith in report of good taxation.

7) Considering state’s total income and expenditure during Rajarshi’s reign, it is observed that 19 years were deficit years while 10 years were surplus years. Surprisingly, during Rajarshi’s reign, classical ideology had a strong influence over economists and classicists had opposed deficit budgets. It should be noted here that Rajarshi, opposing the classicist idea of balanced budget, followed the budgetary policy as suitable for the development of the state. Thus, he appears to have sowed the seeds of modern thinking and given due place for to deficit
budgeting. Budget deficit is observed not only in the famine years (excluding 1899-1900) and epidemic years but also in other normal years. It was only after the Great Depression of 1929 that modern economists like Keynes, Hansen and Lerner have advocated the policy of deficit budget and explained its importance in the economy. The policy of deficit budget was later accepted by economists all over the World. It can therefore be said that indirectly Rajarshi was one of the first few proponents of policy of deficit budget for meeting developmental as also calamity related fiscal compulsions. One more thing should be kept in mind that Rajarshi's policy was clear deviation considering the religious faith in balanced or surplus budget. However, it is not clear whether this deficit approach was by choice or by compulsions of the time.

Rajarshi appears to have followed the policy of intervention suggested by modern economists as against the "Classical Laissez Fair Policy", which called for non-intervention or least intervention.

8) If we compare the measures adopted by Rajarshi during his reign to overcome the famines occurred in the state with the remedies against the famine suggested by Nobel Laureate Amartya Sen and his co-author John Dreaze in their book. "Hunger and Public Action", it appears that the remedies suggested by these two economists were actually implemented by Rajarshi in the state many years back.

Prof.Sen and Prof. Dreaze after studying famines in India, Africa, Kenya, Zimbabwe and Botswana and accepting state intervention during famines, have suggested following measures against the famine in their book.

i) Providing direct help without any condition. e.g. providing cooked food, distributing foodgrains, and free bread etc.

ii) Redistributing all the types resources in the country by keeping the famine affected and hungry persons as target. How to select a person without food and with ill health? Whether this selection is to be done by local bodies or by administration or Govt. through intervention into the market or a person himself should come forward for work, etc. all these things are included in this.
iii) Providing nutritious meals to family, women and children. Of course, this aspect is more complex.

iv) Providing employment to all those who want it. Wages can be offered in two forms either in cash or in kind. Both cash and goods together can also be given as wages. Providing jobs to people during famine period on different public works like construction of roads, implanting trees, digging canals, putting electricity polls, etc. so as to raise the purchasing power of those affected by Famine. Amartya Sen has mentioned the "Employment Guarantee Scheme" of Maharashtra in this respect.

v) Further, providing unemployment allowance, controlling prices, providing free education, offering medical facilities, vaccination, distribution of medicines and creating a net of social security, etc. All these measures can be adopted to tackle the problem of famine.

All the above measures are similar to the ones implemented by Rajarshi in the state by adopting interventionist policy. Rajarshi's policy regarding famine had following aspects.

vi) Rajarshi had initially made the arrangement for providing cooked food. However, in view of the problems in it, he later provided foodgrains to people and imposed no condition on them.

vii) Keeping the poor and hungry people at center stage, Rajarshi had started cheap grain shops in the state so as to provide foodgrains at concessional price.

viii) A special arrangement was made for the children of those women working on famine related relief work and a separate lady was appointed for their care and feeding. Further, he had provided remuneration in the form of foodgrains to those working on famine relief.

ix) With the objective of providing employment to people and to give them a source of income so as to raise their purchasing power, Rajarshi initiated several types of public works like construction of roads, creating irrigation facilities, implanting trees, etc. in the state during famine period.
x) In the economic policies and programmes of Rajarshi during his latter years, we get reflections of Pigous dual criteria of social welfare maximization in a rudimentary form.

xi) During the time of epidemic of Plague in the state, Rajarshi exempted farmers from paying land revenue, and unemployment allowance was provided to teachers in the form of grains and to workers in the Darbar in the form of cash. In view of the rising foodgrains prices during famine time, Rajarshi appealed to the merchants in the state not to hike prices. Stock holding by the merchants was banned through a legislation. A cheap grain shop was also started in the state. Considering the inability of poor students to pay their mess bill owing to inflation during famine period and the possibility that they would leave their education, Rajarshi asked Darbar to pay the extra mess bill of the students taking education in the state. Further, Rajarshi provided free medicines to people when the epidemics like plague and influenza hit the state, a widespread vaccination programme was also carried out.

From the above analysis, it becomes clear that the measures adopted by Rajarshi during famine period are very much similar to those put forward by Amartya Sen and John. Dreaze in a scientific manner, but much earlier.

Considering all the points mentioned above, it is reasonable to conclude with following basic model of economic development that is reflected in the economic policies and programmes of Rajarshi.

I] DEVELOPMENT OF INFRASTRUCTURE MAINLY RAILWAYS, ROADS, BUILDINGS, MARKET PLACES AND IRRIGATION

Rajarshi made his first attempt towards the development of infrastructure in the state by starting railways in the state in 1891, even before he assumed reins of Govt. He was of the view that overall development of any region depends primarily on the availability of basic infrastructural facilities like railways, roads, state and public buildings, market places, irrigation facilities, etc. Industry, trade and agriculture can grow only when these infrastructure facilities are well in place otherwise
not. So, Rajarshi made a beginning of his infrastructural work by starting railways in the state. A widespread net of kaccha and pucca roads was created connecting all the villages in the state to main highways, railway stations and market places. Public and state buildings were constructed and repaired for the administration purpose and for making arrangement of habitation for Govt. servants and orphans. With the objective of developing agriculture, trade and industry, Rajarshi followed the policy of decentralisation of markets in the state. For this, he opened trade centers at some important places in the state. For example, market for jaggery and agricultural goods, was opened in 1895 at Shahupuri in Kolhapur, Tobacco market at Jaysingpur, market for Jaggery, groundnut, chilly at Gadhinglaj and others at Radhanagari, Wadgaon, Malakapur etc. For establishment of these markets Rajarshi encouraged traders in the state and out of the state also. More importantly, the establishment of these markets helped a great deal in improving the economic conditions of farmers in the state. Further, Rajarshi appears to have incurred lot of expenditure on several major and minor irrigation projects in order to develop state's agriculture. Most important one is the construction of Radhanagari dam, which solved the water problem of the state and later, helped in the green revolution of the Kolhapur state.

II] EQUAL IMPORTANCE TO BE GIVEN TO EDUCATION AT ALL LEVELS COUPLED WITH VOCATIONAL TRAINING

Recognising the importance of education in the progress of any society, Rajarshi initiated education movement in the state and accordingly focussed on providing education to people in all the sections of society. As Rajarshi came to know that literacy among backward people is far less than in top class people, he undertook an expedition for the education of untouchable and backward people and opened hostels of different casts in the state as also started various scholarships for the students in the untouchable and backward class. He also offered free-ships to poor and backward students. More importantly, he made primary education free and compulsory in the state in 1917. To remove class discrimination, he closed the separate schools meant for untouchables. In
this way, Rajarshi endeavoured a lot for the education of backward students. Along with male education, he also paid attention to female education.

As Rajarshi thought that providing bookish education will not enable students to fill their stomachs, he operated “Jaysingrao Ghatge Technical School” in the state and also started “Rajaram Industrial School” in 1920 for industrial education and “The King Edward Agricultural Institute” in 1912 for agricultural education. Further, he also started schools like Patil School, Satyshodhak School, Infantry School, etc. in the state. More importantly, Rajarshi not only provided education to students but also made an arrangement for providing training to their teachers.

III] DEVELOPMENT OF A SOCIAL ORDER CONducive FOR GREATER SOCIO-ECONOMIC INTERACTION

The prevailing social condition during Rajarshi’s reign was regressive in nature. Discrimination based on class and status was prevalent to a large extent. People in the untouchable and backward classes were forced to live a life of extreme misery. People in the highest strata used to exploit those in the lowest strata. In such a situation, Rajarshi improved the social conditions and brought about greater socio-economic interaction. Following are main dimensions of Rajarshi’s policy implemented for social improvement.

1. Recognising that people from the backward society were not able to get adequate education, due to which they are lagging in their development, Rajarshi issued an order on 26th July 1902 keeping 50% reservation in Government jobs.

2. On September 1911 watani lands of Mahar people were converted into rayatava. Backward students were also given exemption in education fees.

3. Primary education was made free and compulsory in 1917.
4. The Balutedari system in the state was scrapped on 22nd February 1918.

5. An order was issued on 26th June 1918 stating that Mahar people should not be forced to do work and their land should be transferred to their name.

6. An order was issued on 27th July 1918 for ending the slavery of untouchables and for giving them the right for human freedom.

7. On 8th August 1918 an order was issued for giving preference to untouchables in jobs in Government and general departments.

8. An order was issued on 1st January 1919 to the department of medicine and service for giving equal treatment to untouchables.

9. A legislation was enacted on 2nd August 1919 offering protection to women against harassment and divorce.

10. On 30th September 1919 the separate schools of untouchables were closed and their children were given admission in general school on 8th October 1919.

11. All the public and Government places in the state were opened for the untouchables on 8th October 1919.

12. An order banning 'Vethbigari' was published in Karveer Gazetteer on 13th and 15th May 1920 and rigorous punishment was ordered for those infringing the order etc.

In other words, Rajarshi seems to have been influenced by the basic model of capital formation reflected in the writings of Smith, Ricardo and Malthus. In his scheme of development, railway, roads and irrigation occupy the key positions supported by a foundation of a proper educational system and an equitable social organization.