CHAPTER 3

ECONOMIC AND SOCIAL CONDITIONS IN
INDIA FROM 1881 TO 1936
CHAPTER III

Economic and social conditions in India

1881 - 1936

It would be worthwhile continuing our review of economic and social conditions in India to a later period from 1881-1936 during which Premchand lived. While the impact of the happenings of the earlier period is only indirectly seen in Premchand's work, the impacts of the significant events in this later period are more direct as they are contemporary.

During the seventeenth and eighteenth century India provided principal market for British manufacture while the drain of India's resources was ruthlessly continued. The power which British capitalists gained as a result of the development of large scale capitalism in England was responsible for their influence in Parliament and had its repercussions in India. The expansion of British machine manufactured goods destroyed the comparatively primitive Indian manufacture and India now remained the principal market for British goods and the great source of raw material for British industry, obviously at the expense of Indian economic development. "The interest in the exploitation of India was now extended to the whole of British capitalism. The transformation of India from a textile producing country into a
market for British produce had farreaching effects leading to further capitalist expansion in India. (1) A number of factors some of which have been cited already e.g. the ruin of the handicraftsmen, the ousting of the Indian merchant from the internal trade over increasing large areas, the despoiling of the Indian Zamindar and the appropriation of increasing proportions of the revenue resulted in a decline in Indian purchasing power. As already pointed out, the British policy towards India was dictated by the interests of British traders, manufacturers and financiers and prospects of Indian industrialisation were nakedly hampered by this British economic policy. Protests against this anti-Indian British policy were lodged from time to time by Indian political leaders like Romesh Chandra Dutt, Dadabhai Nowrojee, Pheroz Shah Mehta and Gopal Krishna Gokhale.

Soon after the first World War, Indian merchants, who had earned handsome profit, now started investing in industries. This was the beginning of the capitalist class in India. In villages money-lenders started becoming powerful. Cost of living went up and peasants became poorer and poorer. They were obliged to borrow from prosperous money-lenders at exorbitant rates of interest. While national income increased the poor became increasingly poorer. Various industries were started and their centralisation in towns compelled peasants to leave villages and become workers in urban areas. Crowding in towns led to new questions of accommodation by Government.
hardly took any interest in their welfare. Wages were measre and the labourer in town lived on the brink of starvation. It became apparent and even prisoners were getting more as good conduct pay than labourers.

Poignant pictures of the Indian economic scene have been drawn by outstanding economists. Says M.C. Darling, "The most arresting fact about India is that her soil is rich but her people are poor." In the words of Romesh Chandra Dutt "India is a country of poor people but it is not a poor country." It is an accepted principle that administration and exploitation go hand in hand and the British who became the rulers of India and framed economic policies for the development of modern England also framed Indian economic policies at the cost of the Indian people themselves. At the Session of the Indian National Congress held in 1906 Pandit Madan Mohan Malaviya laid bare the secret of our failure in regard to Indian industries "The raw materials leave the country and come back as manufactured goods; if we were free we would adopt the policy of protection as all countries do when the industries are Nacent." Lokmanya Tilak deplored the fact that the middle-classes were great consumers of foreign goods and since sacrifice, self-help and determination were needed he gave impetus to the Swadeshi Movement supplementing it with the boycott of foreign goods (in his four-fold programme called CHATUSUTRI these were closely knit together along with national education.) At the Allahabad Session of the Indian National Congress, C.Y. Chintamani moving the
Swadeshi Resolution quoted Ranade who said "India had come to be regarded as a plantation of England, growing raw products to be shipped by British agents in British ships, to be worked into fabrics by British skill and capital and to be re-exported to India by British merchants in India through their British agents." (5) It is easy to see how this growing economic distress took the form of political discontent and turned into a national movement. It was bitterly realised that although all the mineral and natural resources for the development of industries which were available in India, British Rulers deliberately neglected them and insisted on converting the entire country into an agriculture one. At the twentieth Session of the Indian National Congress, Karandikar quoted Arthur Balford's speech on Ireland pointing out how "each of her nascent industry was either strangled at its birth or handed over, gagged and bound to the custody of the ivory interests in England until almost every fountain of wealth was hermitically sealed so that the whole nation was thrown on the land." (6)

It is significant to note that at an earlier stage when the East India Company exported cloth from India into England, English merchants used to earn a 300 percent profit on it. It is equally revealing to note that by a law in England a person wearing Indian silk was fined to the extent of £ 5 (for draining national wealth). Upto the Industrial Revolution in England it was India who exported cloth, both
cotton and silk, not only to England but European and Asian countries, but now it had fallen on bad days as a result of British machinations and was required to import cloth for its own use. Such were the results of the disastrous anti-Indian economic policy followed by British Rulers.

In the Civil Disobedience Movement of 1930 a significant quotation from Joynson-Hicks, Britain's Home Secretary, was oft-quoted: "We did not conquer India for the benefit of Indians. I know it is said in Missionary meetings that we rule India for the good of Indians. We hold it in fact in the interest of the British goods in general, and Lancashire Cotton goods in particular." We see how bitterly true this was, especially when we learnt that it was the Lancashire Cotton Industry that suffered most as a result of Mahatma Gandhi's Khadi Movement.

The Zamindary system also existed in Pre-British days but in the earlier period they were not the owners of the land. They only claimed a share in the revenue they collected but under the British system they became its virtual owners. Thus the relations between the peasant and the Zaminder materially changed like those between the tenant and the land-lord. Now the right to sale or purchase of land was vested in the Zaminder and the Zaminder who often combined money-lending with his profession squeezed the peasants both ways. The British who were interested in
creating in society a class, which would always support them, now strengthened the Zamindars. As R.C. Dutt has clearly pointed out, "The purpose of the Zamindary settlement was to create a new class of land-lords after the English model as the social Buttress of English Rule." (7) Wherever there is foreign rule, the rulers being in a minority, always seek to establish social basis for their power by the creation of a new class whose interests coincide with theirs.

While the percentage of population dependent on agriculture in 1891 was 61.1, and in 1901 rose to 66.5. In 1911 it further rose to 72.2 while in 1921 it rose to 73. On the other hand, while the percentage of population dependent on industry in 1901 was 5.5, in 1921 it fell to 4.9 and in 1931 to a further low of 4.3. (5) The heavier crowding on agriculture with an increasing emphasis of non-food crops for export in consequence of the British economic policy was an increasing disaster for the peasant. Added to it was the burden of debt which went on increasing. Mortgaging of land to non-agriculturists worsened matters and accentuated agrarian crisis. The peasant had to work as a Mazdoor for the maintenance of roads. He had to seek his livelihood as landlord's labourer elsewhere. The census report of 1842 shows that there were no land-lords absent in the country; in 1882 the number was 75 lakhs; in 1921 it had increased to 210 lakhs, while in 1931 it further rose to 330 lakhs. This is
to underline the disastrous effects of foreign rule on the Indian peasant. The Indian Central Banking Enquiry Committee of 1931 stated in its report "The average income of all agriculturists in British India does not work out at a higher figure than about Rs. 42/- or a little over £ 3. It was the Zamindars and Jahagirdards who took the help of banks to face the economic crisis and a new capitalist Zamindar class came into existence." (5) Many of the old traditional Zamindar families who carried on the old methods of showing some consideration and relaxation for the peasant in times of difficulties broke down under the burden, their estates being put up to auction. There are many pathetic stories of the better types of old Zamindars who regarded themselves under some degree of honourable obligation to the peasantry under their care and found themselves driven out without mercy by new rules for failing to raise their quota. A new type of sharp and rapacious businessmen came forward to take over the estates who were ready to stick at nothing.... last anna from the peasantry in order to pay their quota and fill their own pockets?" (6)

Pandit Jawaharlal Nehru in his autobiography observed, "The end of the World War found India in a state of suppressed excitement. Industrialisation had spread and the capitalist class had grown in wealth and power. This handful at the top had prospered and were greedy for more power and opportunity for their savings and adding to their
wealth. The great majority, however, were not so fortunate and looked forward to a lightening of the burden that crushed them." (11)

The world agrarian and general economic crisis in 1929 hit the Indian peasantry hard. There were peasant movements in the United Provinces, Andhra, Gujarat and other parts of the country. There were labour disputes and strikes in urban industrial areas. There were strikes in Bengal Jute Mills and in the Iron Works of Jamshedpur. The Indian working class now entered a phase of considerable activity in the sphere of economic and political struggles. The Indian working class had now its own independent political existence indicated by its own flag and class programme. Lord Irwin in his speech to the Central Legislative Assembly in January 1929 took cognisance of "the disquieting spread of communist doctrines" and announced that the Government would take measures to counteract their influence. (12)

Yet another aspect of the Indian economic situation was the tax burden. Mr. Dadabhai Navrojee and Phirozeshah Mehta had criticized it earlier. Gokhale was more outspoken and pointedly critical. He criticized the tax policy and the expenditure involved in maintaining a large army to strengthen the British territory. R.C. Dutt had earlier pointed out, "India cannot be prosperous and contented until her military expenditure is revised and reduced. In justice and in equity England should bear a portion of the cost of that army which
she maintains in India in furtherance of her imperial policy and in defence of her Emperor from which she benefits so largely in her trade and in her profitable employment of the capital. A contribution of a fixed proportion of the military expenditure from the English Exchequer would be an act of simple justice which England owes to India would secure an effective control over their expenditure and would be a real relief to the people of India suffering from chronic poverty, increasing taxation and recurring famines." (U3)

Against this background the emergence of Mahatma Gandhi and his Movements of Non-cooperation (1921) and Civil Disobedience (1930) became highly meaningful. Gandhiji insisted on spinning being introduced in schools as it would provide thousands and thousands of young men with work. While there was a movement for Swadeshi already in vogue, Gandhiji concentrated on Khadi. He wanted to associate spinning with congress membership which was now open to those who devoted some time every day for spinning and produced a fixed quota of handspun yarn every month. Those unable to buy cotton were to be provided with free cotton by the Congress. While this was intended to be a step to supplement the income of the cultivator in his spare time, it led to several other consequences politically significant. It meant self-reliance to some extent, stepped up cottage industries. It led to decentralisation of economic power and the self-
sufficiency of the country. It automatically led to boycott of foreign goods and restricting the economic drain of national health. The use of machinery, Gandhiji thought, had led to the concentration of power and wealth in the hands of a few. Capitalists were unwilling to reduce the margin of profit and forced the workers to fight for their enhanced wages. Gandhiji wanted to remove the conflict, which he thought was not eternal, and exhorted the landlord and the capitalist to become the trustees of the peasant and the worker.
CHAPTER - 3

References