CHANGING ECONOMY AND ASSAMESE MIDDLE CLASS

India is an agricultural country. Self-sufficient village economy was the basis of pre-British Indian society. "A self sufficient village, based on agriculture carried on with the primitive plough and bullock-power and handicrafts by means of simple instruments, was a basic feature of pre-British Indian society".1 This situation changed drastically with the advent of the Britishers. The foreign power brought a change in the economic scene of India. They carried on loot and plunder of India's wealth, in the name of trade and commerce, and sent to England vast treasures year after year. This plunder was a powerful driving force which led to the Industrial Revolution in England.

With the changes in the economic structure in England, they needed raw materials, manpower, resources, and market to sell their finished products. They started extracting raw materials from India, discouraged Indian manufacturer, ruined India's cottage industries and thereby caused systematic destruction of Indian economy.

They took large part of the produce of the peasantry of India, which led to the deterioration of their economic condition. The industrial bourgeoisie became the most powerful class in British society. Britishers colonised Assam because of good prospects of economic exploitation.

Industrial capitalism led to the transformation of medieval period into modern period. First of all, Europe came under the influence of capitalism. Subsequently, capitalism spread to other parts of the world through European Colonial empires. By the close of nineteenth century, most of the countries of the world were integrated into the world capitalist economy. Around 1860, certain changes took place in the world economy. Other countries also became industrialized because of which United Kingdom had to face serious competition from other European countries.

Some nations, especially Britain and France, controlled their colonies economically as well as politically. Those nations, which occupied dominant position in the world capitalist system became affluent by exploiting the resources and manpower of the places
where they established their colonies. Colonial masters were responsible for the poverty of the people of the colonies. This was also true of India, "A significant fact which stands out is that those parts of India which have been longest under British Rule are the poorest to-day".² The British dominated the affairs of the country for over two centuries (1757-1947). "The British became dominant in India, and the foremost power in the World because they were the heralds of the new big machine industrial civilization. They represented a new historic force which was going to change the world, and were thus, unknown to themselves, the forerunners and representatives of change and revolution; and yet they deliberately tried to prevent change, except in so far as this was necessary to consolidate their position and help them in exploiting the country and its people to their own advantage".³

The Britishers brought a change in the agrarian sphere of India's economy. During the two centuries of British imperialist rule, Indian agrarian economy was characterized by stagnation and ruin. India was reduced

² Jawaharlal Nehru, The Discovery of India (New Delhi, 1946), p.306.
³ Ibid., p.312.
to a mere supplier of raw materials for British industry. Raw materials were extracted from India for the manufacture of goods and in return, India was flooded with goods manufactured in Britain. They wanted India to remain a consumer of goods manufactured in Britain and as a supplier of raw materials to British industrial concerns, Britishers adopted a policy of retarding the growth of any industry in India. Railways and other means of communications were introduced in India only to serve their imperial interests. Every measure adopted by them contained germs of destruction.

"...the Indian national economy was a subordinate Colonial adjunct of the British Imperialist Economy. By her economic and political policies, Britain had obstructed the free and rapid industrialization of India. She particularly did not permit the development of heavy industries, the vital pre-requisite for the rapid industrialization of a country and for the building up of an independent national economy."  

However, along with her destructive activities, Britain also played a regenerative role in India.

Apart from improving the administration and communication system, they eradicated some social evils like Suttee and Child marriage. Britishers introduced English education in India which helped the Indian intellectuals to understand liberal ideas and scientific achievements of other countries.

Britishers brought changes in the socio-political, educational and economic sphere of India. By the beginning of nineteenth century, it seemed that the Britishers had established a pattern of control and they had brought a new India into being. The next century witnessed the rise of an increasingly powerful independence movement which culminated in the independence of India.

Assam's colonisation by Britain prevented its economic development. It is primarily the colonisation of the state and its domination by a landlord class and the Marwari merchant bourgeoisie which led to its economic backwardness.

Even after Independence, economic condition of Assam remained the same. During the period of British
Colonialism agriculture was (and still continues to be) the mainstay of Assam's economy. Majority of people, directly or indirectly, depend on agriculture. The Assamese middle class too has got strong rural links as middle peasants. 'Agriculture is the main occupation of 92 per cent of the people living in rural areas. About 12 per cent of the total population of Assam depend directly on agriculture for their livelihood. Another 10 to 15 per cent depend indirectly on agricultural profession for other source of income'.

Technologically also Assam remained backward throughout nineteenth century. There was no industrial establishments except primitive handicrafts like home spinning and hand weaving. Growth of trade and commerce was hampered due to lack of infrastructural facilities.

Among the industrial undertakings in Assam, tea industry is most important. From the commercial point of view, it is the most important crop of Assam. Tea was discovered in Assam by Robert Bruce in the early 19th century.

part of nineteenth century. By 1859, it began to flourish when Assam Company started mass production of tea.

Many British tea companies were established, towards the middle of the century. It is the main industry in Assam producing half of the total Indian tea. It is practically the only industry based on agriculture and contributing about 17% of Assam's 21% income from factory establishments.

Earlier, nearly 90% of the gardens were British owned. Some of these are now passing into the hands of the Narwaris. Assam tea earns about ₹65 crores in foreign exchange.

The following table indicates the area, production and yield of tea in Assam from 1961 to 1977.

**TABLE NO. 6**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of tea estates</th>
<th>Area (1000 hectares)</th>
<th>Production (million kgs)</th>
<th>Average yield in kgs/hectare</th>
</tr>
</thead>
<tbody>
<tr>
<td>1961</td>
<td>744</td>
<td>162</td>
<td>182</td>
<td>1,123</td>
</tr>
<tr>
<td>1964</td>
<td>747</td>
<td>166</td>
<td>196</td>
<td>1,117</td>
</tr>
<tr>
<td>1967</td>
<td>752</td>
<td>174</td>
<td>191</td>
<td>1,096</td>
</tr>
<tr>
<td>1968</td>
<td>758</td>
<td>177</td>
<td>203</td>
<td>1,146</td>
</tr>
<tr>
<td>1969</td>
<td>758</td>
<td>179</td>
<td>205</td>
<td>1,141</td>
</tr>
<tr>
<td>1970</td>
<td>751</td>
<td>180</td>
<td>212</td>
<td>1,178</td>
</tr>
<tr>
<td>1971</td>
<td>750</td>
<td>182</td>
<td>224</td>
<td>1,227</td>
</tr>
<tr>
<td>1972</td>
<td>751</td>
<td>184</td>
<td>239</td>
<td>1,298</td>
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<tr>
<td>1973</td>
<td>751</td>
<td>185</td>
<td>252</td>
<td>1,360</td>
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<td>1974</td>
<td>754</td>
<td>187</td>
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<td>1,416</td>
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<tr>
<td>1975</td>
<td>756</td>
<td>189</td>
<td>263</td>
<td>1,396</td>
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<tr>
<td>1976</td>
<td>-</td>
<td>189</td>
<td>278</td>
<td>1,459</td>
</tr>
<tr>
<td>1977</td>
<td>-</td>
<td>251</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>


Growth of tea industries in Assam and export of tea to other parts of the country resulted in the extension of railways. With the growth of tea industries, planters needed a better system of communications. This led to the construction of railway lines in 1881. The tea industry, owned by the British, registered tremendous growth.

With the demand from the tea factories and the railways rising, the output of coal increased from less than 50 tons in 1872 to more than 277,000 tons by 1905–06. The oil fields developed by British capital in the 1890s increased their annual production of crude oil from 882 thousand gallons in 1900–01 to 2733 thousand gallons in 1905–06.7

Britishers not only owned tea gardens but they also had a monopoly over distribution, processing and marketing of tea. During Colonial Rule, the Assamese tea planters like Manikchandra Barua, Jagannath Barua, * had no factories for processing the tea leaves. The Assamese planters sent their tea leaves to the neighbouring European gardens for processing. Therefore, even the wealthy Assamese tea planters had to depend on Britishers.

7. A. Guha, Planter Rail to Swaraj (New Delhi, 1977), p. 35.
* See appendix.
The local Assamese entrepreneurs were lagging behind all the time. Since plantation was in the hands of British and trade in the hands of Marwaris, practically the whole economy was in the hands of non-Assamese. Therefore, the Jatiyatabadi Dal, a regional political party of Assam, which came to the political scene after independence, demanded that economy of Assam should be in the hands of Assamese and it should not be controlled by outsiders.

Jute industry is another important industry of Assam. Immigration of peasants from Bangladesh to Assam is directly linked up with the establishment of jute industry in Assam. With the growth and expansion of jute cultivation in Assam, expert jute cultivators from East Bengal started coming in. These peasants taught techniques of cultivation to the people of Assam. Gradually, jute production also increased in the Brahmaputra Valley. The acreage under jute in the Brahmaputra Valley increased from less than 30 thousand acres in 1905-06 to more than 106 thousand acres in 1919-20.  

8. A.Guha, JAT, p.102.
Assam is also rich in mineral resources like oil and coal. Assam was the main oil producing state in India before the discovery of oil in Gujarat. Earlier, Assam alone produced 2½ lakh tons a year while the total production of India was about 95 lakh tons. Now Assam produces 58% of the total oil of the country. Rest is produced by Gujarat.

Around 1868, a considerable amount of oil was extracted but there was no provision in Assam for refining the new products. In 1899, the Assam Oil Company was formed and a refinery was established at Digboi. The Oil Company was formed with a capital of £310,000. In 1903, this company gave employment to 10 Europeans and 569 natives.

After the discovery of oil in Gujarat, both Assam and Gujarat contributed almost equally to India's total output. Production of Petroleum of Assam increased from 4.19 million tonnes in 1975 to 4.30 million tonnes in 1976. The production of Petroleum rose by 2.5 percent.

from 4.19 million tonnes in 1975 to 4.30 million tonnes in 1976, Gujarat and Assam contributed almost equally to the total output. For the country as a whole, the production of natural gas (utilised) during the year 1976 (848 million cubic meters) was higher by 37 per cent than that in the previous year. Except for the years 1971 and 1975, Assam's production was higher than that of Gujarat.

The state of Assam has rich forest resources. Forests of Assam contain various kinds of timber, bamboo etc., which are required for the industries like match, paper and plywood factory. Its mineral resources include coal, oil, gas and limestone. Land of Assam is fertile and suitable for the cultivation of tea, jute, rice and cotton. Though these resources are available in abundance, yet the economic condition of Assam has not improved much even after Independence. Assam presents a paradox of industrial backwardness in the midst of abundant resources. This state has substantial proved potential for industrialization based on minerals, agriculture and forests.

Prior to independence, little attention was given to the development of industry in the state. Assam continues to be industrially backward till to-day. "Inspite of its varied natural endowments, Assam still continues to be industrially backward for a variety of reasons, the chief ones being its geographical isolation from the rest of the country, poor and undependable communications, lack of adequate infrastructure, lack of entrepreneurial, technical and managerial talents, poor capital formation and poor purchasing power in the hands of the people", 12

In other states of post-independent India, process of industrial development started along with the initiation of the national planning in the year 1951. But process of industrial development started in Assam in the beginning of sixties i.e., during the later part of the second plan period. During the third plan period (1961-66), more industries in the public sector started coming up. These included gas distribution project (The Assam Gas Company), mixed fertilizer plant, cotton spinning mill, sugar mill,

Namrup Fertilizer Plant, Noonmati Refinery and some other such type of industries. During the fourth plan period (1966-71) steps were taken for rapid industrialization and speedy economic development of Assam. The fourth plan of Assam reiterates the need for rapid industrialization of the state in order to break away from the present economic stagnation. During the fourth plan period the pace of industrialization is expected to be accelerated with the introduction of a number of resource based industries mostly in public sector... With the laying down of the foundation stone of Oil Refinery-cum-Petro-Chemical Complex at Bongaigaon in January 1972, the number of refineries in Assam has risen to three.

In spite of a rich resource base, especially, coal, oil, jute, tea and forests, Assam still lags behind economically, compared to other advanced regions of India. The profit extracted from these industries is taken of the state and not reinvested therein. It fails to contribute to the economic development of Assam. Further, most of the raw materials of Assam like

oil, timber and tea are taken out of Assam to feed industries in other states like Bihar and West Bengal.

The finished products of Gauhati and Digboi refineries are taken to Siliguri through product pipeline. Even Kerosene Oil is released from Siliguri. The sales depot for the petroleum products of Assam is located in Siliguri in West Bengal. Therefore, the sales tax, amounting to around Rs. 60 crores per annum goes to the Government of West Bengal. The registered offices and head office of tea board are located in Calcutta. The sales tax thereof, goes to the Government of West Bengal. Tea is produced in Assam but the sales tax thereof is derived by the Government of West Bengal.

Center also takes away major share of income of Assam. Royalty for oil which Assam receives is quite meagre. *Present real value of Assam oil at world price is 2,56,000,000,000 ... Assam receives Rs.52/- a tonne (royalty Rs.42 + sales tax Rs.12) and the Government of India receives Rs.94/- a tonne*.15

The outflow of revenue from the state is a major cause for the stagnant economy of Assam. Assam produces raw materials but the revenue accruing from these does not go to Assam. In fact, the percentage of revenue earned by Government of Assam from its resources is only 6%. Major part of the income from Assam's resources goes to the neighbouring states. The total revenue created by oil, tea and plywood of Assam is approximately ₹, 725 million. From this the Government of India gets ₹, 908 million, which is 79 per cent; West Bengal ₹, 720 million (8%); Bihar ₹, 600 million (7%); and Assam, only ₹, 498 million (6%).

Various factors are responsible for the economic backwardness of Assam. During Colonial Era little attention was given to the development of the state. Investments were confined to tea industry only and other sectors were totally neglected. Even the profits derived from tea industry were repatriated to Britain, instead of spending it for the development of Assam. Prior to Independence, Assam was neglected in regard to Central

16. Ibid., p.239.
investments on industrial projects. Besides this, due to lack of infrastructural facilities, private capital was also not attracted. In Assam, business communities were also not attracted or reluctant to invest money due to poor communication system, as compared to other parts of India. In the initial phase of post-independence period also central government was neglectful and indifferent to the need for industrializing the state. Only during the third plan period (1961-66), many industries in public sector came up. It is the Assamese middle class which voiced the demand and led the struggle for development of Assam.