Conclusion:

Purshotamdas' failure can in no small way be attributed to his inability to campaign the currency agitation as a general demand for monetary reform. Despite his vehement defence of the agriculturist, and his determination to speak for the Indian people, he was not much more than a stubborn advocate of the 1s4d Rupee. His irrational loyalty to the lower ratio damaged Purshotamdas' credibility and he dragged the Currency League into a pathetic isolation from not only the National Congress but from other sympathetic businessmen as well.

As a result the Congress in its belated recognition of the importance of financial Swaraj failed to grapple with the substantial issue of monetary reform, and currency was thrown aside because its principal protagonists confused their audience by constant bickering and needless debate.

But it was not the failure of the businessmen alone. The Nationalists marginal concern over the currency question, and indeed over Financial Swaraj itself, reflected their own scant sympathy with an excessive concern over the demands of the business lobbies.
No Congressman could afford to stand accused of promoting sectional industrial interests that might inflate the businessmen's swollen profits, however critical these interests were to become for rapid development.

What heightened the Nationalists experience of their own Society was the gradually widening franchise that Constitutional Reforms promised. The taste of Constitutional power made the nationalists aware of the social machine, and what it took to run society at a time when they were fighting for Swaraj. Hence Congress could scarcely spend all its time promoting the petitions of Indian businessmen at the cost of its strategic preoccupation of holding together a nationalist coalition till Swaraj was won.

As a consequence financial Swaraj was not accorded the priority that it deserved, and currency was ignored especially because the accusation of being a 'capitalist ramp' stuck so securely. To government, aware of the weighty imperial interests that depended upon monetary conservalism, the isolation of those who demanded currency reform, was encouraged by a diabolical strategy to divide and discredit the Currency League.
However the growing tenacity of anti-imperial feeling made it that much more difficult to accommodate groups even marginally related to Congress, and the Government could not afford to summarily dismiss Indian business lobbies. The inter-war years had given birth to a Nationalism that could not be confronted with Curzonian arrogance without generating an explosive and eventually unmanageable sense of outrage. The 'native' request whether it was for devolution of political power, Indianisation of the services Fiscal autonomy, or Currency Reform had to be treated gently, with less bravado and with more respect. Irwin promoted political guile to a master formulae that acknowledged nationalism recognised its political appeal, actively inter-acted with its leaders, and in doing so disarmed it entirely.

(The currency agitation should have been a straightforward demand for monetary reform, but once the issue had been blurred by technical debate, factional misunderstanding the Government found it much easier to stall the currency lobby indefinitely. The empire monetary machine remained unharmed, the pound continued to benefit enormously from an over-valued appreciating Rupee, all at the cost of indigenous industry which was as a result exposed to monetary chaos.)
CONCLUSION: IMPERIALISM AND THE INDIAN CAPITALIST CLASS
Conclusion:

This study of the Rupee problem during the inter-war years gives us perhaps an uncomfortably fractured view of the Indian business community. The never ending exchange debate rendered the issue needlessly technical and there was enough ammunition on both sides to condemn either ratio. As a result the business lobby often genuinely confused as to what ratio to recommend, disintegrated into groups that were determined by personal sympathies and special interests. Calcutta rallied against Bombay, Shah and the 'Chronicle' aimed their artillery at Purshotamdas's 1s4d ratio, the exchange brokers refused to be untied from Sterling and hitched on to Wall Street, all of which over-burdened the Currency League.¹

¹. This paragraph recounts the story of the First Chapter, that begins with the First World War, and leads on to the Reserve Bank Bill and the post Depression debate till 1939. There is today a wide ranging debate about whether, in this span of twenty odd years, the capitalist class was actually nationalist or not. What the Currency agitation shows with such striking clarity is that there is little doubt that the spokesmen of industry pursued aims that were ultimately incompatible with Imperialism in India. This is an entirely different question to whether the strategy evolved to achieve those objectives, was effective and produced results. This question, of whether the Capitalist class were nationalist, underlines much of the writing on the Capitalist Class and the National Movement. With the amount of material that has been unearthed about the National Movement, the question still arouses a good deal of passion, and at times indignation, which is not easily quenched. For a history of the debate see; M.N. Roy, India in Transition, more recently G.Adhikari(ed.) Documents of the Communist Party of India, which is

Contd/..
There were so many cross currents that the League eventually became a Prushotamdas Thakurdas opinion poll rather than a political body of any gravity.

Despite the imperfect articulation of the exchange problem the business community was growing more cohesive and acquiring a greater capacity to fight for its demands. The numerous Chambers of Commerce and Trade Associations which came into being expressed a close sympathy with testimony to the diversity of opinion on the question. Jairus Banaji, Comintern and the Indian Left, in K.N. Pannikar(ed) National and Left Movements in India, along with Mathew Kuriān’s collection of articles in State and Society are examples of the view that the Indian Capitalist Class can be typified as Nationalist. Writings which tend towards characterising the Indian Capitalists as quasi-comprador are, more recently, C. Markovits’s 'The Indian Business Class and National Politics' 1934-39. Dissertation submitted for the annual election of Fellow; Trinity College Cambridge 1976. B.R. Tomlinson Political Economy of the Raj 1914-47, and Rajat K. Ray Industrialization in India 1914-47. See also A.D.D. Gordon Businessmen and Politics, 1918-33. Though their approach is radically different, the left have also characterised the Indian Capitalists as comprador. See Hamza Alavi's 'Colonial Mode of Production, in Economic and Political Weekly-Special Issue 1975. A world view of the problem can be had by reading the introduction to Samir Amin Accumulation on a World Scale.

1. This is on the strength of such issues such as Tariff, Foreign Capital, Industrial policy, etc., See Aditya Mukherjee


Indian Capitalist Class and the Public Sector, Economic and Political Weekly, September 1976.

Indian Capitalist Class and the Congress on National Planning and the Public Sector, Economic and Political Weekly January 1978 and reprinted in K.N. Panikkar(ed) National and Left Movements in India.

See also M.V. Namjoshi and B.P. Sabade, Chambers of Commerce in India. Chapter one and Chapter two.
Congress, a few among them contributed liberally and participated unofficially in Congress campaigns and hartals. The spirit of swadeshi encouraged Indian Industry and forged a closer interdependence within organised business, catalysing the growth of Indian insurance companies and joint stock banks. Political involvement with the swaraj was unavoidable and it helped rally the commercial and industrial community in a way that had never been possible before.

The overwhelming reality of nationalism lent its strength to protect the Indian business community from the better organised European chambers grouped together in ASSOCHAM. FICCI was set up to rival the European Chambers and attract the attention of Government to the problem of indigenous industrial development. The Government unable to deny the political muscle of Congress was forced to deal with its more moderate members and negotiate with such associate groups like the Swaraj party and the Indian business lobbies represented in FICCI.¹ The federation dealt with an entire range of problems relating to trade, tariff protection, Railways, Industries Shipping, Insurance

¹. This is dealt with in part in Chapter IV, but the best source for the attitude of the Anglo-Indian administration to peripheral National groups is the collection of Vice Regal Papers that have now been brought together in the Nehru Memorial Library. For the Exchange Problem the most valuable were the Purshotamdas Thakurdas Papers 1900-1959 and the Lord Halifax Papers 1924-1931. See also Lord Birkenhead Papers 1924-28, and the Lord Linlithgow Papers 1936-43 in this regard.
upon which a general unanimity was essential and was indeed achieved. The Indian Merchants Chamber unquestioningly championed full flàdged protection of Indian Industry. Other business bodies appeared as witnesses to the Fiscal and Tariff Commissions and demanded concessions and subsidies for Industries such as Iron and Steel, Match, Chemicals, Textiles, and Sugar. The spectrum of issues that the Chambers took and criticised, made it more apparent that a greater unanimity, a closer consensus was being forged in the Capitalist Class.

However this consolidation could only reach a certain point. The very phenomenon of Nationalism was so extraordinarily diverse with its attendant problems of mass mobilisation, that the Urban Industrialist could scarcely aspire to dominate National Politics. At best the most perpicious members of the business community could work

1. This is admitedly qualified by the development of a Capitalist Class in a multi-sectoral economy, with limited possibilities of rapid industrial growth. The existence of a commercialised agrarian economy with its attendant problems of poverty, low productivity, usury and an Urban Economy disintegrating with the weight of educated or semi-educated unemployed, forced Congress to contend with a social complexity that was confounded by an enormous spectra of unending poverty. The Congressman or indeed anyone moved by a spark of patriotism, fought for a liberated India because of their experience of the degradation of Imperial Rule. An element of Nationalism albeit, an important part was a popular sympathy that turned the attention of the leaders of Congress towards the poverty of the Indian masses. In such a situation even if a capitalist ideology of development did survive, social and political leadership could not have been dominated by the Capitalist Class.
their way through important leaders of Congress in order to generate a sympathy for. Industrial and Commercial interests. Undeniably this relationship was enhanced by the commitment of the Indian National Congress to protect and encourage industry, but it was to remain till independence a subsidiary relationship.

This perhaps explains the little attention that the Exchange Agitation received at the hands of the Congress. What this exploration has been able to reveal is that inspite of the explosive revelations of a deliberately manipulated currency, the exchange agitation never got the prominence that it should have. There is little doubt that the monetary consequences were earth-shattering. Chapter Two and Three have plumbed deep enough to establish that the aggregate purchasing power in both agriculture and industry was continuously tampered with to maintain exchange equilibrium. The extension and consolidation of organised banking was to ensure greater control to steady exchange,

1. In Chapter Two I have explored the manipulation of currency as a static analysis that first defines manipulation, surveys the monetary instruments used, and leads eventually to the Sterling Loan and the Export of Gold. It is the study of how the Balance of Payments Mechanism was kept working by financing a growing deficit in payments to the Metropolis by ever more severe monetary measures. Chapter Three is a survey of the month by month monetary control that was maintained over the economy through busy and slack season to service the priority of exchange equilibrium. Chapter Two and Three would together define Monetary Policy of the Government of India during the inter-war years.
a fact that was not completely appreciated in the inter-war years. Against this background Chapter Four demonstrates how the agitation was in fact turned against itself. Primarily because the 'captains of industry' could not make common cause with Congress, but undoubtedly encouraged and driven to frustration by a willy Viceroy and an administration who had no means lost their political will.

This is another thing that stands out in sharp relief. The activity that was generated amongst the bureaucracy and the nature of the process of conciliation or concession demonstrates a phenomenon that was very far from a dying Imperialism. British Rule in India was certainly not prepared to return home. In fact there

1. Irwin and his successors were not about to dismantle the apparatus of Imperial Rule nor even damage it in its more important aspects. As a result where concessions were granted they were accorded with great fan-fare, were they were reluctantly conceded, the original proposal was quietly amended after public indignation had calmed down. Where concessions were not considered expedient, an elaborate pretense of consultation, negotiation, prolonged debate, legislative manoeuvre, official intrigue, and half hearted promises, almost always worked to Governments advantage.
was a shift in emphasis to areas where the Empire was a viable proposition. There were thus loosening of Imperial relations in certain aspects of economic administration but a tightening in other areas, some of which like currency and exchange, were deliberately kept invisible.

Admittedly in the vast canvas of National politics the exchange agitation was only a small incident. It had become a political pygmy because of its needless technical complexity, its much too close association with Purshotamdas and the inability to unseat Tariff as economic war-cry of Congress. Nevertheless, it was because of this that many a contemporary analyst have not been able to appreciate its full flavour.

Tomlinson has pictured the complexity of the Imperial relationship during the last decades of the Raj but has not consistently interpreted the attitude towards Financial Reform. The official banter between

1. This is the substance of the 4th Chapter in which Purshôtamdas’ agitation and its limited success is juxtaposed with the overwhelming importance of the Sterling connection. A brief mention is made of Tariff, and the willingness of the Government of India to concede autonomy in that area. This stands out in sharp relief to their unshakeable stand on the Rupee. For a comprehensive and well researched picture of the Government of India’s attitude to the Tariff question: See B. Chatterji, Lancashire Cotton Trade and British Policy in India 1919-1939. Ph.D., Thesis Cambridge 1978.
London and New Delhi, i.e., The British Cabinet and the Indian Viceroy was never an expression of genuine full blown autonomy. Tomlinson admits that half-heartedly, but is not prepared to revise his final judgement where he says:


"The Strains caused by India’s participation in the World Wars of 1914-18 and 1939-45 and the financial crisis of 1930-32 boosted domestic pressure on Government to the point where a measure of constitutional reform and some limitations of the imperial commitment had to be imposed after each."

As the entire exchange episode demonstrates, (and indeed it would be difficult to deny it is a valuable index of the official mind) the quarrel was never over empire priorities, but only how best to implement them. Constitutional advance was largely illusionary. Real financial control as Tomlinson himself admits was never surrendered, thus autonomy was allowed, only because the


The opinion is elaborated that the G.O.I. enjoyed an autonomy in fiscal and monetary affairs that grew or shrunk in response to an Imperial commitment that declined, but

"...did not decline in a continuous and gradual manner, it rose and fell in the process of crisis and response."

Tomlinson's explanation blinds him to the shift Imperial emphasis elaborated above. p. 141 op cit.
entire machine of the Sterling bloc would have otherwise been severely damaged. Constitutional Reform was no real concession and it led to a refinement of the methods by which dissent was dismantled. There were in fact only marginal limitations of the Imperial commitment. What the exchange debate testifies so clearly is that there was very little strategic thinking about India's Financial commitment to Britain, though there is very little doubt that there was a major tactical overhaul of the administrations attitude to the growing reality of nationalism.

There were sound reasons for this. The financial commitment to Sterling and India's debt and her external obligations were to continue to remain vitally important. At a time when Sterling was struggling to retain its position internationally against the Dollar, the Empire especially India was crucial in supporting that role. This could be interpreted as a failure of the Congress to substantionally modify its stand on economic reforms and abandon Tariff for Exchange. It could just as well be blamed on the exchange agitation itself and the peculiar relationship between the 'captions' of Industry and the Congress Leaders. Whatever the reasons for this remarkable absence of a political consensus on the Exchange question it did not allow the Imperial Government to get away with its strategic priorities intact.