CHAPTER: III

HISTORICO - RELIGIOUS AND ETHICAL

India's past provides for us the background for understanding the configuration of historical, religious and ethical factors affecting the process of economic growth in the country.

There was a time when India was one of the chief manufacturing centres of the world. Even as late as the eighteenth century, it was at par with Europe in industrial matters and her manufacturing found a ready market in many foreign countries. Despite the bounty of natural endowments, abysmal poverty is writ large on this part of the globe. In her long and checkered past the masses and kingdoms, once flourishing in the pomp and glory of wealth, were reduced to shambles as a result of the havoc wrought by the alien rule.

Despite its glorious ancient civilisation

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2. Truths about India A reprint of leaflets issued by the East India Association from 1909 to 1913, Victoria street, London, 1917 p-28, CRV

39
and its rich and varied natural resources matched only by that
of the most materially advanced countries of the west, the
persistant medieval outlook and archaic and out-dated
organisation had kept India in a static state for almost two
and a half centuries.

Of all the foreign invasions the most
ruthless was the British rule in India. India's wealth and
resources were systematically drained out by the British in
the name of transfers to the mother country. The economic
damage inflicted by British rule crippled the entire economy
of the country.

An attempt is made in this chapter to find
out if there was any specific significant historico-religious
or ethical factors which have played any role in conditioning
India's economic growth. We briefly traverse over the course
of India's history beginning with the Indus Valley
Civilization.

There is no written account of the ancient

3. Vera Anstey - The Economic Development of India, Longmans
Green and Co., 1957 p-1.
Indus Valley Civilization. From the material remains recovered through excavation we are in a position to infer about the material life of the people as specifically revealed by inscriptions on seals, stone pillars, rocks, copper plates. However, the Harappan inscription still awaits complete decipherment. The Harappan civilization appears to have been highly developed. It had a system of town-planning. Burnt bricks were used as building material and the construction of a proper drainage system was equally remarkable. Harappan civilisation as compared to its contemporaries of Egypt and Mesopotomia was evidently superior. The entire area delineated as Harappan and Mohenjodaro by the archaeologists had prosperous villages and towns and was marked by flourishing agriculture owing principally to the fertile soil of the region. Indus river not only provided the necessary irrigation facilities but also carried the alluvial soil and deposited it on the plains. The Harappan villages, mostly coastal, produced sufficient foodgrains. Foodgrains were stored in huge granaries which provided food even to the townfolk consisting of artisans, merchants and others. Animal husbandry was in a developed state and oxen, buffaloes,
goats, sheep, pigs etc, were domesticated for economic and agricultural purposes.

The Harappan culture belongs to the Bronze age and had a artisan class of which bronzesmith constituted an important group. They produced images, utensils, tools and weapons such as axes, saws, knives and spears. The Indus Valley people were the earliest to grow cotton and make apparels and garments as evidenced by the materials excavated from Mohenjodaro. Weavers used spindle whorls for spinning. The artisan class also included masons which is confirmed by the existence of burnt bricks and huge buildings like the Great bath. Seal-making and terracotta manufacture were among the important crafts. The potter's wheel was also used in producing pottery. These facts amply demonstrate that handicrafts, architecture and housing construction were in a developed state.

Since there is no evidence of use of a common medium of exchange in the form of currency or metallic money it may be surmised that trade was carried on the system of barter although foodgrains were used for payment of wages in kind as is the practice in many villages even today.
Commercial links were established with people settled on the land of the Tigris and Euphrates.

With the advent of the Aryans begins the Vedic Period. This is yet another important period in Indian history. Unfortunately we do not have much archaeological evidence as a base to infer about material life during the period. However, some ideas about material life can be gleaned from Rig-Veda of the Aryans. Aryans were basically worshippers of nature and they endowed an anthropomorphic form to the various elements of nature viz. Agni (fire), Indra (rain), Mitra (earth), Varuna (air), Surya (sun) and Bhrama (almighty). They possessed a good knowledge about agriculture and the operations involved in it viz., sowing, transplanting, weeding, harvesting, threshing, etc. Basically the Aryans were pastoral people and laid stress on the possession of cows. Cows constituted an important form of wealth. There was no private property in the form of land because Aryans were nomadic. However, in the later period when the Aryans settled permanently in the Gangetic Plain, land became a more valuable asset. There also developed an artisan class which included carpenters, chariot
makers, weavers, tanners and leather workers, potters etc. The artisan class were villagers as Aryans did not live in cities but in fortified mud settlements "garhi".

The Vedic Age had a significant bearing on the later economic life as it was this period in which caste system or 'Varna Ashram' took its roots. The Varna was based on colour distinction between the fair complexioned Aryans and the dark original inhabitants (Adivasis) who were considered aboriginal and inferior. They were taken as constituting a class of 'serfes' and 'sudras'. Wars further created social inequalities even among the Aryans themselves, as it led to the unequal distribution of wealth and thereby creation of princely and priestly classes. However, by and large, the society was egalitarian. It was only in the later period that caste system took a rigid form.

Towards the later Vedic period with the spread of the Aryans towards the east the material life of the people advanced. Around 1000 B.C. iron came to be used. Agricultural tools were made of iron. Agriculture was the chief means of livelihood, but as an occupation it was still
carried on a prescientific plane and for self-subsistence. Initially barley was grown, but in later period rice and wheat became their chief crops.

Diverse arts and crafts arose with the passage of time. Weavers, leather-workers, potters and carpenters made great progress and smiths, smelters and jewelers were added to the artisan class. The development of the artisan class along with the advancement in agriculture helped the Vedic people to lead a settled life. Thus the pastoral and semi-nomadic forms of living were relegated to the background.

The period between 1000 B.C. to 600 B.C. is also called the painted Grey Ware and Iron Phase. It was after 900 B.C. that town life originated. Further, the wide application of iron in weapons resulted in territorial expansion. The use of agricultural tools and implements made of iron in addition to the use of animal power in cultivation resulted in increasing foodgrain productions. Such food grain

4. Vedic texts speak of six, eight, twelve and even twenty-four oxen yoked to the plough.
surpluses were collected by the princes to meet their military and administrative needs.

The rise of large states with towns as their base, marks the beginning of urban economy. With the inception of the first Magadhan Empire begins the political history of India and the true foundations of an economic civilisation. This period brought the transformation of the Painted Grey Ware period into the Northern Black Polished Ware period. This period reflected a refinement in craftsmanship in that their clay products were glossy, shining potteries. This phase was marked also by the introduction of metallic money. These urban centres eventually turned out to be markets and came to be inhabited by artisans and merchants. Both artisans and merchants were organised into guilds which contributed to specialization in crafts. Since most of the urban centres were situated on river banks and trade routes the products could easily be moved over long distances by merchants. The urban population was fed by agriculturists living in villages. In return, artisans and traders living in towns made tools, clothes, utensils and other necessary items for the rural folks. The peasants had to pay one-sixth of their produce as

46
tax to the state. It was an economy which provided subsistence not only to direct producers but also to others who were not farmers or artisans. Thus large territorial states could be established and sustained. The revenues collected were usually spent on the maintenance of armies.

The Mauryan Rule introduced an elaborate system of bureaucracy for regulating economic activities by the state. The appointment of superintendents by the state was to control and regulate agriculture, trade, commerce and crafts. Kautilya's 'Arthashastra' provided the guidelines for the political economy of that time. The most important contribution of that period is the art of making steel from iron.

As early as the sixth or seventh century B.C. India had commercial relations with Italy, Greece, Egypt, Phoenicia, Arabia, Syria, Persia, China, the Malay Peninsula. Later, they held in their hands all the reins of international commerce, whether by land or by sea. Indian vessels frequented the Arabian sea, the Red sea, the Persian Gulf, and the Indian Ocean. This is corroborated by the works of ancient historians and geographers, such as Pliny, Arrian, Strabo and Ptolemy.
The chief Indian seaports were Barygaza (modern Broach), Saurastra (Surat), Masulipatnam, Barbarikon, Mouziris, and Nelpunda. There were other commercial towns some of which also attained great fame in the field of maritime trade and commerce. The value of this maritime commerce must have been very considerable. The chief articles of export were rich apprels made of silk and cotton, pearls, diamonds and other precious stones, ivory, spices, drugs and aromatics. The chief items of import were gold, silver, brass, copper and tin. A brisk coastal and inland trade was also maintained between coastal and other towns.

Trade by land with central Asia, China and other parts of Asia as well as some countries of Europe was carried on by caravans. There were several trade-routes which were availed of by the merchants. Besides, an active internal trade was carried on between the different parts of the country. The big navigable rivers served as commercial routes and royal roads connected the important cities. Thus, the commercial activities were continued in full vigour till the ninth or tenth century.

With 200 B.C. began a period of successive invasions. The first wave was by the Greeks. The Greeks however failed to establish a united rule in India. The Indo-Greeks were the first rulers in India to issue coins which can be definitely attributed to the kings of the period. The Greeks were followed by the Sakas, the Parthians, the Kushans. They assimilated with the native population and ultimately adopted India as their home. They ruled mostly in the North. Their contemporaries in the South were the Satavahanas. The Indian material culture seems to have profited from the contact with central Asians. This was the most flourishing period in the history of crafts and commerce in ancient India. There was a remarkable expansion in craftsmanship and with increasing specialization, crafts were grouped into 60 to 75 different categories. Artisans of this period were organised into at least two dozen guilds. The artisans inherited from their ancestors or acquired by experience, dexterity, skill and delicacy of touch which was not surpassed by artisans of any other country. Not only did they supply the people with the articles of necessity but they turned out works of art of
great excellence. In the words of William Hunter, "the industrial genius of her inhabitants, even more than her natural wealth and her extensive seaboard, distinguish her from other Asiatic lands."

Iron artifacts included weapons, balance rods, socketed axes and hoes, sickles, ploughshares, razors and ladles which were of a superior level than those of the prior periods. Cloth-making, silk-weaving and the making of arms and luxury articles, also made progress. Of the handicrafts meant for manufacturing luxury articles mention may be made of ivory work, glass manufacture and bead cutting. The minting of coins was an important craft and the period is noted for numerous types of coins made of gold, silver, copper, bronze, and lead.

The growth of crafts and commerce and the increasing use of a common metallic currency promoted prosperity in numerous towns during this period, chiefly in

Vaisali, Patliputra, Varnasi, Kausambi, Sravasti, Hastinapur, Mathura, Indraprastha and Ujjain.

The most important economic development of the period was the thriving trade between India and the eastern Roman empire. "In manufacture the Hindu attained a marvellous perfection at a very early period, and the courts of Imperial Rome glittered with gold and silver brocades of Delhi. The muslin of Dacca was famous ages ago throughout the civilized world. Textile fabrics of inimitable fineness, tapestry glittering with gems, rich embroideries and brocades, carpets, wonderful for the exquisite harmony of colour, enamel of the most brilliant hue, inlaid wares that require high magnifying power to reveal their minuteness, furniture most elaborately carved, swords of curious forms and excellent temper are among the objects that prove the perfection of art in India".

Although the volume of trade between India and Rome seems to have been large, it was not carried on in

articles of daily or common use. The Romans mainly imported spices from South India. Steelwares, especially cutlery, formed an important item of export to the Roman empire.

After the fall of the Kushans and Satvahanas there arose a new empire under the power of the Guptas, who supposedly belonged to the 'vaisya' (trading community) origin. The Guptas were endowed with favourable factors and therefore enjoyed more material progress and affluence. It was a period that has been called the Golden Age. Unfortunately, the rise of a landlord class adversely affected foreign trade. The silk exports also got into a disadvantageous position because the Romans had by then learnt from the Chinese the art of growing silk. From the sixth century trade began to decline. Trade with the western part of the Roman empire ended in the third century, and silk trade with Persia and Byzantians stopped in the middle of the sixth century. India carried on some commerce with China and South-East Asia but its benefits were reaped by the Arabs who acted as middlemen. In the pre-Muslim period the Arabs practically monopolized the export trade of India. The decline
of trade for well over 300 years after the sixth century is strikingly demonstrated by the practical absence of gold coins in the country. The paucity of coins after the sixth century was widespread throughout the length and breadth of the India.

The decline of trade led to decay of towns. Towns flourished in west and north India under the Satavahans and Kushans. A few cities continued to thrive in Gupta times. But the post-Gupta period witnessed the decay and disintegration of many old commercial cities in north India. On account of restricted market for Indian exports, artisans and merchants living in these towns flocked to the countryside and took to cultivation. On account of decay of trade and towns the villagers had to meet their needs in respect of oil, salt, spices, cloth, etc., all by themselves. This led to an historical retrogression of the economy.

Medieval India from 800-1200 witnessed the struggle for domination by the Palas, the Pratiharas, the Rashtrakutas and the Chola Empire. However, many of the earlier features which existed before the ninth century continued during this period also because socio-economic life
and ideas and beliefs change more slowly than political life. In northern India, this period was generally considered as a period of stagnation and decline caused principally by the setback to trade and commerce between the seventh and the tenth century. This, in turn, led to a decline of towns and urban life in the region. The set-back of trade and commerce was due largely to the collapse of the Roman empire with which India had flourishing and profitable trade. The wealth in gold and silver for which India was renowned was not due to mining but to India's favourable foreign trade, payments for the surplus being made to our country in gold and silver. The rise of Islam leading to the collapse of old empires, such as the Sassanid empire, affected Indian inland and foreign trade. As a result, there was paucity of new gold coins in North India between the eighth and the tenth century.

The situation gradually changed with the emergence of a powerful and extensive Arab empire in West Asia and North Africa. The Arab empire included many of the areas in which gold was mined. The Arabs themselves were a seafaring people. The demand for Indian fabrics, perfumes and
spices by the wealthy Arab rulers led to an increase of trade with India and South-East Asia. Thus, foreign trade and commerce in northern India began to revive gradually from the tenth century onwards. Malwa and Gujarat were the two beneficiaries of this revival.  

On the other hand, inland trade was restricted due to excessive forests infested by wild animals and primitive tribes. The rivers insease blocked bridges and during monsoon the roads became almost impassable. Thus, travel within the country for inland trade had never been free from danger. As a measure of safety, merchants generally travelled in caravans with armed guards. Despite these precautions, wayside dacoities were frequent. Lack of security to life and property in the countryside made travel more difficult and led to an overall decline in inland trade and commerce. These unfavourable factors restricted the propensity to travel and reinforced tendencies for rural areas to become more and more economically self-contained or isolated.

This was the beginning of the feudal structure of the society. The decline of internal trade led to
the languishing of trade guilds called shrines and sanghas, especially in north India. This decline also reflected the thinking of the period. The Dharmashatra written during this period put a ban on travel beyond the areas where the 'munja' grass does not grow or where the black gazelle does not roam, namely outside India. Travel across the seas was also considered besmirching.

The period from 1200-1400 was called the Sultanate period and was monopolized by the Khiljis and the Tughlugs. Insufficient information about the economic conditions in the Delhi Sultanate is a constraint. However, as before, peasants formed the overwhelming majority of the population of India during this period. One third of the produce was collected as land revenue. However, from areas which were comparatively more fertile half the produce was collected as land revenue. The figure of one-third was justified on the basis of Islamic theory which prescribed as land revenue a rate not less than one-fifth but not more than half of the produce. The peasants continued to toil hard and to eke out bare existence. Recurring famines and wars added to
their hardships. 'Mugaddoms' and 'Khuts' who were richer peasants were prosperous and likened themselves to the members of the upper classes.

The handicraft industry included fine quality fabrics (muslin), gold and silver works, raw silk, leather work, metallurgy, carpet weaving, etc. Most of these commodities, notably textiles, were exported to the countries surrounding the Red sea, the Persian Gulf, and also to the countries of South-east Asia. The Marwaris and the Gujaratis dominated the coastal trade between the coastal ports and north India. The Muslim Bohra merchants also participated in this trade, Multanis too carried on overland trade. Comparatively the Gujrati and Marwari merchants were extremely wealthy and lived luxurious life.

The Vijayanagara and Bahmani kingdoms reigned India, south of the Vindhyas, from 1350 to 1565. They built magnificent capitals and cities and beautified them with many splendid buildings. They also promoted arts and letters, besides providing for law, order and the development of commerce and handicrafts. Various taxes were collected but
their rates were moderate. These included land tax, property tax, tax on sale of produce, professional tax, military contribution, tax on marriage, etc., apart from the land revenue collected from the peasants. The common folks led a miserable life whereas the nobles were extremely affluent. This period also marks the arrival of the Portuguese in Western India and the advent of the Mughals in north India. The wealth and prosperity of India was known far and wide. This allured foreign invaders. Like the Sakas, the Parthians, the Kushans, the Moghuls also settled permanently on Indian soil and became a part of Indian civilization.

This period is characterized by economic and social disparities between the highly ostentatious life-style of the ruling class and the acute poverty of the subjects. The Mogul period was one of overall suppression of the masses and the artisans were deceived and exploited under the yoke of the absolute monarchs.

The area under agriculture was extended during the Muslim rule. Rice, Sugar-cane and indigo were the main crops. Wheat growing was not popular in the then united
provinces of India. The chief crops of North Bihar included wheat, sugarcane, cotton, rice and opium. It was in Mogul India that the important cash crop, tobacco, was introduced by the Portugese. First tested on the soil of Gujarat, it spread within a few decades to the four corners of the land attaining 8 a special importance in Bengal and Bihar.

The early Mogul rulers were interested in promotion of agriculture and thus introduced interventions and direct dealings with the cultivators. They continued to adopt the old Hindu system of land revenue. In 1573, as directed by Akbar, Todar Mall carried out with meticulous care a ryotwari settlement in Gujarat. This settlement later extended to the whole of North India and the Deccan and became a model for the British. Except in Kashmir, where the old systems of division of crops was retained, cash payment was introduced in other 9 areas.

The farming sector was increasingly

9. Ibid, p- 259

59
burdened with taxes, the burden of land revenue being enhanced by cesses which had an adverse effect on cultivation. Peasants who were incapable of bearing this burden were compelled even to sell their wives and children. Indian agriculture during the eighteenth century was technically backward and stagnant. The peasant tried to compensate this technical backwardness by increasing his manual labour but the fruits of his labour were snatched by the rapacious exactions of the tax-gatherers. This state of affairs led to the increasing pauperisation of the peasant community.

The economic organisation during the Mogul period revolved around self-sufficient Indian villages. The industrial organization consisted of simple domestic and capitalistic forms of business. The simple domestic system were found in villages. The capitalist domestic system was encouraged by foreign traders and merchants. Under the capitalist domestic system, the artisans worked for an exporter and were paid wages. Since the villages were self-sufficient in handicrafts and agricultural products, they did not import foreign goods, on the contrary its industrial
and agricultural products had a steady market abroad. India exported its world famous cotton textiles, raw silk, silk fabrics, hardware, indigo, saltpetre, opium, spices and precious stones. The striking feature of the seventeenth century was the starting of imperial karkhanas or factories. The craftsmen worked under the supervision of a government officer. The state was the biggest industrial producer in the Mogul period.

The commercial policy of the Mogul Emperors was similar to that of the mercantilist. They encouraged the export of commodities and frowned upon the export of precious metal. Like the Bullionists they directly prohibited the export of gold and Silver. India was known as the storehouse of precious metals.

One curious and astounding aspect of the country's foreign trade was the shipping of slaves to Indonesia in which the European merchants were the intermediaries. The Britishers totally disrupted the

10. T. Srinivasa Raghavan - pp. 257-262
11. Ibid
traditional structure of the Indian Economy. India suffered most the maleffects of the colonial rule. The British rule in India destroyed the entire socio-economic structure on which her life and prosperity were based.

The initial step-in was to establish trading settlements in the country. Purely economic reasons attracted Europeans to India. After the arrival of the first European, Vasco da Gama, in 1498 off the coast of Calicut, an unending series of Europeans followed: the Portugese, the Dutch, the Danes, the French and the English. India occupied a very strategic position in that it was at the cross-roads of world's major routes. However, the commercial penetration of the English traders turned into military conquest induced by political reasons. The political impulse was motivated by economic exploitation. It cannot be denied that it was mere establishment of a few trading posts by the British East India company that led to the long British rule resulting in their near complete economic domination. The production of raw material in India for British industries and the consumption of British manufactures in India were the twofold objects of
the early commercial policy of England.

When queen Victoria ascended the throne in 1837 the draining away of India's resources was almost complete. Nevertheless the British policy of bleeding drain continued unabated. Indian silk handkerchiefs still had a sale in Europe and a high duty on manufactured Indian silk was maintained. The British parliament inquired how cotton could be grown in India for British looms, not how Indian looms could be improved. The Select Committees tried to find out how British manufacturers could find a sale in India, not how Indian manufacturers could be revived. Long before 1858, when the East India company's rule ended, India had ceased to be a great manufacturing country. Agriculture had virtually become the lone source of the nation's subsistence.

The industrial revolution in England had created a class of entrepreneurs who solely contemplated at capturing advantages of trade with India. Therefore, the inevitable consequence of the taxation policy that British

12. & 13. Romesh Dutt - The Economic History of India Vol II
Publication division, Ministry of Information and Broadcasting
pursued was the rapid conversion of India into a supplier of raw materials for feeding the British mills and, as a corollary, the extinction of finished goods industries from India. India thus became a captive market for the sale of British goods. In the words of an eminent historian, H.H. Wilson, "Had India been independent, she would have retaliated; would have imposed preventive duties upon British goods, and would thus have preserved her own productive industry from annihilation. This act of self-defence was not permitted her, she was at the mercy of the stranger; British goods were forced upon her without paying any duty; and the foreign manufacturer employed the arm of political injustice to keep down and ultimately strangle a competitor with whom he could not have contended on equal terms."

The taxation policy adopted by the British Government or, for that matter all the commercial policies of the British rulers were determined only in the interest of the British manufacturers. Thus, the vast quantities of manufactured goods that were exported from India during the seventeenth and eighteenth centuries got narrowly restricted
to the extent of extinction. Manufacturing industry as a source of national income was narrowed.

Apart from the adverse effects of British commercial policies there were other decadent factors at play to retard the handicraft industry. One important cause was the eclipse of the royal courts which had been the chief source of demand for artistic goods. Though courts were retained by a few monarchs they lost all their former splendour and were feeble survivals from a glorious past. An equally important cause of decay of Indian industries was the change in the tastes of the official class brought by the impact of western civilization. The old dazzling attire no longer held the people in thrall. It ceased to be the unfailing index of culture and civilization.

Among all the factors that can be accounted for the decline in Indian handicraft industry the most

prominent is a lack of modern industrial technology. In the latter part of the eighteenth century, the industrial revolution began in Europe and the older methods of industry were completely superseded by new ones. By the adoption of methods which saved labour and materials and by the utilization of byproducts, goods began to be turned out at a much cheaper cost. Machinery supplanted manual labour and large amounts of capital began to be invested in every industry. Production on a small scale gave place to large-scale production and a better organization was introduced. This change led to a great increase in productive power. Indians, however, remained unaffected by this change. The Indian artisans continued to work as their forefathers had worked without capital, without the assistance of machinery and without organization. Each man went on working by and for himself as before. The appliances he used were the same as had been in common use before the manufacturing era began. There was no cooperation among the artisans, and division of labour was practised only to a limited extent. No attempt was made to render Indian Industries more efficient by reorganizing them on modern lines. To these defects were added the efforts of
East India company and of the British Government at home to ruin the indigenous industries of the colony. For some time the industries struggled for life, but were ultimately killed or crippled by competition with foreign manufacturers aided by state action. The result was that by the middle of the last century India found herself reduced to the position of an almost exclusively agricultural country.

The practice of agriculture with primitive methods and a land-system inherited from past could not contribute to make the nation prosperous. Because of overcrowding of agriculture, excessive land revenue demand, growth of landlordism, increasing indebtedness, and the drowning impoverishment of the cultivators, agriculture began to stagnate and even deteriorated resulting in extremely low yields per acre. Further, frequent famines added to their poverty and the poverty of the people added to the severity of famines. To add to these pathetic conditions of the peasant was the one-sided fiscal policy of the British government. Since

16. Banerjea Pramathanath - pp. 100-101
commerce could not be taxed on account of British merchants the demand of increased taxation fell on agriculture. The British entitled themselves to all that the land could produce and the peasants were scarcely left with a bare subsistence. Even the permanent settlement of Land Revenue introduced by Lord Cornwallis was inclined in favour of the British, demanding from the landlords 90 percent of the rental.

The revenues amassed within the country were carried away to British as Home charges or Public debt representing British Capital sunk in the development of India. The accumulation of revenue through taxation was not allowed to benefit India. "For when taxes are raised and spent in a country, the money circulates among the people, fructifies trades, industries and agriculture, and in one shape or the other reaches the mass of the people. But when taxes raised in a country are remitted out of it, the money is lost to the country forever; it does not stimulate her trades or industries, or reach the people in any form. Over 20 million sterling are annually drained from the revenues of India and it would be a miracle if such a process continued through long
decades, did not impoverish even the richest nation upon 18
earth."

An overall evaluation of the British rule authentically provide an answer to the present day economic backwardness in India. The torture that India underwent is the cause of its poverty. The British empire gave India peace at the heavy cost of its prosperity. Even if we were to evaluate the positive contributions of the establishment of Civil Services, construction of roads and railways, introduction of postal, telegraph and telephone services, construction of dams and canals and the restoration of ancient monuments, the negative subdues the positive. Colonel Chesney writing of the days of the East India company says "The Court of Directors, almost to the termination of their existence, did not recognize the prosecution of public works as a necessary part of their policy. The construction of a road or a canal was regarded by them, in their earlier days, much in the same light that a war would be - as an unavoidable evil, to be undertaken only when it could not be postponed any longer, and 18. Romesh Dutt - pp. Xi and Xii
not, if possible, to be repeated."

So, even in the building of roads, rails, dams, canals and bridges the Britishers sought to increase their own benefits. It was never obligatory although misimpressions were given to extract revenues on false statements about Public debts.

Thus, when the Britishers left India the country was in economic doldrums. From a wealthy and prosperous country India was reduced to a completely under-developed one with neither a strong agricultural base nor a sound and modern industrial economy.

We now proceed to a brief examination of the religious and ethical factors that have influenced the process of indigenous economic thought that has influenced ideas on economic progress in India.

Religion has been considered as positively harmful and an obstacle to economic change because it deals

with the spiritual aspect of human nature which is considered to be antithetical to materialism which is the basis of economic development. However, there are sharp differences of opinion in this regard since ancient times human activity has been closely associated with religion. Religion pervades the whole gamut of human life. "Religion is both a response to man's total environment and an exploration into its frontiers. It is both conservative and liberal, or even radical. It may defend the status quo or it may take the initiative against entrenched wrong. Religion may be fanatically zealous for customs, law and tradition. It may be profoundly inward, reflective, mystical, or it may be attached to eternals. It may be passionately ethical and seek the radical transformation of culture. It may seek a state of tranquility above all the ambiguities of good and evil."

Fundamentally religion has to be perceived in philosophical, historical and psychological contexts.

In modern times religion has come to serve

as a handmaiden for nationalism and nationalist aspirations. Thus the influence of religion on social change as reflected in the total cultural system has to be rethought. When religion is seen as a social institution, a structured functional analysis tends to assume that the religious institutions may serve as a focus for the total society and may become the primary factor of unification or cohesion. In Asia where religious traditions are strong, religious development has more than casual importance. The traditional bases of religion often appear to be translated into the modern concepts of nationalism and to form the rationale for the existence of the nation-state.

The relationship between religions and culture and their reciprocal attitudes has been examined by Weber, John Dewey, Sigmund Freud, Karl Marx and others. "Having learned to distrust religion in various specific cultural situations, the modern mind has gone one step forward in instituting a universal critique of religion in general: to the effect that religion is not an adequate molder of

modern culture. Religion is either obsolete in its solutions to the problems of a rapidly developing culture (John Dewey) or it is infantile in its attitude of wish-thinking and wish-believing in solving the problems of real existence (Sigmund Freud), or it lacks the revolutionary zeal and the power necessary to bring about required cultural transformations (Karl Marx). What is questioned by these three systems is the omnicompetence of religion to affect a vital culture in which modern man can find a meaningful life. Religion is denied its traditional role of being a culture-building agency”.

However, our interest lies in discerning the socio-cultural roots of religion and the consequent impact on the economic aspect of a developing society. Professor Lewis, while talking of religion as a factor in economic growth, clarifies that “even if it were true that religious doctrines always gave way to economic interests, it would still not follow that they do not restrict change, for they might both slow down the rate of change, and also distort its

Sometimes a mutually reinforcing relation is postulated between religion and socio-economic change in the cause-consequence matrix where it is assumed that religion will change when social and economic changes take place and that economic and social change will occur when changes in religion take place. Scriptural traditions are not unequivocal in this respect. If people favour change so do the scriptures and if people oppose change so do the scriptures. However, the inertia to change is located in the psycho-social attitude. Weber has pointed to certain concomitant conditions which he found to be prevalent with certain kinds of religious beliefs quite different from the rationalistic activist societies. Weber thought that the Indian disinclination to control the environment actively and aggressively was related to the Hindu disposition to endure the world and/or to escape it. His works have "helped to shift the basic problem from the question of whether and how much religious and cultural value influence behavior and society to that of how they influence

them and in turn are influenced by the other variables of the situation."

Similarly Lewis states, "more fundamentally we cannot accept the conclusion that it is always more economic change which causes religious change, and never religious change that causes economic or social change. It is not true that if economic and religious doctrines conflict the economic interest will always win".

"It is possible for a nation to stifle its economic growth by adopting passionately and intolerantly religious doctrines of a kind which are incompatible with growth. Or it is possible alternatively for conversion to a new faith to be the spark, which sets off economic growth.... If a religion lays stress upon material values, upon work, upon thrift and productive investment, upon honesty, in commercial relations, upon experimentation and risk bearing, and upon equality of opportunity, it will be helpful to growth, whereas in so far it is hostile to these things, it

tends to inhibit growth."

Some religious codes are compatible while others are hostile towards economic development. The impact of religious values on desires, efforts, consumption, savings and investment, rationality, profit-seeking motivation, hardwork, thrift, entrepreneurial groups and bureaucratic organizations, would determine whether a particular religion is conducive or inimical to economic development. "In the case of India, religion ought to provide a better understanding than elsewhere because of its religiously oriented (or even dominated) culture and its impact on Hindu social system". It would be useful in this background to discern and assess the specific religious beliefs prevailing in the Indian society and the reciprocal outcomes which seem consistent or inconsistent with India's drive towards economic development.

India is a land of many religions - Hindu, Buddhism, Jainism, Sikhism, Islam and Christianity. Buddhism

as it was taught by its founder, Gautama Buddha, was an austere philosophy of renunciation. According to him it was by restraining desires that one could break the chain of successive existences and attain Nirvana. Buddhism, as a religion, is not the same thing as Gautama's philosophy. Everywhere it permits and encourages the veneration, if not worship, of Gautama and other holy personages and in most countries it is as corrupt and mechanical as the Brahmanism against which its founder revolted.

"Jainism is professed by a comparatively small sect, and it tends to shade off into ordinary Hinduism. Many Jains employ Brahmans in their domestic worship, venerate the cow, and often worship in Hindu temples. Jainism and Buddhism have much in common ....".

Although Buddhism, Jainism and Sikhism are separate belief-systems they merge into the greater heterogenous Hinduism. Hindus are clearly the dominant group...

at the national level. In fact, India is virtually Hindu country although the constitution opts for secularism. Thus it would be appropriate to give greater attention to Hinduism and its impact on India's economic growth. "Our problem, then, is to find how far the institutional setting as well as the attitudinal make-up of Hindu society has been related to its religious framework; and if we find that in India this relationship has been close, then it would follow that the impact of Hinduism on economic growth has been considerable."

If we regard Hinduism as that which is contained in such works as the Vedas, the Upanishads, the Mahabharata, the Ramayana and the Bhagwat Gita, then we must recognize that we are talking about books and not about a religion as practiced.

The sacred texts do cover an immense tract of time but they do not speak with the same voice. Thus these religious books are of little help in knowing the quintessence of Hinduism. No doubt, the fundamental ideas of Hinduism are certainly to be found in Brahmanas and the

Upanishads. But the two are distinct and antithetical. The Brahmanas are concerned with the ceremonies of sacrifice and with the blessings which a sacrifice if correctly offered by a Brahman will bring to the offerer in this world and hereafter. The Upanishads teach us the futility of sacrifices, and stress the necessity for knowledge. And the knowledge they teach is how the individual may escape from the earthly existence by absorption into the world-soul. This world-soul (atman or brahma) is conceived as the eternal essence animating nature. The individual soul and the world-soul are identical, and correct knowledge according to the Upanishads consists in realising this.

However, the earliest manuscript of Hinduism are the Vedas. Vedas comprise of simple sacrifices and oblations to Nature in its different manifestations. Amazingly, they do not profess the belief in the transmigration of soul which happens to be a fundamental principle of Hindu religion. Thus, one can see that Hinduism as first evolved in the Vedic age, absorbed a number of beliefs, practices and cults of the different races which in

the course of centuries came under its influence. Thus Hinduism has been perpetually transforming itself, splitting up into sects, taking in new deities, adopting new forms of worship.

According to Weber the key elements of Hinduism are the recognition of three holy ends (1) a series of rebirths in between which the soul may dwell for a limited time in paradise; (2) unlimited admission to the blissful presence of a supramundane God (Vishnu) and hence immortality of the individual soul in the World of God, or near God, or as an apotheosized God; (3) cessation of individual existence or attainment of Nirvana.

The variety of beliefs and practices within Hinduism has been so great that every single belief or practice in Hinduism has been practiced and abandoned at the same time by different sects. Consequently, conflicts within Hindus have been quite common and frequent. As a system of

religion Hinduism has shown and continues to show a remarkable ability to absorb and combine the most contradictory creeds which have had their origin in different stages of social development. Indeed, Hinduism is probably the most "catholic" of all religions, accommodating as it does practically all known interpretations of the universe from magic, totemism and animism, to various forms of nature worship, ancestor worship and faith in numerous deities and abstract philosophical principles. It is this capacity of adjusting and combining seemingly disparate creeds and contradictory systems of belief which more than any other factor accounts for the unique vitality and longevity of Hindu culture. Due to its ability to accommodate dissimilar elements and to give them a relative measure of unity and integration, Hindu culture has achieved a complexity and diversity which is probably unequalled in the history of mankind. Hinduism has been termed tolerant by most Hindus, in that it does not denigrate other religions and embraces every religion. But there is no tolerance between the different sects of Hinduism which disagree on religious texts and issues. The Vedas were followed by two distinct religious

systems as expounded in the Brahmans and the Upanishads. While the former extolled the virtues of worship of gods, goddesses, their priests (Brahmins) through various forms of ritualistic sacrifices, the latter abhorred these and prescribed the attainment of true knowledge as the only avenue for freedom from the bonds of flesh and eternal existence. As a result, the ceremonial and ritualistic elements of the Brahmans gradually gave way to the Upanishadic teachings. On the other hand, the exponents of the Upanishads further rationalized and systematised their theology by developing the doctrine of Karma and transmigration. Karma (doctrine of action) was considered to be the ultimate destiny of man and the acquisition of right knowledge was made the principal vehicle for the perfection of Karma.

The fundamentals of Hindu philosophy are the four purusarthas -- Dharma, Artha, Kama, Moksha. The term "Purusartha" literally means what man desires as his good. In general, "purusartha" connotes those ends or objects the pursuit of which is expressive of his nature as a whole. Accordingly a distinction is made between two different forms of "Purusartha" the one characteristic of our spiritual being
and the other of our material nature.

'Artha' signifies the desire for material ends the exercise of power or authority. It refers specifically to the acquisitive instinct and comprehends a vast field of active human life. 'Kama' stands for all those desires and their satisfaction that are sought to make life conform to the biological needs of the organism. 'Dharma' signifies a relatively higher stage in the development of spiritual awareness. It consists in subordinating all activity to the righteousness of conduct. 'Moksha' marks the pinnacle in the progress of moral development representing ultimate bliss.

An analysis of the four ends of life (dharma, artha, kama, moksha) clearly brings out that moksha is the ultimate objective and artha, dharma, kama are subservient to it. However, moksha is possible only by the twin instruments of 'Dharma' and 'Karma' which represent the spiritual elements of human nature. Nevertheless artha and

kama cannot be disregarded as they facilitate the fulfilling of one's needs in this world. Artha guides all acquisition and use of material means for sustaining life, without which 'Dharma' and 'Karma' would not be possible. Kama or sensuous pursuit also have some degree of spiritual awareness and the gratification of sensuous inclinations and impulses are not considered inhuman or a-ethical. The non-satisfaction of basic desires would create frustrations and inhibit the ultimate objective of Moksha.

Karma is the law of the physical being and dharma that of the spiritual being. According to the Indians, the law of purusa is dharma and that of prakriti is Karma. Weber finds in the notion of dharma the core of Hinduism. The orthodox view is that the present status of any person in this life is the result of his actions in the past life, and one's obligation is to fulfil dharma of one's present position so that he will improve his chances in the next birth. The intellectuals revolting against this notion, always sought escape from the wheel of rebirth through some sort of individualistic salvation. Weber shows how these conceptions

hindered cultural rationalisation beyond a certain point. On the one hand they contributed to the development of special technologies appropriate to the dharma of each profession—from construction technique to logic, (as the technology of proof and disproof) to the technology of eroticism. On the other they hindered the development of levels of generalization above the technological because of the fragmentation involved in the notion of occupational dharma. At the same time the intellectuals were so completely preoccupied with the problem of salvation that all philosophy was made subservient to this end.

Another important doctrine of Hindu metaphysics is Karma which is also known as the law of mechanical causation. Prakriti in its state of evolution is characterised by Karma. The entire world is subject to the law of activity or Karma. Karma serves as an instrument of creation. The Gita defines Karma as the creative force that brings beings into existence. So long as activity permeates in any effort, a cause of one activity is the effect of another.

activity. The entire world represents a causal series only because Karma is eternally operative. Everything in it is distinguishable either as the cause or the effect thereof. And Karma is just the law of mechanical causation which permeates the physical universe. The entire process of mechanical causation is called Karma and Karma is the general law of activity.

Karma, when associated with a material substance, has a natural tendency to produce a certain kind of result (Phala) appropriate to it. In itself it is the bare form of activity and requires for its operation some material sub-stratum. Once they combine they produce motion, and remain active till the time they manifest themselves as the effect. However, even if the causal factors were known in their entirety it would be difficult to predict precisely the resultant effect. Karma, therefore does not admit of pre-determined by any extraneous agency in the matter of the production of its appropriate effect. However, the relation which binds Karma and the material substance is of a contingent character and can be brought to an end by dissociating the one from the other. However, Karmas differ
from one another in respect of the manifestation of their effects. Accordingly, they are divided into four classes: (1) those which give rise to impurity and are therefore bad; (2) those which are productive of purity and are therefore good; (3) those which are partly good and partly bad because they give rise to both purity and impurity; and (4) those which are neither good nor bad and productive neither of purity nor of impurity, but which aim at the destruction of all future Karmas and their effects.

Since life appears as a series of births and re-births the theory of Karma gives rise to a belief in the cyclical concepts of time and history. The cyclical concept of time and duration tends to commit the Hindu mind to a concept of cyclical causation which has most far-reaching consequences for the interpretation of history. For, if history and the sequence of events must be understood as part of the general process of cosmic recurrences, causation itself becomes cosmic and cyclical.

Another contribution of Hinduism is the

Hindu social organisation. The caste system is essentially a Hindu religious phenomenon. Hinduism as a religion and Hindu social organisation are so intimately interconnected that it becomes impossible to distinguish the sphere of the sacred from that of the social. Hindu religious ideology supports social inequality implicit in the caste system in the form of social stratification. With respect to the social structure, it is the dharma concept as integrated with the idea of caste, which is the key to the situation. In spite of the remarkable achievements of certain castes, there is always a limit imposed by the traditionalistic definition of the caste dharma itself. Further, the division of society into innumerable watertight compartments, while engendering a very stable integration of sorts allows a minimum of flexibility and especially limits the diffused exercise or distribution of political power. The major religious movements which reject this mode of social organisation either fall back into it in the form of a new caste, or, as in the case of Buddhism, remain an individualistic and socially negative group existing symbolically in relation to traditional society and unable to
generate any really different mode of social organisation.

Apart from yielding a stratified society Hinduism has been charged of being 'Otherworldly' and of having given rise to an antimaterialistic outlook. The World is looked upon as an illusion (Maya). Hindus are known for their attitude to otherworldly life. Akhileshwar Jha states that there is nothing in the ancient myths and legends of India or in its recorded history to warrant the view that the Hindus have been indifferent to acquiring worldly affluence and power. On the contrary, wealth and worldly power are invariably glorified in the myths and legends. As a matter of fact, riches have always been associated in the Hindus mind with the blessings of the gods, and, as a corollary, poverty with His curse.

Further, Hindus are disinclined to investigate into the means by which an individual has come to

possess wealth. Whatever the means, the fact of an individual having become rich is enough to convince them that he is or was in his previous life, a 'dharmatma', a favourite of the gods, and, therefore, he is naturally blessed with rich rewards. Perhaps in no other religion of the world, the wealth that a man accumulates is regarded as the blessing of God. What is still more peculiar is that rich men among Hindus can attain salvation more easily by spending large sums on religious rituals than the poor who have nothing to spend; though, such is the hold of religion, that even the poor would rather spend on religious rituals than, say, on the education of their children.

All sorts of physical labour have been ascribed to the lower caste with exemplification of obedience to their respective dharma. Thus with such a mental framework the concept of dignity of labour is completely new to Indian mind. Orthodox Hinduism is able to create a basic personality pattern in which personal initiative is replaced by the sense of conformity, in which responsibility is exercised without personal authority, in which security is associated with the sense of dependence and self-respect.
with a sense of helplessness, and in which opportunities for frustration and acute anxiety are minimized. It is a basic personality whose integration and stability are primarily a function of the cultural system to which it belongs and are not organized around any system of personal choices.

Hinduism has had a marked influence on the values and behaviour of the masses. The socio-economic edifice is world-negating in practice and retards economic growth. Vikas Mishra observes "Hinduism influences economic growth (i) in its attitudinal aspect, mainly through the interrelated beliefs in the doctrine of transmigration, the law of Karma, the objective of release from rebirth, the stress on other-worldliness and asceticism, and certain religious prejudices such as the attitude towards the cow and inhibitions regarding certain items of diet; (ii) in its institutional aspect mainly through the caste system, the joint family, the practice of the non-remarriage of widows, and the Hindu law of inheritance and succession. The institutional aspect is partly related to the attitudinal

aspect. Birth into a particular caste, for example, is attributed to the functioning of the law of Karma. Indeed, every single incident in life can be explained in terms of that law."

'Karma' has led to a fatalistic outlook, since according to Hindus everything is predetermined. Fatalism leads to disincentives and restrains progress. Further the doctrine of transmigration holds that a man is punished for sins which he committed in his former life. The doctrine of transmigration is a corollary of the law of Karma, which implies not only the view that whatever a man sows, so shall he reap, but also the converse of it that whatever a man reaps is that he must have sown before. This gives rise to inactivity and contentment, because in fear of indulging in an activity which might have adverse consequences a person prefers to lead an idle life. In case of a failure a person consoles himself that the results are not due to lack of effort but due to Karma, 'Dependence on gods, belief in the law of Karma and a deep-rooted fatalism generate a certain passiveness among large sections of Hindus which leads to a

42. Vikas Mishra, Hinduism and Economic Growth.
weakening of the spirit of enterprise in economic as well as non-economic activities.

Asceticism obviously generates greater savings which could be utilized for greater investments. To this extent economic growth is encouraged. But if asceticism is merged in 'Other Worldliness', not only is the material objective put at a discount in favour of otherworldly objectives but any savings resulting from asceticism are utilized for unproductive purposes. Apart from the Hindu business community (among which many members engage in various unproductive investments of a religious character), asceticism in most Hindus is coloured with other-worldliness.

However materialistic as the villagers may be in their relationship with the outside world and in the conduct of their everyday life, their general trend of thought is strongly devotional and deeply religious. One impelling force is undoubtedly the desire to accumulate merit in the expectation of a higher or better life in the next birth and of eventually obtaining release from the burden of individual existence. Another factor is the lack of modern scientific
knowledge. Natural phenomena and the vicissitudes of human life are ascribed to the working of supernatural powers, and the possibility of divine intervention in human affairs is an article of faith which is held with great awe.

The uniqueness of the caste system rests on the fact that it forms an integral part of the religious metaphysics of the Hindu doctrine of Karma which enjoins the individual caste member to accept his ascribed status and occupation as God-given. An attempt to change this God-given status is held as a transgression of the moral law. Within the framework of Hindu religion and ethics it is considered far better to perform imperfectly one's duties as prescribed by one's caste than to perform the dharma of another caste perfectly.

The fact that the highest goal of the Hindu is to transcend earthly concerns, desires, and personal existence itself introduces a large element of asceticism, detachment, and withdrawal from the materialistic facts of

life. These features are inimical to the process of economic progress.

The Islamic religious tenets also have their distinctive economic dimensions. An attempt is made to briefly examine these.

The fundamental tenets of classical Islam are: 1. Belief in the unity of God and the apostleship of Mohammed, 2. Observance of prayer, 3. Fasting during the month of Ramjan, 4. The payment of holy tax (zakat), 5. Pilgrimage to Mecca. Islam lays down certain guidelines and sets of values which permeate all aspects of human life and divides all human behavior into five moral categories: Obligatory, merely desirable, forbidden, merely undesirable and neutral. The judgement depends on how the activity bears on religion, human life, mind, descent and property.

Islam provides a definite social order with a distinct philosophy of life and a system of specific economic principles: "Islam is a combination of spiritual

norms with worldly principles, so that it may be viewed as a "political religion" which not only completely dominates the life of individuals and of society but is also a system involving a way of life specifically based on religion".

The word for religion in The Quran is "deen", a term which connotes a whole way of life. Religion is not merely a private matter, nor does it touch only the periphery of individual lives; it is both private and public, and permeates the whole fabric of society.

Thus Islamic teachings cover almost all the fields of human interactions: domestic, social, aesthetic, political, judicial, and economic. However, according to Islam economic pursuits cannot be separated from the spiritual objective, let alone be elevated over it. Nor should they be separated from the religious content and become purely materialistic.

The economic framework prescribed in Islam includes complete commitment to God (the Creator and Provider of all ecological resources) and constant awareness of His presence even in the midst of material engagement. Another value is appreciation of the wealth and all the ecological resources provided by God for the satisfaction of human needs. Wealth, a favour from God, is to be sensibly treated, not abused, destroyed, or wasted, or laid idle. Resources are given in abundance and scarcities are caused by human limitations. Wealth is to be regarded as a means, not an end. The real ownership of wealth, consumable or productive, vests with God. Man's temporal possession is limited and is granted by God. Man is merely a "trustee" for a term.

"The Islamic economic framework is delineated by the call to uphold the Islamic virtues of truth, honesty in dealings, respect for the rights of others, pursuit of moderation, sacrifice, and hard work. These virtues should guide a Muslim in his economic struggle through the process of acquisition, production, distribution, and consumption. He legitimately acquires the means to live through his labour and hardwork. He knows that idleness and apathy are discouraged in
Islam. Religion ordains scrupulous avoidance of all suspicious sources of income and abhors attempts to thwart the efforts of fellowmen. Moderation is the Muslim's guide in all situation.

Some scholars are of the opinion that Islamic economic ethic leads rather to a rejection of concern for materialist accumulation, material fulfilment and excessive profit. They agree that Islam is more concerned with the lawful acquisition of goods according to the principle of reward for work done and social obligations. Islam also attaches importance to any use of wealth for community well-being, which is actually regarded as the core of the individual's solidarity towards the Islamic community. The Islamic economic directives includes the payment of the "Zakat", an almsgiving duty, amounting to 2.5 per cent annually on income and saving. Unlike modern taxation, Zakat is a flat rate and does not rise on an ascending scale. Thus, it does not discourage working for greater gain, nor is it exposed to evasive or dishonest measures. However, some scholars hold that such a proportionality meant that people with less income were worse hit by the tax - a practice
running counter to today's principle that the tax burden should affect all according to their capacity. Moreover, the lack of progression means less revenue for the state. Further, as it happens to be a voluntary tax, its economic importance for the state is relatively reduced. However, the concept of Equity is introduced by encouraging voluntary charities, "sadagat".

Although land and production taxes are not explicitly mentioned in the Quran, taxes known as Ushr, and Kharaj were introduced and their levels could be altered at any time by decision of the Ulama. This gave the tax a certain flexibility to meet the state's financial requirements. But this lead to a heavy tax burden and agriculture became unprofitable. Thus, migration to the cities increased but did not lead to the establishment of industrialized urban centres.

Other than the taxation structure approved by the classical Islamic doctrines, the prohibition of interest (Riba) continues to be controversial. A major reason for this is the definition of interest established at the time.
of the Prophet and the interpretation to which it was later subjected by different Islamic schools of thought. "Riba" is synonymous to usury, and, therefore, if interest is understood to mean profit rate, then all recognized schools consider it to be compatible with Islamic laws. However, profit sharing in commerce is considered legal, since profit and loss are inherent in such dealings. Therefore the concepts of "Mudaraba" and "Musharaka" were introduced in Islam, which are considered as a kind of price for "allocation of money", and are in conformity with Islamic principles. Prohibition of interest on financial investments leads to a large amount of capital lying dormant. Further, such a taboo restrain monetary policy.

Other disputable topics of Islamic economics are private property and redistribution. Private property is recognized by Islam. Nevertheless, there are certain restrictions regarding the origins of the acquisition of property and the use of the income from property. The Quran's provisions concerning inheritance rights are aimed at avoiding accumulation and at achieving a just distribution of wealth, although equal distribution among male and female
heirs is not prescribed. Thus, the Quran lays down that sons get double of what the daughters receive. A further aspect of Islamic law of succession is the Quran's ruling that not more than one-third of a person's wealth may be assigned in advance by means of a will. According to Sharia law such a will is only valid when the amount in excess of the one-third is assigned to charitable causes. A will favouring only one heir is forbidden. Although this upholds Islamic doctrine's primacy of justice, dividing the inheritance among several people, economically speaking, it hinders gross capital formation and the introduction of technical progress. In agriculture, in particular, the parcelling out of the land would inevitably lead to falling yields.

In spite of providing specific economic principles Islam has been unable to raise the standard of living of the masses. Even if the Islamic countries portray affluence, it is only because most of them happen to be located on the oil belt on the globe. Major part of the population lives in a state of insufficiency.

Majority of Muslims in India are guided by
religion even in worldly life. Their conception of Islam directs them to believe that their religion restrains them from accepting the autonomy of worldly life. Thus, apart from being an institutionalized way of life it is also a moral philosophy. One of the fundamental principles of Islam is the consciousness of moral obligations towards others. The Muslim Sharia, which means law concerning the organization of relations between individuals as members of societies and as citizens of states, is, in reality, a moral code based on the fundamental principle of belief in the Almighty and in the treatment of His creatures as equals, deserving justice and sympathy.

Islam's distinctive influence on economic development can be elucidated as follows: (1) Continuous fasting in Ramjan reduces effort and hence also production which is vital to boost economic development; (2) The ultimate ownership of property vests in God. Although this creates a community feeling, it also generates an attitude of unconcern and apathy; (3) Life is regarded as a test, the result of which shall be disclosed on the Day of Judgement. This examination produces a mental fear which hinders in the free
working of individuals; (4) A major factor hindering economic development under Islamic rule in the Islamic belief in the doctrine of predestination and magic; (5) The discrimination against non-Muslims by means of heavy taxation is or, at least, was solely with the intention of encouraging conversion rather than it being grounded on any economic justification; and (6) "Riba" in the sense of money interest on a loan is forbidden by the Quran. This acts as a drag on savings, investment, and resource mobilization.

Morality and religion have been closely connected in the history of mankind. Together they mould human personality and usher human values. It would, therefore, not be desirable or justified if we ignore consideration of moral or ethical factors which have their impact on economic development. In fact, economic development of poor and underdeveloped countries is as much an ethical desideratum as it is an economic problem.

Morality is concerned with those aspects of human conduct which are regarded as good. However, the definition of 'good' itself has given rise to controversial
ethical theories. Indian ethics has some distinctive characteristics which distinguish it from its western counterpart. However, it would be erroneous to hold that Indian ethics is radically different from western but it would be equally erroneous to consider the two identical.

The moral code of Hinduism contains those elements which are common to human kind and coincides with the ethical codes of other religions. For example, it condemns lying, stealing, murder, injury, adultery, slander, gambling, and drunkenness. There is an emphasis on self control and moderation. The Hindu philosophers seem to agree that overcoming selfishness is necessary in order to realize one's true self. Hindu ethics is a compromise between the principle of humanity and the demands of aristocratic, privileged and upper class groups.

The ideal Hindu ethics is in consonance with a number of moral principles and moral experiences of other religions and considers 'the supreme good' of mankind as

the ultimate goal. Nonetheless, the differences between Indian and western ethics lie in the method of approach and the interpretation of 'the supreme good'.

Indian ethics originated in the ethico-social organization of Hinduism which was based on individual and social duties and which aimed at the all-round development of individual personality and the well-being of society. Thus, there was an inherent consistency in the distinctive Indian culture. In addition to being social ethics, Indian ethics lays claim to the title of a metaphysical theory. The metaphysical background of Indian ethics makes it an ethico-metaphysical theory, a synthesis of theory and practice, of intellectual understanding and self-realization. The highest goal of Indian ethics is the attainment of Moksha which means perfection not in the theoretical sense but in the practical sense of rising above the contradictions of pleasure and pain, praise and blame, loss and gain, and even right and wrong and good and evil.

Indian ethics can be best understood by analyzing the conditions under which it arose. The
cosmological foundation of Indian ethics can be located in the doctrine of 'Karma', caste-system and the four purusartha along with the four ashramas or stages in life. We have already covered these in the earlier pages of this chapter.

Since the ideal of Hinduism is salvation or union with the supreme soul, release from the wheel of endless rebirth is co-instantaneous. This can be brought about by faithful performance of duties, obedience to law, especially caste regulations, fulfilment of the four purusartha and the observance of the four ashramas. Indian ethics propounds the four purusartha or the ends of human life. The purusartha have no meaning apart from their practical application.

On the personalized plane the four Ashramas or stages of the life of the individual are important in Hindu ethics. Varnasrama Dharmas, or the duties of the individual are out and out practical rules of the ethico-social organization of human beings.

The ultimate union of the individual self (Atman) with the universal self (Brahma) changes the quintessence of life from self-realization, which lifts the
aspirant from the lower level of renunciation to the heights where he rises above all contradictions, and hence above narrowmindedness and selfishness. The person who has attained 'Brahmanubha', the true experience of the universal self, must constantly be devoted to the well being not only of human beings but of all the living creatures. The orbit of Indian ethics enlarges from individual and social to ethically universalistic. It is because Indian ethics is metaphysically cosmic and based on universal love and global welfare. "In no occidental religion has the doctrine of Ahimsa or non-injury been proclaimed as so universal in scope or assigned such an important place in the ethical scheme." The sanctity attached to all kinds of life and the duty of abstaining from any form of injury or hurt to living beings and showing compassion to all animals down to the smallest creatures is one of the essential tenets of Hindu religion and Hindu ethics.

Apart from non-violence the other fundamental principles of Indian morality are truthfulness,

52. SIR P.S.S. Aiyar Evoltion of Hindu Moral ideals, Nag Publishers Delhi, 1976, pp. 184, 118.
non-stealing, continence and non-possession. Among these, non-possession is peculiarly Indian. It means limiting one's wants and requirements. "The possessive or acquisitive impulse is insatiable, and a wise man must always put a limit to this instinct since avarice invariably leads to attachment, attachment to anger, anger to the delusion of understanding, delusion to the loss of memory, loss of memory to the destruction of intellect, and the destruction of intellect to the total annihilation of the individual". It is further argued that the principle of non-possession has a social relevance since self-imposed limitation on one's requirements would ultimately lead to a classless society without distinctions of rich and poor, have and have-nots, and of high and low.

However, caste distinction are a handicap to co-operative living and the development of democracy and education. Caste-system is so innate to Hindu ethics that it is difficult to understand either the ethical or the religious

principles of Hinduism without it. In theory, these divisions of human society are necessary for the performance of the various functions needed for its welfare. An individual is a member of that social group for which he is fit, since, according to the Mahabharata, these distinctions arose as a result of differences in the past deeds of men. This division of function involves particular duties for different castes and also particular types of moral character. This principle of relativity based purely on birth is the basis of the class-morality of India.

The persistence of the caste system and its reinforcement on grounds of ethics a system and state of affairs has invited the criticism of many western scholars. Professor Mckenzie finds the ethics of India defective, illogical, and anti-social, lacking in philosophical foundations, nullified by abhorrent ideas of asceticism and ritual, and altogether inferior to the "higher spirituality" of Europe. However it would be appropriate if caste-system is considered as a social rule rather than belonging to the field

56. E.W. Hopkins, 'Ethics of India', New Haven, Yale Uni. Press
of ethics.

One admirable ethical thought of the Hindu is the insistence on the performance of duty and the supremacy of work. The Bhagawatgita proclaims this Karma as a universal dharma. Work or action should be ruled by 'Dharma'. Dharma is supposed to be a whole code of conduct and has a wide connotation. It is used in various senses of nature, law, justice, virtue, merit, duty and morality. Thus, the entire Hindu ethics can be enveloped in the concept of 'Dharma'.

As distinguished from the Hindu concept of Dharma and duty the modern industrial society requires discipline and work ethics of a different category. Work induced with competitive individualism has to replace the blind fulfilment of duty for its own sake. Reward of work has to be conceived in terms of higher productivity. Prof. McKenzie in his Hindu ethics charges Hinduism as laying undue stress upon the negative virtues and upon a blameless life and inculcates a spirit of quietism as opposed to strenuous pursuit for the benefit of mankind. In the case of India we

note that Hinduism has often been charged with failing to instil a sense of everyday morality of fair play and integrity, especially in the world of business and government. In a way this is true, but the causes must be understood. No traditional agrarian religion has an ethic ready made for the secondary, bureaucratic relationship of an industrial society. Its teachings have necessarily been focused on the unseen world of gods and spirits, for these are the symbolic apparatus of an unlettered people, and in so far as these have been a means of moral control, the control has been geared to the primary social relationships in which the people lived. Its ethical prescriptions are all of the wrong kind. It inevitably teaches an ingroup exclusiveness, a narrow morality confined to specific primary-group relationship because in the old order this was sufficient.

Weber has tried to explain underdevelopment as lack of a Protestant ethics and the absence of elements like rationality, secularization, thriftiness, self discipline, frugality and abstention. However, an indepth study reveals

that the counterparts of this Protestant ethics do exist in some form in the Indian ethics also. Nevertheless, the economic backwardness of India can be argued in terms of "this worldly" and the 'otherworldly' attitudes. It is because of its lopsided stress on 'Otherworldliness' that Hindu ethics gets adorned with empty rituals and supernatural fantasies. Overwhelming predominance of ritualism and sacerdotal influences emphasize ceremonies so exorbitantly that the distinction between fundamentals and trivialities is concealed.