The Punjab represented only one-tenth of the territory and population in British India but its agricultural wealth and military contribution to the British Indian army gave it economic and political importance that was out of all proportion to its size. The Punjab being a province of peasant proprietors: the British patronized them and the landlords in the hope that they would serve the government loyally. As much the considerations of revenues as of defence and political control underpinned the pro-rural policies of the British in the Punjab. Under the provisions of the Reforms Act of 1919 and 1935, the British encouraged the Unionist Party representing agricultural interests to dominate the provincial economy and politics.

British colonialism functioned in the Punjab in accordance with the profit maximization principle. The objective of profit maximization was achieved in two ways. Firstly, by the extraction of the maximum of agricultural surplus by the barest minimum of investment, and secondly, by making the Punjab a producer of agricultural raw materials and a purchaser of finished goods. To achieve these objectives the British opened the Punjab to the global market. With the opening of the Suez Canal (1869) it became easier for the agricultural produce of the province to reach Europe. Commercialization also facilitated the collection of cash revenues and provided the cultivator with cash to purchase British made goods.

Commercialization could not be effected without the communication linkages. The telegraph and the new means of transportation connected the agricultural regions in the interior of the Punjab with the cities and ports. The roads and railways which were initially
constructed for military requirements became the channels for the export of agricultural
raw materials and foodgrains. The village which hitherto had remained a relatively
isolated economic unit was now actively involved in the interaction with urban centres.
The railways facilitated the collection and transportation of wheat from towns and cities
to the ports of Karachi, Calcutta and Bombay. The Punjab thus became an integral part of
the colonial economy, exporting raw materials and foodgrains and importing finished
goods. The proportion of exports from the province however remained substantially larger
than that of imports.

This was the result of huge investments in canals made by the British with an eye
on the production for export. The growth of irrigation contributed to an unprecedented
extension of the cultivated area, bringing vast arid plains and marginally cultivated lands
under regular cultivation. With the opening of the canals the erstwhile wastelands came to
be known as the ‘canal colonies’. These colonies clearly outstripped all other regions in
terms of cultivated area, output, marketing and trade in agricultural produce. This region
received the greater attention of the British because it became the major source of
revenue, export surplus and army recruitment. It also became the base of the Unionist
Party. The focus in the colonies was on the cultivation of cash crops namely wheat, cotton
and oilseeds which were in demand in the international market.

Among the cash crops it was wheat which turned out to be the most important in
terms of acreage and demand. It received the maximum attention of the British because it
could be grown easily not only in the rich alluvial soil of the Punjab plains, but also under
varied circumstances. The experimental farms and research institutes in the canal colony
areas were instrumental in introducing new high yielding varieties of wheat. After 1900 the
traditional red wheat gave way to white wheat as it was better adapted to the flour and bread requirements of the importing countries. The Punjab became the premier wheat producing region of India. The proportion of wheat rose tremendously among the spring crops and it came to substitute other crops for domestic consumption as well as export. It occupied more than fifty per cent of the total cropped *rabi* area throughout the period under review, and its acreage did not fall below one-third of the total irrigated area. The new varieties of seeds introduced in the Punjab were in demand even outside India.

Notwithstanding its demand, the Punjab wheat served primarily as a means to supplement deficiencies in the world market rather than compete with the wheat grown in Russia, USA and Argentina. The British exporting firms needed this surplus to supply wheat to the European countries, but only in times of crop failures in the West. They acquired wheat from the Punjab at a lower price and sold it at a substantial profit. But when the West had its own substantial supply the Indian wheat was not needed and its prices fell. Thus, the wheat prices prevailing in the Punjab were not in correspondence with the local or the domestic demand. It was the demand in the Western countries that was the crucial factor in the determination of prices. The UK being the chief centre of trade, the price of wheat was governed by Liverpool and not by the Indian market. This made production and prices of the Punjab wheat susceptible to large fluctuations.

Despite fluctuations and slump during the Depression, the wheat prices on the whole registered an upward trend. The decline in demand in the West in the 1930s was compensated by the domestic market to which the supplies from the Punjab were increasingly diverted. The high prices were advantageous to large cultivators who had surplus to sell, and to money-lenders and traders. The profits of the small cultivators were
neutralized by the growing cost of cultivation and the rising prices of the articles of common consumption. It was only during the Depression years that some of them could save their land from being mortgaged or sold. In fact, much before the acute scarcity of the 1940s, the export of wheat had been causing distress in rural and urban areas in the Punjab because of depletion of stocks and the resultant shortage of the grain for consumption. The poor felt obliged to use coarser grains. As the area under wheat and other cash crops increased, the area under the fodder crops receded, thereby affecting cattle rearing in the province. The south–eastern Punjab increasingly resorted to cultivation of fodder crops and cattle rearing, perpetuating its disadvantages vis–a–vis other sub–regions of the Punjab.

Though the activities of the money–lender were curbed by the Land Alienation Act of 1901, in the absence of the effective alternative sources of finance the money–lender continued to be important in the agrarian economy. His help was needed on more or less regular basis for buying agricultural inputs and for the payment of fixed cash revenues. He could bypass the provisions of the Act of 1901 and acquire land by the *benami* transactions. This situation also enhanced land mortgages, and agricultural debt rose by 56 per cent from 1921 to 1930. The *artias*, money-lenders and merchants reaped huge profits. They also managed to tighten their hold over the cultivators by advancing loans in lieu of the crops. The borrower was forced by the money-lender to sow cash crops, particularly wheat. The increased wheat trade combined with the provisions of the Land Alienation Act gave rise to another class of money–lenders: agriculturist money–lenders. As they were 'agriculturists' by definition they were not restrained by the provisions of the Act from acquiring land of the indebted small owners. Therefore, the bigger landlords who...
could make larger profits by the wheat trade, channeled their surplus earnings to the subsidiary business of money-lending.

What emerges from this study is a complex picture in which the old agrarian system had been substantially modified by the canals, communications and the new agricultural technology. Though the British did much to enhance the production of wheat in their endeavour to develop the Punjab as a surplus region, the situation was heavily tilted against the small farmer and the other sections of rural society dependent on him. Commercialization drastically changed the age old balance in agrarian society. Migration of the small cultivators, artisans and the landless labourers occurred because they could not repay their debts or could not be absorbed in the agricultural sector. In the face of factory made and imported agricultural implements, the artisans were becoming redundant. The increased influx of population in urban areas could not be gainfully employed because of the neglect of the industrial sector. The result was a grossly uneven growth in the economy of the Punjab. For obvious considerations, the scales of the agricultural sector and its orientation towards the foreign market had weighed far more with the British than the prospects of growth in the industrial sector. Till 1947 the industry in the Punjab largely related to processing of agricultural produce; there was no heavy or capital goods industry in the province. In fact, the relative growth of agriculture in the region was neutralized by the absence of a simultaneous development in the industrial sector. Since this sector did not develop, the capital and credit markets too did not expand.

As a matter of fact, the village in the Punjab had been pushed into global trade most of the time without the necessary attitudes and means. The production of wheat by
and large continued on traditional lines to meet the demands of the export trade. So long
as the main objective of the procurement of grain continued to be realized, the intervening
markets were not required to be developed. This resulted in the co-existence of
development with under-development. The processes involved in preparing the produce
for the market remained entirely traditional. The methods of handling the wheat crop and
hauling it to the local market witnessed little change. The traditional trading practices were
adjusted or reoriented to meet the requirements of the exporting firms. The village
merchants, itinerant dealers, artias, money-lenders and co-operative commission shops
operated as distributing and assembling agencies for the firms based in Karachi and the
UK. The methods of sale and sampling too largely remained traditional. Most of the grain
was traded in local mandis with their own norms, hours of work and functionaries. The
weights and measures too varied from place to place and did not generally conform to the
standards approved by the government. On the whole, even in the so called 'Regulated
markets', the traditional infrastructure existed with some new inputs.

The Punjab had to pay a rather heavy price to become the 'granary' of British
India. The British agrarian legislation underlined the rural–urban divide, and heightened
the differences between the landed and non–landed sections, between the Jats and non–
Jats, and between Muslims and non–Muslims. The so called developmental measures of
the British intensified sub–regional disparities, disrupting the natural balance existing
during the nineteenth century between the towns and the countryside and between the
pastoral and agricultural economies. The towns on the new lines of communication and
the mandis in the canal–irrigated tracts could grow at the cost of the urban centres in the
interior. The canal colonies could develop only by ousting the pastoralists, the traditional
inhabitants of the area, or by disrupting their way of life. The traditional relations of interdependence among different social groups involved in agricultural production and village organization were reoriented. Yet the traditional artisan castes were not given land for cultivation in the colony areas. The artisans, tenants and small owners felt obliged to move away from their moorings. There was an increase in the proportion of the landless and the urban poor. The market practices did not work in favour of the agriculturist: he had to make allowance for deductions in case of deficient weighing; he was often cheated by the buyer through the use of fraudulent weights; and he always remained at a disadvantage vis-a-vis those who provided the finances essential for production and payment of revenues. The money-lender's stranglehold over the cultivator tightened with the extension of agricultural production and marketing. This was despite the provisions of the Land Alienation Act and its subsequent amendments. Rather, the Unionist regime saw the strengthening of the position of the large proprietors who also acted as money-lenders.

Paradoxically, the beneficiaries of the wheat trade – the money-lenders, the artisans, the auction purchasers, and the landlords who subserved the exporting firms and created a political environment largely favourable to the provincial government, could continue to make profit so long as their interests did not come into conflict with those of the colonial regime. As may be expected a priori from the 'Karachi Pass' (Appendix G), the terms of collaboration between the Indian suppliers and the exporting firms were explicitly tilted against the former. Furthermore, in the larger context of World War II and political considerations in the last decade of their rule, the British felt obliged to forsake the Unionist Party in favour of the Muslim League.
In short, the Punjab during our period of study remained subject to the objectives of the colonial situation. Several of the traditional techniques, practices and even the regional imbalances in agricultural production in existence in the early twentieth century, continued well into the post-colonial period. Yet, to end on a positive note, the agricultural and human potentialities of the province had been discovered under colonial rule in a manner that had some bearing on the post-Independence agricultural development of the region on both sides of the border.