CHAPTER – III
CHAPTER III

A) ANCIENT INDIAN COMMERCE
B) ADMINISTRATION AND FINANCE OF EAST INDIA COMPANY

3.1 Introduction

Dr. Ambedkar's works in economics are spread over in the form of treatises, dissertations, speeches, statements, evidences, etc., Some of these were published during his lifetime and others posthumously.

A modest attempt is made here of collecting his works on economics and a comprehensive, in-depth and distinctive study of his academic works produced during his academic career is taken up. His eminently written works during 1913-1925 are purely academic writings of a young professional economist.

In the present chapter his earliest economic works are studied viz. Ancient Indian Commerce, and Administration and Finances of East India Company.

In the subsequent chapters a study of his treatises on economics viz. Evolution of Provincial Finance in British India and The problem of the Rupee will be taken up.

The present work under study, as the title itself indicates covers two aspects: commerce in ancient times and a history of Indian Commerce. Both the aspects are of immense use for researches in the field of History as well as Economics, Dr. Ambedkar's views on ancient Indian commerce are especially his views on economics. These views expressed in this work presented in historic perspective lay foundation
for the subsequent development in the economic field. They provide a
glimpse of the history of Indian economics against the background of
western civilization involving connection with Indian Trade and
Commerce. This remarkable insight into hitherto uninquired economic
aspect of history bears testimony to his intellectual acumen.

3A.1 Ancient Indian Commerce

3A.1.1 Introduction

Ancient Indian Commerce, is one of the earliest (1913-1915) written
works of Dr. Ambedkar. The Marathi Biographer of Dr. Ambedkar, Mr.
C.B.Khairmode has recorded that "Dr. Ambedkar had submitted his
dissertation for the Degree of Master of Arts at Columbia University on
'ANCIENT INDIAN COMMERCE'. The essays found on this subject carry
chapter NOs-1, 2 and 5. The subject of Dr. Ambedkar's dissertation was
subsequently changed. However, the manuscripts on the subject have
been found quite useful for the student of History which reflect young
Ambedkar's depth and clarity in ancient History and its commerce from
Pre-Christain era to the advent of the British Rule". (Moon 1993)

Dr. Ambedkar presents a detailed account of how the Romans were
imperialistic and how they dominated both the East and the West. His
remarkable insight into hither to uninquired economic aspect of history
be is indeed remarkable.

Making his observations on the subject clear he begins in explicit
terms that the Romans were highly regarded as disciplined military race
devoted completely to the cause of conquest and expansion. As Dr.
Ambedkar remarks "Excepting perhaps the women and youngsters of
both sexes the entire population was one huge militia ever ready to rally
round the red flag at the call of a trumpet". (Moon 1993:1) Romans
spread their wings as they captured the entire Italian peninsula for a start. The journey of her conquest knew no bounds, as it was accompanied by greed, but was ignorant that competition destroys itself and hence, her extensive authority shrink back as her energy diminished. Dr. Ambedkar emphasizes the fact that the Romans contributions to civilisation was meager, other than the art of road building and administration which were necessary companion of imperialism. However rich heritage of the Roman is due to the peaceful infiltration of the East, which constitutes Philosophy, Astronomy, Mathematics, Medicine and the Roman courts were adorned by the stars of the East. Further Dr. Ambedkar writes that, "Much of the Roman civilization was made up by the doings of the Eastern slaves who even conducted the education of the Roman children in the public schools established under the empire. Even the Roman architecture is the product of the oriental slaves". (Moon 1993:2). On the contrary the Roman exhausted all their power, resources and energies only in conquest or, as Dr. Alkmbedkar puts it as, “in the struggle for existence” (Moon 1993) He relates further.

That on the economy side, the low production of industries which caused “continuous drain of specie and further as a result of the destruction of her agriculture by the latefundia, accounted for her dependence on Sicily and Egypt for food. Totally she received everything from the East and there is nothing to give in return”. (Moon 1993)

As a result of the advancement of Science and Technology in the East, which gradually transformed the material civilization of Europe, the East enjoyed the privilege of being the workshop of the world by producing massive iron columns at a time when chipping a stone and making an axe was not easily possible in the West. This privilege of the East continued till the industrial revolution took place.
In the opinion of Dr. Ambedkar Dark ages of Europe is a creation of historians. To quote him, “the fiction of the Dark ages, arose from the fallacy of the thinking of whole of Europe in terms of Rome, but nothing is more false than to think of the whole in terms of a part” (Moon 1993). According to him it is actually the oriental historians who have to raise the question about the Dark Age and answer why there was a sudden fall after a rise and sudden darkness after the dawn.

Further, he observes the rise and fall of civilizations in the world; how they have left us their legacy in the form of bricks and tablets, and some in the process of rejuvenation. Then he discusses the Indian civilization which is the oldest one and like any other civilization it is also a dead one; nevertheless it lived and revived and he hopes that it may not die again. However, her old dynamic power was restored due to the contact with the west.

Dr. Ambedkar attempts to analyse the development of civilization from historic perspective. First it is the environment, and then the ability of the inhabitants, that, “Given a bountiful environment and chances of conservation, isolation or security from foreign invasion, civilization is bound to sprout forth”. (Moon 1993) Ambedkar finds that India’s geographical position had fitted her to be an early civilization; it conserved the most varied and most abundant natural resources. He observes that the climatic conditions felicitating the growth of variegated life. India’s rare economic self-sufficiency is the result of her diverse flora and fauna. The descriptive reasoning of Dr. Ambedkar proceeds to focus attention on the economic activity of the early inhabitants of India. He feels that one has to depend solely on foreign authorities for the scanty reference to India’s commerce since, Indian literature on the economic aspect is absent; his finding is that Brahmin Hindus who enjoyed
'conspicuous leisure' and 'conspicuous consumption' had monopolized education and therefore there is an absolute lack of literature of Hindus on economic activity.

Dr. Ambedkar makes a brief survey of the economic development of ancient India. Not finding any authority on the subject before Pre-Buddhist times, but only Jataka tales being the earliest source on the subject containing literary references to the economic organization of the Indian society in the remotest past, Dr. Ambedkar deals with its different aspects of economic spheres.

The agricultural life in India in the remote past, Dr. Ambedkar observes, was simple and co-operative. The Hindu's village was a cluster of houses of 30 to 1000 families' agriculture was a common occupation, even the Brahmin was a goatherd and a landholder. Cow-worship was based on agricultural economic factor, for, Dr. Ambedkar observes that the cow gives birth to oxen also which are absolutely necessary for the cultivation of the farm. In order to prevent cow killing the ancient Hindus gave it a rare religious sanction. Besides, slavery played little role in their economic life. The trades of a carpenter, ship builder, cart maker, an architect, the metal craftsman, the mason, etc were well regulated and were superintended by headmen, the chiefs, there were numerous guilds, besides carpenters and smiths, there were leather workers, painters and experts in various other arts. The caste system was either rigid or hereditary since even Brahmins were often occupied in low professions. The industrial centres were connected by good roads. Dr. Ambedkar after explaining how the traffic was facilitated, by giving examples from the 'Ramayana' and of caravans mentioned in the 'Jataka' stories, observes that "there is enough evidence to show how the corporate commercial activity and partnership in trade were occasional, if not general," (Moon 1993:9) and except for Royal purchases there was very little government control over business.
Later on, however, prices came to be fixed and the introduction of money in India came to be known for “the whole of the Buddhist literature testifies to the fact that the ancient systems of simple barter as well as of reckoning value of cows, or rice measures, had for the most part been replaced by the use of metal currency, carrying well understood and generally accepted exchange value.” (Moon 1993) Banking, however, was not very highly developed. Dr. Ambedkar believes that her commercial relationship with other countries of ancient civilization can be traced. But, this is very flimsy at the dawn of history and found only in tradition or in articles excavated from early ruins.

Dr. Ambedkar begins with the exposition of Egyptian civilization. Egyptians had been economically independent of the rest of the world. Stating that “culture in all times follows the wake of commerce” which is more true of ancient times than of the modern, Dr. Ambedkar observes that caravans of the older times were ‘not only the carriers of wares but also of civilization’, and quotes James Ferguson; “the great monolith at anum is of Indian inspiration; the idea Egyptian, but the details Indian. An Indian nine storied pagoda translated in Egyptian in the first century of the Christian era.” (Moon 1993) Dr. Ambedkar points out that, under these circumstances, the north being honoured. The earlier Indians launched the commercial expansion of colonization via the Indian ocean. With the preliminary exposition about the natural resources and the economic of India Dr. Ambedkar notes even the relation of the Dravidians, the earliest inhabitants of India, with the people of western Asia. he quotes Mr. Gustav Oppert at length to bring out the history of Turanian race (one of their branch being the Egyptians) and the Aryan invasion of India, Dravidans’ resistance, and Indian commerce, how Yeomen was the market for Indian goods from where the goods were taken to Syria by the Caravan or to Egypt by Egyptian vessels. Dr. Ambedkar traces the commercial relation of India with Judea.
Dr. Ambedkar also points out that "the rise of Babylonian marks the high water mark in the ancient commercial activity of India, it was destined to be the great emporium of the eastern and western trade" (Moon 1993) and was the centre of the world being connected by routes from all parts of the ancient world. He quotes Kennedy at length to reveal economic relation of India and Babylon in the 6th & 7th BC. The account is elucidated by Dr. Ambedkar, of the decline of Babylon and how it was as sudden as her rise. The Persian conquest not only destroyed Babylon but extended to Egypt. In the friction between Darius and Alexander, the latter destroyed Darius and extended his dominion over Egypt, central Asia and the northern part of India. Whether the expeditions of Alexander were motivated by vindication, earth hunger or greed for Indian gold, Dr Ambedkar observes, that he had conceived the idea of bringing the two countries close in commercial relation Bringing out the richness of India. Dr. Ambedkar quotes, "The country he had hitherto visited, was so populous and so cultivated or abounded in so many valuable productions of nature and of art, as that part of India through which he had let his army. But when he was informed how much the India was interior to the Ganges, ... how far.... the happy regions through which that great river flows,..... that his eagerness to view and to take possession of them should have prompted him to assemble his soldiers...... March towards that quarters where wealth, dominion, and fame awaited them". The northern part of India which Alexander subdued was given over by him to Porous, his ally, and is said to have contained ' no fewer than four thousand towns". (Moon 1993:17)

The memoirs or journals of his generals like Ptolemy opened the knowledge of India to Greece and to Europe With the object of opening a direct trade between India and Greece Alexander having conquered Egypt, founded the city of Alexandria; he had cherished many a dream of
permanently joining India to his empire. But unfortunately he died soon after he established his empire, which within a short time crumbled to pieces. After the fall of Alexander's empire the commercial relation between India and Greece became closer. Dr. Ambedkar narrates this relation from economic perspective. He says that Chandragupta, a benevolent despot with brain and brawn was ruling India. But a Chinese historian narrates how Tartars put an end to the dominion of Greeks but Alexandria continued to be the emporium of sea trade between Greece and India. The policy of the Roman Empire during 2nd to 3rd BC was to encourage direct sea trade with India. It was during the middle of the 1st Century AD that Hippolus, a Greek Egyptian, discovered the regularity of the Indian monsoon and thus facilitated the voyage of the traders. Great shifting of national power followed the entry of the Roman shipping into the Indian Ocean. Dr. Ambedkar observes that the first kind of evidence amid the sources of information regarding the Roman trade with India is the number of embassies sent to Rome from India and Ceylon. This demonstrates that the relationship between India and Rome was constant and alive and when Alexandria and Palmyra were prosperous Roman relationship with India was at its height. Dr. Ambedkar refers to Dr. Hirth who in turn relates how in during 500 AD “As regards Syria and India far out on the India Ocean ... traffic in merchandise has been effected...there are fly ranges of mountains and a great variety of populous tribes... All the precious things of land and water come from them, as well as the gems made of rhinoceros horns and chrysoprase, serpents, pearls and asbestos cloth.... and also the doctrine of the abstraction of mind in devotion to the Lord of the world (Buddha)..... all this having caused navigation and trade to be extended to these parts.” (Moon 1993)
However, Dr. Ambedkar states that “a writer of considerable acumen makes bold to say (that) after the destruction of Palmyra, direct trade between India and Rome never existed”. (Moon 1993) The literary Dr. Ambedkar quotes Tamil poets who “have beautifully described some of the commercial ports and towns in Southern India’

Observing the method of trade adopted by ancient people who always moved in-groups either because of their ‘strong gregarious instinct or because of the want of security’(Moon 1993) Dr. Ambedkar refers to caravans and their routes. He gives a geographic picture of the two main routes from India to the Mediterranean, two main land trade routes between India and the west and two marine trade routes. But while bringing out the detailed account of Indian trade with the west in the past Dr. Ambedkar in the end states that “These are two marine trade routes continued up to the present time but the story of the land trade routes is entirely different. They were closed and closed for ever and the history of their foreclosure is perhaps the only event in the Asiatic continent that profoundly affected the history of Europe” (Moon 1993:30)

3A.1.2 Commercial Relations of India in the Middle Ages

Dr. Ambedkar brings out the history of Indian Commerce during and how the middle ages. He relates the expulsion of the Muslim Prophet and his religion (whose, life was in danger) also were saved for they “would certainly have perished in its cradle, had not Madina embraced with faith and reverence the holy outcasts of Mecca”(Moon 1993) He becomes a missionary monarch and “was now commended to propagate his religion by the several, to destroy the monuments of idolatry and to pursue the unbelieving nations of the Earth” (Moon 1993).
Dr. Ambedkar quoting at length from Gibbon's 'Rise and Fall of the Roman Empire' narrates further how the entire trade of history has been on account of Mahomet's Saracen expansion purely and simply by Religion, how "one hundred years after his flight from Mecca, the arms and the Riga of his successors extended from India to the Atlantic ocean over the various and distant provinces which may be comprised under the names of 1) Persia, 2) Syria, 3) Egypt, 4) Africa 5) Spain (Vol-12, P-35) But, Dr. Ambedkar feels that "an economic interpretation of this phenomena may also stand the test" (Moon 1993) Long before the expansion of the religion, hunger and averse had contributed to the political necessity both of which later led to two besieges of Constantinople in 7th cent A.D. Constantinople had been invaded constantly by foreigners because it commanded the 3 continents of Asia, Europe and Africa and had been shaken several times but ultimately it utterly succumbed in 1453. It had however, withstood the attacks and conserved the wrecks of the classical civilization.

Observing that the Roman empire was decaying and Europe had become dull except during incessant warfare of the Germanic people while the rapid movements of the Asiatic nomads were upsetting the peaceful activities in central Asia, Dr. Ambedkar points out that commerce, under these circumstances, was bound to decline. Dr. Ambedkar recounts the hindrances to medieval commerce. Economics was held down by religion, "since Christianity was a protest against the comforts of life; Christian usury was the greatest hindrance, in the entire mass of people was prohibited to loan money at interest; transit duties were arbitrary in character; Roman roads were dilapidated. Under these circumstances since the fall of Roman Empire, a long and dull monotony prevailed in Western Europe. Constantinople did not pay much attention to commerce. Its policy was that of extortion. (Moon 1993:43)
Dr. Ambedkar relates the state of commerce from historic perspective; amidst all the ruins. Italy conserved the mercantile and intellectual forces of the Middle Ages. He brings out in detail the history of Eastern commerce in the 9th Century A.D.; he narrates the history the rise and fall of Amalfi, Venice which had augmented the prosperity by her commercial policy of farsightedness and the rule of siding always with the stronger, especially in Maritimes struggle, Genoa whose trade in the 10th Cent AD had extended to Egypt through Alexandria and to the Southern coast towns of France and Spain; Pisa through battle had secured commercial privileges from Muslims and from the Byzantine Empire, her maritime activities though short and brilliant had shocked the Western orthodoxy.

The commercial activity of those Republics while in their infancy was greatly fostered by the crusades, and Dr. Ambedkar pays more attention to the commercial aspect than military exploits. He quotes at length historians like Brasely and Robinson to support his analytical views and observes that the cunning traders and seamen of the commercial republic looked on the crusaders with a different view from the average catholic lords and laborers; they cultivated religious feeling as a useful commodity. The success of the crusading power on land was coupled with the success of the maritime prosperity of many western cities and “at the conclusion of the religious wars the main result was the expansion of the Christian trades and the assimilation of no small post of oriental and Moorish civilization” (Moon 1993) If not much political gain, the meeting of the East and West, through the medium of the commerce, “directed the energies of the Christian nations to their true future. The crusading struggle imported a new culture and prosperity, an increased knowledge, an immensely extended wealth.... an obstinate ambition whose result were seen in the Renaissance of the 15th and 16th Century in the great discoveries of both of geography and natural science and in the final triumph of European arms and enterprise throughout the
world," (Moon 1993) and the Italian Republics were immensely rewarded for their help to the crusaders. They in turn secured the oriental commodities and started commerce and through the agency of these Italian Republics "the products of Arabia and Persia, India and the East Indian Islands, and even of China, all through the middle ages, as in antiquity, made their way by land and difficult route, to western Europe. Silk and cotton, both raw and manufactured in fine goods, indigo and other dyestuffs, aromatic woods and gums narcotic and other drugs, pearls, rubies, diamonds, suppliers turquoises, and other precious stones, gold and silver, and above all the edible prices, peppers, ginger, cinnamon, cloves and all spice, could be obtained only in Asia" (Moon 1993) Thus Dr. Ambedkar observes, that the commerce between Asia and Europe "formed a regular living system and was fed by various channels." (Moon 1993:49-50) But this system was early disturbed by the rise of Islam. In the mighty struggle of the cross and crescent Dr. Ambedkar observes that, commerce suffered immensely. The first blow, which fell as Genoa and Venice sent a shock through the whole system of European commerce.

3A.1.3 India on the Eve of the Crown Government

At the outset, Dr. Ambedkar defends Imperialism and opines that Imperialists have not been wanting in their duty. Unlike the Greeks, the Romans were the world's first and greatest imperial people who proclaimed that they were a people of superior race with the highest culture, that they had better system of administration, and were well versed in the arts of life, and hence it was their divine mission to conquer and civilize other peoples. Similar argument is found as justification for the British Imperialism. Dr Ambedkar observes that the British historians of India have "magnified the vices, nor the virtues, of the predecessors of the British India. Not only have they been loud in their
denunciation of the Moghal and the Maratha rulers as despots or brigands....” (Moon 1993) Dr. Ambedkar's analytical insight draws out the fact that "It is but natural for individuals as well as states can raise themselves only by lowering the merits of others" (Moon 1993).

According to Dr. Ambedkar historians of British India, instead of comparing the Rule of the British with their immediate or remote predecessors, ought to compare the rulers of India with the contemporaries in England. He recounts that the cruelty of the crusaders on their conquest of Jerusalem exceeded that of the Mohammedans. Dr. Ambedkar reviews the deeds of the 'Despots and brigands' who ruled India before the British and the condition of people during their rule. He feels that this knowledge is absolutely necessary in order to form a correct estimate of the economic condition of the people of India under the east India Company. Dr Ambedkar observes that majority of Muslim sovereigns of India like Mohamed Gazni were men of extra-ordinary character; among his successors also (even Rozia Sultana) Feroz Shah was very well known for his administration. During his tenure the public works were taken on a large scale, as according to an Italian traveler he is said to have spoken highly of what he saw in Gujarath is quoted by Dr. Ambedkar; there were “50 dams across rivers to promote irrigation, 40 mosques and 30 colleges, 100 Caravan series, 30 reservoirs, 100 hospitals, 100 public baths, 150 bridges, besides many other edifices for pleasure and ornament,..... the general state of the country must have been flourishing,..... The banks of the Ganges covered with town amidst beautiful gardens and orchards....” (Moon 1993:55) Dr. Ambedkar narrates that Babar the founder of the Moghul dynasty in India was surprised to see the prosperity and immense population and innumerable artisans. Like him, Shershah and Akbar also were good rulers while the rule of Shah Jehan was marked by the greatest prosperity and his reign was the most tranquil.
With regard to the economic condition of the people in Southern India which was under the rule of Tippu also was peaceful and prosperous Dr. Ambedkar observes that "Clive described Bengal as a country of inexhaustible riches." and Maculay said, 'In spite of the Mussalman despot and the Maratha free booter, Bengal was known through the East as the Garden of Eden as the rich kingdom" (Moon 1993:57) However, Dr. Ambedkar notes that with the advent of the English things began to change. The evil set forth both on the side of the Parliament and the East India Co. Though the Company, was wise and righteous yet. 'It gave security but destroyed prosperity’ He quotes Adam Smith who characterizes the 'Company of Merchants' as incapable of considering themselves as sovereigns, even after they have become such’ Dr. Ambedkar also points out that in the local or Supreme Govt. of India, the native inhabitants had no voice; that they were barred from all high paid offices and had no scope beyond the position of a petty clerk; that the Governors and the official staff in their capacity as advisers did or were compelled to do all the thinking for the inhabitants of the country. Dr. Ambedkar observes that this thinking as a Divine mandate and enacting proved decidedly favourable to England and fatal to India.

He recalls the economic condition of England immediately before and after 1600 in order to point out how England prospered while India declined, and the nature of Indian tribute to England. He quotes the historian Sir Josiah Child to bring out the comparative description of the rising prosperity of England after 1545. Applying the criterion of stock quotation as a barometer of business Dr. Ambedkar, with the support of quotations from historians providing facts and figures regarding these, which indicate that the Company, became a sovereign ruler than a trading Corporation, the contribution of India to the wealth of England was by way of dividends paid to the share holders. The increase in the dividends was due to the exaggerated estimate of the prosperity of India
and was declared in anticipation of huge profits which were never fully realised and those dividends were paid by arrears of loans raised at exorbitant interest. Dr. Ambedkar gives details of the way in which India helped England in her war with America by taking the burden of about three million pounds and also helped the founding of Yele College by Mr. Yele from the money earned exclusively in the Indian trade.

The direct and indirect advantages to England from India are further pointed out by Dr. Ambedkar in support of which he quotes St. George Tucker In turn England only adopted direct and indirect and drastic measures harmful to India. Dr. Ambedkar provides details of the high tariff against Indian goods, intended to destroy competition of the Indian sugar, spices, etc which in spite of the cost of transportation ousted the English goods from their home markets; England, in no way able to manufacture and to compete with Indian goods, adopted a strong protectionist policy, and a very high import duty also was imposed on Indian goods. In support of his observation Dr. Ambedkar provides the import duty figures given by M'Aclloch's Commercial Dictionary respecting the goods from the East Indies and West Indies and other countries.

Dr. Ambedkar refers to the battle of Plassey and Wandesh, the rise of Clive as a king-maker, his acquisition of wealth and his mis-governance; Dr. Ambedkar also relates the impeachment of Warren Hastings and how Edmond Burke endeavoured to redress the wrongs of the oppressed and nipped in the bud the direct mode of administrative exploitation. But the indirect modes of exploitation continued i.e. the servants of the Company, levied heavy transit duties upon the natives thus hindering their economic betterment.
Dr. Ambedkar remarks that "added to this was the lack of uniform currency in India and all these were a means to kill Indian industries" (Moon 1993) He quotes Fredrick who expressed that "if free importation into England of Indian cotton and silk goods, was sanctioned, the English cotton and silk manufacturers would necessarily soon come to a stand. India had not only the advantage of cheaper labour and raw material, but also the experience, the skill and practice of centuries." (Moon 1993)

Dr Ambedkar brings out at length how the land revenue policy of England destroyed Indian agriculture, the prohibitory protectionist policy ruined Indian industries and how the wealth of India "attracted these swarms of flies that drenched her to the last dregs". (Moon 1993)

The petition of the natives to British Parliament to ameliorate their misery went in vain. Though the officers of the Company avoided 'all gloomy pictures' of the misery of the people, some independent opinions were explicitly and emphatically expressed by the Court of Directors and Clive himself in 1766. An indignant Sir Thomas Munro is quoted to have said that it, "It would be more desirable that the English be expelled from the country altogether than that the result of their system of Govt. should be such an abasement of a whole people." (Moon 1993:70-71)

3B.1 ‘Administration and Finance of the East India Company’

3B.1.1 Introduction

This is an unpublished dissertation work, which was submitted, in partial fulfillment of the requirement of the degree of 'Master of Arts' to the Columbia University, U.S.A., on May 15th, 1915. It was an outstanding achievement of Dr. Ambedkar, considering that he was a 24 year-old young man. This thesis consists of 48 pages (The first time the dissertation work has been reproduced in Dr. Babasaheb Ambedkar
writings and speeches Vol.6 by the education dept., Government of Maharashtra, Bombay 1989. Reference to page nos. herein after relates to this edition). To quote Narendra Jadhav "In his book Dr. Ambedkar provides an historical review of the changes in administration and finance of the East India company during the period, 1792 through 1858, and depicts how those changes led to suffering of the Indian people at the hands of the British rulers" (Jadhav 1993).

The present work is divided into five chapters.

**3B.1.2 Chapter - I**

The first chapter gives a detail account of the East India Company's composition, powers and functions of the Court of proprietors, the court of directors and the Board of Commissioners or the Board of control for the affairs of India. The court of proprietors were the share holders of the East India Company, who held a certain amount of stock and elected their own representatives (twenty-four) among themselves by way of ballot. These shareholders had to hold stock at least for one year before they could cast their vote. The voters comprised of Lords, commoners, women, clergy, Civil and military officers of both king and the company. Such a elected representatives or court of directors were meant to carry out functions like planning and to effect the measures in the best interest of the India and England, with self-imposed surveillance and limiting themselves control over the delegated authority proceedings. The sessions of the court were held on quarterly basis i.e. in March, June, September and December. For calling special sessions, nine qualified proprietors are enough. The speaker was the ex-officio chairman of the court, whose duty was to bring all the motions for the sanction of the court and to lay the accounts of the company's transactions before the
members in the sessions. Further the court was authorized as follows (i) the power of the electing qualified persons to the court of directors. (ii) The power of declaring the dividends on the capital stock of the company with some restrictions of the parliament. (iii) For the good governance of the company, the power of framing altering or repealing the by-laws without conflicting the acts of parliament (iv) For controlling increase in the salary or pension above £200 per year and beyond 600 over any gratuity (v) For fixing the reward in the form of money for good service. The court of directors were twenty-four in number and were elected from the proprietors who were qualified for voting. Seven qualifications were prescribed for a candidate for the court of directors, important ones, which includes- he must be a nationalized citizen of Great Britain, he must possess £2,000 stock, he must not be a bank of England’s director and he should not change his place of levy at least for two years after holding the office of court of directors. Furthermore, he should not have held any maritime office in company’s service for two years before he is proposed for election. He should not influence himself or others to obtain the vote and finally, he shall take an oath, saying not carrying any private trade, not dealing with the company and not hold any place or office of profit under the crown.

The court was sub-divided into 14 committees and assigned various duties. To name some of them are: secret, military proceedings, Accounts India house, private trade committee etc.. Further, the power of appointments to the various services like writers, cadets, assistant surgeons, civil and military services were assigned to the directors. Normally, according to Dr. Ambedkar the graduates from civil military colleges were recruited for the both services, which is a burden for the company’s revenue.
The board of commissioners for the Affairs of India (The Board of control) which was constituted by the British Government in order to control and supervise the affairs of the British territorial possessions in the East Indies and the merchants trading of the united company's in that area and further to supervise, direct and control all acts and operations of the civil, military and revenue of the British territorial possessions in the East Indies, as directed by the British Government from time to time. How the British Government had kept its strict vigil on the affairs of the British territorial possessions in the East Indies, can be best understood in the words of Dr. Ambedkar- "all the members of the Board, at all convenient times, have access to all palers and monuments of the said united company, and are furnished with such extracts, or copies thereof, as they require. The Court of directors are directed to deliver to the Board copies of all minutes, orders, resolutions, and other proceedings of all general or special courts of proprietors of the company, and of the court of directors.... The court of directors are required to pay due obedience to, and to be governed and bound by such orders and directions as they shall, from time to time, receive from the board, ....... whenever the court of Directors neglect to transmit to the Board their intended dispatches on any subject, within fourteen days after requisitions is made, it is lawful for the Board to prepare and send to the directors, any orders or instructions of any of the governments or presidencies aforesaid". (Moon 1989:9-10). Further, for the better control of administration the Board of Control was subdivided, into six departments namely (1) Accounts (2) Revenue (3) Judicial (4) Military (5) Secret and Political and (6) Foreign and Public. For the first time, the supreme local administration of India originally distributed among three authorities, the presidencies of Bengal, Madras and Bombay. Though each Governor possessed coordinating status, for better centralized administration, the Governor of Fort William in Bengal was made Governor General of India vesting in him the supreme power and made other two governors sub-ordinate to him.
Dr. Ambedkar gives a detailed account of the appointment of Governor General and constitution of the supreme council for his aid, who were originally four members among them, three were from the company's service, who have served for at least 10 years in India the fourth one was not from company's service and fifth one was the commander in Chief of forces in India an ex-officio. In 1853, the Supreme Court has expanded by adding six legislatures, whose power was limited to the extent of sitting and voting. While passing legislatures, among them four were civil servants the company from all the three presidencies and the North west provinces, who have served at least 10 years and two members here filled by Chief Justice and one judge from supreme Court of Calcutta. Further, as per section 22 of Statute 16 and 17 Victoria chapter 95, the Governor General was authorized for adding two members, but it was not exercised till the days of muting. In short the Supreme Council of India consists of six members including the Governor General and the commander in Chief, which is known as executive Government and legislature consists of twelve members. For a quorum, seven members were considered to the sufficient. About the power and administrative system of the Governor – General, to put in the words of Ambedkar, "the power of the Governor General was so great that he was mainly an autocrat. He could not only vote all the legislation in the council but could initiate and carry out measures independently of the council. All 'political' appointments including those of the residents to the native states and the commissioners to the non regulated provinces were made by him. He could appoint the Lieutenant Governor of Bengal and of the North-West provinces and the Judges of the lower courts and controlled patronage in Bengal and the North West provinces" (Moon 1989:11)
Furthermore, he was also controlling directly the districts, which were not coming under any of the four subordinate presidencies or Governments and also exercised power the native states, as and when by way of treaty obligation to him.

For the administrative convenience the official staff of the Governor General divided into four departments heading each of them by a secretary. They are namely the Foreign Dept. (it is native states) The Home Dept. (in charge of judicial and revenue) The Finance Dept., and the Military Dept and apart from these the political and financial secretaries were kept secret dispatches with them.

As far as the powers and functions of the sub-ordinate presidencies or Governments i.e. Madras and Bombay are concerned, each headed by a Government with three member council including the commander in Chief, all are appointed by the Court of Directors. On the other hand, the other two Governments i.e. the Bengal and Northwest provinces were governed by lieutenant – Governors and are appointed by Governor General. The subordinate Governments were not allowed and make any legislation and create new office in their jurisdiction. They were also not allowed to grant any salary, gratuity or allowance without the prior sanction of the Governor General. With regard to some minor matters the subordinate governments had to submit quarterly reports regarding their actions to the higher authority and get sanctioned whereas in the case of Bombay and Madras Governments this was not so. They were having the privilege of direct correspondence with the court of directors. Further for the purpose of overall administration and governance, the major departments like civil and military were assigned specific duties. For example the civil service was made responsible in collecting revenue and administration of justice i.e. judiciary function, for civil and military
recruitment of East India Company maintained two colleges namely (1) The Hailebarg college and (2) the Adiscombe Academy for Civil and military students respectively to the cost of each student trainee was 96£, which the East India use to spend. The East India Company designed a system of collecting revenue in the name of the supreme Government of India and the collection was transferred and controlled at one point i.e. Supreme Treasury. There was no financial power to the local Governments. Thus in the words of Ambedkar there was absolutely no local fiscal autonomy; the deficit in the province was made up by the surplus in another and the entire India revenue was held responsible for the debts borrowed for wars in one particular province; in short, both Finance and Administration were absolutely centralized as in France under the ancient regime” (Moon 1989:13)

3B.1.3 Chapter - II

The Second Chapter deals with the East India Company as a political sovereign and the financial administration of British Government in India; in other words, it established a state by combining jointly the political and commercial functions. Hence, “as a result of this combined activity the fiscal administration of the company in India was an entangled phenomena” (Moon 1993). Further, without making any distinction the commercial and revenue returns were made as one. This merger was made separated by an Act of parliament only in 1814, after this Act Finance and Commerce accounts of the company were kept separate.
Dr. Ambedkar with this caution given detailed accounts of the thirteen sources:

(1) The Land Revenue:

(i) The Zamindari settlement of Cornwallis (ii) Village land revenue system and (iii) The Ryotwar system


(1) The Land Revenue: India has been pre-dominantly an agricultural country and land has been its main source of revenue to the state. Although, there was an early industrialization in India therefore, the “British Government rightly or wrongly established the principle of state land lordship versus the principle of private property and regulated its land revenue system in keeping with that policy” (Moon 1989:14)

Dr. Ambedkar explains different systems of land revenue in India as it was mentioned in the parliament blue Books.

(i) The Zamindary settlement of Cornwallis; the important features of this system were facility and certainty of collections from the Zamindars or contributors. The East India Company, when they were holding Bengal territory found many ill treatments being practiced by many people engaged in the collections of land revenue. During the tenure of lord Cornwallis, the then Government thought of reforming the collections of land revenue for the better benefit of the company as well to protect the interest of the Ryots or small cultivators; therefore the principal basis was that those Zamindars having a permanent interest in the land, assigned to them, would have an interest in the prosperity of the Ryotwar
in the same manor has a land lord in England feels an interest in the prosperity of his tenant (P:15) those created a landed aristocracy in the country in 1793, which includes cultivates are officers in charge of the districts, hereditary or by special appointments were become the land lords of the country, as a result they become the owner of the land in possession. The assessment or tax was fixed at one time on the basis of payment made on prior few years and this tax on land was not increase any time. This arrangement of settlement was known as 'the Zamindari settlement' or the 'permanent settlement of Cornwallis'.

(ii) The village land Revenue system: This system was found only in Northern India, wherein the owner of the land of the village was community as a whole those who are sending in the village. The administration of the village land cultivation was entrusted to a headman, who was elected by the villagers removal also under this system. The village land was entrusted for cultivation to the same villagers or some time to the neighboring villagers also. Out of his total land of the village, while certain portions and certain rights are possessed by the different craftsmen or artisans of the village, such as the school master, the washer man, the barber, the carpenter, the blacksmith, the watchman, the village accountant etc, who each have a right to a certain portion set aside for reorganized expenses of the village and for defraying its hospitality towards strangers: (Moon 1989:16)

Their villages were 11th republic independent of foreign relation and self-sufficient. In times of difficulties, they would become united and protect themselves from foreign attacks. Regarding the proportion of the produce to be paid to the Govt. by the village community was little known to the authorities and at the same time the villagers were not interested in knowing the details of their village produce. If any brother farmer fails to pay proportion, others would come forward to settle it. They had their own internal arrangement for fixing and collecting proportions from each
villagers. The last payment made, the capacity to pay, the condition of land and depending upon the produce how much they can be as the assessment were all factors in determining the above. Hence, the total assessment was calculated after making an enquiry about the state of propriety in the village and there was no government interference in fixing the assessment; the question as to who has to pay how much was an internal matter of the village.

The Government, on the other hand conducted the survey of the land of the village with minute details before the villagers. The points noted were: exact village limits or boundaries, limits of the land within the village, the produce of each crops, the houses or buildings fruit bearing trees etc. depending upon their details, the assessments were made.

(III) The Ryotwar system: Under Ryotwar system the assessment on all the lands were fixed at maximum level, money sent on each cultivation land was defined with permanency, the aggregate total money rent varies every year depending upon the increase or decrease in the cultivation. In this system, Ryotwar (cultivation) are protected pan infringement and presented from encroachment, all were considered equal big land owner or a small one; every portion of land was measured and assessed. As a result, it facilitated the transfer of landed property whenever a cultivator wants to sell and vice versa. To mention that this system of Ryotwar were more transparent, "the owner of a single field may make his terms directly with the Government, and turn of his cultivation knowing that we cannot be called on to pay more than a certain sum; for although the assessment under this system varies according to the value of the land, difference of soil, population, situation and other localities: and although interior land, paying a lower assessment, becomes liable when sufficiently improved to pay the higher assessment, there is nevertheless, a maximum for the best land beyond
which all produce in for the benefit of the land holder, and there are remissions in cases of urgent distress" (Moon 1993:18). Thus, this system had an advantage over the Zamindari system in many ways and the greatest merit was being creation of large body in independent proprietors, instead of a few proprietors in whose capital benefit was concentrated. Thus the above-described details were that of the system of land revenue as prevalent among East India Company.

(2) The opium revenue: - During the period of East India Company, the opium revenue stood the second largest source of revenue, after the land revenue. It was levied in the following two different ways, namely (i) cultivating opium exclusively and carrying the sales in Bengal; and (ii) the opium was levied high export duty in Bombay, which was grown in the native states of Malwa and exported from Bombay through ship. Further, through the regulation the cultivation of poppy was prohibited in Bengal and Northwest provinces. The cultivation of white poppy was made compulsory in certain districts in certain quantity of land. And it was also made compulsory to deliver the produce in the form of opium at a fixed rate to the Government. In 1856 for example the net total receipts touched to Rs.2, 767, 136 from the monopoly of opium in Bengal. In order to keep this monopoly power in fact the British Government was to buy opium through residents from the native states and at Bombay or at Calcutta. It was hammered out. But, subsequently the monopoly policy was changed to transit duties in order to prevent the large scale smuggling of opium in to Portuguese settlement through a system called “Passes” means recovering a specified sale in order to cover the transportation cost of opium from other part of Native states to Bombay. Initially for per chest of 140 lbs, the transit duty was fixed at 140 lbs, lent subsequently it was reduced to Rs.125 per chest as a result of reduction in the return. In the later days smuggling of opium plopped
into Portuguese settlements when the British Government conquered the Sindh province. This conquest made, the British increased the transmit duty in order to earn higher returns. As a result in 1843 it was increase to Rs. 200/- per chest, in 1845 Rs. 300/- and in 1847 to Rs. 400/- respectively per chest

(3) The Salt tax: In different parts of India, salt was obtained and taxed in different ways. In Bengal it was obtained by way of boiling the sea water, in Bombay and Madras by means of natural solar evaporation, and in Punjab and Rajasthan from Salt mines and salt lakes respectively. The monopoly of salt was with the company, as a result, the native manufacturers were to deliver to the company all the manufactured salt at a lower fixed price as per the compact. In turn, the company was to sell this collected quantity of salt to six different agencies at a composed price, which included the actual cost plus additional amount, this total equals the duty levied on imported salt. This come to the consumer at an average retail price, i.e. nearly a penny per pound. In Calcutta apart from Company, salt was also allowed to manufacture by individuals, under the system of 'excise' in which the salt price was equivalent to the import duty.

In 1836, as per the recommendation of the Select Committee of the House of Commons, the system of fixed prices and open warehouse was introduced, in that the sale of the salt was made continuous instead of periodical earlier. In Madras, the salt was sold on behalf of the Government for internal consumption. Here, the duty on imported foreign salt was reduced to Rs.3 per pound in order to equal the cost price and sale price differences of salt. In Bombay, the manufacturing of salt was entrusted to individuals, where the duty levied was equivalent to the import duty on salt. Whereas salt was manufactured by Government and sold on the spot in Punjab. The North west provinces for the supply
of salt was dependent on the lower provinces for the supply of salt was dependent on the lower provinces of Bengal, namely Sambar salt lake in Rajputana and parts of Western India. Though the supply of salt reached from different parts to North west provinces, the duties were arranged in such a way that “tendered to be equal in price” (Moon 1989:20).

4) Customs: The Island transit duties were levied innumerably in all places in the form of tolls. However, this system of customs was abolished by way of acts in different years in Bengal, Bombay and Madras and throughout the British India a uniform system of customs was established. Dr. Ambedkar goes on to illustrate the following sources of customs revenue. Firstly the sea customs on export and imports through the export of salt and indigo customs were levied and secondly, the land customs levied on articles transported from native to the British territories through the frontier lines.

5) Opium: Apart from salt, the East India company had the monopoly of opium and tobacco, they constitute as another source of revenue, this bringing revenue to the Government.

6) Abkarree: Through the monopoly sale of spirits and liquors the east India Company used to get its revenue, which is known as Abkarree or revenue. Under this system the licenses were given to the highest bidder and he was allowed to sell the spirits and liquor according to his own price. However, the Government kept a control over the hours of business and location of the shop.

7) The wheel Tax: Wheel taxes were levied on rented horse called hackneys, on carts and on horse pulled carts called bussys.
8) The "Sayer duties" were given to the unclassified taxes collected and this group includes different taxes levied in different parts of the country. At one point of time, the native revenue officers have included the regular collections into this group. To give examples. In Madras transit duties were included under this head, in Bengal it included the pilgrim tax; whereas the same tax in Deccan were divided in two major heads firstly, 'the denominated mohturfa', which comprises taxes on shops, trades etc and seemingly, the 'ballotah' (in the ms. the word is typed as 'balloobeh'-Ed) which includes taxes levied on the kinds received by the villages artisans as a fees from the cultivation and on enam lands (rent free) of the artisans. There was in one instance that, under the 'sayer' head the percentage collected on bad coins was included.

9) The Judicial fees: Judicial fees were collected in the form of stamps with different denominations, which were required to be provided as legal charges in different cases. Here were some of the examples which show that, how the value of the stamps varied with the amount of the suit, the suits ranging up to Rs. 16, the stamps amounted was Re.1, suits ranging from Rs. 16, to Rs.32, the stamps amount was Rs.2, the suits ranging from Rs.32 to Rs. 64, the stamps amount was Rs.4 and so on, and till the suits ranging from Rs. One lakh and above, the stamps amount was Rs. two thousands. Apart from this, there are some documents such as, summons answers, replications, rejoinder, supplemental pleadings, authorizing a lawyer for pleading (sanad) to be exhibited are required to be stamped i.e. the stamp amounts varies depending upon the status of the Court.
10) The stamp duties: Stamps duty was adopted in India with English mode of distribution in different years. The first time was in 1797 when it was established in Bengal and stamp duties were levied on instruments such as contracts, deeds conveyance, leases, powers of attorney, policies of insurance, promissory notes, receipts, bail bonds and all legal proceedings except the receipts under Rs.25 and 50 of bills of exchange were exempted.

In 1808, it was first introduced in Madras, mainly on legal proceedings, later on in 1816 on bonds, deeds, leases, mortgages, bills of exchange and on receipt the stamp duties were exempted. In 1815, the stamp duties were introduced in Bombay.

The stamp papers were supplied to the stamp vendors after keeping security for the stamps by the collectors and in turn the stamp vendors distribute them to the parties after receiving required amount of percentage on the sale of the stamps.

11) the Mint Revenue: The mint Revenue was collected in the form of Seignorage for coming of two percent on the produce on the produce after deducting the refining charges and allowing for the difference of standard. It was charged, when it was chargeable.

12) The marine Revenue: This was collected as dues of the post and anchorage, in order to maintain the necessary establishments at Calcutta, Madras and Bombay ports.

13) Subsidies from the native states: This subsidy was amounted to a half million ponds payable to the East India Company by the native states under treaty obligations.
3B.1.4 Chapter – III

This chapter deals with the entire revenue was raised from the different sources and what was the percentage ratio of each to the total revenue of British India. For example, the land tax collection was estimated for the period 1792-93 to 1855-56, the land tax Average Annual Revenue was 10,349,000 £ and the percentage ratio of land tax to the total revenue of the British India was 54.07 like this, the opium revenue yield and ratio to the entire revenue of British India, for the above periods was 1,667,000£ and 8.71 respectively. In the case of the salt tax it was 2,118,000£ and the ratio to the entire revenue was 11.07 the customs revenue the yield was 1,190,000£ and the ratio was 6.22 and lastly the yield from other miscellaneous revenue was 3,043,000£ and the ratio was 15.90 Thus it is evident that, the revenue from the land tax was more than other sources of taxes of British India.

So far it has been analyzed about the sources of revenue and yields raised from each of them and their ratio to the entire revenue of British India.

Now it has been explained in detail on expenditure side of British India under the following heads.

(1) Charges incident to the collection of revenue.
(2) Military and naval charges
(3) Civil, Judicial and Police
(4) Public works
(5) interest on Bond Debt in India
(6) Allowances and assignments to native princes under treaties and their engagements.
(7) Home charges which includes:

(a) Interest on home Bond debt.
(b) Dividends to proprietors of East India Stock
(c) Payments on account of her majesty's Troops and establishment
(d) Charges of the East India house and Board of Control” (Moon 1989:25)

Dr. Ambedkar explains the expenditure of East India company in chronological sequence, taking the period from 1800 to 1857 in which every tenth year is taken as the representative year and he marks the percentage ratio of charges to the Revenue of that year. For example, when the Net Revenue was 11,238,000£ in the year 1809-10, the total charges was 11,076,000£ and in that the percentage ratio charges of military was 58.879, interest on Debt was 18.010, civil and political charges was 7.221, Judicial charges was 7.525 provincial police charges was 1.991 and Buildings and fortifications 1.639, and soon thus it reveals that the military expenditure constitutes major expenditure of British India and it was 64.290 percentage ratio charges to the Revenue in the year 1819-20

Dr. Ambedkar deals in detail about the scanty expenditure made on public works by East India Company and he quotes professor Adams' views on the finances of a country and according to him the public works comprises a major portion among the developmental expenditure of any country, by taking this support Dr. Ambedkar condemns the entire Fiscal system of the East India Company. To quote Dr. Ambedkar “Before 1853 the administration was engaged in the war operations and not only did not project any new scheme of public works, but it allowed the old ones to fall rapidly into decay” (Moon 1989:26)
Further Dr. Ambedkar in support of his friends quotes two Englishmen namely Dr. Spray and Mr. John Bright. According to Dr. Spray, great and useful works were found and maintained in the territories of independent native chiefs and princes. But whereas the revenue appropriated for maintenance of canals, bridges and reservoirs, wells, groves etc built by our predecessors were going fast to decay during the East India Company's rule.

Likewise Mr. John Bright also expressed the similar views that, in England there were more roads and more motorable roads than in whole of India and further he says that, in a single city of Manchester the amount spent on single article of water supply was more than the amount spent on public works of all types in whole of India in Fourteen years. Therefore, he further comments that, the East India Company's main activity was only "Conquest and annexation and thereby spending major portion of revenue only on military establishments.

Further, Dr. Ambedkar explains about the department of Public Works and the important branches of administration, how they were conducted in different ways. In Bombay though the superintendent of Roads and Tanks were sub-ordinate to the military Board, they functioned independently. Whereas the military board on the other hand had complete control over them. But in Madras the department had three fold administration for example (1) The Public Works department of the Board of Revenue (2) The Superintendent of Roads and (3) The military Board. It was during the period of Lord Dalhousie, the above variety in the system was made uniform, by creating a separate department of the state for looking after the affairs of public works. He further reviews the public works, which were undertaken during the regime of the East India Company:
(1) Canals: Construction of 449½ miles of Ganges Canal, 445 miles of the West Jumma Canal of East and West Jumma Canal of East and West Canal works 425 miles of the Borce-Doab Canal of the Punjab Canal works and the construction of tanks, reservoirs and annicuts or dams across the basins of the Cauvery, Dodavari and Krishna rivers were undertaken by the Madras irrigation works.

(2) Truck Roads: Five Truck roads have been laid down in different parts of the country i.e. from Calcutta to Peshawar 1,423 miles with a cost of 1,423,000£. Calcutta to Bombay, 1,002 miles the cost was 500,000, Madras to Bangalore 200 miles the Cost was 37,121£, Bombay to Agra 734 miles the cost was 243,676£ and from Rangoon to Prome 200 miles with a cost of 160,000£.

(3) Railways: The Railway lines have been laid down in five directions i.e. from Calcutta to Bardans with 120 miles, from Bombay to Warrind 50 miles, from Bombay to Compoolie 10 miles and from Madras to Vellore it was 81 miles.

(4) Electric Telegraphs: In all about 4000 miles of Electric Telegraphs lines have been laid down in the Country i.e. from Calcutta to Peshawar from Agra to Bombay and from Bombay to Madras.

Dr. Ambedkar while comparing the expenditure of the East India Company with that of the area and population of the country, takes in support the views of Mr. Hendricks who says that the East India Company's undertaken works were not so great nor so continuous ones, when these works excluded from those undertaken with purely military purposes, shows that, the amount spent on Revenue productive public works, such as, land and water channels of Communication and
irrigation works were hardly about the one million and a half sterling for one year to give yearly expenditure made on canalization, irrigation, it was in 1853-54 about 738,015£ and in 1854-55 about 543,333£ only.

Further, it was found that is after seen from the history and policy of other branches of the colonial empire of East India Company, that it made lavish and purposeless expenditure on unproductive works.

The pressure of the Revenue: Dr. Ambedkar writes, that while analyzing the pressure of revenue of East India Company the study finds the following drawbacks, firstly absolutely non-availability of correct statistics, because, knowledge of census was not known at that time. Whatever estimation was made regarding population was only a guess work and was vague in nature and making any scientific severe. Secondly, it was not possible to know whether the increase in revenue was because of high rate of taxation or because of the expansion of the family of East India Company and thirdly mixing of Revenue accounts with the commercial accounts, but as we know it was separated only in 1813 by an act of British Parliament.

These handicaps made the study to leave aside the important phase and provides some idea regarding the pressure of the Revenue by certain detached statements put together.

For example, in order to understand the purpose of Revenue, Dr. Ambedkar quotes the idea of Mr. R.C.Datta to whom he considers as the authority over the subject. Thus according to R.C.Datta, the British Governments land tax was not only heavy but it was more fluctuating and uncertain in different provinces. The rental was 90% in Bengal, 80% in North India between 1793 and 1822. Even though the British Government followed the precedent of the Mohammedan rulers who also
claimed very lease land tax, but the difference was the Mohammedan rulers land tax was never fully realized where as the Britisher claimed and realized strictly. Likewise, in Madras it was one half of the gross produce of the land imposed, in Bombay the East India Company levied land tax on conquered land from Marathas was from 8000,000 to 1,500,000£ with few days of the British rule in that region and it was continuously raised also. To support this argument of exploitation rule of the British Government in 1830, colonel Briggs opines that, the East India Company claiming falsely to take the whole of the landlords' rent, which was never known in Europe or Asia under any Government. But gradually, in Bengal and Northern India people got some relief from the high assessment of land tax by the East India Company. In Bengal the permanent assessment was made, even though there was an extension of cultivation the land tax was not raised. The rental was fixed at about a ratio of 35% and in Bengal including all assessment it was slightly reduced over to 50% in 1855. Subsequently new assessments were made and calculation were made a prospective rental and not on current. This rise in taxes continued nearly to 60% of the rental.

Whereas in Bombay and Madras people did not get any relief and the situation remained the same. The Ryotwar system of land tenure was prevailing in these presidencies during the regime of the East India Company. Dr. Ambeakr quotes Mr. Fullerton and Mr. Mortin to describe the working of system. According to them the pressure of land tax was high and torturous one. Further Dr. Ambedkar quotes late Mr. Sallivan, who was a member of council of Madras that he could remember the poverty of the people, when he saw that a cart loads of silver was going to Madras from his treasury, which was collected from poor people, and wondered how these people will pay the tax again in the coming year. In order to understand the severity of the pressure of land tax,
unfortunately at that time knowledge of income estimation of the people was little, however, the circumstantial evidence reveals that, the existence of land tax was high.

3B.1.5 Chapter – IV

Chapter four deals with the Financial History of East India Company, which includes, gross revenue and gross expenditure, the Indian debt and the Home Bond debt in England. Dr. Ambedkar quotes Mr. Mortin for summing up the entire financial history in a most clear way. Mr. Martin says that, Mr. Clives object of annexation and expansion of territory, which raised the property of the company, as a result the company could increase the revenue, but this increase of revenue left nothing for the development of the community even for maintaining the roads, canals and other public works which were built by native rulers. This was because of the high expenditure on maintenance of military and followed by legitimate or illegitimate expenses of the East India Company.

Thus Dr. Ambedkar points out that the financial affairs of the company were woefully mismanaged. Dr. Ambedkar gave a detailed account of the gross revenue and gross expenditure of the East India Company on yearly basis i.e. from 1792-93 to 1857-58, which constitute 66 years. Dr. Ambedkar takes the support of Mr. R.C.Datta, in order to say that, during the above period though there was a surplus revenue but this surplus revenue never saved in India instead it went continuous tribute for paying dividends to the share holders of the Company. When this flow of money was not sufficient to pay the shareholders dividends, the company raised an increasing amount of loan called the public debt of India, which constitute two types of loans i.e. the Indian debt and the Home debt (in England) The Indian Debt In India the Government raised
money, whenever it required through advertisement mentioning certain
rule of interest on loans remained from the public and public in return
received loan notes as acknowledgements. The loan was raised by the
company from the public, whenever it was required for the war expense,
it was clear that, the Indian debt was only little over 7,000,000£ in 1777,
by 1852-53 it raised to £52,313,094 and carrying a total interest of
2,479,133£ because between this period, the wars of Wellesley with
Marathas and others took place.

Further, the Indian debt reached to £60,704,084 in 1857-58 the
year witnessed what is known as the Indian mutiny or the war of
Independence.

The Home Bond Debt: This was raised in England with a different
mode of operation. This mode was stipulated by the parliament, as a
result the East India Company was able to raise home debt, which was
similar in certain respects with that of other corporation namely, on
bonds.

The Home Bond Debt was amounted to 1,487,112£ at the rate of
5% interest. As a result of the wars of Wellesley the Home Bond Debt
also raised and in 1811-12 it reached its maximum limit of 6,565,900 at
the rate of 5% interest. When this rate of interest reduced to 4% in
1816-17 and it remained the same. It was because of Afghan war and
mutiny the Gome Gond debt reaches to £3,894,400 plus the lost of the
mutiny i.e. 40,000,000. It reveals from the above analyses that in the
words of Dr. Ambedkar "The public Debt of India at least under the
company's rule was entirely the creation of war" (Moon 1989). Further, it
is interesting to know why the Indian Debt was more than the main
Home Bond Debt.
Dr. Ambedkar in this respect observes, "It is likely to be a matter of surprise when one sees the smallness of the Indian Home Bond Debt as compared with the Indian Debt. But the surprise will no longer exist when we know that the capacity of the East India Company to borrow in England was strictly limited by parliamentary Regulation. The Parliament was ever eager to obtain the advantages of the rule of the company without its disadvantages. It was eager to obtain command of the Indian Empire, but till the end was achieved always looked upon it as problematical and did not want to Jeopardize the interests of the country in a project which in spite of its apparent success looked anything but certain of beneficial results. Hence, the parliament put a strict embargo on the company's raising the loans beyond a certain limit lest the company lose its hold upon India and bring ruin on England by Jeopardizing English capital" (Moon 1989:35-36)

3B.1.6 Chapter – V India and the act of 1858

In this fifth and the final chapter, Dr. Ambedkar analyses the situation under the Act of 1858. In spite of the fact that, the East India Company was a source of great prosperity to England.

Despite the fact that the east India company was a source of great prospecting to England, it suffered a great humiliation by the British Parliament and people. This very fact can be best understood by the following explanation. The fact that, due to the monopoly privilege of Indian trade by the east India Company, the British tried to gain as much as possible for allowing the company that privilege. In this regard Dr. Ambedkar finds that "Even weakness in the administration was made an excuse for extortion interference: and renewal of charter wars often an occasion to disgorge her of her wealth accumulated by the monopoly of Indian trade “(Moon 1989). This monopoly of Indian trade and its pros and cons were discussed bitterly in England. However, the company
managed to win over the English statesmen by fair or foul means, but this did not last long and the cry against the company's monopoly reached so high, as a result of this, the East India trade kept open to all the English public and by the act of 1834, the company came to an end as a commercial corporation.

The following were the ways in which the obligation of the company was met. As per the act of 1834, the tangible commercial property were sold and realized 15,223,480£ and the same amount were disposed of towards the settlement of India debt amounting to 8,191,366£, 2,218,831£ for payment of territorial charges to England, 1,788,525£ for liquidation of part of the Home Bond Debt; 2,000,000£ invested in the Bank of England at compound interest as a security fund for ultimate re-claiming of the capital stock of the company i.e. 6,000,000 pounds in 1874 Further, 561,600£ for paying compensation to the ship owners and other persons and the remaining amount 463,135£ were kept in England as a cash balance available for Indian Government purposes. The unavailable assets like, the India House in Leaden Hall Street, one warehouse for military store department, and the house properly in India claimed as commercial by the company. But the Indian Government can use them also. All these were value at 635,445£.

Even though the East India Company disappeared it continued its existence as a political sovereign for sometime in India. But it did not last long, as the British statesmen were determined to have the direct over India by crown. In this regard Dr. Ambedkar aptly says, "It is an error to suppose that the East India Company was abolished because of her inefficiency as manifested in the mutiny of 1857. On the contrary, before the mutiny had actually taken place, the discussion about the direct assumption of the Government of India by the crown was set afloat, which is indicative of the fact that mutiny or no mutiny, the
British Statesmen were impatient to have direct control over the "Leaves and the fishes" that came but indirectly from their rule in India by a process of disgorging a corporation which directly fed them on beef fat" (Moon 1989:37).

The process of disgorging the East India Company gave imputes, when Lord Palmerston returned with strong majority in 1857 and also of success in the Crimean war, he suddenly for the great surprise of the company's directors notified the proposal of introducing a Bill for Company's abolition and direct resumption of Indian Government by the crown. In a sequential order, the mutiny occurred in 1857, which paned a clear way for abolition of the company the process which was let already set before the mutiny. In order to save from this abolition the company's Chairman and Deputy Chairman on 31st day of December 1857, replied to the notification of the Palmerston and pressed for an intermediate perfectly independent non-political body similar to the company, which was necessary for the administration of India. Apart from this, the company submitted a formal petition to both Houses of Parliament. This petition was drafted by John Stuart Mill, who argued for the necessity of Court of directors between Government in India and the crown minister as a good aid to the crown minister who literally contracted the entire administration of India. Therefore, if the new Bill abolished the Court of directors, then the crown minister would become an autocrat. Besides this, the Stanley Review, an important news paper in England, argued in favour of East India Company, like that, Richard Congreve, a disciple of Comte who appealed for the appointment of an international board for regulating the administration of India and ultimately shifting it to India, when they become capable of self-rule. But neither the petition of the company nor the independent public opinion could change the minds of the British Parliamentarian and they were determined to abolish the East India Company and establish direct crown
rule in India. Therefore, Palmerston introduced his bill but before this was passed, his government was thrown out of power by Lord Derby, the conservative leader through the Conspiracy Bill. Benjamin Disraeli, the chancellor under Lord India Bill was introduced.

John Stuart Mill while comparing the two bills, finds no difference between the two bills. However, by the Lord Palmerston’s Bill, all the members were nominated by the minister. Whereas in Disraeli’s bill, one half of the total members were nominated by the minister. In both Bills the minister had his own discretion with slight exceptions in entrusting the functions to the members. Further, he stated that Disraeli’s Bill suffered worse than Lord Palmerston Bill and it could not go through. Therefore, a new bill was introduced and passed in August, 1858, the act was named as an act for the better Government of India.

Section 75 of the new act specifies the following classes according to their nature namely (1) those dealing with the past affairs and (2) those dealing with the future affairs. The first are mainly concerned with the settlement of the fiscal and commercial obligation of the company. Here section 42 of this Act, specifically provides regarding the settlement of dividend on the capital stock of the company act of revenue of India.

Between India and England, the important problem of the time was as to who should bear the burden of settling the Indian Debt and who was responsible for creation of Indian Debt and for what purpose it has been created. Dr. Ambedkar here takes the support of the Major Wingat, who was one of those who opposed the British exploitation of Indians poses certain very important basic questions that, whether the people of India had a say in the management of their affairs? Whether the taxation and expenditure of the Indian Government was regulated from the welfare point of view of Indians alone? Whereas, the British parliament was interfering in the affairs of the East India company from the first
hour of its existence to the till days of its abolition and again the power of contracting the Debt of Government of India was delegated by the British Parliament. This indicates that the British ministry was acting through the president of the Board of Control with a real motive power which decided the policy for the successive Indian administration. On the contrary, India never had a national Government nor was it under the shadow of a constitution but it was ruled simply as a conquered country, this according to the view of successive British Government and administrations. Therefore, when the Indian debt was really incurred by the British Government, then how could this not be the responsibility of the British Government?

Further, Mr. Wingat observes that, the British should remember the fact that, they could spend on colonial possessions and waged costly wars for thankless foreigners whereas they do not find money to spend on the improvement of Indian empire. It was also a fact that, India has been acquired without spending a single shilling by Britain, whereas India has regularly paid to Great Britain a large sum of hundreds of millions of sterling. Mr. Wingate further deals about the Indian grievances namely (a) the imposition of prohibit duties upon Indian manufacturers exported to Britain, whereas it imposed nominal duties upon British manufacturers imported into India (b) exemption of Cotton exported to Great Britain from India, whereas it was taxed exportation to all other commodities. (c) Fixing of import duties on imported goods through British ships at 50% of the corresponding levy on goods, imported through other countries’ ships (d) The ordinary courts of criminal justice have exempted Europeans in India from their Jurisdiction, as a result the British wrong doer get away caught free (e) The official Europeans in India were provided costly clergy establishment before anything done to Indian for their education and establishment. (f) The policy of British dominion rule in the East at the expense of India, in contrast to the rule in all British dependencies of providing for the costs
of their military defense from the British Exchequer, and (g) under the system of home charges, one hundred million sterling collected through taxes in India which was a part of Indian revenue was transferred to great Britain in that country, the revenue which was meant for the purpose of benefiting Indians alone.

To quote Dr. Ambedkar "All the arguments legal and humanitarian failed to win the day the English parliament flatly refused to share in the Indian Debt which created the acquisition of the Empire. The entire heavy load of 69,473,484£ mostly unproductive was placed on the shoulders of the poverty stricken natives who had no voice in the doings of the company" (Moon 1989:43). Apart from this, England at least ought have paid the cost of the mutiny i.e. 40,000£ as a legitimate expenditure for acquiring the empire. John Bright, appealed to the parliament on behalf of the Indian tax payers that it was not fair to put the grievous burden of forty million pounds- the mutiny cost on Indian people, since it was created due to the mis-management of the parliament and the people of England. It was the moral obligation of Englishmen and England to pay this unfortunate mutiny cost, out of the taxes collected from the people of England. It reveals from the above discussion that, the people of India offered the British crown many millions in order to purchase the empire and the debt being only the part of this. In the words of Dr. Ambedkar, the "Empire was either a gifted or a trust" (Moon 1989:43). Further, the stock of the company was fulfilled by a loan which was also added to the already large debt, the total sum was known as India government debt. Though the act provided complete abolition of Board of Control but still, "the company though legally extinct continues to live for all practical purposes and enjoys her dividends even to this day in the shape of interest paid out of Indian revenues. The astounding result of this policy was gains to England and costs to India" (Moon 1989:43).
In spite of every effort, justice was denied to India, in the British Parliament. Lord Derby while moving the idea of providing guarantee to the enormous debt of India by British Parliament said that, the uniform policy of the parliament and Government of Britain was to decide all the responsibility with regard to Indian Government debt. Therefore, when we give a national guarantee to those liabilities, that guarantee would function to reduce the interest paid on the Indian debt to the tune of 750,000£ or even to 1,000,000£, which will give relief to the Indian tax payers to some extent. However, this move was opposed by John Bright by saying that, in endeavoring to save India, the England may go towards ruining. But these ideas of him was termed as sheer short-sightedness. Because some share of the liability of the Indian debt by people of England, they would have obtained a real control over the Indian expenditure.

Therefore to quote Dr. Ambedkar, "The discussions were all abortive and said not even recompense the breath that was wasted and in no sense, did the natives get any relief from the direful spring of woes unnumbered" (Moon 1989:45). Dr. Ambedkar critically makes an observation regarding section 55 of the Act which provides future course of action for India’s financial administration and specifies that except for some extreme situations like, aggression of Her majesty’s Indian possessions or of any unexpected immediate actions, the revenue of India shall not and without the consent of both houses of Parliament provide for paying the cost of the military operations carried on by Her majesty’s forces beyond the external frontiers of British India. Mr. R.C.Dutta, characterizes this section as "one salutary financial provisions" (Moon 1989:45). But to this Dr. Ambedkar wonders and says that "with profound respect for the intellect of Mr. R.C.Dutta, one however, cannot understand on what ground does he characterizes this section as "one salutary financial provision" (Moon 1989:45). That it was an improvement over the financial administration of the East India company no one can
doubt, but it is by no means salutary in that the revenues of India have been spent outside for non-Indian purposes, even after the Act. The fatal error lay in this— the expecting clause in the above section which sanctions the expenditure of Indian revenue outside of India omits the vital word previous. The clause in order to be salutary in effect out to run— “the revenues of India shall not, without previous consent of both houses of Parliament, be applicable etc.… and not in the way it does” (Moon 1989:45). An unknown writer tells about the proviso, which was originally drafted, but somehow it was eliminated by someone, he calls as mischievous hand, who has done in sections 26, 27 and 28 in order to secure the complete immunity, irresponsibility and personal autocracy of the state secretary-ship.

As a result of this, Lord Stanley and Earl of Derby, who have contributed to the framing of the statute, became one in including the neglected proviso and then quoted the opinion of Mr. Gladstone about the section 55, in the following way, who says that the main purpose of this clause was to require the preliminary consent of Parliament for the use of Indian money for the purpose of military operations carried on by the forces beyond the Indian frontier shall not be charged upon India, except in emergency situations, was carefully defined and in fact Lord Derby, who was Secretary of state for India very much agreed upon this objective of the clause. Therefore, he says that, there were many more causes, which have brought disaster and financial damage to the Crown Government of India than the neglected provision of the Act. He was of the opinion that, even though the saving word “previous” had been included in the section, under the pretext of an emergency the imperial interest would have been sufficient for overriding the claims and rights of the Indian people.
But however, that neglected "previous" word have at least secured invaluable relief and during that period expert opinion or reason must have been heard.

The Act also provides the following non fiscal sections, namely (a) Hereafter words, the territories of British India shall vest in with Her majesty, the Queen hitherto it was with the East India company, and also Secretary of state for India will exercise the power of East India Company and the Board of Control with fifteen members of council, who shall hold the office on the basis of good behavior, they are entitled to 1200£ as a salary for one year, this amount the Secretary the state of Indian pay and establishment will be charged out of revenue of India (b) Leaving certain specified matters, otherwise the Secretary of state can exercise his power against majority of the council and in the matter of peace and war he was empowered to send the orders to India without the knowledge of the members of the council and (c) Henceforth, the appointment of the Governor General of India and Governors of Madras and Bombay would be made by Her majesty, the Queen and Governor General shall have the power of appointments of Lieutenant Governor with the approval of the Her majesty. The Secretary of India should formulate the rules for recruitment of Civil service for India through the competition.

Hence, Dr. Ambedkar observes that, this act has evil tendencies like, autocracy, secrecy and irresponsibility and Dr. Ambedkar remarked that, "all of which are inimical to the good administration of the country". Further, he questions the act that, "It is lamentable that the act made no provision for enlisting the voice of the nations in the administration of their own country. In this vital respect, can any one say that the administration of the company differed very much from the administration of the crown?" (Moon 1989:47).
Queen Victoria as she was not satisfied with the first draft of the bill, therefore, in order to give wide publicity to this Act asked the Lord Derby for issuing a proclamation, so that, the people of India should sense the feelings of generosity, benevolence, religious tolerance and above all, they should be privileged to feel for being kept as an Indian and equal with the subjects of the British Crown, and to further feel the prosperity in the required direction of civilization.

As a result, the proclaimed document was regarded as Magna Carta of India, not that it included the rights of the people of India, for it was a great document. In a nut shell it estimated the contribution of England to India by stating that “Apparently the India’s immense of contributions to England is as much astounding as the nothingness of England’s contributions to India. Both are, however, true statements if looked at from economic points of view” (Moon 1989:47-48).

Further, he opines that, “England has added nothing to the stock of gold and silver in India: on the contrary, she has depleted India, “the sink of the world” (Moon 1989:48).

Finally, Dr. Ambedkar specifies in economic realm the nature of British contribution such as maintenance of peace, introduction of Western education, establishing a link between the ancient civilized nation with modern institutions and life, and laid a strong administration base, framedwise laws and established courts of justice with absolute purity, though one admires for the above work in India. But, however, Dr. Ambedkar opines that, “Whether mere animal peace is to be preferred to economic destitution, let every one decide for himself” (Moon 1989:48).
Dr. Ambedkar discusses public expenditure also when he discusses public finance. He points out that an alien government cannot be expected to use its funds for the betterment of the people. He held "if the executive in India did not do certain things most conducive to progress it was because by reason of its being impersonal and also by reason of its character, motives and interests it could not sympathize with the living forces operating in the Indian Society, was not charged with its wants, its pains, its cravings, its desires, was inimical to its aspirations, did not advance education, disfavoured Swadeshi or snapped at anything that smacked of nationalism, it was because all of there things went against its grain". In other words, the government "not being of the people could not feel the pulse of the people" (Moon 1989). These views of Dr. Ambedkar came to be given effect to when he was involved in the constitutional matters.

Among his professional writings on economics *The Problem of the Rupee: Its origin and its Solution* (P. S. King and Son Ltd., London, 1923) is note overlay. Dr. Ambedkar examines economic policies of the time mainly dealing with monetary standards as they had evolved during the previous few decades. Through the work more light was thrown by him on issues concerning money and its value. Bringing out the long history of the basic Indian Currency unit. The rupee he deals with its coinage. It was based on a silver standard until 1893 and from 1941 onwards gold coins also became legal tender at one mohur is equal to 15 silver rupees. Gold value had fallen due to vast gold discoveries in Australia and us and from 1853 onwards gold coins ceased to be legal tender. Many suggestions had come up to introduce gold coinage especially after 1872 to 1893, this acted as a continued devastation of the Indian currency: it was good for Indian exports, was not good for the Indian currency; it had to produce more rupees to remit expenses undertaken in England by
India which were in Sterling (i.e. gold) terms. In 1893 the govt. agreed to coin rupees in exchanges of gold at a ratio of one pound four pence per rupee and stopped coining silver rupees. In a way it was a currency managed by the govt.; the govt. had reserved the right to coin rupees whenever it was found necessary. The idea was to introduce eventually a gold standard with gold currency replacing the existing (Managed silver standard. A currency committee was set up in 1899 which was headed by H. Fowler. At the suggestion of the Fowler Committee Indian mints were thrown open to issue gold coins; gold was sought to be used widely. The committee also suggested the silver rupee to remain unlimited legal tender.

Dr. Ambedkar analyses this issue and points out that the recommendations of the committee were mistaken because under gold currency, rupee should have been taken as coin. After several events ultimately gold standard came to be established in 1908. In this system, silver rupee was guaranteed convertibility into sterling pounds (based on gold value) at a fixed price, and make it available without any limit. Dr. Ambedkar brings out the fact that the accumulated gold in India. Instead of supporting a gold standard with gold currency in India, was kept in London to maintain the stability of the rate of exchange.

However, Dr. Ambedkar while bringing to light the historical events regarding the rupee problem relates further the braking down of this system of gold reserve being held by the British govt. for rupee coinage, in 1896 with the great rise in the value of the silver leading to silver standard replacing the gold standard.
Dr. Ambedkar examines the history of Rupee and argues strongly for a proper gold standard with gold currency. The then leading authorities like J.M. Keynes had lent theoretical support to the gold exchange standard but Dr.Ambedkar was highly critical about it for its reckless issue of rupee currency. He highlighted the mistake in the system because the gold serve depends upon the addition to the currency stock, and gave enormous power to govt. to bloat the money supply. He contended that the excessive importance given to maintain the stability of exchange as against the internal stablist of the value of currency was not a proper policy for India. He did not advocate the deliberate lowering of the exchange rate. He was in fact very critical regarding it, because, he hold that low exchange rate increases exports and inflates internal prices which people of India.

In this significant treatise the commitment of Dr. Ambedkar to internal stability of India can easily be discussed as well his brilliant analysis of the subject. His main thrust all through has been on the price stability through automatic monetary management.

Another seminal, original writing of Dr. Ambedkar, besides the three referred to so far, relates to Indian agrarian economy. His paper ‘small holdings in India and their remedies’ published in 1918 (vol., P453 from) British academics and administration at that time were shocked at the low productivity of vast land of India. Since the belonged to a country with large holdings, they ascribed the reason to smallholdings in India. Dr. Ambedkar brings out a critical analysis of the suggestions given by way of solution to the problem i.e. enlargement and consolidation of small and scattered holdings. He argued that land is only one factors of production which depended upon the other factors of production which
depended upon the other factors because if agriculture "is to be treated as an economic enterprise, then, by itself, there could be no such thing as a large or small holding". The inadequacy of other factors of production, the agricultural stock and implements and the insufficiency of low production. A pioneer thinker in this regard, and a pragmatistic economist Dr. Ambedkar diagnosis the evils of Indian agriculture in terms of these defects: another important diagnosis was the cause of unemployment or under employment. "A large agricultural population with the lowest proportion of land in India in actual cultivation means that a large part of the agricultural population is superfluous and idle". Hence he observed that evenly the lands are consolidated and enlarged and cultivated through capitalistic enterprise, instead of solving the problem it will only aggravate it by adding to the stock of idle labour. Therefore he concludes that industrialization of India is the soundest remedy for the agricultural problem of India.
Reference:

Moon Vasant (Vol.12 (1993), and Vol.6 (1989), Dr. Babasaheb Ambedkar Writings and speeches, Education Department Government of Maharashtra, Bombay, note on editing.